When telephoning, please ask for: Constitutional Services
Direct dial 0115 914 8481
Email constitutionalservices@rushcliffe.gov.uk

Our reference:
Your reference:
Date: 5 September 2017

Rushcliffe Borough Council

Rushcliffe Community Contact Centre
Rectory Road
West Bridgford
Nottingham
NG2 6BU

In person
Monday to Friday
8.30am - 5pm
First Saturday of each month
9am - 1pm

By telephone
Monday to Friday
8.30am - 5pm

Telephone:
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Rushcliffe Borough Council
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Nottingham
NG2 7YG

To all Members of the Corporate Governance Group

Dear Councillor

A meeting of the **Corporate Governance Group** will be held on Wednesday 13 September 2017 at 7.00 pm in the Council Chamber, Rushcliffe Arena, Rugby Road, West Bridgford to consider the following items of business.

Yours sincerely

Deputy Monitoring Officer

AGENDA

1. Apologies for absence

2. Declarations of Interest

3. Notes of the Meeting held on Thursday 22 June 2017 (pages 1 – 8).

4. Statement of Accounts 2016/17

   The report of the Executive Manager – Finance and Corporate Services is attached (pages 9 – 132).

5. External Auditors Report to those charged with Governance 2016/17

   The report of the Executive Manager – Finance and Corporate Services is attached (pages 133 – 165).

6. Treasury Management Outturn 2016/17

   The report of the Executive Manager – Finance and Corporate Services is attached (pages 165 – 173).

7. Revenue and Capital Budget Monitoring 2017/18 – Quarter 1 Update

   The report of the Executive Manager – Finance and Corporate Services is attached (pages 174 – 181).

8. Constitution Review Task and Finish Group

A verbal update will be provided by the Service Manager – Finance and Corporate Services.

9. Work Programme

The report of the Executive Manager – Finance and Corporate Services is attached (pages 182 – 183).

Membership

Chairman: Councillor K P Beardsall
Vice-Chairman: Councillor G Davidson
Councillors: N A Brown, M Buckle, N C Lawrence, A MacInnes, S C Matthews, F A Purdue-Horan, Mrs J A Smith.

Meeting Room Guidance

Fire Alarm Evacuation: in the event of an alarm sounding please evacuate the building using the nearest fire exit, normally through the Council Chamber. You should assemble at the far side of the plaza outside the main entrance to the building.

Toilets: are located to the rear of the building near the lift and stairs to the first floor.

Mobile Phones: For the benefit of others please ensure that your mobile phone is switched off whilst you are in the meeting.

Microphones: When you are invited to speak please press the button on your microphone, a red light will appear on the stem. Please ensure that you switch this off after you have spoken.

NOTES
OF THE MEETING OF THE
CORPORATE GOVERNANCE GROUP
THURSDAY 22 JUNE 2017
Held at 7.00 pm in the Council Chamber, Rushcliffe Arena, Rugby Road, West Bridgford

PRESENT:

Councillors K P Beardsall (Chairman), N A Brown, J Donoghue (Substitute for M Buckle), S J Hull (Substitute for G Davidson), N C Lawrence, A MacInnes, F A Purdue-Horan, Mrs M Stockwood (Substitute for S C Matthews) and J E Thurman (Substitute for Mrs J A Smith)

ALSO IN ATTENDANCE:

A Ali	RSM
A Colston	KPMG

OFFICERS PRESENT:

L Ashmore	Service Manager - Transformation
N Carter	Service Manager – Finance and Commercial
A Goodman	Constitutional Services Officer
P Linfield	Executive Manager - Finance and Corporate Services
Glen O'Connell	Monitoring Officer
J Wilkinson	Health and Safety Advisor

APOLOGIES FOR ABSENCE:

Councillors M Buckle, G Davidson, S C Matthews and Mrs J A Smith

1. **Declarations of Interest**

There were none declared.

2. **Notes of the Previous Meeting**

The notes of the meeting held on Thursday 11 May 2017 were accepted as a true record.

3. **Internal Audit Annual Report 2016/17**

Mr Ali presented the Internal Audit Annual Report for 2016/17 that included an overall assessment of the assurances to Members and officers arising from their work last year. He drew Members' attention to the Internal Audit Opinion which gave the conclusion that the Council had an adequate and effective framework for Risk Management, Governance and Internal Control. He explained that this was the highest rating achievable and was not often awarded. During 2016/17, a total of 15 individual audit reviews and two follow up reviews had been undertaken. Of the 15 reviews, 14 were given a substantial assurance rating of Green and one was given a reasonable assurance of Amber/Green, with no high risk issues to bring to members' attention.

In response to questions, Mr Ali confirmed that areas of cyber risk and data protection would be included in the schedule of audits for 2017/18 and that the scope of the work was in the process of being agreed with Executive Managers.

It was AGREED that the Corporate Governance Group endorse the Internal Audit's final Progress Report 2016/17

4. **Health and Safety Annual Report 2016/17**

The Health and Safety Advisor gave a presentation which outlined the progress made against the goals set, training, accidents by number and type, injuries and the number of days lost to the Authority and the objectives for 2017/18.

In respect of the Health and Safety Goals for 2016/17, she was pleased to report that the Council had been successful in being awarded the bronze award for the Workplace Health Scheme. The Noise at Work Policy had undergone a full review and had been fully implemented. Advice had been given in respect of the office equipment and safety regulations for the new Arena, and the move was successfully completed. Finally a review had been undertaken of Streetwise's current risk assessments and safe systems of working, and audits had been completed in the high risk areas of Hand Arm Vibration and COSHH.

The Health and Safety Advisor outlined the training undertaken by employees since the last report to the Group and was pleased to report that there had continued to be a high take up amongst staff. With regard to accidents, that the number of incidents was 22 which was considerably less than in 2015/16, continuing the overall downward trend. The Group was informed that the number of days lost due to accidents was 77, a significant decrease over the last year, and only four incidents had been required to be reported to the Health and Safety Executive as part of the RIDDOR legislation.

In respect of accidents to members of the public Councillors noted that there had been 10 incidents, which were mainly due to bike and scooter accidents at Rushcliffe Country Park. The number of accidents at the leisure centre facilities for 2016/17 was 363, which was a decrease on the 416 in 2015/16, however it was noted that the scrutiny of this fell under the remit of the Performance Management Board.

In conclusion, the Health and Safety Advisor highlighted the objectives for 2017/18. She explained that in order to ensure continuing development in health and safety policies and practice the following objectives had been determined for the forthcoming year.

- Review the effectiveness of health and safety aspects relating to the Arena
- Develop and evaluate the use of Lone working devices for the Council
- Implementation of a new electronic accident form
- Work towards Silver award for Workplace Health (submission June 2018)
- Review and update the Health and safety policy for the safe use of mobile phones and the Policy for the safe driving at work
- To audit Streetwise in two of its high risk areas to be determined

In response to questions the Health and Safety Advisor confirmed that the figures for days absent from work as a result of an accident did include time that was covered by self certification by the employee. The evacuation training at the arena had been carried on the first days at the new offices when many employees had been requested to work remotely and that additional training had been provided to those who were no present.

In respect of the performance figures contained within the report, Councillors felt that it would be beneficial for future reports to contain percentages in addition to the data for ease of comparing year on year trends.

Action **Health and Safety Advisor to include percentages in addition to the data in future reports.**

The Group discussed in detail the procedure for evacuating the new offices at the Arena in event of an emergency. Although the procedure had been tested several times during normal office hours it was felt that it would be beneficial to hold a fire drill during an evening Council meeting. Councillors acknowledged that this could impact on the users of the leisure facilities and requested that officers investigate whether this was feasible.

Action **Health and Safety Advisor to investigate holding a fire drill during an evening Council meeting**

In response to questions regarding the recent tragic events at Grenfell Tower, the Health and Safety Advisor explained that the Council had good controls in place at Hound Lodge and that a fire risk inspection had recently been carried out. Officers from the Strategy Housing department had contacted all the housing suppliers that the Council used and she confirmed that they all had good fire procedures in place. The Executive Manager - Finance and Corporate Services explained that the Chief Executive was revisiting all the Council's fire risks and emergency plans, and that the Council was taking a proactive approach.

It was AGREED that the Corporate Governance Group;

a) had considered the detailed information contained within the Annual Health and Safety Report,

b) noted the significant progress made against the health and safety goals and objectives previously agreed by the Group for the financial year 2016/17; and

c) endorsed the proposed health and safety objectives for 2017/18 as set out in the report.

5. **Annual Governance Statement**

The Service Manager - Finance and Commercial presented the Annual Governance Statement that, in accordance with the Accounts and Audit Regulations 2015, would be published alongside the Statement of Accounts. He informed Councillors that the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) had jointly issued a framework and guidance in relation to the Annual Governance Statement titled ‘Delivering Good Governance in Local Government (2016 Edition)’. The guidance urged local authorities to prepare a governance statement in order to report publicly on the extent to which they had monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. When complying with the guidance, authorities should use it in a way that best reflected their structure, type, functions and size.

The Service Manager - Finance and Commercial explained that the Local Code of Corporate Governance had been refreshed for this year and now contained seven principles which were referenced in the relevant sections of the Annual Governance Statement. He drew Councillors attention to Section Four of the Statement that outlined the Significant Governance Issues facing the Council and remedial the action taken, and the risks in relation to reviewing the Statement of Accounts.

He informed the Group that it was good practice for the Annual Governance Statement to be considered separately to the published accounts and that there would be a further opportunity to scrutinise the document, prior to it being presented to Council in September for approval.

It was AGREED that the Corporate Governance Group:

a) Adopted the refreshed Local Code of Corporate Governance in accordance with the CIPFA/SOLACE framework (2016) and

b) Approved the 2016/17 Annual Governance Statement.

6. **Review of Constitution – progress update**

The Monitoring Officer gave an update to the Group on the progress of the Constitution Task and Finish Group and the change in membership. He reported that following changes to the membership of the Corporate Governance Group at the Annual Council Meeting, Councillor Edyvean had been replaced by Councillor Mrs Smith.

To date the Group has met on four occasions and had agreed its Terms of Reference at the first meeting, as set out in Appendix 1 of the report. The Group had confirmed the general approach to be taken and the areas the review would cover. Subsequently a project plan and work programme had had been developed and it was envisaged that the work would be completed by February 2018. He outlined the areas the Group had considered, which included the introduction of hyperlinks within council agendas to the relevant section of the Constitution and a document to enable an improved change control procedure to be implemented and evidenced.

The Group had also commissioned a survey of all Councillors to ascertain opinions in relation to public speaking. The results showed that, of the members who responded, 72.9% supported the adoption of public speaking in council meetings. It was noted that the introduction of public speaking for the Planning Committee was being separately considered by Cabinet and Council with a view to implementation in July 2017.

Following a review of the 15 Articles of the Constitution and consideration of alternative options, the Group felt that there was a significant amount of duplication. It was agreed that by creating a new introduction and consolidating the Articles into the relevant parts of the Constitution accessibility and readability could be improved. Finally, the Group had considered the scheme of delegation, taking into account the differing approaches adopted by other councils. On balance it was felt that although the Council's scheme was towards the brief end of this spectrum it contained sufficient details in respect of the key areas of potential legal challenge. Therefore it was proposed that although no fundamental changes were required, improvements could be made by making minor changes to standardised formatting and highlighting functions which were conferred on officers by law.

In response to questions, Councillors were informed that the principles of the review were owned by the Group and as such the review would not be affected by any change in Monitoring Officer. The purpose of the Group's work was not the alter the practices of the Council, except in respect of Public Speaking, but to improve the content and layout of the Constitution.

It was AGREED that the Corporate Governance Group noted the progress of the Constitution Task and Finish Group and the change in membership.

7. **Corporate Governance Group Annual Report 2016/17**

Councillor MacInnes, Vice Chairman for the municipal Year 2016/17, presented the Annual Report that provided a review of the work undertaken by the Corporate Governance Group over the last year. The Group had considered the following topics during the year;

- Internal Audit
  - Progress Report 2016/17
  - Annual Report 2015/16
  - Strategy 2017/18
- External Audit Plan 2016/17
- Future External Audit Procurement
- Annual Governance Statement 2015/16
- Approval of the Statement of Accounts 2015/16 and External Auditors Report to Those Charged with Governance 2015/16
- Annual Audit Letter 2015/16

- Revenue & Capital Budget Monitoring 2016/17
- Risk Management Review and Update
- Health and Safety Annual Report 2015/16 and Interim Report
- Certification of Grants and Returns – 2015/16
- Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2017/18
- Treasury Management
  - Outturn 2015/16
  - Monitoring
- Review of the Constitution
- Payment Diversion
- Information Governance

Councillor MacInnes thanked members of the Group and officers for their continuing hard work over the last year.

It was AGREED that the report be approved and referred to Council for consideration.

8. **Work Programme**

The Group considered the report of the Executive Manager – Finance and Corporate Services that set out details of the proposed work programme for the municipal year 2017/18.

The Group AGREED the Work Programme as set out below:

Date of Meeting	Item
13 September 2017	• Statement of Accounts 2016/17 • External Auditors Annual Governance Report 2016/17 • Review of Constitution • Treasury Management Outturn 2016/17 • Revenue & Capital Budget Monitoring
5 December 2017	• Internal Audit Progress Report 2016/17 • Health and Safety Interim Report • Treasury Management 2016/17 – Six Monthly Update • Risk Management Update • Annual Audit Letter • Review of Constitution • Revenue & Capital Budget Monitoring
8 February 2018	• Internal Audit Progress Report 2017/18 • Treasury Management Strategy 2018/19 • Revenue and Capital Budget Monitoring • Certification of Grants and Returns – Annual Report 2016/17

Date of Meeting	Item
10 May 2018	• External Audit Plan 2017/18 • Internal Audit Progress Report 2017/18 • Internal Audit Strategy 2018/19 • Risk Management Update • IT Update • Revenue & Capital Budget Monitoring

The meeting closed at 8.05 pm.

ACTION SHEET
Corporate Governance Group – Thursday 22 June 2017

Minute Number		Actions	Officer Responsible	Response
2	Notes of the Previous Meeting	None		
3	Internal Audit Annual Report 2016/17	None		
4	Health and Safety Annual Report 2016/17	a) include percentages in addition to the data in future reports b) investigate holding a fire drill during an evening Council meeting	Health and Safety Advisor Health and Safety Advisor	In place for the next update at the Corporate Governance Group meeting to take place on 5 December 2017. The Executive Manager – Transformation has decided that a fire drill will not take place. If there is a fire drill please follow the instructions on your agenda sheet.
5	Annual Governance Statement	None		
6	Review of Constitution – progress update	None		
7	Corporate Governance Group Annual Report 2016/17	None		
9	Work Programme	None		

Rushcliffe Borough Council	**Corporate Governance Group** **13 September 2017** **Approval of the Statement of Accounts 2016/17**	**4**

Report of the Executive Manager – Finance and Corporate Services

1. Summary

1.1 This report presents the Council's statutory Statement of Accounts (**Appendix A**) for the financial year 2016/17 for consideration prior to their submission to Full Council.

1.2 The Council's external auditors have commented on the Statement of Accounts and their quality in their covering report (the next item on this agenda).

2 Recommendation

It is RECOMMENDED that the Corporate Governance Group:

a) Accepts the Statement of Accounts for 2016/17 (**Appendix A**) and recommends them to Full Council for approval; and

b) Agrees the Draft Management Representation letter (**Appendix B**).

3 Reasons for Recommendation

3.1 To demonstrate compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ('the Code') and various legislation such as the Accounts and Audit Regulations (2015); and to help readers and stakeholders engage with the Accounts and demonstrate good stewardship.

4 Supporting Information

4.1 The accounts for Local Authorities are required to be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ('the Code') and the Annual Governance Statement must comply with the guidance issued by CIPFA/SOLACE ('Delivering Good Governance in Local Government') published in April 2016.

4.2 The Statement of Accounts 2016/17 at **Appendix A** is included as a separate document. Members will recall in recent years' concerns raised by the auditors regarding the closure of accounts process much of which have been addressed in recent years. Pleasingly the positive direction of travel has continued with the accounts being closed earlier, allowing for better quality assurance, and no diminution in the quality of working papers presented for audit.

4.3 The Council's external auditors comment on the quality of the financial statements in the next item on this agenda.

4.4 The closure of accounts process is complex and this year has had added nuances in relation to the movement to the Arena facility. Pleasingly no significant issues have arisen from the audit this year.

4.5 **Appendix B** details the draft management representation letter which confirms for the auditors that the Corporate Governance Group is satisfied with the validity of the financial statements provided by the Authority to KPMG. If agreed this letter will be signed at the conclusion of the full Council meeting.

5 Risk and Uncertainties

5.1 Failure to adhere to professional accounting practice could lead to potential criticism from the Council's external auditors and inadequate Financial Statements.

6 Implications

6.1 **Finance**

None

6.2 **Legal**

None

6.3 **Corporate Priorities**

Not applicable

6.4 **Other Implications**

None

For more information contact:	Peter Linfield Executive Manager - Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	None.
List of appendices (if any):	**Appendix A** – Statement of Accounts 2016/17 **Appendix B** – Draft Management Representation Letter

Rushcliffe
Borough Council

Statement of Accounts

For year ended 31 March 2017

RUSHCLIFFE - GREAT PLACE • GREAT LIFESTYLE • GREAT SPORT

CONTENTS

NOTES TO THE ACCOUNTS

A. NARRATIVE STATEMENT

Welcome to the Statement of Accounts

Peter Linfield, Executive Manager (Finance and Corporate Services)

Introduction

As the Council's Chief Finance Officer, I have pleasure in presenting the Narrative Statement to Rushcliffe's 2016/17 Statement of Accounts. The Statement of Accounts is required by law and provides statutory and other information in line with professional best practice. In doing so, the Financial Statements continue to accord with International Financial Reporting Standards (IFRS) ensuring consistency with accounts produced by organisations in other sectors of the economy.

The Narrative Statement replaces what was traditionally referred to as the Explanatory Foreword and is now enhanced to report not only on the accounts by summarising key events and their financial impact but also non-financial performance indicators against key corporate priorities and commentary on key risks. It also provides additional context on some of the issues and challenges that have faced the Council during the year. I hope that this Narrative Statement, and the information that follows, gives a clear picture of how Council Tax and our other sources of income are used to deliver a wide range of services. The Narrative Statement, along with the Annual Governance Statement and the Auditor's report, are outside the scope of the Statement of Accounts, but all of the documents, as one, constitute the Council's Financial Report for 2016/17. It should be noted that this year a new Expenditure and Funding Analysis Statement has been introduced (that accords with professional practice), which reports income and expenditure as it is reported to the Council.

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

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

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

Peter Linfield
Executive Manager (Finance and Corporate Services)

1. The Statement of Accounts

The Executive Manager (Finance and Corporate Services) is the statutory officer responsible for the proper administration of the Council's financial affairs (sometimes referred to as the Chief Finance Officer). He is required by law to confirm that the Council's system of internal controls can be relied upon to produce an accurate Statement of Accounts. To do so the Chief Finance Officer ensures that the Council maintains proper and up to date accounting records and takes all reasonable steps to prevent and detect fraud and any other irregularities. His Statement of Assurance for 2016/17 (known as *The Statement of Responsibilities*) appears on Page 1 of the Statement of Accounts.

The Statement of Accounts has been produced in accordance with *The Code of Practice on Local Authority Accounting* ('the Code') developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Council's Accounting Policies, which are written to take into account the Code, are outlined on pages 8 to 22 of the Statement of Accounts.

The Statement of Accounts has been reviewed by the Council's external auditors, KPMG, and as with previous years they have concluded that it provides a true and fair view of Rushcliffe's financial position for the financial year 2016/17.

2. Council Performance

Performance is reported quarterly to the Council's Performance Management Board (PMB). PMB discussed the corporate scorecard at its meeting on 29 September 2016 and asked for the set of indicators within the scorecard to be changed to better represent the new strategy and to provide the opportunity to scrutinise those indicators that are more relevant. As a result the new corporate scorecard has increased from 33 indicators to 54, a combination of those monitored within the Corporate Strategy 2012-16, the new Corporate Strategy 2016-20 and operational measures. At the end of 2016/17, the PMB report of 20 June 2017 highlighted 22 indicators with 'green status' (achieving or within 1% of their target). Particular highlights for each corporate priority include:

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

Indicator ref   Indicator Description

LITR31 - Percentage of new private homes on the colliery site completed. The build out of this site has been faster than expected, 46% have been completed against a target of 20%.

LITR32 - Percentage of new affordable homes on the colliery site completed. There have been 28 new affordable homes built out of the 137 due to be built on this site, providing an opportunity for families on lower incomes to rent and buy in an area where more supply is much needed.

LITR34 - Percentage of employment units on the Cotgrave colliery site occupied. The new units are due for completion in July 2017 and these will provide an increased supply of units.

LITR35 - Percentage of Growth Deal money drawn down and allocated. To date £3m (48%) of the Growth Deal money has been secured and this will facilitate the re-development work in Cotgrave, with further money allocated for development at Bingham and RAF Newton.

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

LIFCS01 – Percentage of users satisfied with sports and leisure centres - Satisfaction remains high at 90.5% and the opening of the new Rushcliffe Arena in January 2017 has provided residents with an outstanding leisure centre with the opportunity to choose from a wide spectrum of sporting activities.

LINS24 – Number of affordable homes delivered – the target was reached within the first 6 months as a greater than expected number of affordable homes have been delivered. The 73 completions have continued the increased provision, following the previous year's achievement of 79 in 2015/16.

LINS38 – Robberies per 1,000 population – achieved 0.23 compared to the target of 0.24. The incidence of this crime has fallen from a highpoint of 1.07 in 2007/08.

LINS39 – Vehicle crimes per 1,000 population – achieved 3.19 compared to the target of 3.8, continuing the downward trend and is the lowest recorded. The number of crimes recorded in the Borough continues to fall.

Transforming the Council to enable delivery of efficient high quality services

LITR03a – Percentage increase in self-serve transactions – this is a new measure that tracks the growth in the uptake of self-service services the Council offers through its automated channels, and the increase of 13.67% this year is largely due to the popularity of online registering and paying for the green bin service.

LITR12 – Percentage of RBC owned industrial units occupied – the units have remained occupied almost throughout the whole year and improved on last year's occupation of 99.38% with a record performance of 99.45% against a target of 98%.

LITR13 – Level of income generated through letting property owned by the Council but not occupied by the Council – the income received has exceeded target by over £246,000 as a result of high occupancy levels with actual performance at £1.24m against a target of £1.0m.

This year is the first of the new Corporate Strategy 2016-20. There have been significant outcomes for the community already with the opening of the new Rushcliffe Arena and the refurbishment of Bridgford Hall nearing completion. The highlights for each task are listed below:

Supporting economic growth to ensure a sustainable, prosperous and thriving local economy

ST1620_01 Develop a programme of Growth Boards initially focusing on West Bridgford, Bingham and Radcliffe on Trent to support economic growth and infrastructure in these areas
Growth boards have been set up for the three areas prescribed within the strategic task and are making progress in their aim to guide development in these areas. A new growth board for East Leake will meet for the first time in the summer of 2017.

ST1620_02 Proactively engage with partnership activities to maximise the benefits of collaborative working for Rushcliffe residents and businesses, including: • Playing an active role in D2N2 • Combined Authority • Collaboration Partners
The Council continues to be involved in various collaboration activities including payroll, green bins, tree advice, ICT provision and Building Control, with further opportunities being considered, such as extending the green bin service to other Councils.

ST1620_03 Activate the Asset Investment Strategy to maximise the Council's asset portfolio as the conditions prescribed in the Strategy arise
Options are being considered for housing development and the general commercial sector.

ST1620_04 Work with partners to progress infrastructure projects, including: • Improvements to the A52 • Improvements to the rail connections between Nottingham and Grantham • Feasibility of a fourth Trent crossing
Phase 1 of the A52 road improvements are in progress, and work is ongoing to finalise a business case for improved services on the 'Poacherline' between Nottingham and Bingham.

ST1620_05 Regenerate Cotgrave, including:
New housing on the colliery site

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

New homes are being completed and occupied including 28 affordable homes, providing much needed accommodation whilst also providing opportunities for local young people to apply for apprenticeships. The new employment units are nearing completion and will be ready for businesses to move in during the summer of 2017.

ST1620_06 Contribute towards economic growth in the Borough
The Council was successful in its application for 'Growth Deal 2' funding, nearly 50% has been secured and will be used to help development at sites in Bingham, Cotgrave and Newton.

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

ST1620_07 Activate the Leisure Strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise
The building of a new joint leisure centre and civic office has enhanced the provision of leisure facilities in Rushcliffe and provided modern fit for purpose office accommodation that will be less expensive to run than three separate buildings.

ST1620_08 Facilitate activities for Children and Young People to enable them to reach their potential
Community Development Group are actively considering YouNG programme and will consider current opportunities in order to recommend to Cabinet a future operating model for the programme.

ST1620_09 Deliver Part 2 of the Rushcliffe Local Plan
Work is on-going to identify preferred options for Local Plan part 2 and to complete the Green Belt review.

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

ST1620_10 Deliver the Medium Term Financial Strategy
The Medium Term Finance Strategy for 2016/17 has been delivered, and has been refreshed for 2017/18.

ST1620_11 Continue to reduce costs and increase efficiencies
Access to Council services online continues to improve as more can be reported, applied for and paid electronically, for example, a council tax exemption and discount form is now available online.

ST1620_12 Continue to develop the Council's Property Portfolio to enhance the Council's financial position and deliver community outcomes
Great progress has been made with this task: Civic Centre has been sold, the Arena is completed and operational, Bridgford Hall refurbishment is nearing completion.

3. Risk Management

The Council's Risk Management Strategy was refreshed and updated to ensure that it reflects the current operational structure, given staffing changes during the year. The Council's Risk Management Strategy was reviewed in May 2017 and continues to provide the framework for managing risk. The Corporate Governance Group (CGG) is provided with updates on the risk management arrangements, and the Group's responsibility is "to oversee and scrutinise the effective management of risk by officers".

Throughout the year the Executive Management Team has met as the Council's Risk Management Group in order to oversee the management of risk across the organisation and review, where necessary, strategic and operational risk. The number of risks within the registers will fluctuate throughout the year as active risk management is undertaken. Changing pressures facing local government and the proactive work of managers to identify risks as they emerge will continue to influence new risks added to the register and demonstrates the Council's aim to be proactive to mitigate risk as soon as possible after identification. There are currently 31 corporate risks (as reported to CGG on 11 May 2017). There has also been an increase in the number of operational risks to 32. Therefore the total number of risks has increased to 63.

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

Risks removed:

- CRR_TR19 Potential delay for exchange or completion of contracts for the sale of the Civic Centre – the Civic Centre has been sold and is no longer a risk to the Council.

- The risk 'Potential delay of handover of new building at the Arena', included in the last report as 'in development' has been removed now that occupation was completed on time.

Risks added or proposed by Risk Management Group:
- Failure to successfully complete the Rushcliffe Arena snagging list
- Challenge to ensure sufficient car parking spaces at Rushcliffe Arena
- Failure to successfully review the day to day operation of the Rushcliffe Arena

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

Risk	Likelihood	Impact	Action
Fluctuation in business rates linked to appeals and in particular the power station	High	High	Growth plans and accurate monitoring; lobbying central government
Central Government policy changes e.g. changes to NHB and 100% Business Rates to local government	High	High	Engagement in consultation in policy creation
Reductions in Government Funding	High	High	Lobbying and service transformation and budget planning
Pensions triennial revaluation and the potential increase to pension contributions.	High	High	To be aware of actuary's report and implications. Risks affected by local demographics and the impact on interest rates and share prices of international economic conditions. Also the ability to influence central government policy on the Local Government scheme.

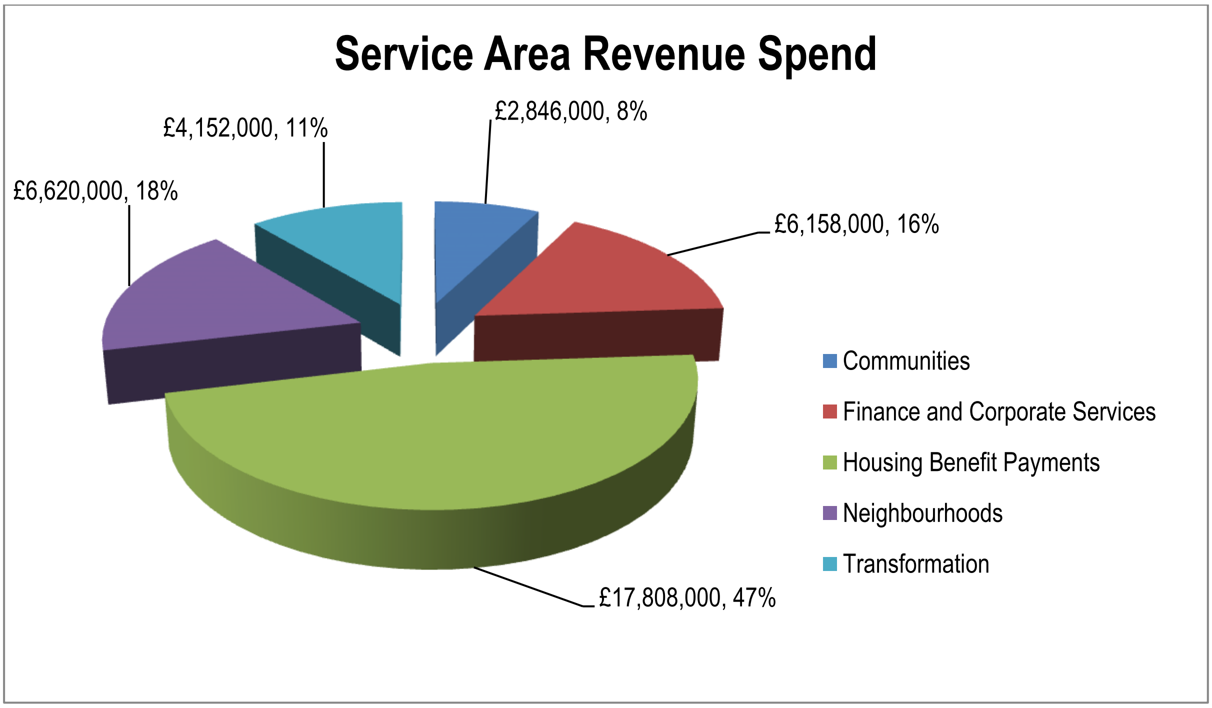
4. Revenue Expenditure and Income

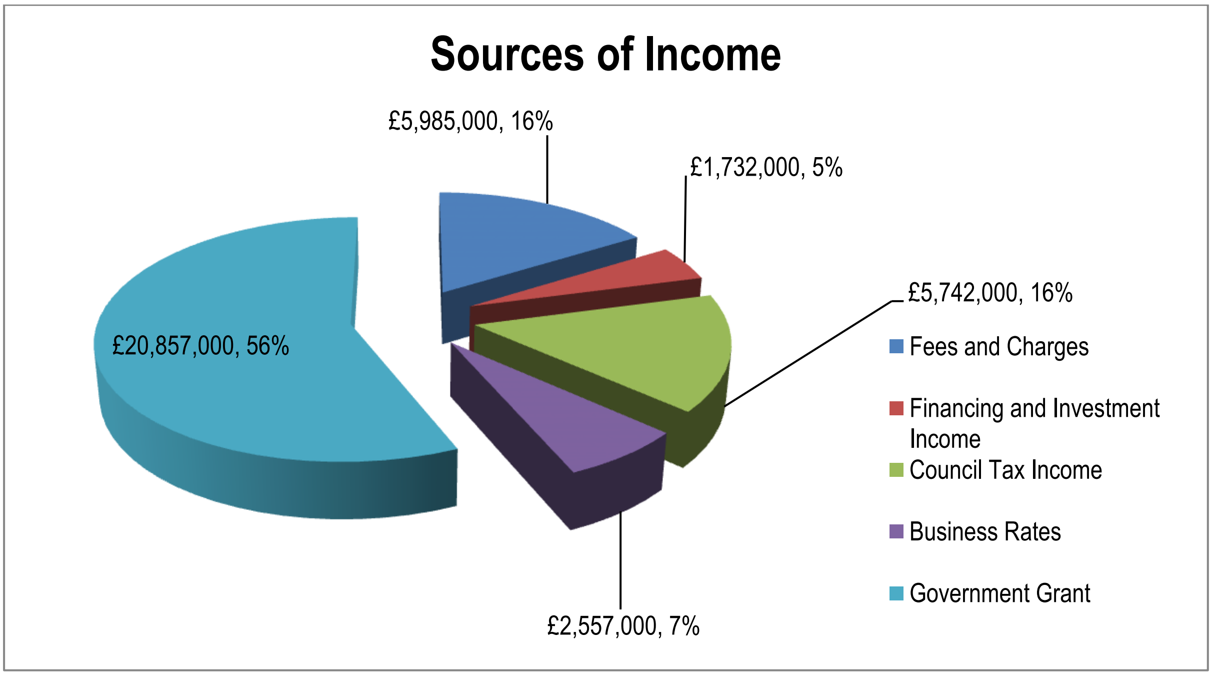
The Council receives and spends money from various sources. The income comes primarily from central government, local residents in the form of Council Tax, and local businesses (as Business Rates). Each year the Council spends its money on key services, delivered in accordance with our local priorities and legal requirements. During the year officers have made a conscious effort to constrain expenditure, increase income and continue to deliver effective services. As a result the Council achieved a balanced budget with Reserves increasing by a net £0.675m. Of the £2.823m transferred to reserves, £2.073m was New Homes Bonus (NHB), the remainder was largely due to the year-end underspend. Much of the £2.148m use of Reserves was in relation to the Leisure Strategy capital project. Reserves are available to meet future cost pressures, thus:

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

The Movement in Reserves Statement (page 4) demonstrates prudent financial management throughout the year with the Council having had few reasons to call on its reserves and as a result the General Fund Balance remains unchanged from 2015/16 at £2.6m. Earmarked reserves have increased by £0.675m from £9.540m to £10.215m (see Note 9). The level of reserves puts the Council in a strong position to both withstand future financial pressures and look at opportunities to develop the Borough.

The following charts demonstrate where money was spent in 2016/17 and how this expenditure was funded):





5. Capital Expenditure and Income

As well as delivering day to day services, the Council also spends money on capital works creating or enhancing assets which are shown on the balance sheet primarily as Property, Plant and Equipment, or as Investment Property. It can be seen from the chart on page IX that just under 40% of the capital expenditure in the year on *Operational Land and Buildings* was £7.039m. Works were completed on the Arena Redevelopment to provide fully enhanced leisure facilities and new Civic office accommodation and a piece of land was acquired north of Bingham for regeneration purposes.

Expenditure on *Vehicle, Plant and Equipment* is the next largest category of spend at just over 25% (£4.854m). The main element of this is the mechanical, electrical, and IT infrastructure installations as part of the Arena Redevelopment. The Council also invested £0.326m on the vehicle replacement programme.

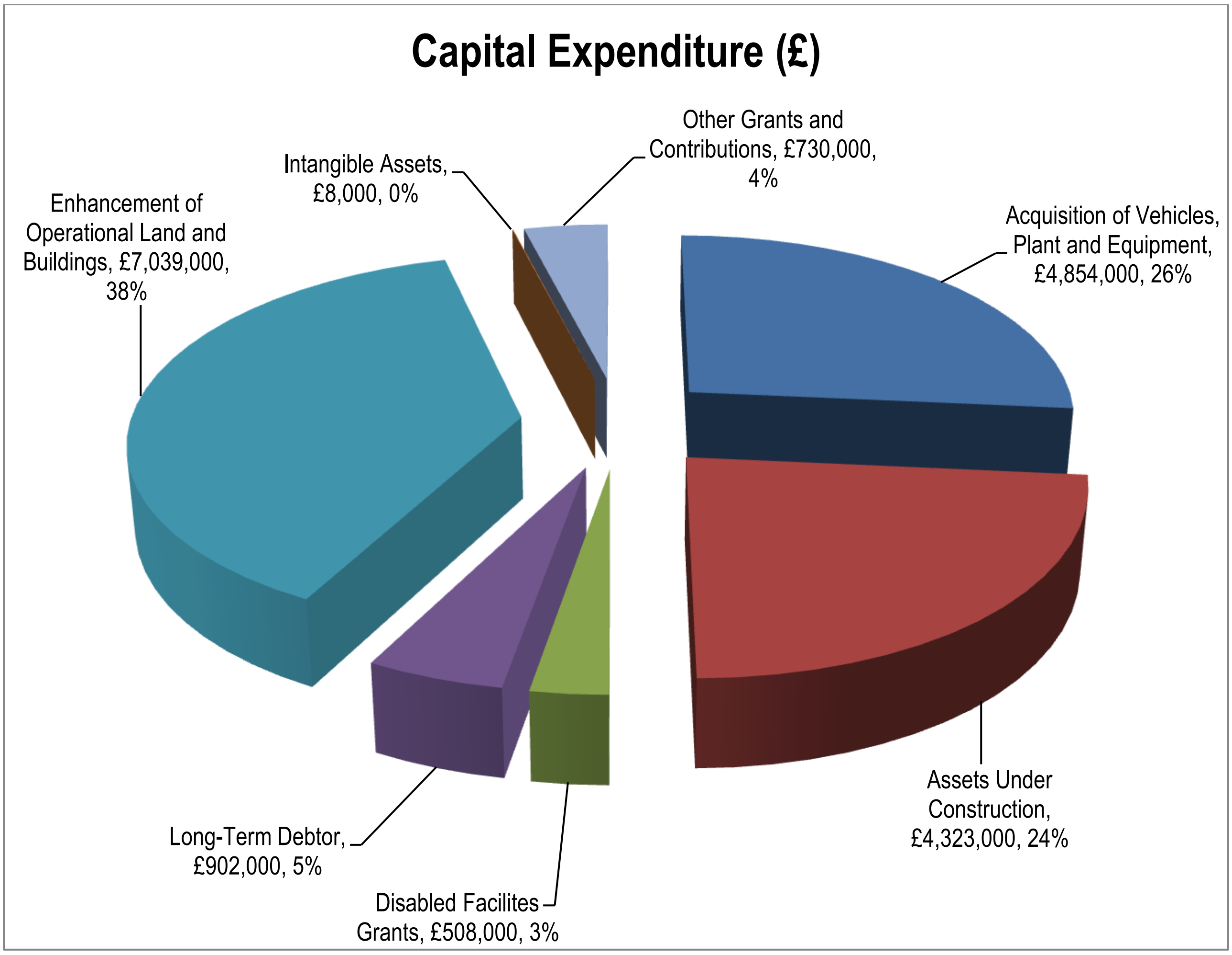
Assets under Construction account for just under 25% of capital expenditure in the year at £4.323m. £2.058m was on renovation and conservation works at Bridgford Hall. The scheme was very near completion in 2016/17 with formal opening due to take place early in June 2017. The regeneration of Cotgrave continues with the development of new employment units and further land acquisitions for site assembly.

The other significant form of capital expenditure comprises capital grants and contributions released to finance capital assets owned by third parties. Of the £1.238m released, £0.508m was in the form of mandatory and top-up Disabled Facilities Grants (partially offset by a grant from Central Government totalling £0.411m). The balance of £0.730m arises from partnership grants and includes £0.205m contribution to replacement of the All-Terrain Pitch at Bingham Leisure Centre, a £0.126m contribution made to Metropolitan Housing Trust for strategic properties in Cotgrave, and £0.083m to facilitate the rollout of Broadband across the Borough.

A new long-term debtor has been created with the commencement of the draw-down of a further loan to Nottinghamshire County Cricket Club (£0.902m).

The Council has to ensure its Capital Programme is not only prudent, but also affordable and sustainable. In 2016/17 the Council spent £18.364m compared to an overall Capital Programme of £26.650m giving rise to a variance of £8.286m, which is mainly due to programme slippage. Carry forward commitments total £8.223m the most significant of which are £3.173m for Cotgrave Regeneration and £2.587m for development of land north of Bingham. £0.5m has also been included in the carry forward requirement to support business opportunities assessed under the Asset Investment Strategy as has £0.398m to meet the commitment for the Nottinghamshire County Cricket Club loan. Savings of £0.380m have been identified, half of which arises from unused contingency and no requirement to use the provision included in the programme for essential health and safety expenditure at the old Civic Centre prior to disposal. The sum of £0.317m was required to be accelerated from the 2017/18 capital programme due to historic profiling of the provision made for the Arena Redevelopment.

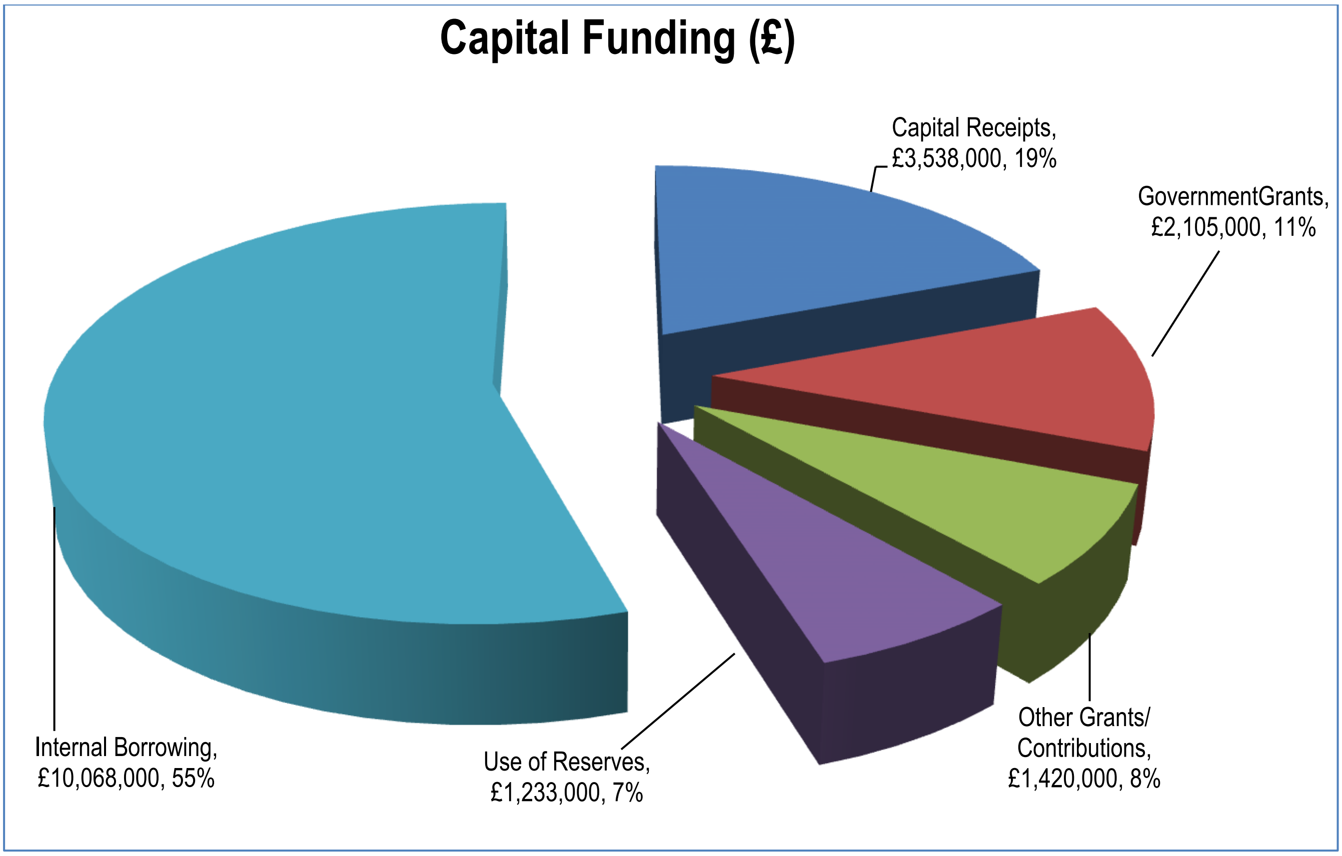
The following chart shows the Capital expenditure for 2016/17:



Source: Capital Expenditure and Capital Financing – Note 33

The Council has no external borrowing and has been debt free since May 2003. This position has shifted as at March 2017 with the Council opting to invoke 'internal borrowing' to temporarily finance the Arena Redevelopment capital scheme. The Council had an opening negative Capital Financing Requirement (CFR) of £0.505m which means that the Capital Programme was 'over financed' in previous years. This now stands at £9.563m showing a movement of £10.068m which agrees with the 'internal borrowing' required to balance the funding of the 2016/17 Capital Programme. This will give rise to the need to make a Minimum Revenue Provision (MRP) payment of £1m in 2017/18 and future years until the CFR is cleared to zero again. The intention is for this payment to be offset by either the receipt of New Homes Bonus (NHB) in year or by a release from the NHB Reserve. The remainder of the 2016/17 Capital Programme has been funded from Use of Capital Receipts, Government Grants, other Grants and Contributions, and Use of Reserves.

The following chart shows the funding for the capital expenditure incurred in 2016/17:



Source: Capital Expenditure and Capital Financing – Note 33

In 2016/17 use of 'internal borrowing' represented the largest funding source at £10.068m. Rather than take external loans, the Council has opted to actively use its reserves to temporarily finance the Arena Redevelopmnent capital scheme. The 'internal borrowing' will be paid back over the next 10 years at approximately £1m per annum. Just under 20% of capital expenditure has been met by the use of Capital Receipts £3.538m which roughly equates to half of the new capital receipt generated from the sale of the Civic Centre in 2016/17 (£6.950m). Government Grants of £2.105m have been applied and the main element of this is £1.662m of Growth Deal Funding to support regeneration in Cotgrave. A further £0.437m Better Care Funding has been utilised to support the delivery of Disabled Facilities Grants, the Handyperson Scheme and Assistive Technology. Use of other grants and contributions accounts for £1.420m of the funding required. The significant element of this is £1.249m Heritage Lottery Funding towards the redevelopment of Bridgford Hall. The Council released £1.233m from Reserves to balance the funding of the capital programme most of which was applied to the Arena Redevelopment Capital Scheme as the Council continues to actively use its resources to support capital investment.

At 31 March 2017, the balance in the Usable Capital Receipts Reserve stood at £13.929m (2015/16 £9.773m). The Council continues to generate its own resources through the disposal of assets deemed surplus. During 2016/17 £7.656m of capital receipts were received, primarily from the disposal of the Civic Centre (£6.950m), repayment of capital loans and clawback income from the Right to Buy Agreement. (Receipts of £0.368m in 2015/16 arose from loan repayments and Right to Buy clawback income). Capital Receipts have been applied to support expenditure on Cotgrave Regeneration, acquisition of Land North of Bingham, Bridgford Hall, the Vehicle Replacement programme and to facilitate the commencement of the loan to Nottinghamshire County Cricket Club. Government Grants of £2.105m were raised from Growth Deal and Better Care Funding to support Cotgrave Regeneration and delivery of the Disabled Facilities Grants programme. Other Grants and Contributions amounted to £1.420m and includes £1.249m Heritage Lottery Funding to support the conservation works undertaken on Bridgford Hall.

Looking ahead, the Council has approved an ambitious Capital Programme for 2017/18 onwards and intends to support this expenditure through the continued application of Capital Receipts, Use of Reserves, Government and Other Grants and Contributions. As the available capital resources are depleted, there will be a need to undertake some further 'internal borrowing' which will require MRP transactions to be offset by the application of NHB.The level of 'internal borrowing' and the potential need to undertake external borrowing will be dependent upon future capital income streams and receipt of monies that can be set aside into reserves, particularly NHB.

6. Major Service Developments and Future Challenges

During 2016/17 the Council continued to respond positively to challenges presented by the funding restrictions facing local government. The success of the Council in addressing this difficult financial context can be seen in the positive Value for Money conclusion given by our external auditors, KPMG in their 2017 Annual Audit Letter, the delivery of transformational activity such as the completion of enhanced leisure and office facilities, and looking forward, the regeneration of Cotgrave Town Centre and development of Employment Units and the maintenance of a balanced revenue budget without reductions in service quality. It also reflects the continued work in the Transformation Strategy to identify efficiency savings of £2.90m until 2021/22 through initiatives based upon three core principles of business cost reduction, income generation and service redesign.

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

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

- *Changes to Local Government funding*
  Revenue Support Grant (RSG) is being reduced to zero by 2019/20 with more punitive reductions in earlier years (from 2013/14 this amounts to £3.0m or 96%). Furthermore due to the Council's ability to raise more than most councils in Council Tax, in 2019/20 there is an expectation that the Council will pay £0.25m as a 'tariff' to the Government, which effectively amounts to negative RSG. The result of the Government redirecting resources into areas such as Adult Social Care, means that NHB will reduce from £2.1m (2017/18) to £1.3m (2018/19). We are also anticipate little growth in Business Rates due to the potential de-commissioning of Ratcliffe-on-Soar Power Station and other potential business rate appeals.

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

- *Pension Contributions*
  The Pension Fund liabilities have risen as a result of an increase in liabilities. Statutory arrangements should ensure the financial position of the Council's Pension Fund remains healthy. On-going national reforms, which commenced in April 2014, should assist the Council in closing the funding gap.

- *Commitment to Growth*
  Whilst overall funding is reducing, it is important that the Borough continues to grow. Business rates, council tax and NHB income streams will increase as we grow, whilst at the same time we have to meet the cost pressures that arise from growth. For example with more houses more refuse collections are required. The Council is well placed to take advantage of such opportunities and remains committed to attracting businesses to the Borough and enabling housing growth, encouraging both inward and outward investment. The Council has previously been successful in levering external funding for Bridgford Hall and Growth Deal funding for employment and housing sites alongside the A46 allied to significant Council investment for Cotgrave. This is indicative of the Council's commitment to support housing and business growth. The Council has now created a Strategic Growth Board supplemented by 3 other Growth Boards to facilitate growth in Cotgrave, Radcliffe and Bingham, and West Bridgford. The Council has set aside £10.5m within its Capital Programme for the Asset Investment Strategy, with a view to improving socio-economic development within the Borough and resultant income streams to help support the budget. £2.7m has been committed as a loan to Nottinghamshire County Cricket Club (e.g. towards the Radcliffe Road Stand redevelopment) and £2.5m to Cotgrave for both employment sites and town centre regeneration. £5.3m remains to be allocated to projects that demonstrate a positive return through a robust appraisal process.

7. Financial Statements

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

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

The Council's accounts consist of:

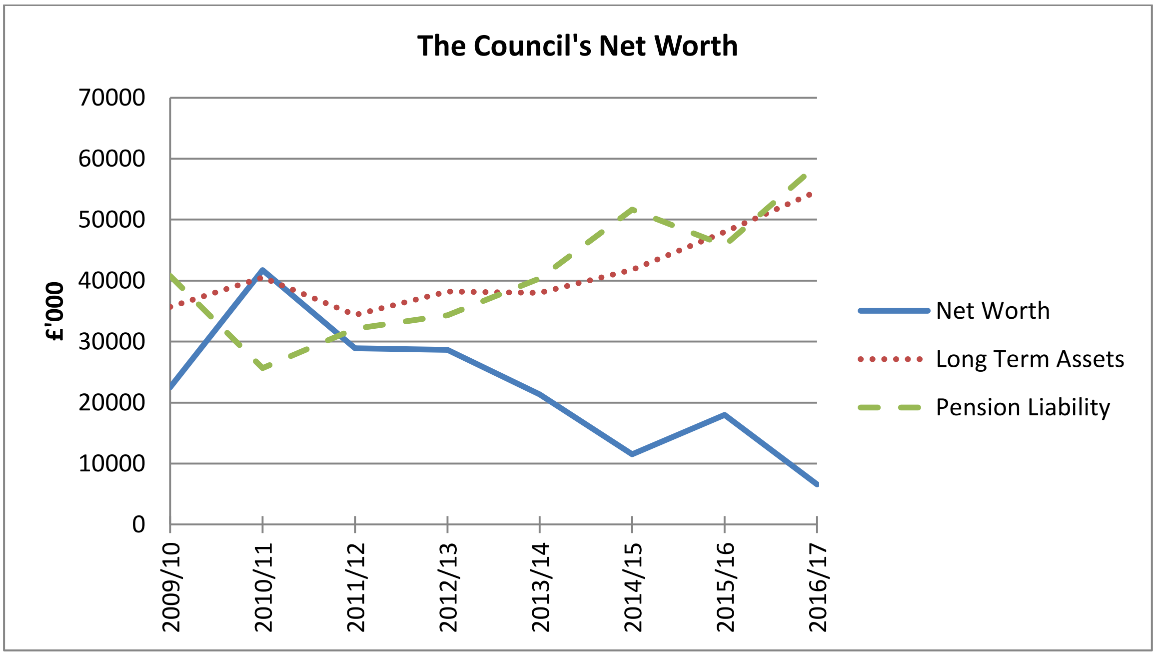
- **Expenditure and Funding Analysis (page 2) -** this statement was introduced in 2016/17 to shows which service areas the statutory adjustments (for capital and pension and collection fund purposes) have originally been charged against, and reconciles the Surplus/Deficit on the Provision of Services position between the funding position charges levied on the General Fund and the accounting position.

- **Comprehensive Income and Expenditure Statement (Page 3) -** this shows the accounting cost in the year of providing services in accordance with IFRS rather than the amount to be funded from taxation. The Net Cost of Service has increased from £12.9m to £14.0m which is mainly due to the impact of the revaluation exercise for the Rushcliffe Arena following completion which has been charged to Finance and Corporate Services. There has also been a reduction in the amount of income received in Finance and Corporate Services which primarily relates to a reduction in the amount of Housing Benefit Subsidy received but this is offset by the amount of Housing Benefit expenditure incurred. Other Operating Expenditure has decreased by £0.342m and is mainly due to the £0.561m gain on the disposal of non-current assets in 2016/17 including the operational element of the Civic Centre. This arises due to a change in the mix of assets disposed of and primarily relates to the sale of the Civic Centre. The movement in Financing and Investment Income and Expenditure is technical in nature. The change of £0.733m between years is largely due to the profit on disposal of investment properties in 2016/17, such as Civic Building Landlord and Coach Gap Lane Industrial Units. The combination of the aforementioned variances means there is now a surplus of £1.563m compared to a £1.204m deficit the previous year on the 'Provision of Services'.

- **Movement in Reserves Statement (Page 4) –** this shows the movement in the year of the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves' (those that an authority is not able to utilise to provide services).

- **Balance Sheet (Page 6) –**The Balance Sheet shows the Council's assets and liabilities at 31 March each year, in accordance with the Council's Accounting Policies. As this is reported annually, the position over a longer period is not always obvious. The Chart below shows how the higher value components of the Balance Sheet, namely Long Term Assets and the Pensions Liability, have affected the Council's overall Net Worth since the introduction of IFRS and national changes to the Local Government Pension Scheme (as covered in previous years accounts). There is an inverse relationship between the Council's net worth and in particular pension liabilities i.e. as pension liabilities increase the Council's net worth reduces and vice versa. The net worth has decreased by £11.4m largely due to the increase in Pensions' Liability as a result of bond yields decreasing resulting in an actuarial loss of £24m offset by an increase in the Fair Value of Plan Assets of £10m (see Note 36, page 56).

The following graph shows the change in the Council's net worth over the past eight years:



Source: Balance Sheet

Further key points to note are that the value of Property, Plant and Equipment has increased by £9.0m arising from investment in the Arena redevelopment project, the regeneration of Cotgrave, Bridgford Hall renovation work and acquisition of vehicles.

- **Cash-flow Statement (Page 7)** – this shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes**.**

- **Notes (pages 8-63) –** these provide supporting context to the above Statements.

- **Accounting Policies (Pages 8-22) –** these explain the bases of the figures presented in the accounts.

8. Supplementary Financial Statements

- **Collection Fund (pages 64-68) –** this reflects the statutory requirement for the Council to maintain a separate account providing details of receipts of Council Tax and Business Rates and any associated payments to precepting authorities and the National Non-Domestic Rates (NNDR) Pool. As stated in Accounting Policy xxiii the accounting arrangements for Business Rates altered in 2013/14 with the introduction of the Business Rates Retention Scheme. It is noted that there is now a surplus of £0.589m on the Business Rates section of the Collection Fund. There are a number of variables that affect this including valuation appeals by businesses to the Valuation Office and collection rates.
- **Group Accounts (pages 69-76) –** according to statutory requirements the Council is required to produce Group Accounts where it has subsidiaries, joint ventures or associates. Streetwise Environmental Ltd commenced trading on 1 September 2014 with its financial year ending on 31 March. The company accounts have been consolidated with the Council's. Some of the key points to note are as follows:

  (a) The company made a surplus of £45,000 which after taking into account pension adjustments is a loss of £250,000 which is reflected in the Group Movement in Reserves Statement;
  (b) Profit before tax for Streetwise is £35,000 and this is reflected in the increase in the surplus to £1.598million in the Group Comprehensive Income and Expenditure Statement; and
  (c) The Balance Sheet changes largely reflect an increase in Creditors and decrease in Debtors in relation to transactions for amounts owed or due to Streetwise. Fixed assets have also increased taking into account the vehicles which Streetwise hold.

9. Summary

Like many public sector organisations the Council has, and continues to face, many significant financial challenges. The Council's response has been to not only develop a culture of prudence but to also deliver initiatives focusing on investment and growth in the community.

The Council is committed to delivering better services and change for the Borough through its Transformation Strategy which will remain a key focus for the Council's management team. There is a commitment to the significant task of transforming the services that are delivered to the people of Rushcliffe. Initiatives such as the creation of Streetwise Environmental Ltd are indicative of the innovative way the Council continues to progress and provide better value for money for taxpayers. The challenges that face Rushcliffe are ones which both members and officers of the Borough Council are determined to meet.

10. Further Information

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

Peter Linfield
Executive Manager (Finance and Corporate Services)
30th September 2017

B. ANNUAL GOVERNANCE STATEMENT

1. SCOPE AND PUPOSE

1.1 Scope of responsibility

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

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

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

1.2 The purpose of the governance framework

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

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

The governance framework has been in place at Rushcliffe Borough Council for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

2 THE GOVERNANCE FRAMEWORK

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

2.1 Vision and priorities

Long term strategic planning has enabled Rushcliffe to address its immediate financial pressures, develop a medium term financial strategy to 2021/22 and introduce its sixth Corporate Strategy covering the period 2016 to 2020. The three key themes for this strategy are:

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

The integration of service and financial planning has continued through the budgets for both 2016/17 and 2017/18, and the financial strategy to 2021/22.

During 2016/17 the Council reviewed its approach to the financial pressures facing all public bodies through the continued development of its Transformation Strategy. This outlines how the Council will meet its financial challenges until 2021/22. The Transformation Strategy focuses upon three key elements income generation, service re-design and business cost reduction. It highlights the relationship between the Corporate Strategy, the Medium Term Financial Strategy and the Transformation Strategy. As part of the service re-design process the Council is continuously reviewing the services it provides to identify improved or alternative methods of delivery which will enable it to meet its financial targets without eroding the high quality of service for which Rushcliffe is known.

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

2.2 Improvement and Efficiency

As with other public bodies the Council faces unprecedented financial pressures. The Council's net budget has reduced since 2011/12 from £13.5m to £9.8m (2017/18) – a 27% reduction. A combination of Member and management challenge has limited the projected budget savings required from 2017/18 to 2020/21 to approximately £1m. There remains the need to continue to identify savings via the Transformation Strategy in order to meet financial pressures in the medium term, the Transformation Strategy fulfilling the role of the Council's Efficiency Statement, a requirement in accepting the four year settlement from the

Government. The following thematic areas summarise how the budget will be balanced in future years:-

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

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

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

(d) 'Thinking big' reviews – for example the Leisure Strategy and office accommodation projects.

2.3 **The Constitution**

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

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

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

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

The Constitution as a whole is reviewed when necessary and appropriate. The last review was undertaken in 2016/17 to reflect organisational and legislative changes. A further, more significant, review is being undertaken by a Member working group during 2017.

2.4 Policies, Procedures, Laws and Regulations

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

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

The Council's financial management arrangements should conform with the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2010). During 2016/17, the Council's financial management arrangements complied in all respects with the governance requirements of the aforementioned statement, in particular:

- During 2016/17 the Executive Manager (Finance and Corporate Services) held the post of Chief Finance Officer. The post holder is a professionally qualified accountant with direct access to the Chief Executive, Leader of the Council and other Cabinet Members. The post holder also has direct access to the Corporate Governance Group and the Council's external auditors.
- The Chief Finance Officer has a line of professional accountability for all finance staff and for ensuring that the finance function is 'fit for purpose'. The Council has established robust arrangements to manage its finances, including a Medium Term Financial Strategy, annual budget process and compliance with CIPFA's Codes and Guidance on the Prudential Framework for Capital Finance, Treasury Management and the management of reserves.
- Internal audit services are provided to the Council by RSM. The effectiveness of this service is monitored by the Corporate Governance Group.

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

2.5 Risk Management

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

The Council's risk management arrangements are regularly reviewed. The effectiveness of the overall risk management arrangements is monitored by the Corporate Governance Group (CGG) throughout the year. As part of the annual review of Risk Management (1 December 2016) the CGG considered actions taken to review risk management arrangements, including acknowledging that the previous year's recommendations had been implemented. The report for 2016/17 identified 4 low "priority" management actions such as the Risk Management Strategy including a date of expected review. The 2016/17 Annual Report by Internal Audit acknowledges that once again the Council can take substantial assurance that an adequate and effective framework for risk management, governance and internal control is operating effectively (the highest level of the four opinion options).

2.6 **Development and training needs**

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

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

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

To support new and returning Councillors a comprehensive induction programme has been developed for delivery after the local elections. The delivery of this is overseen by the cross party Member Development Group (MDG) who evaluates its effectiveness upon its completion based on Councillor feedback. A revised programme of training was agreed by the MDG in 2016/17.

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

2.7 **Communication**

Principle B - *Ensuring openness and comprehensive stakeholder engagement*

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

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

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

The Council also undertakes consultation to inform decisions relating to policy changes. In December 2016, two thirds of the Council's staff completed a survey after moving to the Rushcliffe Arena focussing on the move and new ways of working. 93% of staff agreed that the move from the Civic Centre to the new office was managed effectively, 71% felt that the Council's Executive Management Team are more visible in the new building and 72% said they are enjoying new ways of working.

2.8 **Partnerships**

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

2.9 **Transparency**

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

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

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

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

The Council welcomes peer challenge reviews and inspections from regulatory bodies and will act on any recommendations arising as appropriate.

3 REVIEW OF EFFECTIVENESS

3.1 Introduction

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

3.2 The Council

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

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

3.3 The Cabinet

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

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

3.4 Scrutiny groups- Corporate Governance Group

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

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

3.5 **Other Scrutiny Groups**

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

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

3.6 **Executive Managers**

Executive Managers are responsible for ensuring proper standards of internal control within their service areas. On-going reviews are undertaken throughout the year. At the end of the financial year Executive Managers are required to confirm that they have reviewed the system of internal control and identify any areas where improvements are necessary. In December 2015 the Council re-structured the Executive Management team with there now being four Executive Managers and temporarily sharing Nottingham City Council's Monitoring Officer for that particular function.

3.7 **Internal Audit**

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

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

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

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

3.8 External Audit

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

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

The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made. In the annual report for 2016/17 KPMG concluded that Rushcliffe Borough Council has good processes in place for the production of the accounts and provided a strong draft for audit. This was supported by good quality supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales. In terms of value for money, KPMG concluded that the Authority has made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

4 SIGNIFICANT GOVERNANCE ISSUES

4.1 Issues Identified and remedial action

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

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

The Authority has a £10.5m Investment Fund. In 2015/16 the Authority awarded a Loan of £2.7m to Nottinghamshire County Cricket Club (NCCC). As part of our Value for Money work in 2015/16, KPMG raised a recommendation regarding the governance arrangements through which this loan was awarded, including consideration of risks of default, and the specific risks faced by the Cricket Club. In terms of remedial action the Section 151 Officer will continue to review the position of the NCCC projects, and their progress against budget; as well as the success or otherwise of the bidding process for future test matches; and thereafter agreeing the drawdown on the loans over time.

The Leisure Facilities Strategy Member Group has been meeting throughout 2016/17 and the refresh of the Leisure Facilities Strategy for 2017-2027 is substantively complete and will be considered by Cabinet following completion of the associated Playing Pitch Strategy in summer 2017.

Similarly the Strategic Asset Review of Edwalton Golf Courses Member Group met on 6 occasions and is due to report its findings to Cabinet in June 2017.

In 2016/17 the one governance issue that has arisen is in relation to payment diversion which RSM separately investigated with an action plan reported to CGG. The recommended actions are now being implemented.

During 2017/18 the Council will need to manage a number of challenges arising from the on-going financial pressures as a result of reduction in central government revenue support grant and the movement to funding via business rates and in the future 100% of business rates income being devolved to local government (currently the Council receives 40%). One of the biggest financial risks to the Council remains power station appeals given the relatively large proportion of the business rates tax base the Radcliffe on Soar power station constitutes and the history of appeals against its business rates valuation.

Challenges arising from welfare reform and the continued phased introduction of Universal Credit are further significant financial risks. The Council also has to address the issue of ensuring there is sufficient housing supply to meet its housing targets within its local plan. Whilst the Core Strategy was approved in 2014, the work is on-going to identify preferred options for Local Plan part 2 and to complete the Green Belt review. This includes assessing the suitability of potential additional housing sites, some of which are likely to be required in order to address the shortfall in housing delivery arising from delays in bringing forward the Core Strategy's (Local Plan Part 1) strategic allocations.

The Cotgrave Masterplan is a significant project which demonstrates the Council's commitment to developing the community and provides affordable housing. The Council has been successful in leveraging external funding for both Bridgford Hall; and the 'Growth Deal' for employment and housing sites alongside the A46. This is indicative of the Council's commitment to support housing and business growth. As already mentioned the Council is committed to utilising the Asset Investment Strategy as the catalyst to release up to £10.5m to grow the local economy.

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

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

- Significant changes in the pension liability due to Local Government Pension Scheme Triennial Valuation. The risk that the data is inaccurate and the impact of these inaccuracies on the financial accounts;
- The valuation of the new Arena. As the building is now in use, the associated capital costs will move from "Assets under construction" into "Land and Buildings". This will require a valuation, which will most likely result in a difference in terms of the cost compared to the valuation and how this is accounted for;
- Financial resilience – the continued delivery of future savings to secure long term financial and operational sustainability remains challenging and therefore poses a risk to financial resilience; and
- Governance over the Asset Investment Strategy Fund.

Other challenges and risks for 2017/18 include: the finalisation of the leisure and accommodation project, and as the Council becomes increasingly innovative the management of alternative service delivery vehicles such as the implementation of a new company structure for Streetwise Environmental Ltd and the potential development of a company to manage and invest in property.

It is recognised that ICT threats and opportunities continue to evolve, it is imperative that the Borough Council has a clear understanding of how these impact on their day to day operations, particularly in the light of recent global cyber security threats. A review of Data Protection requirements is also planned for 2017/18 to ensure, following the 2016 Major Overhaul of EU Data Protection Laws, that the controls and processes in place to meet future data protection obligations.

The Council is also mindful of significant political risks in terms of both the result of the General Election and the impact of BREXIT, which are both likely to impact on Government policy with regards to local government going forward.

Finally, there has been, for the first time in 12 years, a change in the Leader of the Council also resulting in a new Cabinet. This may lead to a change in the emphasis in delivering corporate priorities.

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

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

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

Signed…………………………….	Signed………………………………..
Councillor S Robinson (Leader)	A Graham (Chief Executive)
Date September 2017	Date September 2017

C. Independent Auditor's Report

Independent auditor's report to the members of Rushcliffe Borough Council

We have audited the financial statements of Rushcliffe Borough Council for the year ended 31 March 2017 on pages 2 to 76. 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 Executive Manager Finance and Corporate Services and auditor

As explained more fully in the Statement of the Executive Manager Finance and Corporate Services' Responsibilities, the Executive Manager Finance and Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 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 Executive Manager Finance and Corporate Services; 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 *d* to *e* 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.

We have nothing to report in respect of these matters.

Conclusion on Rushcliffe Borough 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 Rushcliffe Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Rushcliffe Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 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, Rushcliffe Borough 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, Rushcliffe Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

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

Andrew Bush

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

30 September 2017

STATEMENT OF ACCOUNTS

2016/17

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

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

THE EXECUTIVE MANAGER (FINANCE AND CORPORATE) RESPONSIBILITIES

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

In preparing this Statement of Accounts, the Executive Manager (Finance and Corporate Services) has:
- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice

The Executive Manager (Finance and Corporate Services) has also:
- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Manager (Finance and Corporate Services) should sign and date the Statement of Accounts, stating that it gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2017.

CERTIFICATE

I hereby certify that the following Statement of Accounts gives a true and fair view of the financial position of Rushcliffe Borough Council at 31 March 2017 and its income and expenditure for the financial year ended 31 March 2017.

Peter Linfield
Executive Manager (Finance and Corporate Services)
30 June 2017

FORMAL APPROVAL

Full Council approved the audited Statement of Accounts on 21 September 2017

On behalf of the Council
Councillor Cooper
Mayor of the Council

D. THE FINANCIAL STATEMENTS

EXPENDITURE AND FUNDING ANALYSIS

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

2015/16				**2016/17**		
Net Expenditure Chargeable to the General Fund £000	**Adjustments between the Funding and Accounting Basis (Note 7) £000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement £000**		**Net Expenditure Chargeable to the General Fund £000**	**Adjustments between the Funding and Accounting Basis (Note 7) £000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement £000**
790	394	1,184	Communities	975	354	1,329
3,830	380	4,210	Finance and Corporate Services	3,411	1,778	5,189
3,278	731	4,009	Neighbourhoods	3,111	690	3,801
2,639	879	3,518	Transformation	2,905	760	3,665
10,537	**2,384**	**12,921**	**Net Cost of Service**	**10,402**	**3,582**	**13,984**
(8,620)	(3,097)	(11,717)	Other Income and Expenditure	(11,077)	(4,470)	(15,547)
1,917	**(713)**	**1,204**	**(Surplus) or Deficit**	**(675)**	**(888)**	**(1,563)**
		14,061	Opening General Fund Balance	12,144		
		(1,917)	Less/Plus Surplus or (Deficit) on General Fund Balance in Year	675		
		12,144	Closing General Fund Balance at 31 March	12,819		

D. THE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

*Restated 2015/2016				2016/2017		
Gross Exp £000	**Gross Inc £000**	**Net Exp £000**		**Gross Exp £000**	**Gross Inc £000**	**Net Exp £000**
2,673	(1,489)	1,184	Communities	2,846	(1,517)	1,329
24,235	(20,025)	4,210	Finance and Corporate	23,966	(18,777)	5,189
6,521	(2,512)	4,009	Neighbourhoods	6,620	(2,819)	3,801
3,871	(353)	3,518	Transformation	4,152	(487)	3,665
37,300	**(24,379)**	**12,921**	**Cost of Services**	**37,584**	**(23,600)**	**13,984**
1,996	(90)	1,906	Other Operating Exp. (Note 10)	2,125	(561)	1,564
1,915	(1,860)	55	Financing & Investment Inc. & Exp. (Note 11)	1,881	(2,559)	(678)
0	(13,678)	(13,678)	Taxation & Non-Specific Grant Income (Note 12)	0	(16,433)	(16,433)
41,211	**(40,007)**	**1,204**	**(Surplus)/Deficit on Provision of Services**	**41,590**	**(43,153)**	**(1,563)**
		186	(Surplus) or deficit on revaluation of non-current assets			1,403
		(75)	Available For Sale Financial Instruments			31
		(7,763)	Remeasurement of the net defined benefit liability/(asset)			11,535
		(7,652)	**Other Comprehensive Income & Expenditure**			**12,969**
		(6,448)	**Total Comprehensive Income & Expenditure**			**11,406**

*It has been restated as 2016/17 CIPFA regulations require the Council's income and expenditure to be reported by the organisational structure under which the council operates

D. THE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT (MIRS)

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

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

D. THE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT (MIRS)

2015/2016	General Fund Balance £000	Earmarked GF Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves* £000	Total Council Reserves £000
Balance 31 March 2015	**(2,604)**	**(11,457)**	**(11,797)**	**(273)**	**(26,131)**	**14,599**	**(11,532)**
Movement in Reserves during 2015/2016							
(Surplus) or deficit on the provision of services	1,204	0	0	0	1,204	0	**1,204**
Other Comprehensive Income and Expenditure	0	0	0	0	0	(7,652)	**(7,652)**
Total Comprehensive Income and Expenditure	**1,204**	**0**	**0**	**0**	**1,204**	**(7,652)**	**(6,448)**
Adjustments between accounting basis and funding basis under regulations (Note 8)	713	0	2,024	231	2,968	(2,968)	**0**
(Net Increase)/Decrease before Transfers to Earmarked Reserves	**1,917**	**0**	**2,024**	**231**	**4,172**	**(10,620)**	**(6,448)**
Transfers to/(from) Earmarked Reserves (Note 8)	(1,917)	1,917	0	0	0	0	**0**
(Increase)/Decrease in 2015/2016	**0**	**1,917**	**2,024**	**231**	**4,172**	**(10,620)**	**(6,448)**
Balance at 31 March 2016 Carried Forward	**(2,604)**	**(9,540)**	**(9,773)**	**(42)**	**(21,959)**	**3,979**	**(17,980)**

D. THE FINANCIAL STATEMENTS

BALANCE SHEET

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

31 March 2016 £000		Note Ref	31 March 2017 £000
30,595	Property, Plant and Equipment	**13**	39,476
72	Heritage Assets		68
9,965	Investment Property	**14**	7,120
6,093	Long Term Investments	**17**	6,027
131	Intangible Assets	**15**	78
1,099	Long Term Debtors	**17,18**	1,857
47,955	**Long Term Assets**		**54,626**
5,101	Short Term Investments	**17**	2,050
26	Inventories		19
2,101	Short Term Debtors	**18**	2,744
23,771	Cash and Cash Equivalents	**17,19**	25,779
30,999	**Current Assets**		**30,592**
(54)	Short Term Borrowing	**17**	0
(31)	Short Term Provisions		0
(5,594)	Short Term Creditors	**20**	(7,511)
(5,679)	**Current Liabilities**		**(7,511)**
(1,632)	Long Term Provisions	**21**	(2,127)
(7,879)	Capital Grants Receipts in Advance	**17,31**	(10,035)
(45,784)	Pension Liability	**36**	(58,971)
(55,295)	**Long Term Liabilities**		**(71,133)**
17,980	**NET ASSETS**		**6,574**
9,773	Usable Capital Receipts Reserve		13,929
2,604	General Fund Balance		2,604
9,540	Earmarked Reserves	**9**	10,215
42	Capital Grants Unapplied		54
21,959	**Usable Reserves**		**26,802**
(3,979)	**Unusable Reserves**	**23**	(20,228)
17,980	**TOTAL RESERVES**		**6,574**

D. THE FINANCIAL STATEMENTS

CASH FLOW STATEMENT (INDIRECT METHOD)

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

2015/2016 £000		2016/2017 £000
1,204	Net (surplus) or deficit on the provision of services	(1,563)
(3,414)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 24)	(11,350)
768	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 24)	11,003
(1,442)	Net cash flows from Operating Activities (Note 24)	(1,910)
(8,335)	Investing Activities (Note 25)	806
(1,075)	Financing Activities (Note 26)	(904)
(10,852)	Net increase or decrease in cash and cash equivalents (Note 19)	(2,008)
(12,919)	Cash and cash equivalents at the beginning of the reporting period (Note19)	(23,771)
(23,771)	**Cash and cash equivalents at the end of the reporting period (Note 19)**	**(25,779)**

E. NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. It has been prepared in accordance with the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in United Kingdom 2016/17 supported by International Financial Reporting Standards (IFRS) It also complies with guidance notes issued by CIPFA on the application of accounting standards (Standard Statement of Accounting Practice and Financial Reporting Standards) to the local authority accounts.

ii. Accruals of Income and Expenditure

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

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

iii. Cash and Cash Equivalents

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

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

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

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

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

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

v. Charges to Revenue for Non-Current Assets

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

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

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

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

vi. Employee Benefits

Benefits payable during employment

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

Termination Benefits

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

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

Post-Employment Benefits

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

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

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

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

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

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

to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments

- **Re-measurements comprising**
    - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure;
    - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions– charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- **Contributions Paid to the Pension Fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

vii. Events after the Balance Sheet Date

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

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

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

viii. Financial Instruments

General

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

Financial Liabilities

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

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

Financial Assets

Financial assets are classified as either:

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

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

  The Council has made a loan to the Nottinghamshire Cricket Club in 2007 at less than market rates (soft loan). When such a soft loan is made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. The Council has also made a soft loan to Streetwise Environmental Ltd but as they are a subsidiary of the Council this loss is treated as an additional investment in the company.

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

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

- **Available-for-sale assets** – assets that have a quoted market price and/or do not have fixed or determinable payments. These are non-derivative financial assets designated available for sale which are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the income statement on de-recognition.

Financial Instruments – Risks

The Council's activities in this area expose it to a number of risks; it regularly reviews and agrees policies for such risks which are set out below:

- **Credit Risk** – the possibility that other parties may fail to pay amounts due.

  To mitigate this risk the parties that owe money are sent timely reminders, defaulters are given reminders, warnings and ultimately legal action is taken where necessary.

  In addition, the Council has adopted the CIPFA Prudential Code and reviews and monitors the level of exposure to investments which mature beyond one year and the use of specified and non-specified investments.

- **Interest Rate Risk** – that changes in areas such as interest rates will affect the Council's revenue resources. To mitigate this risk the Council monitors the available rates, and also consults with its Treasury Advisors, Arlingclose Ltd, and maintains fixed deposits when good rates are available. Fixed rate deposits are maintained to maximise interest receivable; variable rate deposits are maximised for working capital requirements.

- **Liquidity Risk** – the possibility that the Council cannot pay its commitments.

  To mitigate this risk the Council ensures that current working capital requirements are immediately available. Short-term flexibility is achieved by overdraft facilities.

ix. Government Grants and Contributions

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

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

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

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

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

x. Heritage Assets

The Council has two classifications of Heritage Assets; a small art collection and a war memorial. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. The art collection is reported in the Balance Sheet at insurance valuation which was informed by a market revaluation exercise carried out by Mellors and Kirk (Art Auctioneers). The Council took the decision in 2015/16 to sell off the Art Collection. Not all of it was sold and the resultant value of heritage assets held at 31 March 2017 was £68,000 (£72,000 2015/16).

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

<u>Art collection</u>

The remaining Council's art collection consists of 2 exhibits of oils and a clock. The highest value item is an oil painting valued at £50,000. The assets within the art collection are deemed to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation.

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

<u>War Memorial</u>

The War Memorial is situated in West Bridgford and is held at Depreciated Historical Cost (a proxy for current value).

xi. Intangible Assets

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

Once capitalised, the assets will be amortised on a systematic basis over their useful lives. The amortisation charge will be made to the relevant General Fund Service revenue accounts.

Internally generated assets are only re-valued where the fair value of assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the council meets this criterion and they are therefore carried at amortised cost.

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

xii. Inventories and Long Term Contracts

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

xiii. Interests in Companies and Other Entities

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

xiv. Investment Property

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

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

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

xv. Leases

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

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

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

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset.

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

These finance leases are dealt with under the exception outlined above.

Operating Leases

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

xvi. Jointly Controlled Operations

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

xvii. Overheads and Support Services

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

xviii. Property, Plant & Equipment

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

Recognition

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

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

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

Depreciation

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Capital receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Assets under Construction

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

xix. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

Contingent Assets

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

xx. Reserves

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

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

xxi. Revenue Expenditure Funded from Capital under Statute

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

xxii. VAT

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

xxiii. Collection Fund

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

From 1 April 2009 for both Billing and Precepting authorities and central government, Council Tax income included in their Comprehensive Income and Expenditure Statement (CIES) shall be the accrued income for the year. Any difference between the income included in the CIES and their demand or precept is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. As the collection of Council Tax is an agency agreement there is a debtor/creditor position between the billing Council and the major preceptors. As the billing Council, this Council's Cash Flow Statement includes in 'revenue activities' only its own share of the Council Tax collected.

From 1 April 2013 for billing and precepting authorities and central government, the business rates income included in their CIES shall be the accrued income for the year. Any difference between the income included in the CIES and their estimate of share of income is taken to the Collection Fund Adjustment Account and included as an adjusting item in the Movement in Reserves Statement. As the collection of NNDR is an agency agreement there is a debtor/creditor position between the billing council and the major preceptor (governed by the Nottinghamshire Pool) and central government. As the billing Council, this Council's Cash Flow Statement includes in 'revenue activities' only its own share of the NNDR collected.

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) requires the disclosure of information relating to the expected impact on the accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. This applies to the adoption of the following new or amended standards within the 2016/17 code: Amendment to the reporting of pension fund scheme transaction costs and an amendment to the reporting of investment concentration. Neither of these updates to accounting standards are deemed to have any impact on the Council's financial statements.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

b. One factor that has demonstrably in the past 3 years had a significant impact on the accounts concerns the assumptions surrounding pensions and the likelihood of legislative change and the impact of such change. The impact of either a change in the discount rate of 0.1% or a change in life expectancy of 1 year, for either, would be no more than £50,000 on service costs.

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

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

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

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

Most significant estimates are for pensions, bad debts (impairments), accruals and provisions. Each of these has a different process for making the estimate:

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

b. Bad debt estimates are based on prudent historical collection rates taking into account knowledge of existing conditions on outstanding debts, particularly given the current economic climate and future changes in relation to welfare reform. At 31st March 2017, the Council had sundry debtor balances of £0.874m and Housing Benefit (HB) debtors of £0.982m. If recoverability of these balances falls the amount set aside for these balances would increase. Provisions for bad debt are made according to the age of the debt. The provisions amount to £0.113m and £0.120m, respectively for sundry debtors and HB. If recoverability of the debt falls by 10% across all ages of debt an estimated further £0.044m would have to be set aside;

c. Provisions – generally most provisions are relatively low in value. Business Rate appeals (which the Valuation Office is responsible for) have been estimated in line with the new accounting requirements of the national Business Rates Retention Scheme. In total Rushcliffe’s estimated liability amounts to £1.48m, with a further £2.22 million in relation to other precepting authorities and the Government. This has been calculated focusing on key determinants such as type of property, reasons for appeal and age of the appeal; and

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

5. MATERIAL ITEMS OF INCOME AND EXPENSE

In 2016/17 there are no material items of income and expense.

6. EVENTS AFTER THE BALANCE SHEET DATE

None currently expected to be reported.

7. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

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

2015/16 Adjustments between Funding and Accounting Basis				
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**
Communities	320	66	8	**394**
Finance and Corporate Services	327	52	1	**380**
Neighbourhoods	594	122	15	**731**
Transformation	884	1	(6)	**879**
Net Cost of Service	**2,125**	**241**	**18**	**2,384**
Other income and expenditure from the Expenditure and Funding Analysis	(4,185)	1,681	(593)	**(3,097)**
General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**(2,060)**	**1,922**	**(575)**	**(713)**

7. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS CONTINUED

Note 1 Adjustments for Capital Purposes

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

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

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

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

Note 2 Net Change for the Pensions Adjustments

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

For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Note 3 Other Differences

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.

8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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

8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS CONTINUED

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice.

The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on the capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

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

8. ADJUSTMENT BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2016/2017	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
Adjustments primarily involving the Capital Adjustment Account (CAA)	**£000**	**£000**	**£000**	**£000**	**£000**
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation and impairment of non-current assets	(1,453)	0	0	(1,453)	1,453
Revaluation gain/(loss) on Property Plant and Equipment	(1,315)	0	0	(1,315)	1,315
Movement in the market value of investment properties	303	0	0	303	(303)
Amortisation of Intangible Assets	(61)	0	0	(61)	61
Capital grants and contributions applied	483	0	0	483	(483)
Revenue expenditure funded from capital under statute	(1,238)	0	0	(1,238)	1,238
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(6,315)	0	0	(6,315)	6,315
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Capital expenditure charged against the General Fund Balance	1,233	0	0	1,233	(1,233)
Adjustments primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	3,074	(20)	(3,054)	0	0
Application of grants to capital financing transferred to the CAA	0	0	3,042	3,042	(3,042)
Adjustments primarily involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,386	(7,636)	0	(250)	250

8. ADJUSTMENT BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2016/2017	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£000	**£000**	**£000**	**£000**	**£000**
Use of the Capital Receipts Reserve to finance new capital expenditure	0	3,538	0	3,538	(3,538)
Transfer (from)/to the Deferred Capital Receipts Reserve upon receipt of cash	0	(38)	0	(38)	38
Adjustments primarily involving the Financial Instruments Adjustment Account					
Amounts 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	8	0	0	8	(8)
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,117)	0	0	(3,117)	3,117
Employers' pensions contributions and direct payments to pensions payable in the year	1,465	0	0	1,465	(1,465)
Adjustments primarily involving the Collection Fund Adjustment Account					
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	426	0	0	426	(426)
Adjustments primarily involving the Accumulated Absences Adjustments Account					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	9	0	0	9	(9)
Total Adjustments	**888**	**(4,156)**	**(12)**	**(3,280)**	**3,280**

8. ADJUSTMENT BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2015/2016	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
Adjustments primarily involving the Capital Adjustment Account	**£000**	**£000**	**£000**	**£000**	**£000**
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation and impairment of non-current assets	(1,352)	0	0	(1,352)	1,352
Revaluation gain/(loss) on Property Plant and Equipment	(110)	0	0	(110)	110
Movement in the market value of investment properties	57	0	0	57	(57)
Amortisation of Intangible Assets	(36)	0	0	(36)	36
Capital grants and contributions applied	292	0	0	292	(292)
Revenue expenditure funded from capital under statute	(944)	0	0	(944)	944
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(101)	0	0	(101)	101
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Capital expenditure charged against the General Fund Balance	3,919	0	0	3,919	(3,919)
Adjustments primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	178	0	(178)	0	0
Application of grants to capital financing transferred to the CAA	0	0	409	409	(409)
Adjustments primarily involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	156	(368)	0	(212)	212

8. ADJUSTMENT BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2015/2016	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£000	**£000**	**£000**	**£000**	**£000**
Use of the Capital Receipts Reserve to finance new capital expenditure	0	2,430	0	2,430	(2,430)
Transfer (from)/to the Deferred Capital Receipts Reserve upon receipt of cash	0	(38)	0	(38)	38
Adjustments primarily involving the Financial Instruments Adjustment Account					
Amounts 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	11	0	0	11	(11)
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,376)	0	0	(3,376)	3,376
Employers' pensions contributions and direct payments to pensions payable in the year	1,454	0	0	1,454	(1,454)
Adjustments primarily involving the Collection Fund Adjustment Account					
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	582	0	0	582	(582)
Adjustments primarily involving the Accumulated Absences Adjustments Account					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(17)	0	0	(17)	17
Total Adjustments	**713**	**2,024**	**231**	**2,968**	**(2,968)**

9. TRANSFERS TO/(FROM) EARMARKED RESERVES

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

	Balance at 1st April 2016 £000	Transfers In £000	Transfers Out £000	Balance at 31st March 2017 £000
Investment Reserves				
Regeneration and Community Projects	1,297	188	0	1,485
Cotgrave Regeneration Project	300	139	(139)	300
Council Assets and Service Delivery	693	0	(419)	274
Local Area Agreement	142	0	(20)	122
New Homes Bonus	3,426	2,073	(20)	5,479
Invest to Save	150	0	0	150
Corporate Reserves				
Organisational Stabilisation Reserve	2,449	396	(1,445)	1,400
Risk and Insurance	100	0	0	100
Planning Appeals	349	0	0	349
Elections	153	0	0	153
Operating Reserves				
Planning	187	0	0	187
Leisure Centre Maintenance	139	27	(50)	116
Lottery	55	0	(55)	0
Planned Maintenance	100	0	0	100
Total	**9,540**	**2,823**	**(2,148)**	**10,215**

INVESTMENT RESERVES

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

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

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

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

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

9. TRANSFERS TO/FROM EARMARKED RESERVES CONTINUED

Invest to Save – to fund projects that require 'pump priming' that generate future savings.

CORPORATE RESERVES

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

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

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

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

OPERATING RESERVES

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

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

Lottery – a sum left in reserve from a discontinued lottery scheme from which interest was used to fund small sports grants. The balance on this reserve has now been reduced to zero.

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

10. OTHER OPERATING EXPENDITURE

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

	2015/2016 £000	2016/2017 £000
Parish Council Precepts	1,747	1,891
Newton and Shelford (Special Expense)	20	0
Internal Drainage Board Levies	229	234
(Gains)/losses on the disposal of non-current assets	(90)	(561)
Total	**1,906**	**1,564**

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

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

	Restated 2015/2016 £000	2016/2017 £000
Net interest on the net defined benefit liability (asset)	1,681	1,622
Interest receivable and similar income	(368)	(306)
Income and Expenditure in relation to Investment Properties and changes in their fair value	(1,258)	(1,994)
Total	**55**	**(678)**

12. TAXATION AND NON SPECIFIC GRANT INCOME

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

	2015/2016 £000	2016/2017 £000
Council Tax Income	(7,260)	(7,633)
Non Domestic Rates	(2,482)	(2,557)
Council Tax Freeze Grant	(58)	0
Revenue Support Grant	(1,679)	(1,034)
Capital Grants (Note 31)	(178)	(3,001)
New Homes Bonus	(1,870)	(2,072)
Other Non Ring-fenced Grants	(151)	(136)
Total	**(13,678)**	**(16,433)**

13. PROPERTY, PLANT AND EQUIPMENT

Movements on Balances 2016/2017

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
Cost or Valuation	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2016	**17,496**	**8,883**	**3,240**	**329**	**0**	**7,551**	**37,499**
Additions	7,039	4,854	0	0	0	4,323	**16,216**
Transfers	6,576	0	0	0	0	(6,576)	**0**
Revaluation (+/-) recognised in the Revaluation Reserve	(1,585)	0	0	0	0	0	**(1,585)**
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	(1,315)	0	0	0	0	0	**(1,315)**
De-recognition – Disposals	(3,045)	(1,792)	(252)	0	0	0	**(5,089)**
At 31 March 2017	**25,166**	**11,945**	**2,988**	**329**	**0**	**5,298**	**45,726**
Accumulated Depreciation or Impairment							
At 1 April 2016	**(422)**	**(5,169)**	**(1,293)**	**0**	**0**	**(20)**	**(6,904)**
Depreciation charge	(491)	(817)	(143)	0	0	0	**(1,451)**
Depreciation transfer	(20)	0	0	0	0	20	**0**
Depreciation written out to the Revaluation Reserve	182	0	0	0	0	0	**182**
Depreciation written out to the Surplus/Deficit on Provision of Service	0	0	0	0	0	0	**0**
De-recognition – Disposals	165	1,603	155	0	0	0	**1,923**
At 31 March 2017	**(586)**	**(4,383)**	**(1,281)**	**0**	**0**	**0**	**(6,250)**
Net Book Value at 31 March 2017	**24,580**	**7,562**	**1,707**	**329**	**0**	**5,298**	**39,476**
Net Book Value at 31 March 2016	**17,074**	**3,714**	**1,947**	**329**	**0**	**7,531**	**30,595**

13. PROPERTY, PLANT AND EQUIPMENT

Movements on Balances 2015/2016

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
Cost or Valuation	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2015	**20,442**	**8,634**	**3,164**	**329**	**0**	**512**	**33,081**
Additions	106	1,797	76	0	0	3,972	**5,951**
Transfers	(2,310)	0	0	0	0	3,067	**757**
Revaluation (+/-) recognised in the Revaluation Reserve	(632)	0	0	0	0	0	**(632)**
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	(110)	0	0	0	0	0	**(110)**
De-recognition – Disposals	0	(1,548)	0	0	0	0	**(1,548)**
At 31 March 2016	**17,496**	**8,883**	**3,240**	**329**	**0**	**7,551**	**37,499**
Accumulated Depreciation or Impairment							
At 1 April 2015	**(407)**	**(5,935)**	**(1,140)**	**0**	**0**	**0**	**(7,482)**
Depreciation charge	(481)	(718)	(153)	0	0	0	**(1,352)**
Depreciation transfer	20	0	0	0	0	(20)	**0**
Depreciation written out to the Revaluation Reserve	446	0	0	0	0	0	**446**
Depreciation written out to the Surplus/Deficit on Provision of Service	0	0	0	0	0	0	**0**
De-recognition – Disposals	0	1,484	0	0	0	0	**1,484**
At 31 March 2016	**(422)**	**(5,169)**	**(1,293)**	**0**	**0**	**(20)**	**(6,904)**
Net Book Value at 31 March 2016	**17,074**	**3,714**	**1,947**	**329**	**0**	**7,531**	**30,595**
Net Book Value at 31 March 2015	**20,035**	**2,699**	**2,024**	**329**	**0**	**512**	**25,599**

13. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Depreciation

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

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

Capital Commitments

At 31 March 2017 the Council was committed to works totalling £6.56m for the acquisition, construction, and enhancement of Property, Plant and Equipment in 2017/18. The main element of this, £4.6m, relates to contract and other costs associated with the Cotgrave Masterplan and Multi Service Centre. £1.5m relates to the Employment Land at Cotgrave and the bulk of the remaining £0.46m relates to the final elements of the major redevelopment of Bridgford Hall and vehicle commitments.

Revaluations

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

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

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

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

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Carried at Historical Cost	**1,004**	**8,050**	**2,988**	**329**	**0**	**4,691**	**17,062**
Valued at fair value as at:							
31 March 2015	3,688	0	0	0	0	607	**4,295**
31 March 2016	1,742	0	0	0	0	0	**1,742**
31 March 2017	18,732	3,895	0	0	0	0	**22,627**
Total Cost or Valuation	**25,166**	**11,945**	**2,988**	**329**	**0**	**5,298**	**45,726**

14. INVESTMENT PROPERTIES

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

	2015/2016 £000	2016/2017 £000
Rental income from investment property	1,236	1,247
Direct operating expenses arising from investment property	(234)	(269)
Net gain/(loss)	**1,002**	**978**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's rights to the remittance of income and the proceeds of disposal with the exception of industrial units at The Pithead site in Cotgrave. A rental income claw back arrangement was in place, this expired in July 2015. The Council has no contractual obligations to purchase, construct or develop investment property or repair, maintain or enhance (except for voids).

The following table summarises the movement in the fair value of investment properties during 2016/17 and 2015/16.

	2015/2016 £000	2016/2017 £000
Balance at start of the year	**10,585**	**9,965**
Additions	0	0
Enhancements	80	0
Disposals	0	(3,148)
Net gains/(losses) from fair value adjustments	57	303
Transfers	(757)	0
Total	**9,965**	**7,120**

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

Valuations of Investment Properties are carried out annually in accordance with the Code of Practice and with the Royal Institution of Chartered Surveyors Valuation Standards (Red Book) 9th Edition. Every Fair Value valuation was carried out using the assumptions as set out in the Red Book. A Market Valuation technique has been used for all Investment Properties and they are all based on the level 2 input hierarchy. This means that values have been arrived at using evidence (other than quoted prices) in an active market and that this evidence is directly or indirectly observable. The inputs used include the following market analyses: rents, yields, lease terms, research on farmland values, and other market evidence and comparables. Where assumptions additional to those which are set out in the Red Book have been made these are stated on the relevant valuation certificates. Mrs Leanne Ashmore MRICS is responsible for revaluation of property assets. An impairment review is carried out annually on the Investment Property portfolio. The disposals figure of £3.1m primarily relates to the disposal of the Civic Centre (landlord element).

15. INTANGIBLE ASSETS

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

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

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.061m in 2016/17 (£0.036m 2015/16) was charged to the IT cost centre and then absorbed as an overhead across all service headings in the Net Expenditure of Services. It is not possible to quantify how much of the amortisation is attributable to each service heading.

Movements on Intangible Fixed Assets

	2015/2016 £000	2016/2017 £000
Balances at start of the year		
Gross Carrying Amounts	1,054	1,068
Accumulated Amortisation	(962)	(937)
Net carrying amount at the start of the year	**92**	**131**
Additions		
Purchases	75	8
Transfers into the group	0	0
	75	**8**
Disposal	**(61)**	**(815)**
Amortisation		
Amortisations of the period	(36)	(61)
Amortisations on disposals	61	815
Amortisations on transfers into the group	0	0
	25	**754**
Net carrying amount at the end of the year	**131**	**78**
Comprising		
Gross Carrying Amounts	1,068	261
Accumulated Amortisation	(937)	(183)
Net Book Value	**131**	**78**

16. ASSETS HELD FOR SALE

The Council had no Property, Plant and Equipment assets held for sale at the Balance Sheet date.

17. FINANCIAL INSTRUMENTS

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

	Long-term		Current	
	2015/2016	2016/2017	2015/2016	2016/2017
	£000	£000	£000	£000
Investments				
Loans and Receivables	6,093	6,027	28,872	27,829
Total Investments	**6,093**	**6,027**	**28,872**	**27,829**
Debtors				
Loans and Receivables	1,099	1,857	1,924	2,642
Total Debtors	**1,099**	**1,857**	**1,924**	**2,642**
Borrowings				
Financial Liabilities at Amortised Cost	0	0	(54)	0
Total Borrowing	**0**	**0**	**(54)**	**0**
Creditors				
Financial Liabilities at Amortised Cost	(7,879)	(10,035)	(2,862)	(3,641)
Total Creditors	**(7,879)**	**(10,035)**	**(2,862)**	**(3,641)**

Valuation Assumptions

Investments held at 31 March 2017 amounted to £33.93m, consisting of £6.0m of fixed term investments where the instrument carries the same interest rate for the whole term, £24.90m of deposits in Money Market Funds and Call Accounts where, in general, the rate only alters with movements in the Bank rate and £3.03m in a fund which is valued at the bid price for the shares which the Council holds. No formal calculation of the effective interest rate (EIR) is necessary, and the carrying amount is a reasonable approximation of the fair value.

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

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

18. DEBTORS

	2015/16		2016/17	
	Short Term £000	Long Term £000	Short Term £000	Long Term £000
Central Government Bodies	301	0	486	0
Other Local Authorities	93	0	132	0
Public Corporations and Trading Funds	10	0	0	0
Other Bodies	1,697	1,099	2,126	1,857
	2,101	**1,099**	**2,744**	**1,857**

19. CASH AND CASH EQUIVALENTS

	2015/2016 £000	2016/2017 £000
Cash held by the Council	1	1
Bank Current Accounts	(145)	(125)
Short-term Deposits	23,915	25,903
	23,771	**25,779**

20. CREDITORS

	2015/2016 £000	2016/2017 £000
Central Government Bodies	1,140	2,657
Other Local Authorities	1,799	1,324
NHS Bodies	3	0
Public Corporations and Trading Funds	4	0
Other Bodies	2,648	3,530
	5,594	**7,511**

21. PROVISIONS

	Long Term			
	Leaseholder Deposits £000	NNDR Appeals £000	Streetwise Pension £000	Total £000
Balance at 1st April 2016	**62**	**987**	**583**	**1,632**
Additional Provisions made in 2016/17	1	1,683	0	**1,684**
Amount used in 2016/17	(1)	(178)	0	**(179)**
Amount transferred in 2016/17 to major preceptors (Central Government, Notts CC and Fire Service)	0	(1,010)	0	**(1,010)**
Balance at 31 March 2017	**62**	**1,482**	**583**	**2,127**

NNDR Appeals

This provision sets aside sums for the Council's element of anticipated appeals that may arise in respect of Business Rates. The full liability is expected to be approximately £3.71 million, but the difference is to be met by the Central Government (50%), Notts County Council (9%) and Fire Authority (1%).

22. USABLE RESERVES

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

23. UNUSABLE RESERVES

	2015/2016 £000	2016/2017 £000
Revaluation Reserve	7,551	5,398
Available for Sale Financial Instrument Reserve	56	25
Capital Adjustment Account	34,897	33,613
Financial Instruments Adjustment Account	(44)	(36)
Pension Reserve	(46,367)	(59,554)
Deferred Capital Receipts	120	83
Collection Fund Adjustment Account	(131)	295
Accumulated Absences Adjustment Account	(61)	(52)
	(3,979)	**(20,228)**

Revaluation Reserve

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

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

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

	2015/2016 £000	2016/2017 £000
Balance at 1 April	**7,833**	**7,551**
Upward Revaluation of Assets	600	87
Downward Revaluation of Assets and Impairment losses not charged to the surplus/deficit on Provision of Services	(786)	(1,490)
Surplus/deficit on revaluation of non-current assets not posted to the surplus/deficit on Provision of Services	**(186)**	**(1,403)**
Difference between fair value depreciation and historical cost depreciation	(96)	(100)
Accumulated gains on assets sold or scrapped	0	(650)
Amounts written off to the Capital Adjustment Account	**(96)**	**(750)**
Balance at 31 March	**7,551**	**5,398**

23. UNUSABLE RESERVES CONTINUED

Available for Sale Financial Instruments

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

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

	2015/2016 £000	2016/2017 £000
Balance at 1 April	**(19)**	**56**
Upward/(Downward) revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	75	(31)
Balance at 31 March	**56**	**25**

Capital Adjustment Account

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

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

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

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

23. UNUSABLE RESERVES CONTINUED

	2015/2016 £000	2016/2017 £000
Balance at 1 April	**30,449**	**34,897**
Reverse of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and impairment of non-current assets	(1,462)	(2,768)
Amortisation of Intangible Assets	(36)	(61)
Revenue Expenditure Funded from Capital Under Statute	(944)	(1,238)
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(101)	(6,315)
	(2,543)	**(10,382)**
Adjusting amounts written out of the Revaluation Reserve	96	750
Write down long-term debtors	(212)	(250)
Net amount written out of the cost of non-current assets consumed in the year	**(2,659)**	**(9,882)**
Capital Financing Applied in the year		
Use of the Capital Receipts Reserve to finance new capital expenditure	2,430	3,538
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	292	483
Application of grants to capital financing from the Capital Grants Unapplied Account	409	3,042
Capital Expenditure charged against the General Fund Balance	3,919	1,232
	7,050	**8,295**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	57	303
Balance at 31 March	**34,897**	**33,613**

Financial Instruments Adjustment Account

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

	2015/2016 £000	2016/2017 £000
Balance at 1 April	**(55)**	**(44)**
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs charged in the year in accordance with statutory requirements	11	8
Balance at 31 March	**(44)**	**(36)**

23. UNUSABLE RESERVES CONTINUED

Pensions Reserve

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

	2015/2016 £000	2016/2017 £000
Balance at 1 April	**(52,208)**	**(46,367)**
Remeasurement of the net defined benefit liability/(asset)	7,763	(11,535)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,376)	(3,117)
Employer's pensions contributions and direct payments to the pensioners payable in the year	1,454	1,465
Balance at 31 March	**(46,367)**	**(59,554)**

Deferred Capital Receipts Reserve

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

	2015/2016 £000	2016/2017 £000
Balance at 1 April	**158**	**120**
Transfer to the Capital Receipts Reserve on receipt of cash	(38)	(37)
Balance at 31 March	**120**	**83**

23. UNUSABLE RESERVES CONTINUED

Collection Fund Adjustment Account

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

	2015/2016 £000	2016/2017 £000
Balance at 1 April	**(713)**	**(131)**
Council Tax	1	(91)
Non Domestic Rates	581	517
Balance at 31 March	**(131)**	**295**

Accumulated Absences Account

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

	2015/2016 £000	2016/2017 £000
Balance at 1 April	**(44)**	**(61)**
Settlement or cancellation of accrual made at the end of the preceding year	44	61
Amounts accrued at the end of the current year	(61)	(52)
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**(17)**	**9**
Balance at 31 March	**(61)**	**(52)**

24. CASHFLOW STATEMENT – OPERATING ACTIVITIES

	2015/2016 £000	2016/2017 £000
Net (Surplus) or Deficit on the Provision of Services	**1,204**	**(1,563)**
Adjust net surplus or deficit on the provision of services for non-cash movements		
Depreciation	(1,352)	(1,453)
Impairment and downward valuations	(110)	(1,315)
Amortisation	(36)	(61)
Increase/(Decrease) in impairment for bad debts	197	36
Increase/(Decrease) in Creditors	496	(702)
Increase/(Decrease) in Debtors	(351)	365
Increase/(Decrease) in Inventories	(2)	(7)
Pension Liability	(1,922)	(1,652)
Movement in Provisions	(83)	(6,225)
Carrying amount of non-current assets sold	(133)	(463)
Other non-cash items charged to the net surplus or deficit on the provision of services	(118)	127
	(3,414)	**(11,350)**
Adjust for items in the net surplus or deficit on the provision of services that are investing or financing activities		
Proceeds from short-term and long-term investments	141	60
Capital Grants credited to surplus or deficit on the provision of services	470	3,537
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	157	7,406
	768	**11,003**
Net Cash Flows from Operating Activities	**(1,442)**	**(1,910)**

The cash flows for operating activities include the following items:

	2015/2016 £000	2016/2017 £000
Interest received	(351)	(213)
Dividends received	(79)	(103)
Total	**(430)**	**(316)**

25. CASHFLOW STATEMENT – INVESTING ACTIVITIES

	2015/2016 £000	2016/2017 £000
Purchase of property, plant and equipment, investment property and intangible assets	5,380	15,966
Purchase of Short-term and Long-term Investments	6,570	2,000
Other payments for investing activities	1,367	1,630
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(157)	(7,406)
Proceeds from Short-term and Long-term Investments	(17,143)	(5,131)
Other receipts from investing activities	(4,352)	(6,253)
Total Cash Flows from Investing Activities	**(8,335)**	**806**

26. CASHFLOW STATEMENT – FINANCING ACTIVITIES

	2015/2016 £000	2016/2017 £000
Repayments of short- and long-term borrowing	0	54
Other payments for financing activities	(1,075)	(958)
Total Cash Flows from Financing Activities	**(1,075)**	**(904)**

27. MEMBERS ALLOWANCES

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

	2015/2016 £000	2016/2017 £000
Expenditure		
Allowances	305	305
Other Expenses	12	9
Total Expenditure	**317**	**314**

28. OFFICERS REMUNERATION

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

Post Title	Year	Salary, Fees & Allowances £	Pension Contribution £	Total £
Chief Executive	**2016/17**	120,784	15,340	136,124
	2015/16	120,809	15,340	136,149
Executive Manager – Finance & Corporate Services (post changed from Finance and Commercial on 4/3/16)	**2016/17**	82,118	10,640	92,758
	2015/16	84,012	10,818	94,830
Executive Manager – Neighbourhoods	**2016/17**	79,765	10,303	90,068
	2015/16	79,087	10,200	89,287
Executive Manager – Communities	**2016/17**	79,743	10,303	90,046
	2015/16	79,014	10,200	89,214
Executive Manager – Transformation (incorporates Operations from 1/10/15	**2016/17**	85,812	11,146	96,958
	2015/16	81,678	10,618	92,296
Chief Information Officer*	**2016/17**	84,252	10,887	95,139
	2015/16	71,798	9,180	80,978

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

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

Remuneration Band	Number of Employees 2015/16	Number of Employees 2016/17
£50,000 - £54,999	1	0
£55,000 - £59,999	4	4
£60,000 - £84,999	0	0

29. EXIT PACKAGES AND TERMINATION BENEFITS

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

2016/2017				
Exit Package Cost Band	**Number of Compulsory Redundancies**	**Number of other departures agreed**	**Total Exit Packages**	
			Number	**£**
£0 – £20,000	1	0	1	7,348
£20,001 – £40,000	1	1	2	56,436
Total	**2**	**1**	**3**	63,784

In 2015/16 no payments above £40,000 were made.

The Council terminated the contracts of a number of people in 2016/17, incurring liabilities of £63,784 (£109,794 in 2015/16). This relates to two officers who were made compulsorily redundant and one officer whose contracts were terminated under other agreed terms.

2015/2016				
Exit Package Cost Band	**Number of Compulsory Redundancies**	**Number of other departures agreed**	**Total Exit Packages**	
			Number	**£**
£0 – £20,000	3	1	4	71,795
£20,001 – £40,000	0	1	1	37,999
Total	**3**	**2**	**5**	109,794

30. EXTERNAL AUDIT COSTS

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

	2015/2016 £000	**2016/2017 £000**
Fees payable with regard to external audit services carried out by the appointed auditor	41	41
Fees payable for the certification of grant claims and returns	7	7
Total	**48**	**48**

31. GRANT INCOME

The Council credited the following capital grants and contributions to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement in 2015/16 and 2016/17.

Grant	2015/2016 £000	2016/2017 £000
Heritage Lottery Fund Bridgford Hall	178	1,249
Cotgrave Employment Land	0	1,165
S106 Belway Arena New Build	0	89
Cotgrave Town Centre	0	498
Total	**178**	**3,001**

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

Grant	2015/2016 £000	2016/2017 £000
DCLG – NNDR Cost of Collection	109	112
Nottinghamshire County Council – Leisure Centres	215	221
DWP – Housing Benefit Subsidy and Council Tax Rebates	18,499	17,263
DWP – Housing Benefit Administration	262	210
DWP - Council Tax Administration	75	84
DCLG – Disabled Facilities Grant (REFCUS)	292	491
Total	**19,452**	**18,381**

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

Grant	2015/2016 £000	2016/2017 £000
S106 Planning Agreements:		
Health Contributions	780	796
Transport Contributions	1,340	2,019
Education Contributions	1,802	2,258
Open Space Contributions	21	159
Leisure	229	186
Affordable Housing	166	469
Nature Conservation	102	102
Community Facilities	2,202	2,209
Miscellaneous S106s	1,231	1,202
Other Grants:		
LAA Grant – LSP Initiatives	6	0
GDF – Cotgrave Employment Land	0	635
Total	**7,879**	**10,035**

32. RELATED PARTIES

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

Central Government

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

Members

Members of the Council have direct control over the Council's financial and operating policies. The total members allowances paid in 2016/17 are shown in Note 27. The Members could potentially have a material related party transaction with the Council. During 2016/17 the Council, in accordance with the National Code of Local Government Conduct, maintained a register of pecuniary and non-pecuniary interest disclosed by members. This register has been reviewed and was found to contain nothing that would suggest a material related party transaction occurred.

Officers

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

Other Public Bodies

The Council has determined that material transactions have occurred in 2016/17 with the following parties and most transactions with related parties are disclosed elsewhere in the Statement of Accounts, as follows:

Joint Use arrangements with Nottinghamshire County Council.

Parish Precepts of £1.891 million and Internal Drainage Board levies of £0.234m are disclosed in the Comprehensive Income and Expenditure Statement (Note 10).

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

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

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

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

33. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2015/2016 £000	2016/2017 £000
Opening Capital Financing Requirement	(505)	(505)
Capital Investment		
Property, Plant and Equipment	5,951	16,216
Investment Properties	80	0
Intangible Assets	75	8
Loans to Other Organisation	0	902
Revenue Expenditure Funded from Capital Under Statute	944	1,238
Sources of Finance		
Capital Receipts	(2,430)	(3,538)
Government Grants and Other Contributions	(701)	(3,525)
Direct Revenue Contributions	(3,919)	(1,233)
Closing Capital Financing Requirement	**(505)**	**9,563**
Explanations of movements in year		
Increase in the underlying need to borrow (unsupported by government financial assistance)	0	10,068
Assets acquired under finance leases	0	0
Increase/(decrease) in Capital Financing Requirement	**0**	**10,068**

34. LEASES

Council as a Lessor

Finance Leases

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

Operating Leases

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

34. LEASES CONTINUED

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

	2015/2016 £000	2016/2017 £000
Not later than one year	1,029	907
Later than one year and not later than five years	1,297	1,777
Later than five years	3,201	3,459
Total	**5,527**	**6,143**

35. IMPAIRMENT LOSSES

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

The revaluation and impairment exercise for 2016/17 gave rise to a net revaluation loss of £1.315m comprising of a downward revaluation on the Arena £1.301m and Hound Lodge of £17k and a reversal of a previously recognised revaluation loss on Gamston Community Hall - £3k (in 2015/16 the comparative figure was £0.110m arising from 4 assets). This net revaluation loss figure is recognised in the Surplus/Deficit on Provision of Services figure shown in note 13.

36. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

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

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

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

36. DEFINED BENEFIT PENSION SCHEMES CONTINUED

The principal risks to the Council of the scheme are:

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

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

Transactions relating to retirement benefits

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

- The liabilities of the fund are valued using a discount rate based on corporate bond yields that match the duration of the employer's liabilities and the Merrill Lynch AA-rated corporate bond yield curve. Corporate bond yields fell sharply mid-year and although partially recovered is still lower than the start of the year. There is a substantial increase in the value of the defined benefit obligations a result of a change in assumptions over the year, as both the discount rate has decreased and future expected inflation has increased.
- This is partially offset by asset performance as overall, asset returns have been strong over the year, particularly equities. Gilts and bonds have had a volatile year, primarily driven by political events. The assumptions made on salary increases is lower than inflation which will also offset some of the increase.

36. DEFINED BENEFIT PENSION SCHEMES CONTINUED

Local Government Pension Scheme	2015/2016 £000	2016/2017 £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current Service Cost	1,616	1,456
Administration Expenses	1	17
Past Service Gain	0	0
Settlements and Curtailments	78	22
Financing and Investment Income and Expenditure		
Net Interest Expense	1,681	1,622
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**3,376**	**3,117**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	2,049	(9,330)
Actuarial (Gains)/Losses arising on changes in demographic assumptions	0	256
Actuarial (Gains)/Losses arising on changes in financial assumptions	(9,815)	23,991
Other Experience	0	(3,382)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(4,390)**	**14,652**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit	**(3,376)**	**(3,117)**
Actual amount charged against the General Fund for Pensions in the year	0	0
Employers contributions payable to scheme	1,360	1,371

Discretionary Benefits	2015/2016 £000	2016/2017 £000
Retirement benefits payable to pensioners	94	94

36. DEFINED BENEFIT PENSION SCHEMES CONTINUED

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Local Government Pension Scheme	2015/2016 £000	2016/2017 £000
Present value of the defined benefit obligation	94,618	117,240
Fair Value of Plan Assets (bid value)	(48,834)	(58,269)
	45,784	**58,971**

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

Local Government Pension Scheme	2015/2016 £000	2016/2017 £000
Opening Fair Value of Scheme Assets	**51,193**	**48,834**
Expected Return on Scheme Assets	0	0
Interest Income	1,657	1,733
Re -measurement (gain)/loss:		
The return on plan assets, excluding the amount included in the net interest expense	(2,049)	9,330
Other		(213)
Contributions from employer	1,454	1,465
Contributions from employees into the scheme	374	375
Benefits Paid	(3, 794)	(3,238)
Other	(1)	0
Settlements	(0)	(17)
Closing Fair Value of Scheme Assets	**48,834**	**58,269**

36. DEFINED BENEFIT PENSION SCHEMES CONTINUED

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

Local Government Pension Scheme	2015/2016 £000	2016/2017 £000
Opening Balance 1 April	**102,818**	**94,618**
Current Service Costs	1,616	1,456
Interest Cost	3,338	3,355
Contributions by scheme participants	374	375
Re – measurement gains/(loss)		
Actuarial (Gains)/Losses arising from changes in demographic assumptions	0	256
Actuarial (Gains)/Losses arising changes in financial assumptions	(9,815)	23,778
Other experience	3	(3,382)
(Gains)/Losses on Settlements / Curtailments	78	22
Benefits Paid	(3,700)	(3,144)
Unfunded Pension Payments	(94)	(94)
Closing Balance 31 March	**94,618**	**117,240**

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

	2015/16 £000	2016/17 £000
Equities	33,998	40,753
Gilts	1,520	1,781
Other Bonds	3,340	3,515
Property	6,168	6,479
Others	3,808	5,741
Total Assets	**48,834**	**58,269**

From the information we have received from the administering Authority, we understand that of the Equities allocation above, 44% are UK investments, 56% are overseas investments. All of the above are listed in a market.

Of the Gilts allocation above, 100% are UK fixed interest Gilts. Of the Other Bonds allocation above, 95% are UK corporates, 5% are overseas corporates.

Of the Property and Cash allocation 100% are unquoted

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

36. DEFINED BENEFIT PENSION SCHEMES CONTINUED

Basis for Estimating Assets & Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years that is dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2016.

The principal assumptions used by the actuary have been:

LGPS & Disc. Benefits	2015/16	2016/2017
Mortality Assumptions		
Longevity at 65 for current pensioners (years)		
Men	22.1	22.5
Women	25.3	25.5
Longevity at 65 for future pensioners (years)		
Men	24.4	24.7
Women	27.7	27.8
Rates of Inflation		
RPI (Per Annum)	3.2%	3.6%
CPI (Per Annum)	2.3%	2.7%
CPI (Real)	-0.9%	-0.9%
Rates of Increase in Salaries		
(Per Annum)	4.1%	4.2%
Rates of Increase in Pensions		
(Per Annum)	2.3%	2.7%
Rates for Discounting Scheme Liabilities		
(Per Annum)	3.6%	2.7%

Additional Assumptions

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

36. DEFINED BENEFIT PENSION SCHEMES CONTINUED

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	4,511	(4,338)
Rate of increase in salaries (increase or decrease by 0.1%)	245	(242)
Rate of increase in pensions (increase or decrease by 0.1%)	1,886	(1,851)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(2,092)	2,133

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The employer contribution rate for 2017/18 is 14.6% (2016/17 13%) and the Council anticipates paying £2.014m in expected contributions to the scheme. The deficit recovery contribution is now expressed as monetary amounts. The anticipated contribution for the three year period 2017/18 to 2019/20 is £3.492m (£1.164m per annum) (£0.638m in 2016/17). This has increased significantly due to the results of the triennial valuation on 31 March 2016. Funding levels are monitored on an annual basis. The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average re-valued earnings schemes to pay pensions and other benefits to certain public servants. The estimated duration of the defined benefit obligation for scheme members is 19 years.

36. DEFINED BENEFIT PENSION SCHEMES CONTINUED

Projected Pension Expense for the Year to 31 March 2018

Projected Pension Expense	2017/18 £000
Service cost	2,208
Net Interest on the defined liability (asset)	1,564
Administration Expenses	21
Total	**3,793**
Employer contributions	2,014

Note: These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2017.

These projections are based on the assumptions as at 31 March 2017, as described in the Barnett Waddingham actuary report.

37. CONTINGENT LIABILITIES

At the 31st March 2017 the Council had one contingent liability requiring disclosure. The Council gave an environmental warranty as part of the housing stock transfer in 2003, both to Rushcliffe Homes – now Metropolitan Housing Trust and to their lender, Nationwide Building Society. The former is expected to run for 15 years until 2018 and the latter for 32 years to 2035. The value of the liability is unknown and to date there have not been any issues identified.

38. CONTINGENT ASSETS

At the 31 March 2017 the Council has two contingent assets requiring disclosure:

Following the large scale voluntary transfer of council houses to Metropolitan Housing Trust (formerly Rushcliffe Homes Ltd & Spirita Ltd) the Council is still entitled to preserved right to buy receipts. There were receipts of £0.109m in respect of 2016/17 disposals (2015/16 £0.045m). Future receipts will depend on further right to buy sales and it is difficult to predict the amount to be received in any one year.

In addition, the Council has identified a contingent asset relating to an overage agreement for Land at Sharphill, Edwalton. The agreement arises from a transfer of a piece of agricultural land to the original seller. The transfer back included a provision giving the Council a percentage of the uplift of the original value of the land in the event of it being sold with the benefit of planning permission. Cabinet (January 2005) approved that the Council would receive 40% of such an uplift thus potentially giving rise to a significant capital receipt.

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

39. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

Credit Risk

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

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

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

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. There remains a risk that the Council's deposits could be unrecoverable in the event of an institution failing, but there was no evidence at the 31 March 2017 that this was likely to happen.

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

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

39. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS CONTINUED

	2015/2016 £000	2016/2017 £000
Less than three months	460	752
Three to nine months	130	236
Nine months to one year	69	52
More than one year	677	738

Liquidity Risk

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

Market Risk

Interest Rate Risk

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

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

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

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

39. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS CONTINUED

According to this assessment strategy, at 31 March 2017, if interest rates had been 1% higher or lower with all variables held constant, the effect would be:

	2015/2016 £000	2016/2017 £000
Increase in Interest Receivable on Variable Rate Investments	207	258
Impact on Surplus or Deficit on the Provision of Services	**207**	**258**
Decrease in Fair Value of Fixed Rate Investments	0	0
Impact on Other Comprehensive Income and Expenditure	**0**	**0**

Price Risk

The Council's investment in the CCLA Property Fund is subject to the risk of falling commercial property prices. The risk is limited by the Council's maximum exposure to property investments of £2.0 million. A 5% fall in commercial property prices would result in a £0.10m charge to Other Comprehensive Income and Expenditure – this would have no impact on the General Fund until the investment was sold. A 5% increase would similarly result in a return of £0.10m.

Foreign Exchange Risk

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

F. COLLECTION FUND

Income and Expenditure Account

2015/2016 Council Tax £000	2015/2016 NNDR £000	2015/2016 Total £000		Note Ref	2016/2017 Council Tax £000	2016/2017 NNDR £000	2016/2017 Total £000
			INCOME				
67,503	0	**67,503**	Council Tax		70,947	0	**70,947**
0	27,524	**27,524**	Income from business ratepayers		0	28,805	**28,805**
67,503	**27,524**	**95,027**			**70,947**	**28,805**	**99,752**
			EXPENDITURE				
			Precepts and Demands				
49,550	0	**49,550**	• Nottinghamshire County Council		52,865	0	52,865
7,043	0	**7,043**	• Nottinghamshire Police Authority		7,370	0	7,370
2,892	0	**2,892**	• Nottinghamshire Fire Authority		3,025	0	3,025
7,175	0	**7,175**	• Rushcliffe Borough Council		7,644	0	7,644
			Business Rate				
0	13,320	**13,320**	• Payments to Government		0	13,390	13,390
0	11,253	**11,253**	• Payments to Nottinghamshire County Council*		0	11,339	11,339
0	266	**266**	• Payments to Nottinghamshire Fire Authority		0	268	268
0	1,906	**1,906**	• Payments to Rushcliffe Borough Council		0	1,862	1,862
0	109	**109**	• Costs of Collection		0	112	112
			Impairment of Debts/Appeals				
70	23	**93**	• Write offs and uncollectable amounts		104	250	354

F. COLLECTION FUND CONTINUED

2015/2016 Council Tax £000	2015/2016 NNDR £000	2015/2016 Total £000		Note Ref	2016/2017 Council Tax £000	2016/2017 NNDR £000	2016/2017 Total £000
(19)	8	**(11)**	• Allowance for Impairment		47	(190)	**(143)**
0	367	**367**	• Provision for appeals		0	1,238	**1,238**
			Contributions				
754	(1,244)	**(490)**	• Distribution of previous year's Collection Fund surplus/(deficit)		734	(655)	**79**
67,465	**26,008**	**93,473**			**71,789**	**27,614**	**99,403**
38	**1,516**	**1,554**	**Movement on Fund Balance**		**(842)**	**1,191**	**349**
963	**(2,118)**	**(1,155)**	**Opening Fund Balance**		**1,001**	**(602)**	**399**
1,001	**(602)**	**399**	**Closing Fund Balance**		**159**	**589**	**748**

*This includes £8,928,770 (2015/16 £8,854,979) payable to the Nottinghamshire Business Rates Pool.

F. NOTES TO THE COLLECTION FUND

1. GENERAL

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

2. CALCULATION OF COUNCIL TAX BASE

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

Band D Equivalents 2015/16	Band	Chargeable properties after discounts	Ratio	Band D Equivalents 2016/17
2,512	A	3,974	6/9	2,649
5,555	B	7,395	7/9	5,752
7,881	C	9,043	8/9	8,038
8,076	D	8,275	9/9	8,275
7,186	E	5,996	11/9	7,329
5,292	F	3,747	13/9	5,412
3,618	G	2,222	15/9	3,703
206	H	108	18/9	215
40,326				41,373
(403)	Non-Collection Impairment was 1.00% for 2016/17 (2015/16 1.00%)			(413)
39,923	**Council Tax Base**			**40,960**

3. COLLECTION FUND COUNCIL TAX BALANCE/REDISTRIBUTING SURPLUSES

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

For 2016/17 a Collection Fund Council Tax surplus of £0.734m was redistributed between the major precepting authorities. Of this £0.525m reflected the estimated outturn at 15 January 2016 and £0.209m surplus arose from the difference between the estimated and actual outturn positions for 2014/15.

F. NOTES TO THE COLLECTION FUND CONTINUED

At 15 January 2017 the Collection Fund Council Tax surplus for 2016/17 was estimated at £0.167m comprising an in-year deficit of £0.10m and £0.267m surplus arising from the difference between the actual and estimated outturns for 2015/16. These funds will be redistributed to the major precepting authorities in 2017/18.

2015/16 £000		2016/17 £000	2017/18 £000
558	Nottinghamshire County Council	545	125
80	Nottinghamshire Police Authority	78	17
32	Nottinghamshire Fire Authority	32	7
84	Rushcliffe Borough Council	79	18
754		**734**	**167**

At 31 March 2017 the actual outturn for the Collection Fund Council Tax was £0.159m, a decrease of £8,000 for the estimated outturn. This will be adjusted for as part of the calculations for the redistribution of Collection Fund balances in 2018/19.

4. NON-DOMESTIC RATES

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

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

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

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office so authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. Note 21 provides further details on the provision made in 2016/17.

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

F. NOTES TO THE COLLECTION FUND CONTINUED

4. NON-DOMESTIC RATES CONTINUED

2015/2016		2016/2017
£69.83m	Local Rateable Values	£70.05m
49.3p	National non-domestic rate multiplier	49.7p

5. NON-DOMESTIC RATES DEFICIT

At 31 March 2017 the actual outturn for the Collection Fund NNDR was a surplus of £0.589m (2015/16 £0.602m deficit) which is then distributed to the preceptors as detailed in the following table.

	2015/16 £000	2016/17
Central Government (50%)	(303)	260
Rushcliffe Borough Council (40%)*	(238)	277
Nottinghamshire County Council (9%)	(55)	47
Nottinghamshire Fire Authority (1%)	(6)	5
	(602)	**589**

*this includes £69,846 of renewable energy relief (2015/16 £3,650) which is retained by the Council

RUSHCLIFFE BOROUGH COUNCIL GROUP CONSOLIDATED ACCOUNTS

INTRODUCTION

The Council is required under the Local Government Act 2003 to produce a set of Group accounts where it has subsidiaries, joint ventures or associates. The criteria for deciding if the Council has such relationships is laid down by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (referred to within these accounts as "the Code"). The Code has been developed to bring authority accounts in line with the International Financial Reporting Standards (IFRS) which other reporting bodies have to comply with and to assist users of the accounts to understand better the Council's overall financial position.

The Council has undertaken a review of all of its relationships with other bodies and is required to consolidate its accounts with Streetwise Environmental Ltd, which is a wholly owned subsidiary of the Council, using the acquisition method.

Streetwise Environmental Ltd started trading on 1 September 2014.

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

ACCOUNTING POLICIES

The accounting policies of the two organisations have been examined and the accounting policies of Streetwise Environmental Ltd do not differ materially from those used by Rushcliffe Borough Council so have no impact on the Group Accounts produced above. However, Streetwise Environmental Ltd depreciates vehicles on a reducing balance basis whereas the Council depreciate vehicles on a straight line basis. This has been reviewed and there is no material difference. The consolidation has been done on an acquisition basis as Streetwise Environmental Ltd is 100% owned by Rushcliffe Borough Council.

G. GROUP ACCOUNTS

GROUP MOVEMENT IN RESERVES STATEMENT (MIRS)

2015/2016	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council's Share of Reserves of Subsidiaries	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance 31 March 2016	**(2,604)**	**(9,540)**	**(9,773)**	**(42)**	**(21,959)**	**3,979**	**(17,980)**	**(308)**	**(18,288)**
Movement in Reserves during 2016/2017									
(Surplus) or deficit on the provision of services	(1,563)	0	0	0	(1,563)	0	**(1,563)**	(45)	**(1,608)**
Other Comprehensive Income and Expenditure	0	0	0	0	0	12,969	**12,969**	295	**13,264**
Total Comprehensive Income and Expenditure	**(1,563)**	**0**	**0**	**0**	**(1,563)**	**12,969**	**11,406**	**250**	**11,656**
Adjustments between group accounts and authority accounts	0	0	0	0	0	0	**0**	0	**0**
Adjustments between accounting basis and funding basis under regulations	888	0	(4,156)	(12)	(3,280)	3,280	**0**	0	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(675)**	**0**	**(4,156)**	**(12)**	**(4,843)**	**16,249**	**11,406**	**250**	**11,656**
Transfers to/(from) Earmarked Reserves	675	(675)	0	0	0	0	**0**	0	**0**
(Increase)/Decrease in 2016/2017	**0**	**(675)**	**(4,156)**	**(12)**	**(4,843)**	**16,249**	**11,406**	**250**	**11,656**
Balance at 31 March 2017 Carried Forward	**(2,604)**	**(10,215)**	**(13,929)**	**(54)**	**(26,802)**	**20,228**	**(6,574)**	**(58)**	**(6,632)**

G. GROUP MOVEMENT IN RESERVES STATEMENT (MIRS)

2015/2016	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council's Share of Reserves of Subsidiaries	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance 31 March 2015	**(2,604)**	**(11,457)**	**(11,797)**	**(273)**	**(26,131)**	**14,599**	**(11,532)**	**(51)**	**(11,583)**
Movement in Reserves during 2015/2016									
(Surplus) or deficit on the provision of services	1,204	0	0	0	1,204	0	**1,204**	(9)	**1,195**
Other Comprehensive Income and Expenditure	0	0	0	0	0	(7,652)	**(7,652)**	(248)	**(7,900)**
Total Comprehensive Income and Expenditure	**1,204**	**0**	**0**	**0**	**1,204**	**(7,652)**	**(6,448)**	**(257)**	**(6,705)**
Adjustments between group accounts and authority accounts	0	0	0	0	0	0	**0**	0	**0**
Adjustments between accounting basis and funding basis under regulations	713	0	2,024	231	2,968	(2,968)	**0**	0	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**1,917**	**0**	**2,024**	**231**	**4,172**	**(10,620)**	**(6,448)**	**(257)**	**(6,705)**
Transfers to/(from) Earmarked Reserves	(1,917)	1,917	0	0	0	0	**0**	0	**0**
(Increase)/Decrease in 2015/2016	**0**	**1,917**	**2,024**	**231**	**4,172**	**(10,620)**	**(6,448)**	**(257)**	**(6,705)**
Balance at 31 March 2016 Carried Forward	**(2,604)**	**(9,540)**	**(9,773)**	**(42)**	**(21,959)**	**3,979**	**(17,980)**	**(314)**	**(18,288)**

GROUP ACCOUNTS

GROUP COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

Restated 2015/2016				2016/2017		
Gross Exp £000	Gross Inc £000	Net Exp £000		Gross Exp £000	Gross Inc £000	Net Exp £000
2,661	(1,489)	1,172	Communities	2,817	(1,518)	1,299
24,230	(20,021)	4,209	Finance and Corporate	23,958	(18,774)	5,184
7,012	(3,146)	3,866	Neighbourhoods	7,234	(3,557)	3,677
3,867	(318)	3,549	Transformation	4,112	(445)	3,667
37,770	**(24,974)**	**12,796**	**Cost of Services (Note 1)**	**38,121**	**(24,294)**	**13,827**
1,996	(88)	1,908	Other Operating Expenditure	2,125	(558)	1,567
1,910	(1,757)	153	Financing & Investment Inc. & Expenditure.	1,898	(2,457)	(559)
0	(13,678)	(13,678)	Taxation & Non-Specific Grant Income		(16,433)	(16,433)
41,676	**(40,497)**	**1,179**	**(Surplus)/Deficit on Provision of Services (Note 1)**	**42,144**	**(43,742)**	**(1,598)**
		16	Tax expenses of subsidiaries			(10)
		1,195	**Group (Surplus)/Deficit on Provision of Services**			**(1,608)**
		186	Surplus or deficit on revaluation of non-current assets			1,403
		(75)	Available for Sale Financial Instruments			31
		(8,011)	Actuarial gains/losses on pension assets/liabilities			11,830
		(7,900)	**Other Comprehensive Income & Expenditure**			**13,264**
		(6,705)	**Total Comprehensive Income & Expenditure (Note 2)**			**11,656**

G. GROUP ACCOUNTS

GROUP BALANCE SHEET

31 March 2016 £000		Note Ref	31 March 2017 £000
31,059	Property, Plant and Equipment		39,865
72	Heritage Assets		68
9,965	Investment Property		7,120
6,087	Long Term Investments	3	6,025
131	Intangible Assets		78
872	Long Term Debtors	3	1,719
48,186	**Long Term Assets**		**54,875**
5,096	Short Term Investments	3	2,046
26	Inventories		29
2,046	Short Term Debtors	3	2,633
24,120	Cash and Cash Equivalents		26,180
31,288	**Current Assets**		**30,888**
(54)	Short Term Borrowing		0
(31)	Short Term Provisions		0
(5,828)	Short Term Creditors	3	(7,675)
(5,913)	**Current Liabilities**		**(7,675)**
(1,049)	Long Term Provisions	3	(1,544)
(7,879)	Capital Grants Receipts in Advance		(10,035)
(46,247)	Pension Liability		(59,863)
(98)	Deferred Tax Liability		(14)
(55,273)	**Long Term Liabilities**		**(71,456)**
18,288	**NET ASSETS**		**6,632**
9,773	Usable Capital Receipts Reserve		13,929
2,604	General Fund Balance		2,604
9,540	Earmarked Reserves		10,215
42	Capital Grants Unapplied		54
308	Profit and Loss Reserve		58
22,267	**Usable Reserves**		**26,860**
(3,979)	**Unusable Reserves**		(20,228)
18,288	**TOTAL RESERVES**		**6,632**

G. GROUP ACCOUNTS

CASHFLOW STATEMENT (INDIRECT METHOD)

2015/2016 £000		2016/2017 £000
1,189	Net (surplus) or deficit on the provision of services	1,608
(3,511)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	11,461
775	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(11,003)
(1,547)	Net cash flows from Operating Activities	2,066
(7,981)	Investing Activities	(910)
(1,075)	Financing Activities	904
(10,603)	Net increase or decrease in cash and cash equivalents	2,060
(13,517)	Cash and cash equivalents at the beginning of the reporting period	24,120
(24,120)	**Cash and cash equivalents at the end of the reporting**	**26,180**

G. GROUP ACCOUNTS

INTER COMPANY TRANSACTIONS

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

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

2016/17 Comprehensive Income and Expenditure Statement	RBC Adjusted £000	Streetwise Environmental Ltd Adjusted £000	Group £000
(Surplus)/Deficit on Continuing Operations	12,595	1,232	13,827
Other Operating Expenditure	1,567	0	1,567
Financing and Investment Income and Expenditure	(576)	17	(559)
Taxation and Non-specific Grant Income	(16,433)	0	(16,433)
(Surplus)/Deficit on Provision of Services	**(2,847)**	**1,249**	**(1,598)**

2015/16 Comprehensive Income and Expenditure Statement	RBC Adjusted £000	Streetwise Environmental Ltd Adjusted £000	Group £000
(Surplus)/Deficit on Continuing Operations	11,501	1,295	12,796
Other Operating Expenditure	1,908	0	1,908
Financing and Investment Income and Expenditure	130	23	153
Taxation and Non-specific Grant Income	(13,678)	0	(13,678)
(Surplus)/Deficit on Provision of Services	**(139)**	**1,318**	**1,179**

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

	2015/2016 £000	2016/2017 £000
(Surplus)/Deficit on the Council's Comprehensive Income and Expenditure Statement	(6,448)	11,406
Adjustments for transactions with other Group entities	(1,355)	(1,284)
(Surplus)/Deficit in the Group Comprehensive Income and Expenditure Statement attributable to the Council	**(7,803)**	**10,122**
(Surplus)/Deficit in the Group Comprehensive Income and Expenditure Statement attributable to the Group subsidiaries (adjusted for inter group transactions)	1,098	1,534
(Surplus)/Deficit for the year on the Group Comprehensive Income and Expenditure Statement	**(6,705)**	**11,656**

G. GROUP ACCOUNTS

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

2016/2017 Balance Sheet	RBC £000	Streetwise Environmental Ltd £000	Adjustment £000	Group £000
Long Term debtors	1,857	583	(721)	1719
Short Term Debtors	2,744	142	(253)	2633
Long Term Investments	6,027	0	(2)	6025
Short Term Investments	2,050	0	(4)	2046
Short Term Creditors	(7,511)	(421)	257	(7,675)
Long Term Creditors	0	(140)	140	0
Long Term Provisions	(2,127)	0	583	(1,544)

2015/2016 Balance Sheet	RBC £000	Streetwise Environmental Ltd £000	Adjustment £000	Group £000
Long Term debtors	1,099	583	(810)	872
Short Term Debtors	2,101	55	(110)	2,046
Long Term Investments	6,093	0	(6)	6,087
Short Term Investments	5,101	0	(5)	5,096
Short Term Creditors	(5,594)	(349)	115	(5,828)
Long Term Creditors	0	(233)	233	0
Long Term Provisions	(1,632)	0	583	(1,049)

H. GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CONTINGENT LIABILITIES ASSETS
A contingent liability / asset is either:

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

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

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

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

DCLG
Department for Communities and Local Government

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

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

DWP
Department for Work and Pensions.

EXPENDITURE AND FUNDING ANALYSIS

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

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

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

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

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

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

HCA
Homes and Communities Agency

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

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

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

LAA
Local Area Agreement

LIABILITY
A liability is where the Council owes payment to an individual or on organisation.

LSP
Local Strategic Partnership

MINIMUM REVENUE PROVISION (MRP)
The minimum amount which must be charged to a Council's revenue account each year for the servicing of debt.

NET BOOK VALUE
This is the value of an asset that is counted in the balance sheet. It represents its historical re-valued cost less than accumulated depreciation of the asset.

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

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

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

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

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

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

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

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

taxpayers on their behalf.

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

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

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

RELATED PARTIES
The Council is required to disclose material transactions with related parties- bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

REFCUS
Revenue Expenditure Funded by Capital Under Statute.

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

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

REVALUATION RESERVE
This reserve records unrealised revaluation gains/ losses from holding fixed assets.

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

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

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

SOLACE

Society of Local Authority Chief Executives

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

Appendix B

Draft Management Representation Letter

(Letterhead of Client)

KPMG LLP
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

[Date]

Dear Mr Bush

This representation letter is provided in connection with your audit of the financial statements of Rushcliffe Borough Council ("the Authority"), for the year ended 31 March 2017, for the purpose of expressing an opinion:

i. as to whether these 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;

ii. whether the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

These financial statements comprise the Authority and Group Movement in Reserves Statements, the Authority and Group Comprehensive Income and Expenditure Statements, the Authority and Group Balance Sheets, the Authority and Group Cash Flow Statements and the Collection Fund and the related notes.

The Authority confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Authority confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Authority has fulfilled its responsibilities, as set out in the Accounts and Audit Regulations 2016, for the preparation of financial statements that:

   i. 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;

   ii. have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Authority in making accounting estimates, including those measured at fair value are reasonable.

3. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* requires adjustment or disclosure have been adjusted or disclosed.

4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

Information provided

5. The Authority has provided you with:

   - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
   - additional information that you have requested from the Authority for the purpose of the audit; and
   - unrestricted access to persons within the Authority and the Group from whom you determined it necessary to obtain audit evidence.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. The Authority confirms the following:

   i) The Authority has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

   Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

   ii) The Authority has disclosed to you all information in relation to:

   a) Fraud or suspected fraud that it is aware of and that affects the Authority and the Group and involves:
      - management;
      - employees who have significant roles in internal control; or
      - others where the fraud could have a material effect on the financial statements; and

   b) allegations of fraud, or suspected fraud, affecting the Authority's and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

   In respect of the above, the Authority acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Authority acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

8. The Authority has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

9. The Authority has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

10. The Authority has disclosed to you the identity of the Authority's and the Group's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 *Related Party Disclosures*.

11. The Authority confirms that:

    a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Authority's and the Group's ability to continue as a going concern as required to provide a true and fair view.
    b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Authority and the Group to continue as a going concern.

12. On the basis of the process established by the Authority and having made appropriate enquiries, the Authority is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and are in accordance with the requirements of IAS 19 (revised) Employee Benefits.

    The Authority further confirms that:

    a) all significant retirement benefits, including any arrangements that are:
        - statutory, contractual or implicit in the employer's actions;
        - arise in the UK and the Republic of Ireland or overseas;
        - funded or unfunded; and
        - approved or unapproved,

    have been identified and properly accounted for; and

    b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Corporate Governance Group on 13 September 2017 and approved by full council on 21 September 2017.

Yours sincerely,

Councillor Barrie Cooper
Mayor of Rushcliffe Borough Council

Peter Linfield
Executive Manager – Finance and Corporate Services

Appendix to the Authority Representation Letter of Rushcliffe Borough Council: Definitions

Financial Statements

A complete set of financial statements comprises:

- An Expenditure Funding Analysis Statement;
- A Comprehensive Income and Expenditure Statement for the period;
- A Balance Sheet as at the end of the period;
- A Movement in Reserves Statement for the period;
- A Cash Flow Statement for the period; and
- Notes, comprising a summary of significant accounting policies and other explanatory information.

A local authority is required to present group accounts in addition to its single entity accounts where required by chapter nine of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

A housing authority must present:

- a HRA Income and Expenditure Statement; and
- a Movement on the Housing Revenue Account Statement.

A billing authority must present a Collection Fund Statement for the period showing amounts required by statute to be debited and credited to the Collection Fund.

A pension fund administering authority must prepare Pension Fund accounts in accordance with Chapter 6.5 of the Code of Practice.

An entity may use titles for the statements other than those used in IAS 1. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

> "Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor."

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

a) was available when financial statements for those periods were authorised for issue; and
b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

a) A person or a close member of that person's family is related to a reporting entity if that person:
    i. has control or joint control over the reporting entity;
    ii. has significant influence over the reporting entity; or
    iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
b) An entity is related to a reporting entity if any of the following conditions applies:
    i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
iii. Both entities are joint ventures of the same third party.
iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vi. The entity is controlled, or jointly controlled by a person identified in (a).
vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Key management personnel in a local authority context are all chief officers (or equivalent), elected members, the chief executive of the authority and other persons having the authority and responsibility for planning, directing and controlling the activities of the authority, including the oversight of these activities.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

a) a government that has control, joint control or significant influence over the reporting entity; and
b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Rushcliffe Borough Council	**Corporate Governance Group** **13 September 2017** **External Auditor's Report To Those Charged With Governance 2016/17**	**5**

Report of the Executive Manager – Finance and Corporate Services

1. Summary

1.1 The purpose of this report is for KPMG, the Council's external auditors, to present their *"Report to those Charged with Governance*" for 2016/17. For Rushcliffe this responsibility is delegated to the Corporate Governance Group.

1.2 The report confirms that the Council has continued to maintain a good quality Statement of Accounts and supporting working papers. No significant issues were identified during the audit.

2 Recommendation

It is RECOMMENDED that the Corporate Governance Group receives the report to those Charged with Governance and determines what comments, if any, should be referred to Council with the Statement of Accounts.

3 Reasons for Recommendation

3.1 To demonstrate good governance in terms of scrutinising the Council's Statement of Accounts and compliance with International Auditing Standards.

4 Supporting Information

4.1 As part of the final accounts process KPMG as the Council's appointed auditor provide a detailed report on the conduct of the audit of the final accounts alongside representations on specific matters such as the Council's financial standing and whether the transactions with the accounts are legal and unaffected by fraud. These issues are addressed in the Report to those Charged with Governance which is attached at **Appendix A.**

4.2 The Statement of Accounts 2016/17 will be considered as a separate agenda item at this meeting. There are no significant adjustments to report regarding the Statement of Accounts. Representatives of KPMG will be attending the meeting to present their report and answer Members' questions.

4.3 Members will recall that over the past few years significant improvements have been made to the year-end closedown process resulting in both a good quality Statement of Accounts and supporting working papers. This report confirms the improvement has been maintained which assists with a speedier closedown process leading to more time to quality assure documents and making the audit process more efficient for all concerned. This is even more critical given the need for the draft accounts to be completed by 31 May in 2018.

4.4 The headlines in the KPMG report are summarised at Section 2 of their report and confirm an unqualified audit opinion will be issued along with a positive value for money conclusion.

5 Risk and Uncertainties

5.1 Failure to comply with good governance procedures and professional accounting and audit practice could result in criticism from stakeholders, including both Members and the Council's external auditors.

6 Implications

6.1 Finance

There are no direct financial implications.

6.2 Legal

None

6.3 Corporate Priorities

None.

6.4 Other Implications

None

For more information contact:	Name: Peter Linfield Executive Manager - Finance and Corporate Services 0115 914 8439 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Statement of Accounts 2016/17
List of appendices (if any):	**Appendix A** – KPMG Report to those charged with governance (ISA260) 2016/17

KPMG

External audit report 2016/17

Rushcliffe Borough Council

September 2017

Summary for Corporate Governance Committee

Financial statements

This document summarises the key findings in relation to our 2016-17 external audit at Rushcliffe Borough Council ('the Authority').

This report focusses on our on-site work which was completed in July 2017 on the Authority's significant risk areas, as well as other areas of your financial statements. Our findings are summarised on page 3-12.

Subject to all outstanding queries being resolved to our satisfaction we anticipate issuing an unqualified audit opinion on the Authority's financial statements before the deadline of 30 September.

We have identified a small number of audit adjustments, however, these were all below our "clearly trivial" limit, and as such have not been reported on here.

Based on our work, and subject to the satisfactory resolution of our outstanding matters, we have raised 1 recommendation. Details on our recommendation can be found on page 21.

We have the following matters to resolve:

- Completion of Modules 4 and 5 in relation to benefits expenditure;
- Resolution of Arena Valuation; and
- Receipt of a small number of 3rd party confirmations for investments.

Subject to the satisfactory resolution of these matters together with finalisation of our completion procedures, we anticipate issuing our completion certificate in September.

Use of resources

We have completed our risk-based work to consider whether in all significant respects the Authority has proper arrangements to ensure has taken properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

However, we have raised one recommendation in relation to this work. Details on our recommendations can be found on page 21.

We therefore anticipate issuing an unqualified value for money opinion.

See further details on page 14.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

We ask the Corporate Governance Committee to note this report.

The key contacts in relation to our audit are:

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Contents

This report is addressed to Rushcliffe Borough Council (the Authority) and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

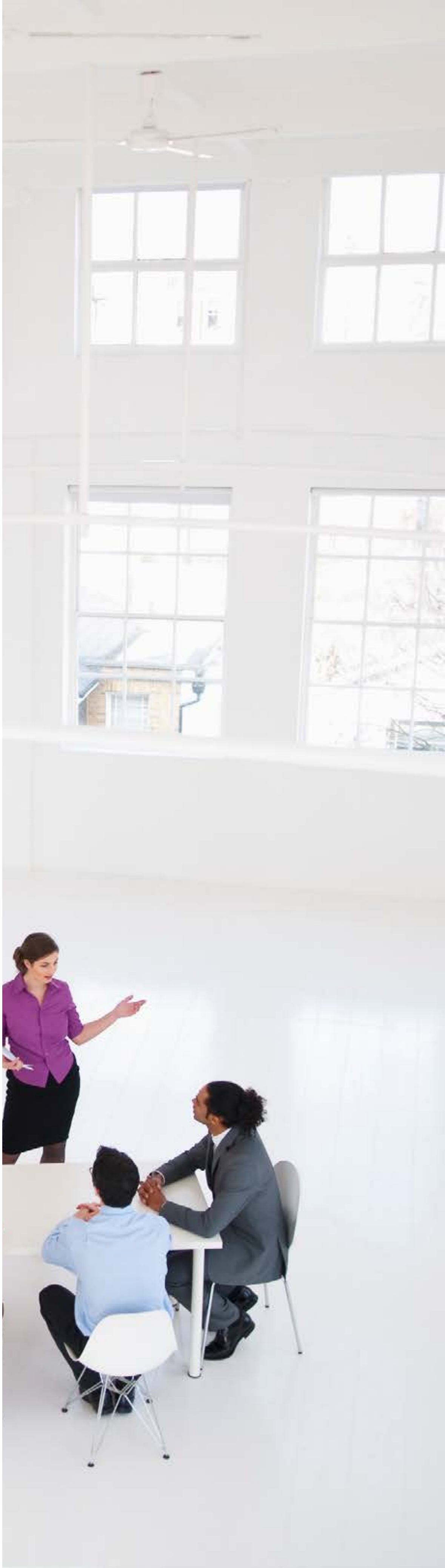
We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Bush, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (on 0207 694 8981, or by email to andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.

Section one

Financial Statements

We anticipate issuing an unqualified audit opinion on the Authority's financial statements by 30 September 2017. We will also report that your Annual Governance Statement complies with the guidance issued by CIPFA/SOLACE (*'Delivering Good Governance in Local Government'*) published in April 2016.

For the year ending 31 March 2017, the Authority has reported a surplus of £1.56m on the provision of services, and total Other Comprehensive Expenditure of £12.97m.



Significant audit risks

Our *External Audit Plan 2016/17* sets out our assessment of the Authority's significant audit risks. We have completed our testing in these areas and set out our evaluation following our work:

Significant audit risks	Work performed
1. Significant changes in the pension liability due to LGPS Triennial Valuation	**Why is this a risk?** During the year, the Local Government Pension Scheme for Nottinghamshire (the Pension Fund) has undergone a triennial valuation with an effective date of 31 March 2016 in line with the Local Government Pension Scheme (Administration) Regulations 2013. The Authority's share of pensions assets and liabilities is determined in detail, and a large volume of data is provided to the actuary in order to carry out this triennial valuation. The pension liability numbers to be included in the financial statements for 2016/17 will be based on the output of the triennial valuation rolled forward to 31 March 2017. For 2017/18 and 2018/19 the actuary will then roll forward the valuation for accounting purposes based on more limited data. There is a risk that the data provided to the actuary for the valuation exercise is inaccurate and that these inaccuracies affect the actuarial figures in the accounts. Most of the data is provided to the actuary by Nottinghamshire County Council, who administer the Pension Fund **Our work to address this risk** We agreed the data provided by the Authority to the actuary, back to the relevant systems and reports from which it was derived, in addition to checking the accuracy of this data. Our KPMG actuaries have reviewed the assumptions used by the Scheme Actuaries, to assess whether the assumptions, such as discount rate, life expectancy are appropriate. Our actuaries have concluded that while the CPI assumption of 2.7% is slightly above our expected range, the impact of this does not overall have a material impact on the financial statements. We have also reviewed the application of the valuation to the accounts, only noting a presentational error.
2. Valuation of PPE, specifically Rushcliffe Arena	**Why is this a risk?** The Redevelopment of the Rushcliffe Arena, with a total cost of £15.5m site was completed within the year, and Council staff moved from the Civic Centre into the new offices in December 2016. As the building is now in use, the associated capital costs will move from "Assets under construction" into "Land and Buildings". This will require a valuation, which will most likely result in an impairment. We have therefore identified a risk related to the application of this impairment in our audit plan. We understand the Authority's in house team will perform the valuation, so we will also seek to understand the basis of this valuation, and any assumptions that are implicit within this calculation, as they could have a material impact on the impairment calculation. **Our work to address this risk** We have reviewed the application of the valuation to the accounts, and noted that it has been correctly applied. Our Valuation Specialist has reviewed the report, along with additional information we requested, and has raised some queries about the compilation of the valuation which we have put back to Management.

Considerations required by professional standards

Fraud risk of revenue recognition

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.

In our *External Audit Plan 2016/17* we reported that we do not consider this to be a significant risk for Local Authorities as there is unlikely to be an incentive to fraudulently recognise revenue.

This is still the case. Since we have rebutted this presumed risk, there has been no impact on our audit work.

Management override of controls

Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to this audit.

In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

There are no matters arising from this work that we need to bring to your attention.

Other areas of audit focus

We identified two other areas of audit focus. These are not considered as significant risks as there are less likely to give rise to a material error. Nonetheless these are areas of importance where we would carry out substantive audit procedures to ensure that there is no risk of material misstatement.

Other areas of audit focus	Our work to address the areas
1. Disclosures associated with retrospective restatement of CIES, EFA and MiRS	**Background** CIPFA has introduced changes to the 2016/17 Local Government Accounting Code (Code): — Allowing local authorities to report on the same basis as they are organised by removing the requirement for the Service Reporting Code of Practice (SeRCOP) to be applied to the Comprehensive Income and Expenditure Statement (CIES); and — Introducing an Expenditure and Funding Analysis (EFA) which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the CIES. This analysis is supported by a streamlined Movement in Reserves Statement (MiRS) and replaces the current segmental reporting note. The Authority was required to make a retrospective restatement of its CIES (cost of services) and the MiRS. New disclosure requirements and restatement of accounts require compliance with relevant guidance and correct application of applicable accounting standards. **What we have done** For the restatement, we have obtained an understanding of the methodology used to prepare the revised statements. We have also agreed figures disclosed to the Authority's general ledger and found no issues to note.
2. Other ongoing capital projects	**Background** The Authority has a number of other ongoing capital projects, including: — The Sale of the Civic Centre; — Developments in Cotgrave, as part of the Cotgrave Masterplan; and — Bridgford Hall; **What we have done** We have reviewed these projects in detail to ensure that they have been accounted for correctly, and that this has been presented correctly in the financial statements. We identified 1 issue, whereby £22.5k of retentions relating to Cotgrave developments have not been accrued for. For on-going projects, retentions should be accrued for, as they represent work performed by the contractor to date (i.e. the Authority has control over the asset to that value, therefore the asset and corresponding liability should be recognised, regardless of what is due to be paid). We reviewed all other major projects and noted that retentions had been accrued for, so there is not a material adjusting difference.

Judgements

We have considered the level of prudence within key judgements in your financial statements and accounting estimates. We have set out our view below across the following range of judgements.

Level of prudence

Subjective areas	2016/17	2015/16	Commentary
Provisions (excluding NDR)	3	3	The Authority's provision balance is predominantly made up of two key balances. Firstly, £583k represents the value of the pension liability of staff who transferred to Streetwise Environmental Ltd, for which the Authority agreed to underwrite. Streetwise holds a corresponding debtor balance on their balance sheet. Secondly, £1.48m represents outstanding business rate appeals. We have noted that the Authority has continues to carry out analysis over the appropriateness of the balance using evidence of previous business rate appeals. Going forward as more past evidence becomes available we would anticipate that the level of provision continues to be refined.
Property, Plant and Equipment (valuations / asset lives)	TBC	2	We have agreed PPE valuations carried out in 2016/17 back to internally generated valuation certificates, carried out by the Authority's professionally qualified valuer. In line within accounting standards and the Code, the Authority values its operational land and buildings using either Existing Use Valuation or Depreciation Replacement Cost –depending on the specialised nature of the building. Our Valuation Specialist has reviewed the report, along with additional information we requested, and has raised some queries about the compilation of the valuation which we have put back to Management.
Pensions	2	3	The pension deficit within the funded LGPS has increased over the year by £13.2m. Our Actuarial team has reviewed the assumptions that make up this calculation, and have noted that the CPI assumption of 2.7% is outside our expected range, meaning the estimation of the liability is more prudent than we would expect, but overall, does not create a material difference. We have included a separate report outlining the specific details of our assessment of the assumptions inherent to the pension liability estimate.

Proposed opinion and audit differences

Subject to all outstanding queries being resolved to our satisfaction, we anticipate issuing an unqualified audit opinion on the Authority's financial statements following approval of the Statement of Accounts by the Authority.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

The final materiality (see appendix four for more information on materiality) level for this year's audit was set at £0.6m. Audit differences below £30k are not considered significant.

We did not identify any material misstatements. We identified two minor issues (under our £30k triviality limit) that have not been adjusted by management as they do not have a material effect on the financial statements. As they were below our triviality limit we have not reported on these as audit differences.

The tables on the right illustrate that there was no impact due to audit differences on the Authority's movements on the General Fund for the year and balance sheet as at 31 March 2017.

In addition, we identified a small number of presentational adjustments required to ensure that the accounts are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 ('the Code'). We understand that the Authority will be addressing these where significant.

Movements on the general fund 2016/17

£m	Pre-audit	Post-audit
(Surplus) on the provision of services	(1,563)	(1,563)
Adjustments between accounting basis and funding basis under Regulations	888	888
Transfers to earmarked reserves	675	675
Increase in General Fund	**0**	**0**

Balance sheet as at 31 March 2017

£m	Pre-audit	Post-audit
Property, plant and equipment	39,476	39,476
Other long term assets	15,150	15,150
Current assets	30,592	30,592
Current liabilities	(7,511)	(7,511)
Long term liabilities	((71,113)	((71,113)
Net Assets	**6,574**	**6,574**
General Fund	2,604	2,604
Other usable reserves	24,198	24,198
Unusable reserves	(20,228)	(20,228)
Total reserves	**6,574**	**6,574**

Annual governance statement

We have reviewed the Annual Governance Statement and confirmed that:

— It complies with *Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE*;

and

— It is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

We have made a small number of comments in respect of its format and content which the Authority has agreed to amend where significant.

Narrative report

We have reviewed the Authority's narrative report and have confirmed that it is consistent with the financial statements and our understanding of the Authority.

Annual report

We have reviewed the Authority's annual report and can confirm it is not inconsistent with the financial information contained in the audited financial statements.

Accounts production and audit process

The Accounts and Audit Regulations 2015 introduces a statutory requirement to produce a draft set of financial statements earlier for the year 2017/18. It also shortens the time available for the audit. The efficient production of the financial statements and good-quality working papers are critical to meeting the tighter deadlines.

Our audit standards (ISA 260) require us to communicate our views on the significant qualitative aspects of the Authority's accounting practices and financial reporting.

Accounting practices and financial reporting

The Authority has recognised the additional pressures which the earlier closedown in 2017/18 will bring. We have been engaging with the Authority in the period leading up to the year end in order to proactively address issues as they emerge. The Authority produced a draft set of accounts a month earlier in preparation for this pressure next year which also facilitated an earlier audit.

We consider the Authority's accounting practices appropriate.

Completeness of draft accounts

We received a complete set of draft accounts by 30 June 2017, which is the statutory deadline.

Quality of supporting working papers

We issued our *Accounts Audit Protocol 2016/17* ("Prepared by Client" request) in March 2017 which outlines our documentation request. This helps the Authority to provide audit evidence in line with our expectations.

We found the working papers provided by the Authority to be a high quality, with only minor clarifications and additional requests required.

Response to audit queries

Officers dealt with our audit queries in good time.

Group audit

To gain assurance over the Authority's group accounts, we placed reliance on the work completed by our audit of the financial statements of the Authorities subsidiary:

— Streetwise Environmental Ltd

Additional findings in relation to the Authority's control environment for key financial systems

After our interim visit we reported that there were a number of year end controls that we will be testing during our year end audit.

We have since completed the testing of these controls and have found no significant issues to note.

We also concluded our General IT controls testing, which identified a few small issues which we have raised a recommendation for.

Prior year recommendations

As part of our audit we have specifically followed up the Authority's progress in addressing the recommendations in last years ISA 260 report.

The Authority has implemented both of the recommendations in our ISA 260 Report 2015/16.

Appendix one provides further details.

Completion

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's financial statements.

Before we can issue our opinion we require a signed management representation letter.

Once we have finalised our opinions and conclusions we will prepare our Annual Audit Letter and close our audit.

Declaration of independence and objectivity

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of Rushcliffe Borough Council for the year ending 31 March 2017, we confirm that there were no relationships between KPMG LLP and the Authority, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

We have provided a detailed declaration in appendix five in accordance with ISA 260.

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We will provided a template to the Executive Manager – Finance and Corporate Services for presentation to the Corporate Governance Committee. We require a signed copy of your management representations before we issue our audit opinion.

Other matters

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

— Significant difficulties encountered during the audit;

— Significant matters arising from the audit that were discussed, or subject to correspondence with management;

— Other matters, if arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process; and

— Matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events, non disclosure, related party, public interest reporting, questions/objections, opening balances etc.).

Section two

Value for money

Our VFM conclusion considers whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have concluded that the Authority has made proper arrangements to ensure it took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

VFM conclusion

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

Our VFM conclusion considers whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We follow a risk based approach to target audit effort on the areas of greatest audit risk.

1 Identification of significant VFM risks (if any)

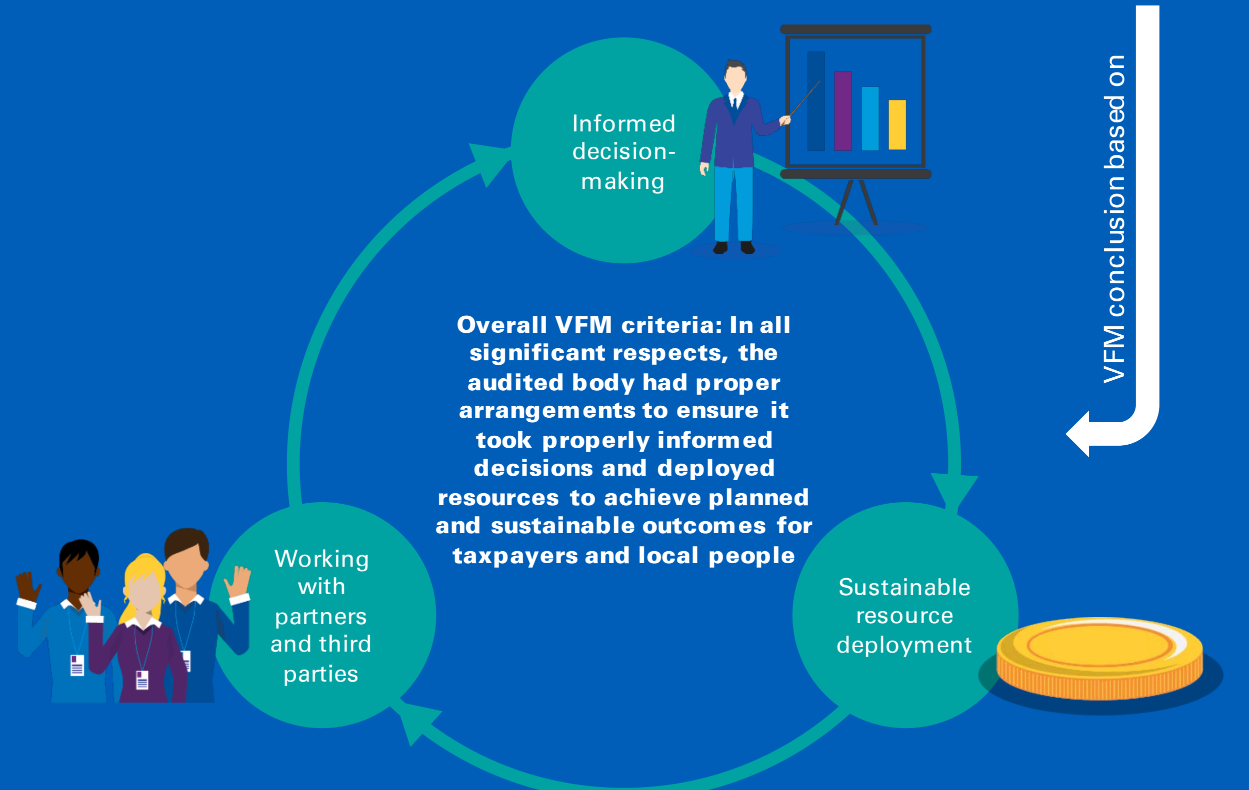
- VFM audit risk assessment
- Financial statements and other audit work

2 Continually re-assess potential VFM risks

- Assessment of work by other review agencies
- Specific local risk-based work

3 VFM conclusion

- **Conclude on arrangements to secure VFM**



The table below summarises our assessment of the individual VFM risks identified against the three sub-criteria. This directly feeds into the overall VFM criteria and our value for money opinion.

VFM assessment summary

VFM risk	Informed decision-making	Sustainable resource deployment	Working with partners and third parties
1. Financial resilience in the local and national economy	✓	✓	✓
2. Governance over the Asset Investment Fund	✓	✓	✓
Overall summary	✓	✓	✓

In consideration of the above, we have concluded that the Authority has made proper arrangements to ensure it took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Further details on the work done and our assessment are provided on the following pages.

Significant VFM risks

We have identified two significant VFM risks, as communicated to you in our *2016/17 External Audit Plan*. In all cases we are satisfied that external or internal scrutiny provides sufficient assurance that the Authority's current arrangements in relation to these risk areas are adequate.

Significant VFM risks	Work performed
1. Financial resilience	**Why is this a risk?** The Local Government sector has seen significant reduction in funding since 2010, and reducing costs continues to be a significant challenge for Local Authorities in general. There is a risk that the Authority's financial position could significantly worsen, if there is not a significant focus on controlling costs and generating additional income. In March 2017, the Authority published its 2017/18 Budget and Financial Strategy. (which incorporates its Medium Term Financial Strategy and Efficiency Statement). The Authority's paper asserts that the budget for 2017/18 is: "balanced, robust and affordable. The Capital Programme is achievable, realistic and resourced, with funds and reserves, including the General Fund, adequate to address the risks within the budget." **Summary of our work** In March 2017, the Authority published its 2017/18 Budget and Financial Strategy. (which incorporates its Medium Term Financial Strategy and Efficiency Statement). The Authority's paper asserts that the budget for 2017/18 is: "balanced, robust and affordable. The Capital Programme is achievable, realistic and resourced, with funds and reserves, including the General Fund, adequate to address the risks within the budget." We have reviewed the content of the 2017/18 report, noting that: • The proposed budget is balanced; • Appropriate consideration of the risks implicit to this budget have been made; and • Accurately sets out the performance required from the Efficiency Strategy. We reviewed these arrangements and concluded that they were adequate, however, we have raised one recommendation relating to the financial assumptions. The Medium Term Financial Strategy assumes inflation of 0% for five years, as inflation will be absorbed by individual budget managers. The impact of this should be quantified and included in the efficiency strategy. We have also reviewed the Authority's financial performance and position for the 2016/17 year, not noting any specific issues or concerns regarding its Financial resilience.

Significant VFM risks	Work performed
2. Governance over the Asset Investment Strategy Fund	**Why is this a risk?** The Authority has a £10m Investment Fund. In 2015/16 the Authority awarded a Loan of £2.7m to Nottinghamshire County Cricket Club. As part of our Value for Money work in 2015/16, we raised a recommendation regarding the governance arrangements through which this loan was awarded, including consideration of risks of default, and the specific risks faced by the Cricket Club. **Summary of our work** We have reviewed the arrangements in place for the 2016/17 year. We have noted that the Authority made a payment of £0.9m to the Cricket Club in 2016/17. We noted that the Authority's arrangements for assessing the financial risks were more robust, including: • Detailed review of the progress of the project prior to making any loan payments; • Meetings between the Section 151 Officers for RBC, Nottingham City, Council and Nottinghamshire County Council, and the Finance Director of the Cricket Club on a quarterly basis; • Detailed review of the Financial Statements of the Cricket Club, specifically looking at financial performance and position.

Appendices

Key issues and recommendations

Our audit work on the Authority’s financial statements and Value for Money Arrangements have identified some issues. We have listed these issues in this appendix together with our recommendations which we have agreed with Management. We have also included Management’s responses to these recommendations.

The Authority should closely monitor progress in addressing the risks, including the implementation of our recommendations. We will formally follow up these recommendations next year.

Each issue and recommendation have been given a priority rating, which is explained below.

High priority — Issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.

Medium priority — Issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.

Low priority — Issues that would, if corrected, improve internal control in general but are not vital to the overall system. These are generally issues of good practice that we feel would benefit if introduced.

The following is a summary of the issues and recommendations raised in the year 2016/17.

2016/17 recommendations summary

Priority	Number raised from our year-end audit
High	0
Medium	0
Low	2
Total	**2**

Low priority

1. IT Controls

As part of our review of your General IT controls, we identified three minor IT issues as follows:

- The Authority does not perform a regular review of user access to e-financials (the general ledger);
- There are weak password settings on Northgate (the payroll system);
- There were a number of redundant powerful accounts on e-financials.

Despite the gaps in the control environment, we identified the following compensating controls:

- There were appropriate controls over starters and leavers on e-financials;
- There are strong network access password parameters; and
- None of the redundant powerful user accounts accessed e-financials in year.

As all the controls had mitigating factors, there was no impact on our audit, however, strengthening these controls would be appropriate.

Recommendation

The Authority should review the issues identified above, and address them appropriately, considering putting the following in place:

- Performing an annual review of all e-financials user accounts and the level of access granted; and
- Reviewing powerful user accounts in e-financials, and considering whether these accounts are required. Where the accounts are required, consider locking the accounts until they are required.

As the Authority's payroll is provided by Gedling Borough Council, the Authority cannot control the password controls in place over this system, but the Authority should consider discussing with GBC how they will address this issue.

Management Response

User Access to e-financials: Accepted – the authority does not perform a regular review of user access to e-financials (the general ledger). The authorised user list will be reviewed annually. There is a low turnover of staff at the Council and with the monthly review of starters and leavers (which are the main changes to the list) combined with alternative strong access parameters, compensating controls exist. Action: September 2017

Password settings: Accepted – these have now been strengthened (Owner: Gedling BC) – accepted. Deadline: August 2017 (already actioned)

Redundant powerful accounts: partially accepted – access to these accounts can only be gained by the passwords being reset through the security system of which there are only a limited number of users that have access. The risk of these accounts being used by an unauthorised user is very low. Two accounts remain to be used for system testing and several other of these accounts have now been removed. (Owner: Executive Manager – Finance and Corporate Services) – accepted. Deadline: August 2017 (already actioned)

Low priority

2. Inflationary assumptions (Value for Money)

The Medium Term Financial Strategy includes an assumption of 0% inflation for the next five years, stating that:

"Whilst inflation does impact on services, the Council's managers are expected to deliver services within cash limited budgets which require them to absorb the cost of inflation. As such, the net effect of inflation is reduced to zero within the estimates."

Whilst this budget does recognise that there will be inflationary pressures, the budget does not quantify the amount of expenditure potentially exposed to these pressures, and the assumed costs that will need to be absorbed by Managers. The existing Transformation Strategy already highlights a requirement of achieving £1.085m of recurring savings by 2022.

Recommendation

The Authority should review its Medium Term Financial Strategy, and quantify the amount of savings that will be required due to inflationary pressures.

Management Response

Accepted - Over at least the past 4 years the Council has adopted the same approach with no adverse impact on budgetary control with no overall budget overspend as a result of inflation. Our premises, transport and supplies and services costs amount to around £8m (in Section 4 of the MTFS). Where there are contracts in place then contractual inflation is built into the budget or for areas of higher risk e.g. fuel, increased budget has been provided. The 0% is the broad brush application across many of the budget headings. Even allowing for the £8m in totality 2.5% CPi (average, cpi across the last year) this amounts to £200k. We are aware of the 'in-built' savings, which have been, and have to be, achieved year on year. we will include wording in the next MTFS to articulate the savings for inflation which are built into the Strategy currently.

Owner

Executive Manager – Finance and Corporate Services

Deadline

March 2018

Follow-up of prior year recommendations

In the previous year, we raised two recommendations which we reported in our *External Audit Report 2015/16 (ISA 260)*. The Authority has implemented all of the recommendations. We re-iterate the importance of the outstanding recommendations and recommend that these are implemented by the Authority.

We have used the same rating system as explained in Appendix 1.

Each recommendation is assessed during our 2016/17 work, and we have obtained the recommendation's status to date. We have also obtained Management's assessment of each outstanding recommendation.

Below is a summary of the prior year's recommendations.

2015/16 recommendations status summary

Priority	Number raised	Number implemented / superseded	Number outstanding
High	0	0	**0**
Medium	1	1	**0**
Low	1	1	**0**
Total	**2**	**1**	**1**

Medium priority

1.Nottinghamshire County Cricket Club Loan

The Authority has set aside £10m towards an Asset Investment Strategy Fund.£2.7m of which has been agreed as a loan to Nottinghamshire County Cricket Club (NCCC) to support proposed improvements to the Trent Bridge Cricket Ground. The purpose of these developments is to increase the likelihood of NCCC continuing attracting international cricket matches to the region in the future.

The Authority recognised within its report to Cabinet on 8 September 2015, that the biggest risk with regards to the loan is the potential for NCCC to default on repayment of the loan. We note that the Authority has reviewed the financial accounts and medium term financial plans, including cash flows, to gain comfort in regards to its agreed loan to NCCC.

We have noted, however, that costings for each of the projects that the loan is to support has not been formally obtained to provide confirmation of how the loan will be utilised and to assess whether the loan can achieve the intended purpose.

We also note while officers confirm that a risk assessment surrounding NCCC failing to obtain successful test funding have been considered (for example the potential impact of unsuccessful international friendly matches, along with additional television deal income), this should be formally documented to demonstrate the potential risk, scenarios and potential mitigations, which is in part inherently offset via the process of staged loan drawdowns. Finally, detail about the benefits that will be received by the region could be enhanced.

(continued overleaf)

Management original response

The Executive Manager Finance and Corporate Services, will clarify the current cost position of the project prior to authorising any loans. The position of the NCCC project(s) will change according to various risks, for example planning and procurement. As a matter of course the Section 151 officers of the 3 Councils will continue to review the position of the projects, and their progress against budget; as well as the success or otherwise of the bidding process for future test matches; and thereafter agreeing the drawdown on the loans over time.

The benefits to the region have been well documented in the past. The East Midlands Development Agency estimated in 2009 the Twenty20 World Cup generated £12m to the local economy. Sport England estimated the value to the local economy of sport in Rushcliffe to be £49m (December 2015). Anecdotally figures suggest a five day test match contributes £30m to the local economy a proportion which Rushcliffe benefits from

Given the variety of other economic variables influencing the local economy it is difficult to isolate the exact benefits, but clearly these are significant in terms of additional business in the borough as well as the positive reputational impact for the Borough in having an excellent test ground facility.

Recommendation

The Authority should seek to further enhance its assessment of the business case for granting the loan. The s151 Officer should obtain formal costing and budget reports to confirm how the loan is being used and that it is for its intended purpose. On-going budgetary reports to Cabinet should report on issues regarding variation and risk to the project and any impact on the loan.

As part of this the risk of the projects not enabling NCCC to attract future England cricket matches should also be documented together with the actual benefit that is derived by the region.

Further to the above, it would be prudent to undertake further due diligence of NCCC's financial position and progress with bidding for future England games ahead of any loan draw downs.

Owner

Executive Manager – Finance and Corporate Services

Original deadline

1st of October 2016 and ongoing

KPMG's July 2017 assessment

Fully implemented

The Authority now have appropriate scrutiny in place over this arrangement, with regular meetings with the Cricket Club Director of Finance, and appropriate consideration of the Cricket Club's financial position and performance, which is reported to Cabinet on a regular basis.

Low priority

3. Journal Controls

It is common practice that when posting adjusting journals to the general ledger there exists a segregation of duties between an individual raising the journal and a second member of staff authorising. The Authority however is restricted due to its current General Ledger programme, which does not allow such segregation of duties. A problem encountered across our client base, by clients who use the same General Ledger programme.

While the Authority has in place mitigating controls such as user access and budget monitoring, due to the increasing localisation of risk and financial pressures across the sector, we would encourage the Authority to implement a segregation of duties over journal posting, possibly via retrospective review of journals posted each month, to reduce the risk of incorrect adjusting journals being posted.

Recommendation

The Authority should consider implementing a retrospective review of adjusting journals posted to the General Ledger each month. This could be done via an exception report which highlights high risk journals for example high value, journals posted at the weekend, etc.

Management original response

This was an area flagged by our Internal Auditors during the year, recognised as low risk due to compensating controls in place (such as reconciliations and budget monitoring procedures). We have already agreed to implement a journal review process of journals posted going forward.

Owner

Financial Services Manager

Original deadline

1st of October 2016

KPMG's July 2017 assessment

Fully implemented

We found that management have introduced a retrospective review of higher risk journals each month.

Audit differences

We are required by ISA 260 to report all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance (which in your case is the Corporate Governance Committee). We are also required to report all material misstatements that have been corrected but that we believe should be communicated to you to assist you in fulfilling your governance responsibilities.

We identified the following matters of presentation that have been identified during the audit:

- Inclusion of fees within the audit fee disclosure note not performed by KPMG; and
- Exclusion of the Experience Gain on Pension Obligation from note 36 – Defined Benefit Pension Schemes.

A number of other minor amendments focused on presentational improvements have also been made to the draft financial statements. The Finance team is committed to continuous improvement in the quality of the financial statements submitted for audit in future years.

Adjusted and Unadjusted audit differences

We have not identified any audit differences above our "Clearly trivial" limit of £30k, nor have any of the minor adjustments we have identified indicated systematic issues that would suggest the presence of material misstatements.

Materiality and reporting of audit differences

The assessment of what is material is a matter of professional judgment and includes consideration of three aspects: materiality by value, nature and context.

Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.

Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.

Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.

We used the same planning materiality reported in our External Audit Plan 2016/17, presented to you in May 2017.

Materiality for the Authority's accounts was set at £0.6 million which equates to around 1.5 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the Corporate Governance Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Corporate Governance Committee any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under *ISA 260*, we are obliged to report omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. *ISA 260* defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

ISA 450 requires us to request that uncorrected misstatements are corrected.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £30k for the Authority.

Where management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Corporate Governance Committee to assist it in fulfilling its governance responsibilities.

Appendix 5

Declaration of independence and objectivity

Auditors appointed by Public Sector Audit Appointments Ltd must comply with the Code of Audit Practice (the 'Code') which states that:

"The auditor should carry out their work with integrity, objectivity and independence, and in accordance with the ethical framework applicable to auditors, including the ethical standards for auditors set by the Financial Reporting Council, and any additional requirements set out by the auditor's recognised supervisory body, or any other body charged with oversight of the auditor's independence. The auditor should be, and should be seen to be, impartial and independent. Accordingly, the auditor should not carry out any other work for an audited body if that work would impair their independence in carrying out any of their statutory duties, or might reasonably be perceived as doing so."

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code, the detailed provisions of the Statement of Independence included within the Public Sector Audit Appointments Ltd Terms of Appointment ('Public Sector Audit Appointments Ltd Guidance') and the requirements of APB Ethical Standard 1 Integrity, Objectivity and Independence ('Ethical Standards').

The Code states that, in carrying out their audit of the financial statements, auditors should comply with auditing standards currently in force, and as may be amended from time to time. Public Sector Audit Appointments Ltd guidance requires appointed auditors to follow the provisions of *ISA (UK&I) 260 'Communication of Audit Matters with Those Charged with Governance'* that are applicable to the audit of listed companies. This means that the appointed auditor must disclose in writing:

- Details of all relationships between the auditor and the client, its directors and senior management and its affiliates, including all services provided by the audit firm and its network to the client, its directors and senior management and its affiliates, that the auditor considers may reasonably be thought to bear on the auditor's objectivity and independence.
- The related safeguards that are in place.
- The total amount of fees that the auditor and the auditor's network firms have charged to the client and its affiliates for the provision of services during the reporting period, analysed into appropriate categories, for example, statutory audit services, further audit services, tax advisory services and other non-audit services. For each category, the amounts of any future services which have been contracted or where a written proposal has been submitted are separately disclosed. We do this in our Annual Audit Letter.

Appointed auditors are also required to confirm in writing that they have complied with Ethical Standards and that, in the auditor's professional judgement, the auditor is independent and the auditor's objectivity is not compromised, or otherwise declare that the auditor has concerns that the auditor's objectivity and independence may be compromised and explaining the actions which necessarily follow from his. These matters should be discussed with the Corporate Governance Committee.

Ethical Standards require us to communicate to those charged with governance in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the Engagement Lead and the audit team.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP Audit Partners and staff annually confirm their compliance with our Ethics and Independence Manual including in particular that they have no prohibited shareholdings.

Our Ethics and Independence Manual is fully consistent with the requirements of the Ethical Standards issued by the UK Auditing Practices Board. As a result we have underlying safeguards in place to maintain independence through: Instilling professional values, Communications, Internal accountability, Risk management and Independent reviews.

We would be happy to discuss any of these aspects of our procedures in more detail.

Auditor declaration

In relation to the audit of the financial statements of Rushcliffe Borough Council for the financial year ending 31 March 2017, we confirm that there were no relationships between KPMG LLP and the Authority, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

Non-audit work and independence

We have not performed any additional work outside the scope of the financial statement audit, and Housing Benefit (BEN01) certification work.

Audit fees

Audit fees

As communicated to you in our External Audit Plan 2016/17, our scale fee for the audit is £41,288, which is the same as prior year. However, we propose an additional fee of £4,000 due to additional work undertaken in relation to the CIES restatement, the triennial pension revaluation, and the Arena Valuation.

Our work on the certification of Housing Benefits (BEN01) is not yet complete. The planned scale fee for this is £6,898 plus VAT.

PSAA fee table		
Component of audit	**2016/17** £	**2015/16** £
Accounts opinion and use of resources work		
PSAA scale fee set in 2014/15	41,288	41,288
Additional work to conclude our opinions (note 1)	4,000	1,853
Subtotal	**45,288**	**43,141**
Housing benefits (BEN01) certification work		
PSAA scale fee set in 2014/15	6,898	6,898
Total fee for the Authority set by the PSAA	**52,186**	**TBC**

All fees are quoted exclusive of VAT.

Note 1: Accounts opinion and use of resources work

For 2016/17, we indicated in our plan we would be charging additional fees over the additional work performed over the CIES restatement, and other additional requirements for 2016/17; and additional amounts for specific review of the Arena Valuation. This is still subject to PSAA determination.

Rushcliffe Borough Council	**Corporate Governance Group** **13 September 2017** **Treasury Management Outturn 2016/17**

6

Report of the Executive Manager – Finance and Corporate Services

1. Summary

1.1 The purpose of this report is to summarise the transactions undertaken during the 2016/17 financial year as part of the Treasury Management function.

1.2 In addition, the Corporate Governance Group received the half-yearly treasury management update report on 1 December 2016 and a training session from the Council's treasury advisors, Arlingclose, which was well received by Members across the Council.

2. Recommendations

2.1 It is recommended that the report be agreed by the Corporate Governance Group.

3 Reasons for Recommendation

3.1 This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2016/17. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Finance in Local Authorities (the Prudential Code).

4 Supporting Information

Prudential Indicators

4.1 During 2016/17 the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year are as follows:

Prudential and treasury indicators	2015/16 Actual £000	2016/17 Estimate £000	2016/17 Actual £000
Capital expenditure	7,050	26.650	18,364
Total Capital Financing Requirement	(505)	12,001	9,563
Investments	(34,921)	(12,700)	(33,903)
External Debt	0	0	0
Net Borrowing	(34,921)	(12,700)	(33,903)

4.2 The approved capital programme for 2016/17 was £26.65 million. Actual expenditure against the approved programme was £18.364 million with carry forwards of £8.223 million approved by Cabinet on 11 July 2017. A combination and the capital receipt for the Civic Centre results in a higher investments figure.

Capital Expenditure and Financing

4.3 The Council undertakes capital expenditure on both its own long-term assets and on grants that can be capitalised under statute (capital payments to third parties). These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc) which has no resulting impact upon the Council's borrowing need; or

- If insufficient financing is available or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

4.4 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed:

	2015/16 Actual £000	**2016/17 Estimate £000**	**2016/17 Actual £000**
Total Capital Expenditure	**7,050**	**26,650**	**18,364**
Financed by:			
Capital Receipts	(2,429)	(4,903)	(3,538)
Capital Grants	(701)	(7,039)	(3,525)
Reserves	(3,920)	(2,527)	(1,233)
Total Resources used to finance Capital Expenditure	**(7,050)**	**(14,469)**	**(8,296)**
Unfinanced Capital Expenditure	**0**	**12,181**	**10,068**

The Council's Overall Borrowing Need

4.5 The Council's underlying need to borrow for capital expenditure is called the Capital Financing Required (CFR). This figure is a gauge of the Council's debt position and represents the net capital expenditure in 2016/17 and prior years that has not yet been paid for by revenue or other resources.

4.6 Part of the Council's treasury management activity is to organise the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be through utilising temporary cash resources within the Council or sourced through borrowing from external bodies, for example, the Public Works Loan Board (PWLB).

4.7 Whilst borrowing can be undertaken within the confines of the treasury management strategy, the Council's underlying borrowing need, CFR, is not allowed to rise indefinitely. The Council would be required by statute to make an annual charge called the Minimum Revenue Provision (MRP) to reduce the CFR if it was positive which is effectively a repayment of the borrowing need. For 2016/17, the MRP is nil and the CFR increased to £9.563m due to the internal borrowing for the Arena development.

4.8 The total CFR can be reduced by:

- The application of additional resources (such as unapplied capital receipts); or
- Charging more than the statutory revenue charge (MRP) each year through a voluntary revenue provision (VRP).

4.9 The Council's CFR for 2016/17 represents a key prudential indicator and is shown below. The table shows that the Council has a negative CFR so therefore has no underlying need to borrow based on its current approved Capital Programme.

Capital Financing Requirement (CFR)	**2015/16 Actual £000**	**2016/17 Actual £000**
Opening Balance	**(505)**	**(505)**
Add: unfinanced Capital Expenditure (per above)	0	10,068
Less: MRP/VRP	0	0
Closing Balance	**(505)**	**9,563**

The borrowing activity is constrained by prudential indicators for net borrowing and the CFR and by the authorised limit.

Net Borrowing and the CFR

4.10 In order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. The Council needs to ensure that its net borrowing does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional increases to the CFR for the current and the following two financial years. This indicator allows the Council some flexibility for limited borrowing in advance of its immediate capital needs. The table below highlights the Council's net borrowing position against the CFR.

	2015/16 Actual £000	**2016/17 Actual £000**
Net Borrowing Position	(34,921)	(33,903)
CFR	(505)	9,563

Authorised Limit and Operational Boundary for External Debt

4.11 The authorised limit is the "affordable borrowing limit" required by section 3 (1) of the Local Government Act 2003 and represents the limit beyond which borrowing is prohibited. It shows the maximum amount the Council could afford to borrow in the short term to maximise treasury management opportunities and cover temporary cash flow shortfalls. The table below demonstrates that during 2016/17 the Council has maintained gross borrowing within its authorised limit.

4.12 The operational boundary is the expected borrowing position of the Council during the course of the year. The operational boundary is not a limit and actual borrowing can be either below or over the boundary subject to the authorised limit not being breached.

	Operational Boundary 31 March 2017 £000	Authorised Limit 31 March 2017 £000	Actual External Debt 31 March 2017 £000
Borrowing	26,000	31,000	0
Other Long-Term Liabilities	0	0	0
Total	26,000	31,000	0

The Ratio of Financing Costs to Net Revenue Streams

4.13 This compares net financing costs (borrowing costs less investment income) to net revenue income. This indicator shows how the proportion of net income used to pay for financing costs is changing over time and is negative as a result of investment yields exceeding borrowing costs. The improvement in the indicator is consistent with the enhanced levels of interest received from investments (see paragraph 4.19)

	2015/16 Actual	2016/17 Estimate	2016/17 Actual
General Fund	-4.01%	-2.58%	-3.04%

Incremental Impact of Capital Investment Decisions

4.14 This is an indicator of affordability that shows the incremental impact of capital investment decisions on Council Tax. The indicator identifies the revenue costs associated with the capital programme for a particular year.

	2015/16 Actual £	2016/17 Estimate £	2016/17 Actual £
Increase in Council Tax – Band D	1.87	-0.38	2.14

Upper Limits for Fixed and Variable Rate Exposure

4.15 The purpose of these indicators is to allow the Council to manage the extent to which it is exposed to changes in interest rates:

	2016/17 Limit	2016/17 Actual
Fixed		
Upper Limit for Fixed Interest Rate Exposure on Debt	100%	0%
Upper Limit for Fixed Interest Rate Exposure on Investments over 1 year	25%	8.85%
Upper Limit for Fixed Interest Rate Exposure on Investments up to 1 year	100%	8.85%
Variable		
Upper limit for Variable Interest Rate Exposure on Debt	100%	0%
Upper Limit for Variable Interest Rate Exposure on Investments	100%	82.30%

Upper Limit for Total Principal Sums invested over 1 year

4.16 This limit is intended to contain the exposure to the possibility of any loss that may arise as a result of the Council having to seek early repayment of any investments made. If an investment had to be repaid before its natural maturity date due to cash flow requirements then, if market conditions were unfavourable, there would be an adverse impact on the Council.

	2016/17 Estimate £000	2016/17 Actual £000
Upper Limit for Total Principal Sums Invested over 364 days	3,175	3,000

Treasury Position at 31 March 2017

4.17 The Council's debt and investment position is managed by the treasury team in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities in line with the approved treasury strategy. Procedures and controls to achieve these objectives are established through the Member reporting detailed in paragraph 5 of the treasury strategy and through officer activity detailed in the Council's Treasury Management Practices. The following table details the Counterparties that the Council had placed investments with at the end of 2016/17.

Financial Institution	Amount	Length of Investment	Interest Rate
CCLA Property Fund	£2,000,000	Ongoing	4.58%
Royal London Cash Plus Fund	£1,005,401	Ongoing	0.43%
Newcastle City Council	£3,000,000	4 years	2.04%
Moray Council	£1,000,000	3 months	0.30%
Coventry	£1,000,000	6 months	0.35%
Nationwide	£1,000,000	3 months	0.35%
BlackRock	£46,772	Call	0.206%
Federated	£96,183	Call	0.27%
HSBC	£4,913,430	Call	0.13%
Invesco	£2,859,634	Call	0.31%
Standard Life	£3,860,647	Call	0.286%
Bank of Scotland	£2,501,008	32 day notice account	0.32%
Barclays	£4,956,444	32 day notice account	0.27%
Santander	£1,012,180	31 day notice account	0.40%
Santander	£1,809,999	60 day notice account	0.50%
Handelsbanken	£2,831,361	35 day notice account	0.20%
Residual MMF/Call Account balances eg Aviva, Bank of Scotland etc	£9,996	Call	0.096% to 0.255%
Total Investments /Average Interest Rate	**£33,903,055**		**0.71%**

The strategy for 2016/17

4.18 The expectation for interest rates within the strategy for 2016/17 anticipated that short term money market rates would remain at very low levels and that the Bank Rate would increase in quarter 3 of 2016 which did not materialise. The Council continued with the prudent investment of the treasury balances to achieve the objectives of security of capital and liquidity of its investments whilst achieving the optimum return on investments. The continuing instability of the market resulted in restrictions remaining on which counterparties investments could be placed with, which affected the level of interest that could be achieved from investments. Given both the impact of 'Bail-in' legislation and the potential to invest in property the Council is both continuing to diversify its investment portfolio and that cash is invested short term for the purpose of liquidity.

Investment Rates and Outturn Position in 2016/17

4.19 The Bank Rate remained at 0.25% throughout the year and short term money market rates also remained at very low levels which continued to have a significant impact on investment income. Whilst the Council continues to ensure investments are secure the Council is proactively looking to maximise its rate of return. The overall rate of return on investments for the year was 0.71% which compares with the budgeted rate of 0.89% as the investment interest rates that the council could secure continued to reduce. The underspend on the capital programme has resulted in an increased return on investments of £317,000 against a budget of £257,200.

4.20 The Council's investment policy is governed by the Treasury Management Strategy approved by Council on 3 March 2016. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, for example, rating outlooks and credit default swaps information. The investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties.

4.21 The Council's longer term cash balances comprise primarily of revenue and capital resources, although these will be influenced by cash flow considerations and the need for working balances and contingencies. The Council's core cash resources are detailed in the following table and confirm that whilst the Council has delivered a capital programme and has to operate with an increasingly constrained revenue budget, its reserves and balances remain in a healthy position given the on-going financial challenges going forward.

Balance Sheet Resources	**31 March 2016 £000**	**31 March 2017 £000**
General Fund Balance	2,604	2,604
Earmarked Reserves	9,540	10,215
Provisions	31	0
Usable Capital Receipts	9,773	13,929
Capital Grants Unapplied	42	54
Total	**21,990**	**26,802**

Conclusion

4.22 Overall, the Council has successfully achieved its objectives of ensuring investments were held with relatively secure counterparties; ensuring there was sufficient liquidity to operate efficiently and enable the delivery of objectives; and achieve the maximum yield on investment returns possible within the constraints placed upon the Council.

5 Other Options Considered

5.1 There are no other options.

6 Risk and Uncertainties

6.1 The report covers many treasury risks including counterparty and interest rate risk.

7 Implications

7.1 Finance

Financial implications are covered in the body of the report.

7.2 Legal

Compliance with the Local Government Act 2003.

7.3 Corporate Priorities

Efficient treasury management enables the Council to achieve its corporate priorities.

7.4 Other Implications

None.

For more information contact:	Peter Linfield Executive Manager – Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Statement of Accounts 2016/17; Treasury Management Strategy 2016/17; Treasury Management 6 Month Monitoring Report 2016/17
List of appendices (if any):	**Appendix A** - Glossary of Terms

Glossary of Terms

Money Market Funds – these funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks.

CCLA Property Fund - this a local authority property investment fund. The property fund is designed to achieve long term capital growth and a rising income from investments in the commercial property sector.

Pooled Funds – shares in diversified investment vehicles consisting of different investment types including banks, equity shares and property, these funds have the advantage of providing wide diversification of investment risks

Rushcliffe Borough Council	**Corporate Governance Group** **13 September 2017** **Revenue and Capital Budget Monitoring 2017/18 - Quarter 1 Update**	**7**

Report of the Executive Manager – Finance and Corporate Services

1. Summary

1.1. This report presents the budget position for revenue and capital as at 30 June 2017 along with the appropriate recommendations for referral to Cabinet. Given the current financial climate it is imperative that the Council maintains due diligence with regards to its finances and ensures necessary action is taken to maintain a robust financial position.

2. Recommendation

It is RECOMMENDED that the Corporate Governance Group note:

a) the projected revenue and capital budget positions for the year of £112,000 revenue efficiencies and £2,425,000 from capital scheme re-phasing and potential savings.

3. Reasons for Recommendation

3.1. To demonstrate good governance in terms of scrutinising the Council's on-going financial position and compliance with Council Financial Regulations.

4. Supporting Evidence

Revenue Monitoring

4.1 The revenue monitoring statement by service area is attached at **Appendix A** with detailed variance analysis as at 30 June 2017 attached at **Appendix B**. This shows projected efficiency savings for the year of £103,000 and additional funding of £9,000. This could improve throughout the remainder of the year as managers continue to drive cost savings, and raise income, against existing budgets.

4.2 **Appendix A** includes a Minimum Revenue Provision (MRP) of £1 million. This is a provision that the Council is required to make each year to cover the internal borrowing costs for the Arena which will be funded by New Homes Bonus.

4.3 As documented at **Appendix B** the financial position to date reflects a number of positive variances including employee cost savings; savings from contracts and a reduction in both Housing and Council Tax Benefit payments. There are several negative variances, including an increase in the cost of insurance, variations in the cost of contracts and an increase in the cost of NNDR at East Leake Leisure Centre.

Capital Monitoring

4.3 The updated Capital Programme monitoring statement as at 30 June 2017 is attached at **Appendix C** which provides further details and the progress of the schemes and both re-phasing and efficiency savings of £2,425,000. A summary of the projected outturn and funding position is shown in the table below:

CAPITAL PROGRAMME MONITORING – JUNE 2017			
EXPENDITURE SUMMARY	**Current Budget £000**	**Projected Actual £000**	**Projected Variance £000**
Transformation	16,810	15,110	(1,700)
Neighbourhoods	2,228	2,011	(217)
Communities	429	399	(30)
Finance and Corporate Services	5,298	4,820	(478)
Contingency	290	290	0
	25,055	**22,630**	**(2,425)**
FINANCING ANALYSIS			
Capital Receipts	(7,718)	(7,118)	600
Government Grants	(6,867)	(5,167)	0
Other Grants/Contributions	(1,623)	(1,623)	0
Use of Reserves	(3,164)	(3,164)	0
Internal Borrowing	(5,683)	(5,558)	125
	(25,055)	**(22,630)**	**2,425**
NET EXPENDITURE	**-**	**-**	**-**

4.6 The original Capital Programme of £15.13 million has been supplemented by a net brought forward and in-year adjustments of £9.97 million giving a revised total of £25.1 million. This is an ambitious capital programme which will see completion of two major redevelopment schemes: Cotgrave Multi-service Centre and Cotgrave Employment Land. The net efficiency position of £2.4m is largely down to 2 schemes:

- £1.7m in relation to Highways England not awarding funding for the A46 RAF Newton footbridge; and
- Re-profiling of the NCCC loan to align with the anticipated project spend this year by NCCC (£0.478m).

4.7 **Summary**

The report overall projects overall efficiency savings for both revenue and capital (along with budget re-phasing). It should be noted opportunities and challenges can arise during the year which may impact on the projected year-end position. There remain external financial pressures from developing issues such as the impact of the localisation of business rates, welfare reform, and continued financial pressures on individuals, businesses and partners; with heightened risks as a result of BREXIT. Against such a background it is imperative that the Council continues to keep a tight control over its expenditure, identifies any impact from income streams and maintains progress against its Transformation Strategy.

5 **Risk and Uncertainties**

5.1 Failure to comply with Financial Regulations in terms of reporting on both revenue and capital budgets could result in criticism from stakeholders, including both members and the Council's external auditors.

5.2 Areas such as income can be volatile according to external pressures such as the general economic climate. For example, planning income is variable according to the number and size of planning applications received.

6 Implications

6.1 Finance

Financial implications are covered in the body of the report.

6.2 Legal

None

6.3 Corporate Priorities

Changes to the budget enable the Council to achieve its corporate priorities.

6.4 Other Implications

None

For more information contact:	Peter Linfield Executive Manager - Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Council 2 March 2017 – 2017-18 Budget and Financial Strategy Cabinet 11 July 2017 – Revenue and Capital Budget Monitoring Outturn 2016-17
List of appendices (if any):	**Appendix A** – Revenue Outturn Position 2017/18 – Quarter 1 **Appendix B** – Revenue Variance Explanations **Appendix C** – Capital Programme 2017/18 – Quarter 1 Position

Appendix A

Revenue Outturn Position 2017/18 – Quarter 1

	Quarter 1			
	Original Budget £'000	**Revised Budget £'000**	**Projected Outturn £'000**	**Variance £'000**
	Excluding recharges			
Communities	1,220	1,204	1,201	(3)
Finance & Corporate Services	3,403	3,351	3,256	(95)
Neighbourhoods	3,971	4,055	4,097	42
Transformation	2,849	2,940	2,893	(47)
Sub Total	**11,443**	**11,550**	**11,447**	**(103)**
Capital Accounting Reversals	(1,587)	(1,587)	(1,587)	0
Minimum Revenue Provision	1,000	1,000	1,000	0
Net Service Expenditure	**10,856**	**10,963**	**10,860**	**(103)**
Revenue Contribution To Capital	158	158	158	0
Transfer to/(from) Reserves	(27)	(134)	(134)	0
Total Net Service Expenditure	**10,987**	**10,987**	**10,884**	**(103)**
Grant Income (including New Homes Bonus)	(2,334)	(2,334)	(2,413)	(79)
Business Rates (including SBRR)	(2,561)	(2,561)	(2,491)	70
Council Tax	(6,074)	(6,074)	(6,074)	0
Collection Fund Surplus	(18)	(18)	(18)	0
Total Funding	**10,987**	**10,987**	**10,996**	**(9)**
Total Variance (to Reserves at year end)	**0**	**0**	**(112)**	**(112)**

Revenue Variance Explanations (over £15k)

ADVERSE VARIANCES	Projected Outturn Variance £'000
Finance & Corporate Services	
Insurances - Increases in the Motor Insurance premium and Insurance Premium Tax	24
Neighbourhoods	
Streetwise - variations to contract	15
Leisure Centres - East Leake NNDR revaluation and increase in contract price	27
Waste Collection and Recycling - Agency costs to cover sickness and vacancies	61
Total Adverse Variances	**127**

FAVOURABLE VARIANCES	Projected Outturn Variance £'000
Communities	
Community Parks & Open Spaces - Renegotiated catering contracts at Rushcliffe Country Park	(15)
Finance & Corporate Services	
Council Tax - Staff vacancies	(16)
Housing Benefit - overpayments recovered	(50)
Council Tax Benefit - Staff vacancies	(21)
Housing Benefit Admin - staff vacancies	(18)
Transformation	
IT rechargeables - savings from contracts	(20)
Neighbourhoods	
Waste Collection and Recycling - staff vacancies (£17k) and Green Waste income above target (£58k)	(75)
Total Favourable Variances	**(215)**
Sum of Minor Variances	**(15)**
TOTAL VARIANCE	**(103)**

FUNDING VARIANCES	Projected Outturn Variance £'000
Original Funding:	
Business Rates - this is the difference between the budgeted income and NNDR1	70
Grant Income (including New Homes Bonus)	(8)
Additional S31 Grants:	
Flexible Homelessness Support Grant	(55)
New Burdens - DHP Administration Grant	(11)
New Burdens - Benefit Cap	(5)
TOTAL VARIANCE	**(9)**

Appendix C

Capital Programme 2017/18 – Quarter 1 Position

CAPITAL PROGRAMME MONITORING - JUNE 2017	Original Budget	Revised Budget	Actual YTD	Projected Actual	Variance	Explanation
	£000	£000	£000	£000	£'000	
TRANSFORMATION						
Cotgrave Regeneration & MSC	2,920	4,616	60	4,616	0	Works will commence end of July/early August
Cotgrave Employment Land	0	1,477	508	1,477	0	Build completion for 15 units likely to be late July
Land North of Bingham	2,800	5,387	0	5,387	0	Leisure and Wellbeing land acquired and due for disposal. The £2.5m LEP funding allocated to the Land North of Bingham (match funded with £2.5m New Homes Bonus) may be reprofiled to 2018/19 to fit in with the development timeline for the site.
Bingham Land off Chapel Lane	0	1,800	0	1,800	0	Land acquisition due to be completed July 2017
Highways England Footbridge A46	1,700	1,700	0	0	(1,700)	It appears the scheme has not been awarded funding in the latest round of Highways England awards. The scheme will be resubmitted for the next round of funding in 2018/19.
Bridgford Hall	0	205	85	205	0	Final contract costs and retention to be processed
RAF Newton	750	750	0	750	0	This is LEP funding which is being reviewed in line with the delivery plan for RAF Newton which doesn't currently include employment units. Will possibly be deferred to 2018/19.
The Point	25	25	0	25	0	Works scheduled for the end of the year
Arena Car Park Enhancements	500	500	0	500	0	Works are currently being scoped and scheme to be agreed
Colliers Way Industrial Units	0	20	0	20	0	Interdependent with Barratt's housing development
Information Systems Strategy	165	330	0	330	0	
	8,860	**16,810**	**653**	**15,110**	**(1,700)**	
NEIGHBOURHOODS						
Wheeled Bins	70	70	32	70	0	
Vehicle Replacement	20	240	170	188	(52)	Planned replacements complete in July, balance available
Support for Registered Housing Providers	250	909	3	909	0	No schemes identified yet
Hound Lodge	40	40	0	0	(40)	Scheme deferred to 18/19 due to complexity and planning
Assistive Technology	0	12	0	12	0	
Discretionary Top Ups	0	106	3	106	0	
Disabled Facilities Grants	375	412	101	412	0	
Arena Redevelopment	500	183	0	58	125	Final costs to be processed
Car Park Machines	0	50	0	50	0	
Car Park Improvements - Lighting	50	50	0	50	0	Works to be carried out over next few months
BLC Artificial Turf Pitch		10	0	10	0	Works complete and in defects period

CAPITAL PROGRAMME MONITORING - JUNE 2017						
	Original Budget	Revised Budget	Actual YTD	Projected Actual	Variance	Explanation
	£000	£000	£000	£000	£'000	
BLC Improvements	130	130	0	130	0	The schedule of works is being drawn up
EGC Upgrade Facilities	0	16	0	16	0	Improvements largely complete, electrics work still to do
	1,435	**2,228**	**309**	**2,011**	**(217)**	
COMMUNITIES						
Capital Grant Funding	48	100	30	100	0	£47,000 still available for allocation
Play Areas - Special Expense	50	100	0	100	0	External funding being sought to supplement this provision
West Park Fencing and Drainage	0	34	0	34	0	Fencing element complete, drainage work to be commissioned
West Park Lighting	25	25	0	25	0	Works to be scoped with general Car Park lighting scheme
RCP - Car Park	90	90	0	90	0	Planned for Oct/Nov after school holidays
Gamston Community Centre	30	30	0	0	(30)	Works to be scoped with Hound Lodge heating upgrade
Warm Homes on Prescription	0	50	0	50	0	Better Care Funding secured
	243	**429**	**30**	**399**	**(30)**	
FINANCE & CORPORATE SERVICES						
NCCC Loan	1,400	1,798	542	1,320	(478)	The loan is being released in tranches
Asset Investment Strategy	3,000	3,500	0	3,500		Individual schemes dealt with via investment appraisal
	4,400	**5,298**	**542**	**4,820**	**(478)**	
CONTINGENCY						
Contingency	190	290	0	290	0	
	190	**290**	**0**	**290**	**0**	
TOTAL	**15,128**	**25,055**	**1,534**	**22,630**	**(2,425)**	

Rushcliffe Borough Council	Corporate Governance Group 13 September 2017 Work Programme	9

Report of the Executive Manager – Finance and Corporate Services

1. Summary

1.1. This report sets out a proposed work programme for the next year. In determining the proposed work programme due regard has been given to matters usually reported to the Group and the timing of issues to ensure best fit within the Council's decision making process.

1.2. The table does not take into account any items that need to be considered by the Group as special items. These may occur, for example, through changes required to the Constitution or financial regulations, which have an impact on the internal controls of the Council.

2. Recommendation

It is RECOMMENDED that the Group agrees the work programme as set out in the table below.

3. Reasons for Recommendation

Date of Meeting	Item
13 September 2017	• Statement of Accounts 2016/17 • External Auditors Annual Governance Report 2016/17 • Treasury Management Outturn 2016/17 • Revenue & Capital Budget Monitoring 2017/18 – Quarter 1 Update • Review of Constitution • Work Programme
5 December 2017	• Internal Audit Progress Report 2016/17 • Health and Safety Interim Report • Treasury Management 2016/17 – Six Monthly Update • Risk Management Update • Annual Audit Letter • Revenue and Capital Budget Monitoring • Review of Constitution • Work Programme

Date of Meeting	Item
8 February 2018	• Internal Audit Progress Report 2017/18 • Treasury Management Strategy 2018/19 • Revenue and Capital Budget Monitoring • Certification of Grants and Returns – Annual Report 2016/17
10 May 2018	• External Audit Plan 2017/18 • Internal Audit Progress Report 2017/18 • Internal Audit Strategy 2018/19 • Risk Management Update • IT Update • Revenue & Capital Budget Monitoring

4. Implications

4.1. Finance

No direct financial implications arise from the proposed work programme.

4.2. Legal

There are no direct legal implications arising from the proposed work programme.

4.3. Corporate Priorities

Items included in the work programme assist the Council to meet its Corporate Priorities.

4.4. Other Implications

There are no other implications.

For more information contact:	Constitutional Services 0115 914 8481 Constitutionalservices@rushcliffe.gov.uk
Background papers Available for Inspection:	None
List of appendices (if any):	None