When telephoning, please ask for: Constitutional Services
Direct dial 0115 914 8511
Email constitutionalservices@rushcliffe.gov.uk

Our reference:
Your reference:
Date: 13 September 2017

To all Members of the Council

Dear Councillor

A meeting of the RUSHCLIFFE BOROUGH COUNCIL will be held on Thursday 21 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

Opening Prayer

1. Apologies for absence.

2. Declarations of Interest.

3. Minutes

   To receive as a correct record the minutes of the Meeting of the Council held on Thursday 29 June 2017 (pages 1 - 12).

4. Mayor's Announcements.

5. Leader’s Announcements

6. Chief Executive’s Announcements

7. Statement of Accounts 2016/17

   The report of the Executive Manager - Finance and Corporate Services is attached (pages 13 - 136).

8. Asset Investment Strategy

   The report of the Executive Manager - Finance and Corporate Services is attached (pages 137 - 156).

Rushcliffe Borough Council

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9. Approval of the Scrutiny Annual Reports

The report of the Executive Manager - Finance and Corporate Services is attached (pages 157 - 182).

10. Notice of Motions

1. Notice of Motion to be put to Council by Councillor R Mallender and seconded by Councillor S Hull.

   "This council will ensure that all Minutes of member groups, including local growth boards, should be publically available on the Rushcliffe Borough Council website, as are minutes of committees and council meetings."

2. Notice of Motion to be put to Council by Councillor R Jones and seconded by Councillor G Davidson.

   "This Council resolves that in future large residential developments it is an absolute condition that an adequate area of play space is provided within the site including for ball games."

3. Notice of Motion to be put to Council by Councillor S Mallender and seconded by Councillor R Mallender.

   "This council will put in place guidelines for the demolition of buildings, to apply across the borough, not just in conservation areas and for and in the vicinity of listed buildings, to ensure that all conditions are met and that measures to make sure public and employee health and safety are in place."

11. To answer questions under Standing Order 11(2).

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.

MINUTES
OF THE MEETING OF THE
COUNCIL
THURSDAY 29 JUNE 2017

Held at 7.00 pm in the Council Chamber, Rushcliffe Arena, Rugby Road, West Bridgford

PRESENT:

Councillor L B Cooper - Mayor
Councillor Mrs M Stockwood - Deputy Mayor

Councillors R A Adair, S P Bailey, K P Beardsall, N A Brown, B Buschman, R L Butler, H A Chewings, A M Dickinson, J Donoghue, M J Edwards, A J Edyvean, J E Greenwood, R Hetherington, S J Hull, R A Inglis, Mrs C E M Jeffreys, R M Jones, K A Khan, N C Lawrence, E J Lungley, A MacInnes, Mrs M M Males, G R Mallender, S E Mallender, D J Mason, S C Matthews, G S Moore, A Phillips, E A Plant, F A Purdue-Horan, S J Robinson, J A Stockwood, J E Thurman, D G Wheeler, J G A Wheeler

ALSO IN ATTENDANCE:

Revd. C Hodder	Mayor's Chaplain

8 members of the public

OFFICERS PRESENT:

D Banks	Executive Manager – Neighbourhoods
M Elliott	Constitutional Services Team Leader
A Graham	Chief Executive
P Linfield	Executive Manager – Finance and Corporate Services
D Mitchell	Executive Manager – Communities
G O'Connell	Monitoring Officer
L Webb	Constitutional Services Officer

APOLOGIES FOR ABSENCE:

Councillors M Buckle, J N Clarke, T Combellack, J E Cottee, G Davidson, Mrs J A Smith, R G Upton

OPENING PRAYER

The Meeting was led in prayer by the Mayor's Chaplain.

1. **Declarations of Interest**

The Monitoring Officer declared an interest in Item 12 (Arrangements for the Monitoring Officer Role).

2. **Minutes**

Councillor Jones wished for it to be recorded that the minority parties had not been invited to offer themselves as substitutes for the Rushcliffe Nature Conservation Strategy Implementation Group (minute number 8).

The minutes of the meeting held on Thursday 25 May 2017 were received as a correct record and signed by the Mayor.

3. **Mayor's Announcements**

The Mayor announced that, so far during his term as Mayor, he had attended 16 engagements with highlights including the opening of Bridgford Hall and attending Proms in the Park, which he described as a special family day. The Mayor also announced to Councillors that he had planned a quiz night to take place on Wednesday 27 July to raise money for his chosen charity, The Friary.

Additionally, he then thanked the Mayor's previous cadets Rebekah Oldknow and Jamie Bramley and presented the current Mayor's cadet Hannah Mackay with a certificate, declaring her as the Mayor's cadet for the year 2017/18.

4. **Leader's Announcements**

The Leader first offered his condolences to the victims, and their families, of the Grenfell Tower disaster, and stated that he expressed condolences, on behalf of the Borough, to the Leader of Kensington and Chelsea London Borough Council. He also reassured Councillors that the Executive Management Team at Rushcliffe Borough Council was responding to the implications of the disaster.

The Leader announced that he had recently spoken at the Town and Parish Councils Forum and received positive feedback concerning the proposed recommendation of allowing the public to speak during Planning Committee. He had also been holding staff sessions alongside the Chief Executive where he received positive feedback when he outlined the objectives of his administration. He also paid testament to the Executive Manager – Transformation and Operations, and her team, for their professionalism in the refurbishment and re-opening of Bridgford Hall. The Leader also noted his pleasure in attending the Careers and Enterprise Breakfast Road Show which had taken place at Rushcliffe Arena the previous day. He stated that he was pleased to see young people presenting at the event and encouraged Councillors to attend the YouNG showcase event taking place on 19 July and the YouNG Market taking place on 22 July.

5. **Chief Executive's Announcements**

The Chief Executive informed Councillors that he, and members of staff, recently attended the Municipal Journal Local Government Awards as the Council had been selected as finalists in the Commercialism in Property Estate category. Although the Council did not win the award, he thanked Savills for sponsoring their table, and Councillors Mason and Edyvean for attending the award ceremony with officers.

6. **Radcliffe on Trent Neighbourhood Plan**

Councillor Butler presented the report of the Executive Manager – Communities recommending the proposed Radcliffe on Trent Neighbourhood Plan for approval.

The Radcliffe on Trent Neighbourhood Plan had been produced by the Radcliffe on Trent Neighbourhood Plan Steering Group, on behalf of the Parish Council, and in conjunction with the local community. The Plan contained a number of policies to assist the Borough Council in the determination of planning applications. The Plan had been submitted to the Borough Council on 28 July 2016. In accordance with the Localism Act 2011, the Borough Council had assessed whether the plan met certain criteria (the 'Basic Conditions') and, subsequently, the Plan had been assessed by an independent Examiner. On 31 March 2017, the Examiner reported to the Council that, subject to the modifications proposed in her report, the Plan should proceed to a referendum.

Councillors commended the high quality and thoroughness of the Plan and praised the proactive role that the local community had played in its development.

RESOLVED that:

a) a referendum in Radcliffe on Trent, to include the Parish of Radcliffe on Trent, be held on Thursday 19 October 2017.

b) subject to a majority vote from the referendum, the Council 'makes' (adopts) the Neighbourhood Plan.

c) Council congratulates Radcliffe on Trent Parish Council and the Neighbourhood Plan Steering Group to have reached this point in Neighbourhood Planning.

7. **Planning Peer Challenge – initial actions requiring constitutional amendments.**

Councillor Butler presented the report of the Executive Manager – Communities requesting that Council consider proposed changes in relation to the working of the Planning Committee made as a result of the Peer Challenge Review. The review had resulted in an action plan which had included a number of recommendations with a target date for introduction of June 2017. These recommendations were to:

- Rename the Development Control Committee 'Planning Committee'
- Delete the ex officio roles on the committee
- Reduce the size and change the composition of the Committee
- Introduce controlled public speaking
- Define the role of the ward member when serving on the Committee

- Ensure the Committee primarily deals with strategic planning decisions and consider developing a ‘filter’
- Review the start time of the Planning Committee and length of meetings.

The first three actions had been agreed by Council on 25 May 2017. The Cabinet had considered the additional recommendations at its meeting on 13 June 2017 when it resolved that the proposals be supported and referred to Council for approval.

Councillor Butler advised Council how the proposed changes to the workings of the Committee, in relation to the role of ward members who were also members of the Committee considering applications in their own wards, would address concerns regarding pre-determination and pre-disposition which had arisen as part of the peer challenge.

It was moved by Councillor Jones and seconded by Councillor S Mallender that recommendations b and c, as detailed in the officer’s report, should be referred back to officers for further consideration on how and when they should be best implemented. Councillor Jones advised that whilst he was not against the proposals, made as a result of the peer challenge, in principle, he did have concerns about how some of the proposed changes would be implemented. Furthermore, he felt that greater consideration should be made to how they would be implemented before Council was asked to approve the changes.

Councillor Jones explained that he did not agree with the proposed changes to the role of ward Councillors on the Planning Committee. He expressed the view that it was not until committee members had received all additional information that they were in a position to weigh up the arguments and make a final decision. Councillor Jones expressed the opinion that residents of the Borough would not agree with the changes that would effectively stop ward Councillors being able to vote on applications in their ward.

Councillor Hull was also against the proposed change to the role of the ward member. Councillor Hull noted that it was a Councillor’s duty to stand up for residents in their wards if a planning application would have serious consequences upon their lives.

Councillor R Mallender asked Councillors to consider supporting the proposed amended motion, and while he agreed with the proposal of introducing controlled public speaking he disagreed with the assumption that a ward Councillors would had always have prejudged the application and should not be involved in making the decision on that application.

Councillor Thurman was concerned that no training for the members of the Planning Committee had taken place before Councillors were being asked to vote of the proposals and, as a consequence, stated that he could not vote in favour of the proposals as he was not fully aware of all the possible implications of changes for the Planning Committee.

Councillor Lawrence believed that the proposed changes would make Planning Committee less effective and that it was wrong to take ward member’s votes away when considering an application in their ward; as a consequence, he would be supporting the proposed amended motion.

Councillor Butler responded to the concerns raised by Councillors and restated that the Planning Peer Challenge review was an independent investigation carried out by Councillors and Officers from other authorities. He also reassured Councillors that ward members who objected to a planning application would be allowed an allocated time to speak in order make their point to other members of the Committee. Councillor Butler noted that the peer review had identified a problem where it had been perceived at a Development Control Committee meeting that some members of the Committee had made predetermined decisions. Councillor Butler advised that by implementing the proposed changes the Council would be adopting good practice, which was widely used at other authorities; however, the impact of the changes would be reviewed and evaluated after a period of six months of operation.

Councillor S Mallender stated that she was in favour of public speaking as she believed that residents should be given the opportunity to engage with the democratic process. However, she believed that members of the public who both supported and who were against the application should be able to speak so that the Committee could see both sides of the argument. She also believed that there should not be a change in start time of the Committee as residents may not be able to attend the Committee due to work commitments. Councillor S Mallender noted that it was vital that ward members should be able to effectively represent the views of their residents and that the proposed changes did not allow ward members to fully represent and advocate the views of residents.

Councillor Jones, in his summing up, stated that in his view there were many details in the report that had not been thought through thoroughly enough and should be considered further before being implemented.

After being put to the vote, the motion was declared lost.

Councillor Edwards stated that the Labour group welcomed the outcomes of the peer challenge review. He stated that the role of the ward Councillor would be enhanced as discussion would be more focused on the material considerations and would allow more clarity to be given in exactly what they were objecting to. Councillor Edwards also welcomed the changes that meant that the ward Councillor would sit separately from the Committee showing a clear difference between the representation and decision-making role of Councillors. Councillor Edwards also supported the changes that would allow Planning Committee to focus on the delivery of the 13,000 new homes that needed to be delivered in the Borough by 2028. He also welcomed the recommendation that the Planning Committee should undertake additional training and that the changes to procedures should be reviewed after a period of time.

Councillor R Mallender believed that as the ward members on the committee would not be able to vote under the new proposals for the operation of Planning Committee, they would not be allowed to express a voice for the community which they represented and therefore, would be voting against the report recommendations. He asked that the recommendations be considered further and be taken to a later Council meeting to be voted on again.

Councillor Donoghue stated that equality amongst members was vital. She went on to say that if a ward member was also a member of the Planning Committee, it would give them an infinite amount of time to speak which would give them an unfair advantage over ward members who were not members of the Planning Committee. As a result, she would be supporting the recommendations.

Councillor D G Wheeler stated that he would abstain from voting on the recommendations as Councillors had not yet received any additional training in relation to their altered role on Planning Committee ensuing from the proposed changes.

Councillor Moore stated that if, on occasion, he spoke forcibly at a Planning Committee he was glad that he did not have to vote as he was emotionally involved and would not be able to make a rational and fully informed decision.

Councillor Robinson stated that this independent review ensured that the Council adopts the very best practice putting residents of the Borough at the heart of its decision making. He stated that he was also committed that the amendments would be reviewed in time.

Councillor Mason stated that when she voted a member of the Planning Committee she voted as a member and in the interests of the entire Borough and its residents and not as a ward member. She also stated that she had recently chaired the Parish Council Forum meeting who were enthusiastic about the changes that were being proposed. Councillor Mason reassured Councillors that ward members would all be allowed freely to speak under the new procedures and that and training for members of the Planning Committee would take place if the recommendations were approved.

Councillor Butler summed up and stated that ward members would still be allowed to comment on planning applications. Councillor Butler addressed the points made by Councillors during the debate and advised that if one ward member was in favour of an application and one is against they would both be allowed to address the Committee. He also reassured Councillors that the amendments would be reviewed within six to nine months and stated that planning training would take place before the next Planning Committee.

Councillor S Mallender made a point of order and asked if the vote on the recommendations could be made in separate parts. The Mayor advised that the recommendations, as part of the same report, would be voted on together.

RESOLVED that from the July 2017 meeting of the Planning Committee:

a) Controlled public speaking is introduced in accordance with the attached draft protocol as detailed at Appendix 1 of the officer's report.

b) The focus of the Committee and role of Ward Councillors serving on the Committee, or that of Ward Councillors attending to speak on an item in their Ward, as set out in paragraphs 4.5 to 4.9 of the officer's report.

c) Ward Councillors will be required to support any objection or support for a development proposal with material considerations, which may be subject to discussion with the Service Manager/Lead Specialist.

d) The start time of scheduled Planning Committees be brought forward to 6.30pm with a curfew of 10pm, with the potential for a 30 minute extension at the discretion of the Chairman.

It was moved by the Mayor, seconded by the Deputy Mayor, and RESOLVED that the order in which the remaining agenda items would be amended and taken as follows. Councillor Purdue-Horan requested that his vote against the change to the order in which the items were taken was recorded.

8. **Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.**

RESOLVED that the public be excluded from the meeting for consideration of the following item of business pursuant to Regulation 4 (2) of the above Regulations on the grounds that it is likely that exempt information may be disclosed as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

9. **Strategic Asset Acquisition**

Councillor Robinson presented the report of the Executive Manager – Operations and Transformation seeking the approval of Council for the acquisition of a strategic asset.

RESOLVED that:

a) that the purchase of the land, as outlined at appendix A of the officer's report be approved.

b) that the Council's Capital Programme be amended in order to complete the acquisition (including the purchase via Council capital receipts).

10. **Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.**

RESOLVED that after the consideration of an item containing exempt information that the public be re-admitted to the meeting.

Mr G O'Connell, the Monitoring Officer who had declared an interest in the following item left the meeting at this point.

11. **Appointment of the Role of the Monitoring Officer**

Councillor Robinson presented the report of the Chief Executive to inform Council of the current situation regarding the office of the Monitoring Officer within Rushcliffe Borough Council. On 8 December 2016, Council had resolved that Mr Glen O'Connell should be designated as the Council's

Monitoring Officer for a period of 6 months and that a further report would subsequently be brought to Council detailing the outcomes of a review with Broxtowe Borough Council and recommending actions to secure the long term appointment of a Monitoring Officer. The report noted that, due to the on-going process within Broxtowe, it had not been possible to formally ascertain whether the previous partnering arrangement could be reinstated. The Chief Executive recommended that as an interim measure, Mr O'Connell should be appointed and designated as the Council's Monitoring Officer for a further period of six months during which steps would be taken to secure the long term appointment of a Monitoring Officer.

Councillor MacInnes noted the Labour group's support for the recommendations and expressed appreciation to how Mr O'Connell had worked with and supported Councillors in their work reviewing the Council's constitution.

RESOLVED that:

a) Mr O'Connell is appointed and designated as the Council's Monitoring Officer for a further period of six months.

b) That a final report be presented by the Chief Executive by December 2017.

12. **To answer questions under Standing Order 11(2)**

Mr O'Connell re-joined the meeting at this point.

a) **Question from Councillor Edwards to Councillor Butler**

"For social housing managed by Metropolitan and Waterloo Housing Associations, have any properties been fitted with external cladding since being built?"

In response, Councillor Butler stated that Waterloo Housing had no properties with cladding, that Metropolitan were still assessing their properties and would provide the Council with a response as soon as possible. He also stated that that, in the meantime, the clear priority had been for both organisations, like all housing providers, to complete their returns to government in relation to high rise properties.

Supplementary Question

Councillor Edwards asked Councillor Butler if there had been any recent fire safety inspections on such social housing.

Councillor Butler stated that the Council's Social Housing providers had fire safety inspections in place and asked Councillors to refer to their briefing note for additional information.

b) **Question from Councillor Jones to Councillor Mason**

"In view of the Cabinet decision to remove the area round the Nottingham Knight and the adjacent stretch of the A52 as an Air Quality Management Area because the level of NO2 had reduced below the concerning 40 but without explanation of the various levels of Particulate Matter, how and where is the Council measuring Particulate levels in that area and across the Borough?"

Councillor Mason responded that the recently revoked AQMA for Nottingham Knight was in respect of Nitrogen Dioxide. Exceedances of the air quality standard for Particulate Matter have not been identified as a problem at this location.

She also stated that historically the Council had monitored for particulates in a number of locations, however based on this information and modelling work, the Council had agreed with DEFRA, documented through its annual reports, that further monitoring was not required. This situation was being kept under review and would be assessed on an annual basis. Additionally, the Council's existing plans to reduce traffic related Nitrogen Dioxide with key Local Transport Plan stakeholders would also help to reduce particulate matter, particularly Particulate Matter 2.5 as well as 10, along with working through the planning process to control any new wood/biomass combustion processes.

Supplementary Question

Councillor Jones stated that on the Rushcliffe Borough Council website there were currently no air quality reports that stated that there had been a measure of this matter. He stated that the particulate matter 2.5 was most clearly associated with public health and asked Councillor Mason if action was being taken to regularly measure this matter.

Councillor Mason responded and stated that most particulate matter whether 10 or 2.5 came from cars however, this particulate matter was currently extremely low and would be reviewed annually.

c) **Question from Councillor Jones to Councillor Butler**

"As this Council will gain a considerable sum of money from any planning approval it gives for the recent outline application for 600 properties stretching through to Musters Road and that there is no provision in all the plans for the total of over 1,500 properties for any community playing field or activity for teenagers will the Council ensure that there is such provision somewhere in the plans for Sharphill?"

Councillor Butler responded by stating that the Council had adopted a supplementary planning framework covering the Melton Road development document which detailed on page 52 that:

"Each development area will be expected to agree with the Council an open space scheme for that development area and implement the scheme in accordance with the agreement. Where appropriate this should include provision of separate play/sports areas for young and older children. Each development area will then procure that the open spaces are maintained in accordance with the provisions of a site wide Management Plan which will be agreed with the Council."

He informed Councillors that the current planning application was an outline and not a detailed planning application so compliance with the adopted development framework in relation to play equipment/leisure facilities would, therefore, be considered when the Council received an application for detailed planning permission.

Supplementary Question

Councillor Jones asked for further reassurance that there would be facilities available for adolescents.

Councillor Butler repeated the quote from the Melton Road development document and stated that provision would be made for older and younger children.

d) **Question from Councillor Chewings to Councillor Robinson**

"When were the emergency action plans for Rushcliffe Borough Council relating to major incidents such as flooding, gas explosions and suspected bomb threats last reviewed?"

Councillor Robinson replied that Rushcliffe Borough Council's Emergency Action Plan was on a three year cycle review and had last been reviewed in April 2015. This meant that the next review date was April 2018. Councillor Robinson informed Councillors that Rushcliffe Borough Council was part of the Nottinghamshire Local Resilience Forum which had plans in place for all major emergencies across the county. These were shared with all blue light services, multi-agency partners, councils and the voluntary service and were on a three year review cycle so different plans were being reviewed all the time. In addition the Local Resilience Forum undertook emergency planning exercises several times a year which Rushcliffe Borough Council officers attended. Councillor Robinson informed Councillors that all plans were available to authorised personnel via Resilience Direct, a central website which could be accessed by all multi-agency parties at any time and from any location. He also said that the Corporate Governance group oversaw emergency planning work and received regular updates on this subject.

Supplementary Question

Councillor Chewings asked Councillor Robinson whether Rushcliffe Borough Council staff were fully trained in the event of emergency accommodation being required and whether there were enough blankets, drinks, toiletries to meet the basic needs of residents in the short term.

Councillor Robinson responded by stating that it would depend on the number of residents who would require emergency help from the Council. He reassured Councillors that the Council had the facilities and trained staff to help residents in an emergency disaster. These plans were reviewed all the time and that Corporate Governance Group would be scrutinising them in the future.

e) **Question from Councillor Plant to Councillor Edyvean**

"Would the Portfolio Holder for Economic and Business agree with me that the disappointing income and usage figures of paid council car parks, for example, West Bridgford car parks, reported at the last Performance Management Board meeting are a cause for concern, and that as such must be closely monitored and the reasons scrutinised in order to ensure that visitors and residents alike find it economically viable to use the car parks instead of parking on-street and adding to the already highly congested streets around central West Bridgford?"

Councillor Edyvean first informed Councillors that the information provided to the Performance Management Board was from 2016/2017 and did not reflect the recent new charges that were introduced in March 2017. These revised charges aimed to encourage both short stay parking as well as to encourage visitors to stay longer to enjoy the shops, parks and restaurants. Councillor Edyvean stated that it was too early to know the full impact of the new charges but that early indications were promising. He stated that the Council would continue to closely monitor the intended positive impact of these changes both in terms of usage and income, and that this information would be managed through the Council's performance management framework and be scrutinised in the normal way through the Performance Management Board.

Supplementary Question

Councillor Plant asked if Councillor Edyvean believed that the recent price rises in the West Bridgford car parks were linked to the decrease in usage and revenue generated by the West Bridgford car parks and if so, what action was being considered in order to address this?

Councillor Edyvean repeated that the figures from the final quarter of 2016/17 did not reflect the new charges that have been implemented and that he was of the belief that the new charges would increase the usage of, and revenue generated by, the West Bridgford car parks.

f) **Question from Councillor S Mallender to Councillor Robinson**

"In view of the recent events in London, will representations be made to Government to end the current lottery of pick and mix (private and public) building control and bring back all building control powers back to the Borough?"

Councillor Robinson responded by stating that building regulations are generic and should be applied in a uniform way no matter whether the public or private sector are contracted to approve and inspect the work. He also stated that in relation to the recent disaster we should wait until the outcome of the recently announced government investigations before jumping to any conclusions about how building control functions are undertaken by the public or private sector.

Supplementary Question

Councillor S Mallender made Councillors aware that some planning conditions had been lacking when building control had been awarded to the private sector. She then asked Councillor Robinson if he believed that we should bring all building control back into the public sector.

Councillor Robinson disagreed and stated that it should not be brought back into the public realm. He reassured Councillors that officers will be making sure that conditions are reviewed and carried out to the correct standards.

g) **Question from Councillor S Mallender to Councillor Butler**

"In view of the disaster of Grenville Tower and what it reveals about the state of social rented housing, is the Council planning to establish its capacity to build more social housing and in practice when will this be likely to deliver dwellings in the Borough?"

Councillor Butler stated that through partnership working with developers and Housing Associations it was projected that, even without Council action, 800 affordable housing units would be delivered during the period 2017/18 – 2021/22. This would consist of a mix of social (target rent), affordable rent (80% market rent) and intermediate housing (shared ownership) in accordance with the Local Plan. In addition, the Council had a capital programme of £1.6m to support the delivery of affordable housing up to 2020/21, including the provision of rural affordable housing to meet local housing needs.

Supplementary Question

Councillor S Mallender asked for reassurances that housing types in higher demand such as bungalows for elderly people would be provided.

Councillor Butler stated that through the planning process thought goes into the type of housing which is needed within the Borough. He stated that the Council worked with the developers to make sure that there was an appropriate mix of social housing and housing types.

The meeting closed at 9.05 pm.

MAYOR

Rushcliffe Borough Council	**Council** **21 September 2017** **Approval of the Statement of Accounts 2016/17**	**7**

Report of the Executive Manager – Finance and Corporate Services

1. Summary

1.1 The 2016/17 Statement of Accounts (**Appendix A**) was scheduled for consideration, along with the External Auditor's (KPMG) Annual Report, by the Corporate Governance Group at its meeting on 13 September 2017, where it was recommended that the Corporate Governance Group supported the Statement of Accounts and referred them to Full Council for approval.

1.2 This report requires the Council to approve the Statement of Accounts for 2016/17 and the Management Representation Letter.

2 Recommendation

It is RECOMMENDED that the Council approve:

a) The Statement of Accounts for 2016/17 (**Appendix A**); and

b) The 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. This includes the Council's Annual Governance Statement which, in line with best practice, has been agreed with the Leader and Chief Executive.

4.3 The closure of accounts process is complex but, pleasingly, no significant issues have arisen from the audit this year.

4.4 **Appendix B** details the management representation letter that was considered by the Corporate Governance Group alongside the Statement of Accounts and the auditors Annual Report. This letter confirms for the auditors that the Council 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 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:	Corporate Governance Group Agenda, 13 September 2017
List of appendices (if any):	Appendix A – Statement of Accounts 2016/17 Appendix B – Draft Management Representation Letter

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

Statement of Accounts

For year ended 31 March 2017

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.

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

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:

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

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.

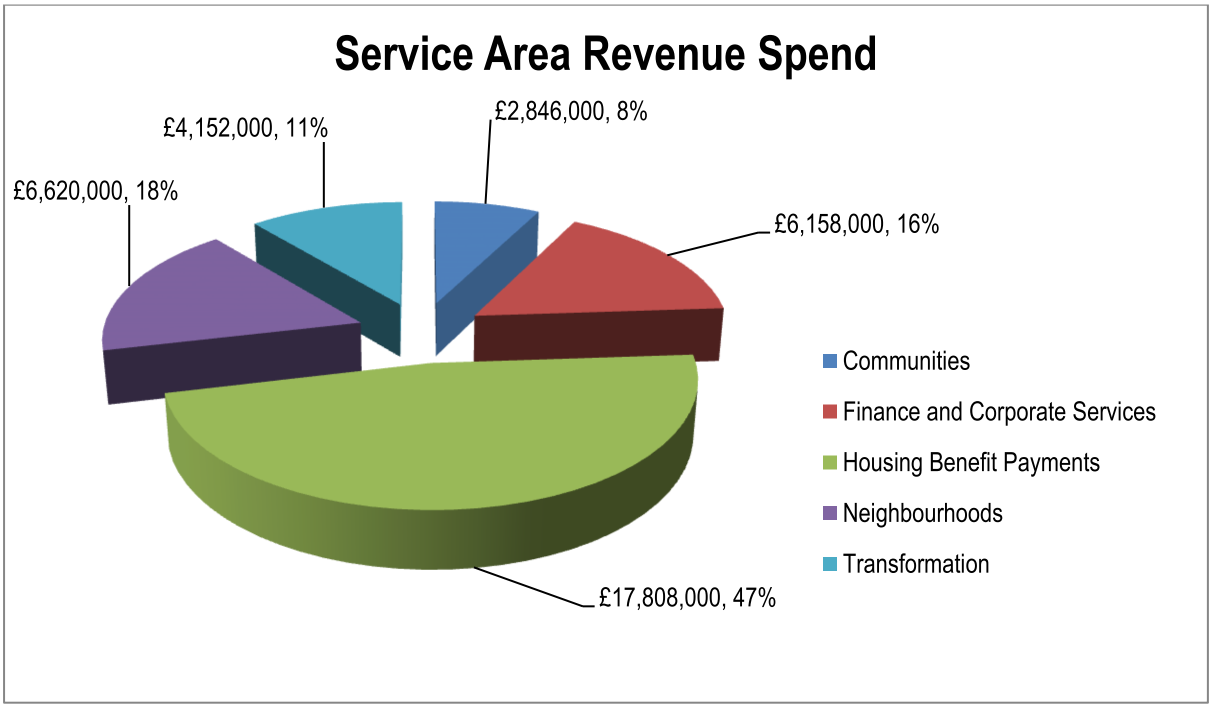
4. Revenue Expenditure and Income

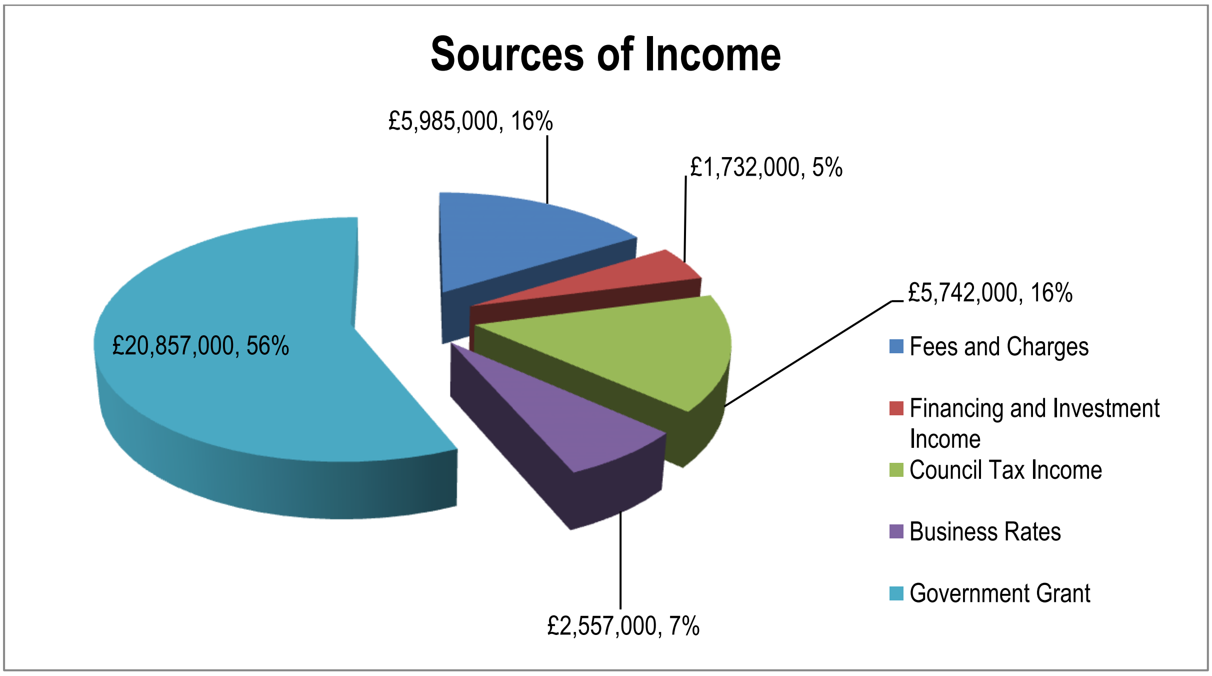
The Council receives and spends money from various sources. The income comes primarily from central government, local residents in the form of Council Tax, and local businesses (as Business Rates). Each year the Council spends its money on key services, delivered in accordance with our local priorities 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.

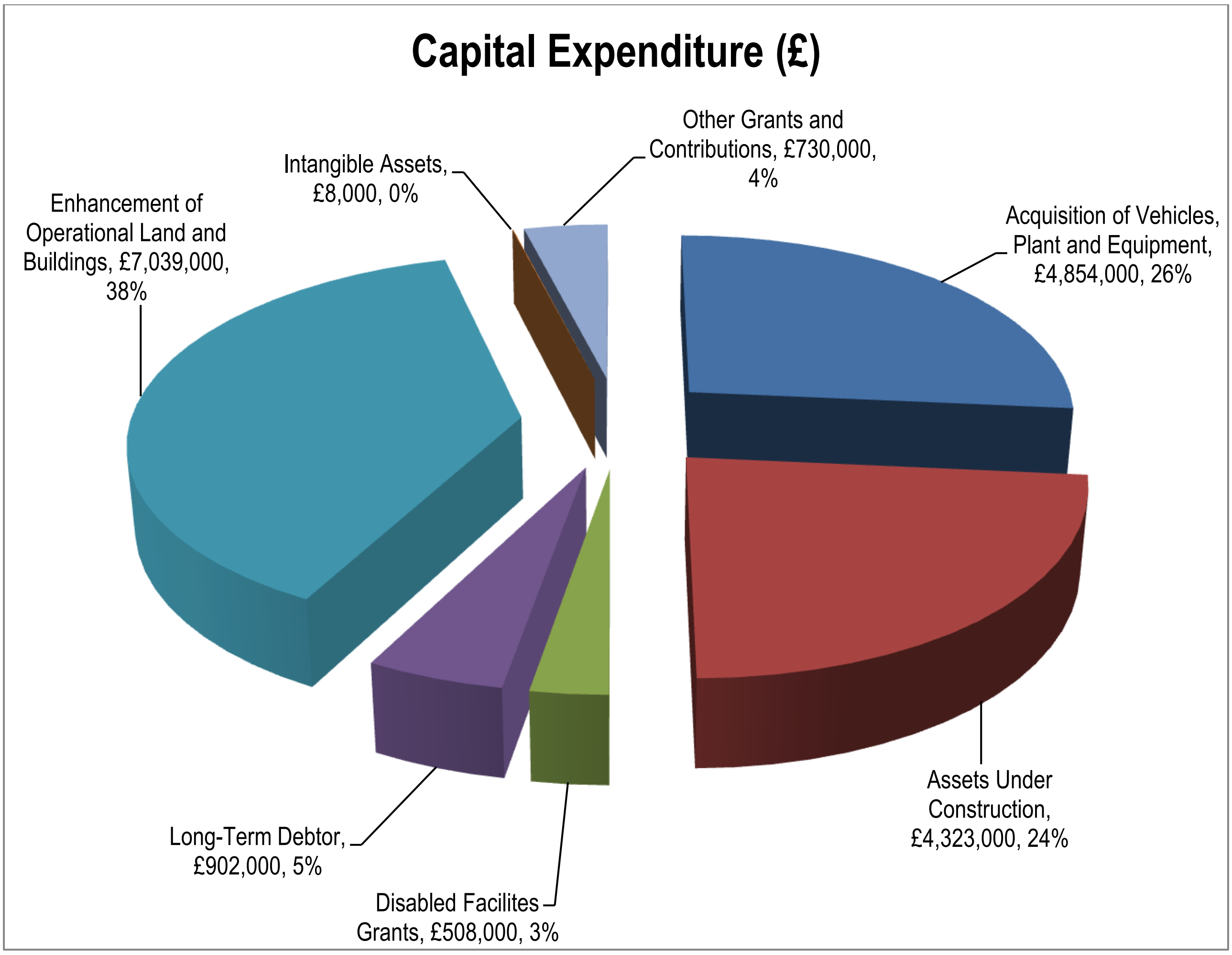
Assets under Construction account for just under 25% of capital expenditure in the year at £4.323m. £2.058m was on renovation and conservation works at Bridgford Hall. The scheme was very near completion in 2016/17 with formal opening due to take place early in June 2017. The regeneration of Cotgrave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

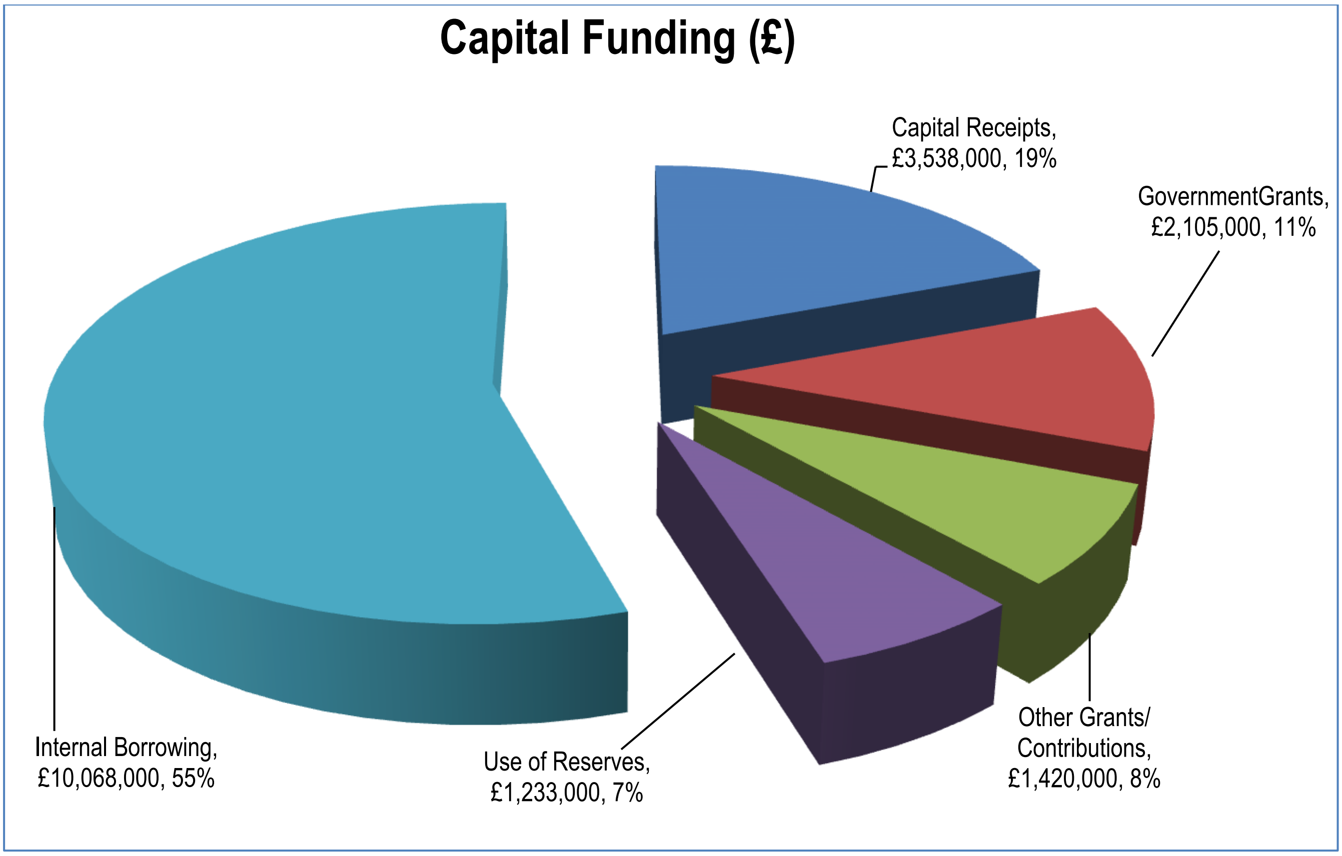
The following chart shows the Capital expenditure for 2016/17:



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:

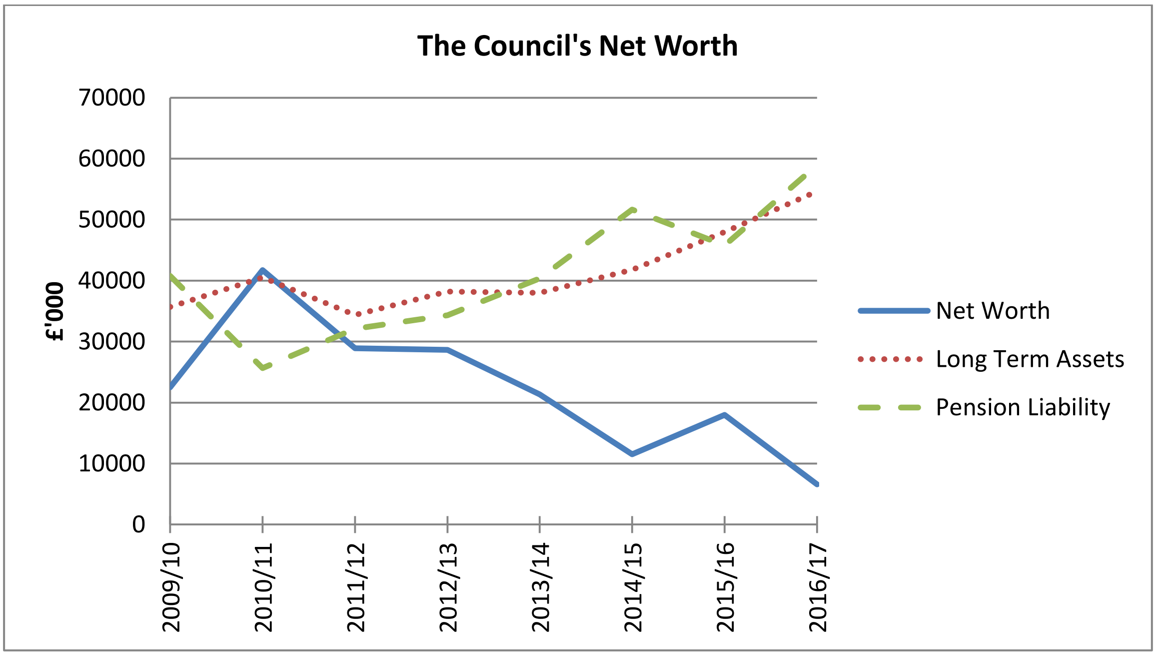
- **Expenditure and Funding Analysis (page 2) -** this statement was introduced in 2016/17 to shows which service areas the statutory adjustments (for capital and pension and collection fund purposes) have originally been charged against, and reconciles the Surplus/Deficit on the Provision of Services 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 Contributions		0	1,238	**1,238**
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.

Rushcliffe Borough Council	**Council** **21 September 2017** **Asset Investment Strategy Update**	**8**

Report of the Executive Manager – Finance and Corporate Services

1. Summary

1.1. Cabinet resolved on 17 July 2015 to establish a £10m investment fund to support an adopted Asset Investment Strategy with a further £0.5m potentially to be used, that was originally intended for Funding Circle loans (approved by Council, March 2016).

1.2. The Asset Investment Strategy is intended to help support the transition from financial dependency on Government grants to increasing sustained and programmed revenue income from investments. It also provides a framework in relation to investment limits, types of investments and assessment processes. The Strategy is also written to facilitate a mixed utilisation of the fund to maximise both economic and social benefits, whilst also enabling future growth across the Borough and mitigating investment risk.

1.3. Since its introduction, a total of £5.2m has been earmarked to support future revenue income. There remains £5.3m available for allocation. It is likely this will need to be increased to £20m to enable the Council to balance its budget in future years assuming a rate of return of around 5%. To give the Council the financial capacity and headroom to make investments it is recommended that in the short term the AIS balance of £5.3m is increased to £10.3m (the overall fund being £15.5m, with £5.2m already committed).

1.4. The Strategy provides a framework for dealing with the issue of risks and balancing these against benefits and the governance arrangements necessary to ensure decisions are taken in the best interest of taxpayers. Since its introduction, there have been a number of property and land investment opportunities evaluated and pursued, but on each occasion the Council has found itself in a position where it has been unable to compete against investors with a greater risk appetite or different development models.

1.5. The previous report in January focused on considerations required to ensure the Council has the access to the required capacity, expertise and advice to maximise opportunities, minimise risk and maintain a balanced portfolio.

1.6. The report that was approved by Cabinet on 11 July 2017 highlights a change in the Strategy with an intention to explore investment outside of the Borough. This is necessary to give rise to more opportunities, to invest and access better rates of return appropriate to the risk of the investment.

2. Recommendation

It is RECOMMENDED that Council:

a) notes the revised Asset Investment Strategy;

b) approves that an Asset Investment Committee (as described at paragraph 5.2 of Appendix 1), replaces the Asset Investment Strategy Group;

c) approves the principle of investing beyond the Borough Council boundaries for a commercial return and the revised Asset Investment Strategy;

d) approves that a further £5m be allocated to the Capital Programme, increasing the Asset Investment Strategy fund to £15.5m.

3. Reason for Recommendation

3.1. To accord with good financial governance and the Council's Medium Term Financial Strategy.

4. Supporting Information

4.1 **Appendix 1** details the current Asset Investment Strategy and highlights the following key issues:

- how the Strategy links to the Corporate Strategy and the Medium Term Financial Strategy
- the main risks and benefits associated with different investment decisions
- by balancing risk and reward this lends decision making towards both different outcomes and financial limits for different asset classes and the options are depicted within **Appendix 1**
- the Strategy details the robust governance arrangements that need to be in place
- the main risks associated with capital investment.

4.2 Other Councils are investing beyond their own geographical boundaries as they look to maximise commercial returns, with a lower emphasis on a social return for the local community. In looking at solely investing in Rushcliffe opportunities are restricted. Accordingly, a change to the Asset Investment Strategy is proposed (see Appendix 1, paragraph 4.3) with an explicit change in direction when it comes to investing in property to look at properties beyond the Borough. Furthermore, the Asset Investment Strategy Group is replaced by the Asset Investment Committee (Appendix 1, paragraph 5.2) to enable efficient, effective and accountable decisions on commercial property investments to be made.

4.3 Given the volatility of the property market, both downside risk and opportunities are in a permanent state of flux. As such the decision making criteria acts as a guide and at any given time the judgement as to what is a good investment can change. Issues to consider include:

- location, preferably the East Midlands, but also nationally
- how secure and reliable are any existing tenants?
- the condition of the property purchased

- a target return of 6% on average (not restricted as a minimum or maximum amount) - with higher returns generally comes more risk
- retail currently is a struggling sector, a preferred sector is warehousing/industrial where there is currently a lack of supply
- even so opportunities will be considered on their own merits, including the retail sector, particularly as the Council has no such investments in its portfolio
- the number of and balance of investments – say 2-4 for the £5.3m of the Asset Fund remaining, to be assessed against the balance of the Council's overall property portfolio. Opportunities may arise which go beyond both the number of investments and existing value of the AIS fund hence the suggestion that when the Capital Programme is amended as part of the MTFS this year the value of the fund is increased to £20m (see section 4 in the Appendix). To give the Council sufficient headroom to make investments and generate sufficient income to help bridge the budget gap before the MTFS is approved in March 2018 it is recommended the overall fund is increased by a further £5m (in total £15.5m with a balance of £10.3m remaining.

4.4 There is a new section added in the Asset Investment Strategy covering Financial Strategy (section 4). This raises a number of points which one could term 'golden rules':

- the necessity to raise the Asset Investment Strategy limit to £20m (from 2018/19) to be considered with the MTFS by Full Council (March 2018);
- that the cost of borrowing often prohibits a business case for projects to continue and therefore more consideration will be given to at least part funding acquisitions through existing capital resources;
- that borrowing is limited to the Authorised Limit as stated in the Treasury Management Strategy (currently at £25m); and
- rates of return should range from 5-7%.

4.5 When considering acquisitions, we will follow the principles stated in the Council's Acquisitions and Disposals Policy. Consideration will also be given to looking at joint investments with other councils (sharing both risks and rewards).

4.6 The impact on the Council's capital and treasury prudential indicators are identified at Appendix 2. As individual property investments are made the impact on treasury indicators will be reported to the Corporate Governance Group.

5. Other Options Considered

5.1. The Asset Investment Strategy was adopted following the decision to allocate £10.5m million as part of the 2016/17 capital programme. The budget process is iterative and as such requires on-going comprehensive options appraisal of the suitability of the levels made available for investment, borrowing parameters and future capital funding.

6. Risk and Uncertainties

6.1. The risks are highlighted in Appendix 1 (section 6).

7. Implications

7.1. Finance

7.1.1. These are contained within both the report and the supporting Appendices. Each decision taken in terms of asset investment will have its own financial implication and will be subject to a separate business case appraisal. The revised Capital Programme impact for 2017/18 (excluding carry forward amounts) is as follows:

	2017/18 Original Estimate	2017/18 Revised Estimate
	£000	**£000**
Transformation	8,860	10,660
Neighbourhoods	755	755
Communities	243	243
Finance and Corporate Services	5,270	10,270
Total	**15,128**	**21,928**
FUNDED BY		
Usable Capital Receipts	(2,372)	(4,172)
Disabled Facilities Grants	(292)	(292)
Use of Reserves	(3,154)	(3,154)
Grants and Contributions	(3,950)	(3,950)
Section 106 Monies	(400)	(400)
Internal Borrowing	(4,960)	(9,960)
Total	**(15,128)**	**(21,928)**
Capital Resources at start of year*	8,686	15,686
Additions	14,351	7,351
Used (-)	(10,168)	(11,968)
Capital Resources at end of year	**12,869**	**11,069**

7.2. Legal

Section 120 Local Government Act 1972 – empowers a District Council to acquire land for the purpose of any of the Council's functions or for the benefit, improvement or development of their area by agreement inside or outside its area. No ministerial consent is required.
Section 1 Localism Act 2011 – allows councils to do anything that an individual generally may do. This includes the power to do it anywhere in the UK or elsewhere, for a commercial purpose, and for the benefit of the authority, its area, or persons resident or present in the area.
Section 1 and 2 Local Government Act 2003 – gives the Council the power, within borrowing controls, to borrow and invest money for any purpose relevant to its functions.

The above powers must be exercised rationally and the revised strategy will support robust investment decisions.

7.3. **Corporate Priorities**

Securing a balanced budget is critical to the delivery of the Medium Term Financial Strategy, maximising the income opportunities and delivering the Council's future 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:	Council Budget Report; Asset Investment Strategy Reports, January 2017 and July 2017
List of appendices (if any):	Appendix 1 – Asset Investment Strategy 2017-2022 Appendix 2 – Updated Treasury Prudential Indicators

Appendix 1

Rushcliffe Borough Council – Asset Investment Strategy 2017-2022

1. Background

1.1 Asset investment contributes towards the aims of the medium term financial strategy and the following strategic goals, contained with the Council's Corporate Strategy 2016-2020:

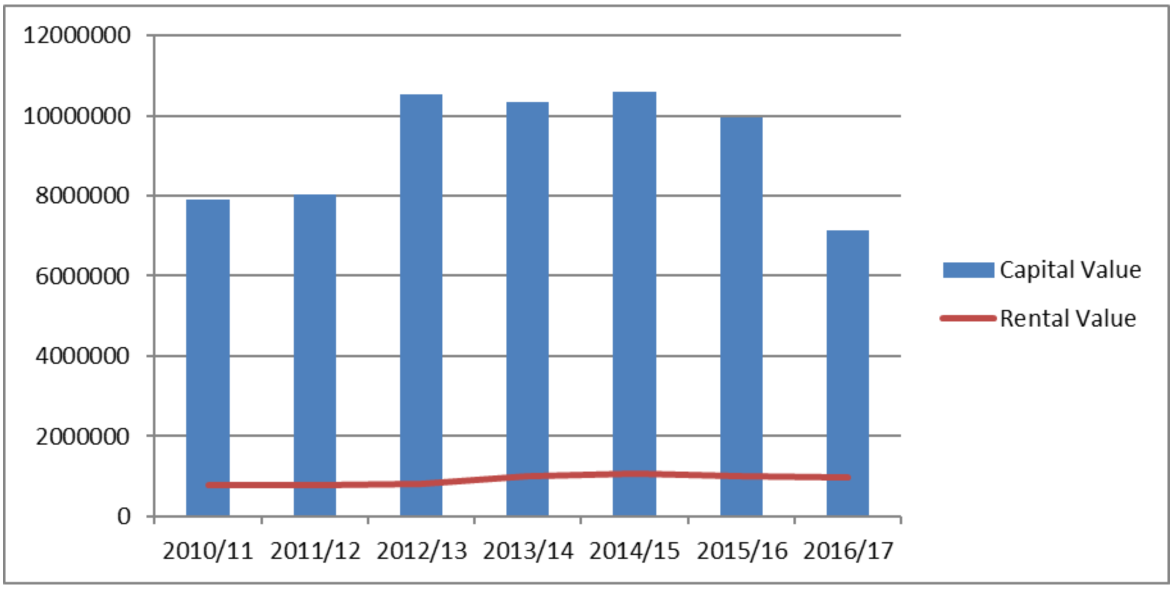
(a) Supporting economic growth to ensure a sustainable, prosperous and thriving local economy
(b) Maintaining and enhancing our residents' quality of life
(c) Transforming the Council to enable the delivery of efficient, high quality services.

1.2 The Council's Medium Term Financial Strategy included within the Capital programme up to £10.5m over the 5 year Strategy, to be invested in assets. This Strategy covers the rationale for such investments and the necessary governance arrangements. The expectation is that such investments will contribute positively towards balancing the medium term financial strategy, stimulate business growth and provide a range of economic and social benefits to the Borough.

1.3 Furthermore since the recession in 2008 and the drop in interest rates there has been further pressure on the Council's revenue budget. Whilst investment in property does present risks there are also potentially higher returns. This Strategy adds flexibility to enable the Council to maximise its investment returns through a 'mixed basket' approach.

2. Potential areas of activity and associated risks and benefits

2.1 The Council has a recent history of investing in assets the most recent example being The Point. The graph below shows the additional value to the investment portfolio. Investment income has also been increasing from £769k to £1.1m over 5 years.



2.2 Examples of activity where the Council could invest are depicted in the table below, along with their respective risks and benefits, however this is not an exhaustive list and should be reviewed through investment opportunity and experience.

Category	Basis of investment	Risks	Benefits
Industrial units e.g. Hollygate Lane £2.95m	Industrial Units are provided to enable local SME businesses to operate in a positive environment. Businesses can provide positive financial returns and contribute to the development of a vibrant local business community. This meets a gap in the market as the private sector will not build speculatively and the Council may access funding to do so.	1. Bad debt. 2. Business failure. 3. Changing nature of provision making units unsuitable for future needs.	1. Unit rental income exceeding financing and operating costs. 2. Low turnover and high occupancy leading to income certainty. 3. Potential external funding via Growth Deal and SUDs 4. Enhanced number of successful business start-ups and SMEs.
Offices/Leisure e.g. The Point and Bridgford Hall £6.02m	The provision of office accommodation enables local SME businesses to operate in a positive environment that supports them as they develop and grow and provides a mechanism to attract other new or established businesses into Rushcliffe. The Point and RTec demonstrate that there are opportunities for the provision of a range of office accommodation suiting the needs of different businesses who	1. Bad debt. 2. Business failure. 3. Failure to let dependent on market	1. Unit rental income exceeding financing and operating costs. 2. Long term returns linked to occupancy. 3. Enhanced number of successful business start-ups and SMEs. 4. Development of Rushcliffe as an alternate business hub for Nottingham.

Category	Basis of investment	Risks	Benefits
	wish to locate outside of Nottingham. Also the Council can provide more flexibility in its arrangements (for example short term leases) than commercial providers		5. Long term leases
Incubator Units	Incubator Units are provided to enable new and small businesses to operate in a positive environment that supports them as they develop and grow. Due to the nature of such businesses incubator units are unlikely to provide significant financial returns but instead over time contribute to the development of a vibrant local business community.	1. Bad debt. 2. Business failure. 3. High turnover leading to low rental yield and high refit costs. 4. Short term leases/licences	1. Unit rental income exceeding financing and operating costs. 2. Enhanced number of successful business start-ups. 3. Potential external funding via Growth Deal and SUDs 4. Businesses retained in Borough feeding into larger units. 5. Enhanced employment opportunities.
Commercial Loans allocation;, e.g. NCCC £3.27m of loans	By providing funding for local businesses the Council will help to develop and maintain the local economy maintaining and enhancing employment choices for residents.	1. Bad Debt, risk heightened where Council is sole / major funder or lender of last resort. 2. Repayments below Council borrowing costs – mitigated through fixing borrowing and lending rates at beginning of loan.	1. Positive cashflow generated that repayments set above borrowing costs incurred by the Council. 2. Businesses retained in Borough. 3. Increased visitor numbers and spend (NCCC loans).

Category	Basis of investment	Risks	Benefits
		3. Investment maintaining poor quality service providers.	4. Enhanced employment opportunities.
Residential Property e.g. Park Cottage £0.22m	Intervention in the housing market could provide an opportunity to unblock developments, deliver affordable housing or enable the council to diversify its income streams through the direct or indirect letting of property on a commercial basis.	1. Bad debt. 2. Legislative change impacting on ability to operate in market. 3. Requirement to engage development partner 4. Right to buy. 5. Downturn in housing market.	1. Good capital and revenue returns on right developments. 2. Maximising value of land holdings. 3. Helping to address local housing needs.
Retail Units e.g. The Kiosk £0.07m	A balanced retail offer has clear community benefits including the potential to help drive regeneration. Purchasing or developing retail units could be a route to influencing the mix of shops in major centres of the Borough and be a way of helping to sustain local independent retailers.	1. High risks of business failure for new and smaller retailers. 2. Lack of potential tenants 3. Changing nature of provision making units unsuitable for future needs.	1. Unit rental costs exceeding financing and operating costs. 2. Enhanced retail offer in key centres. 3. Enhanced number of successful business start-ups and SMEs.
Development Land (various plots £0.89m)	The Council could purchase and improve sites prior to their disposal to other developers. This would provide some financial returns and may provide a mechanism through which the needs of more challenging sites could be met. Alternately desirable sites could be purchased and held until	1. Uncertainty of future receipts 2. Reliance on medium term market conditions. 3. Identification of suitable development partners. 4. Identifying an alternative site.	1. Difficult sites released. 2. Medium to long term capital receipts. 3. Potentially high capital receipts for low holding costs.

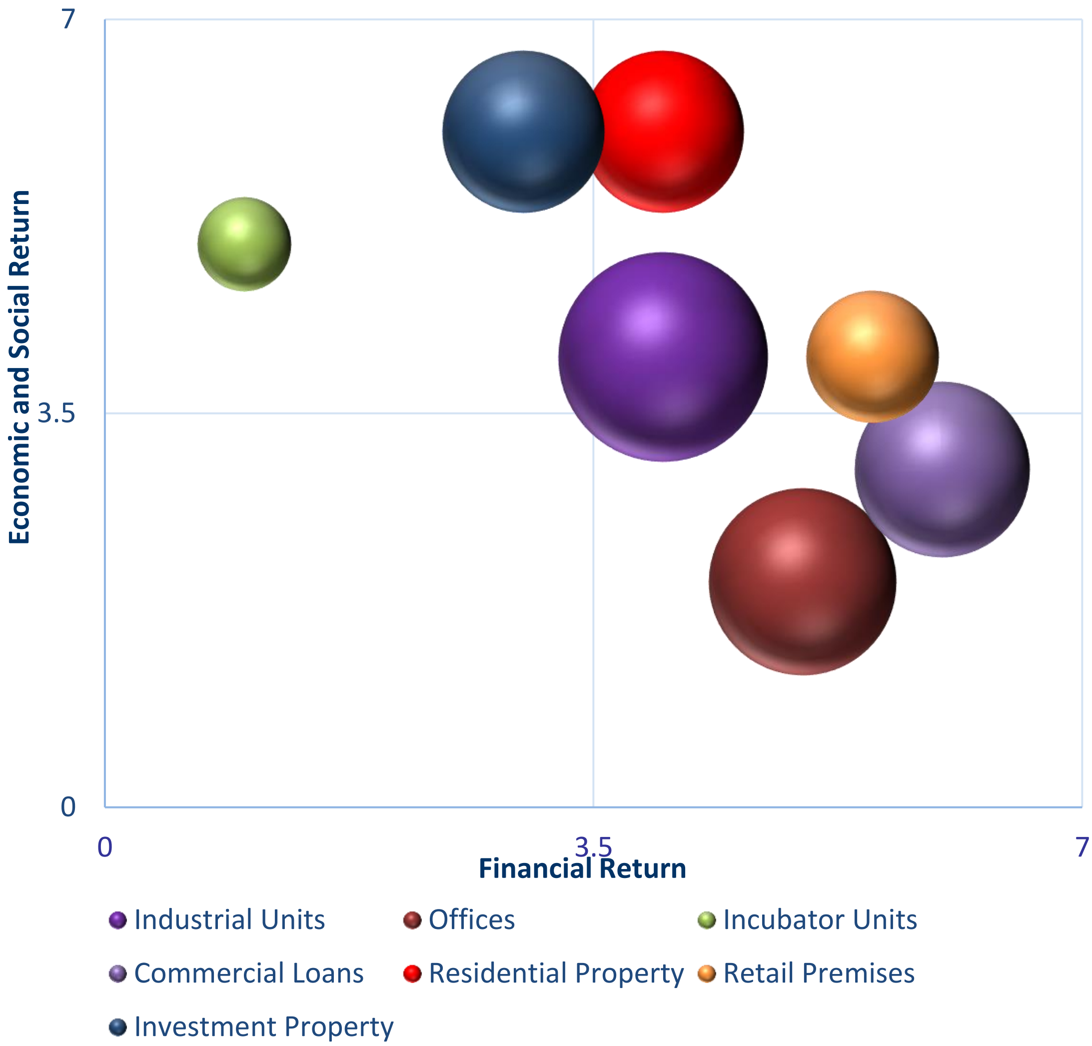
Category	Basis of investment	Risks	Benefits
	market requirements change.		
Other Investments – the Strategy will not be a bar to developing other commercial opportunities that would bring a financial and social value to the borough.			

3. Balancing Risk and Reward

3.1 Different investments will bring a different range of risks and types of return. There are potentially economic and social returns as well as pure financial returns. Most asset investment decisions will bring in a range of returns and dependent on their risks, this will dictate the prospective levels of investment.

3.2 The other ways in which risks will be managed will be by a rigorous and independent appraisal process to ensure there is appropriate diversification, a balanced portfolio and appropriate clarity of objectives. There therefore is an expectation that there will be a spread of investments.

3.3 The diagram below depicts potentially how the different classification of investments sits in a spectrum. So for example incubator units give a lower level of financial return, but a perceived higher level of social and economic return. These will matched against the objectives of the growth objectives of the Borough. Each project will be measured on its own merits and as such may sit beyond the parameters shown in the diagram.



3.4 Below details the types of investment we undertake and the Council's current exposure.

Category	**Economic Benefit**	**Financial Benefit**	**Current Investments**
Industrial Units	Medium	Medium	£2.95m
Offices/Leisure	Low	High	£6.02m
Incubator Units	High	Low	0
Commercial Loans	Medium	High	£3.274m
Residential	High	Medium	£0.22m
Retail	Medium	High	£0.07m
Development Land	High	Medium	£0.89m
Total			**£13.424m**

3.5 The Capital Programme currently allows £10m for asset investment and £0.5m allotted to Funding Circle for business loans. Section 4 details the rationale for increasing the AIS fund to £20m.

3.6 Going forward it is anticipated opportunities will be identified from a number of sources such as:

- Market intelligence, including working with agents and all officers and members being aware of the intention of the Council to invest;
- Constantly revisiting the current asset base;
- Direct approaches with regards to either loans or property; and
- Commission business cases - dependent on strategic need identified and sanctioned by members of the Executive Management team, the Strategic Growth Board or formally by Cabinet.

4. Financial Strategy

4.1 The current financial position of the Council requires the bridging of at least a £1m financial gap. In terms of returns on investment the Council should be looking at 5% to 7%. An average return would be considered to be 6%, albeit the decision in taking investments also looks at other factors such as socio-economic benefits. In simple terms based on a 5% return £20m of investment is required. In calculating rates of return over the life span of an investment often rates of return rise as rental income increases over time (they can also reduce dependent on economic conditions).

4.2 Due to the relative low rates of investment in comparison with the cost of borrowing (and the likelihood that interest rates are not likely to rise significantly in the medium term); where possible the Council will look to utilise its own resources (for example internal borrowing via reducing cash balances, earmarked reserves such as New Homes Bonus and external grant funding). For example, if we assumed total borrowing to fund an acquisition we can assume 2% interest on the cost of borrowing and 2% Minimum Revenue Provision (MRP is a cost to the budget for the repayment of principal on borrowing) with a return of 7% on the investment the net return would be 3%.

4.3 The level of borrowing to the value of assets held is known as 'gearing', with the difference between the value and debt being the 'equity' held. Funds tend to be geared to improve the commercial revenue return. For example:

	'A' 50% Gearing		**'B' 67% Gearing**	
Value of assets / revenue return at 7%	£20m	£1.40m	£30m	£2.10m
Amount borrowed / cost @ 4%	£10m	£0.40m	£20m	£0.80m
Net value (equity) / net income	£10m	£1.00m (10.0%)	£10m	£1.30m (13.0%)

Gearing also amplifies the effect of capital returns. In the case of portfolio 'A' for a capital return of 7% there would be an increase in equity of £1m, whereas

‘B’ would have an increase of £1.3m. This is commonly referred to as ‘Loan to Value’ (LTV), for example banks tend not to lend in excess of 60% to 70% of value. This emphasises the importance of getting a balance between borrowing and the use of our own resources. Such ratios need to be monitored particularly when looking at the timing of the disposal of assets in the future.

4.4 The deferral of borrowing is continually under review due to the risks surrounding financial markets linked to issues such as BREXIT and national political uncertainty. Furthermore we have to consider any other demands on the capital programme and the financing of these.

4.5 The Council currently has a Treasury Management Strategy which is approved annually at Full Council as part of the budget setting process. Within the Strategy is the ‘Authorised Limit’ for borrowing which can change from year to year. Currently this is £25m and any borrowing is therefore restricted to this level unless further approval is granted by Full Council.

4.6 It is likely as part of the budget process this year the Capital Programme will be re-aligned to take account of the increase in the Asset Investment Strategy fund to £20m.

5. Business Case Approval and Governance

5.1 Any Business case in terms of the financial case will assume Public Works Loan Board (PWLB) borrowing and the costs of this to be assimilated within the business case itself, assuming borrowing applies. If internal resources are utilised the cost of lost interest will be applied (i.e. the interest that would otherwise have been earned on cash investments). The appraisal should follow a similar format to that specified by the Council’s Financial Regulations which currently applies to Capital schemes. This includes:

- How the project contributes to the Council’s aims and objectives;
- Anticipated outcomes; and
- Capital and revenue costs, including the impact of funding.

5.2 The Governance process is detailed at Appendix A. It is proposed what was the AIS Group becomes the AIS Committee. This is to enable efficient, effective and accountable decisions to expedite commercial property investments. Any decisions made will require the minimum of 2 officers and 2 members from the following to approve the decision:

Officers	**Members**
Chief Executive	Leader
Section 151 Officer	Portfolio holder – Finance
Deputy Chief Executive	Portfolio holder - Economic and Business Growth

5.3 The 2016/17-2021/22 Capital Programme has been approved with access to £10.5m, £5.2m is already committed. As mentioned above this is likely to increase to £20m. The Strategy strikes a balance so that ‘fleet of foot’ decisions can be taken with regards to committing the AIS to various projects (via a business appraisal process); and that there is necessary accountability through either individual Cabinet reports on the project or retrospective Cabinet (and if necessary Full Council) endorsement via the normal budget monitoring process. The Council’s standard governance processes prevail. The reporting to both Cabinet and the Corporate Governance Group, and ultimately changes to the Capital programme to Full Council, ensures there are checks and balances in the decision making process.

6. Risk Management

6.1 As discussed at Section 2.2 there are a number of risks associated with capital investment. In broad terms the main risks are as follows:

- Capital and rental values can fall as well as rise;
- Tenants can default;
- Financing costs can rise (and fall);
- The Council’s position on reserves needs to be monitored, so they are adequate to manage any potential downturn in the property market or other adverse financial risks.
- The business appraisal process should ensure the risk of inappropriate projects being supported are minimised, and the project meets council corporate objectives; and
- A poor investment decision could lead to an increase in overheads and impact on the Council’s reputation.

6.2 Risks will be balanced by portfolio diversification and balancing the security of property investments against financial return.

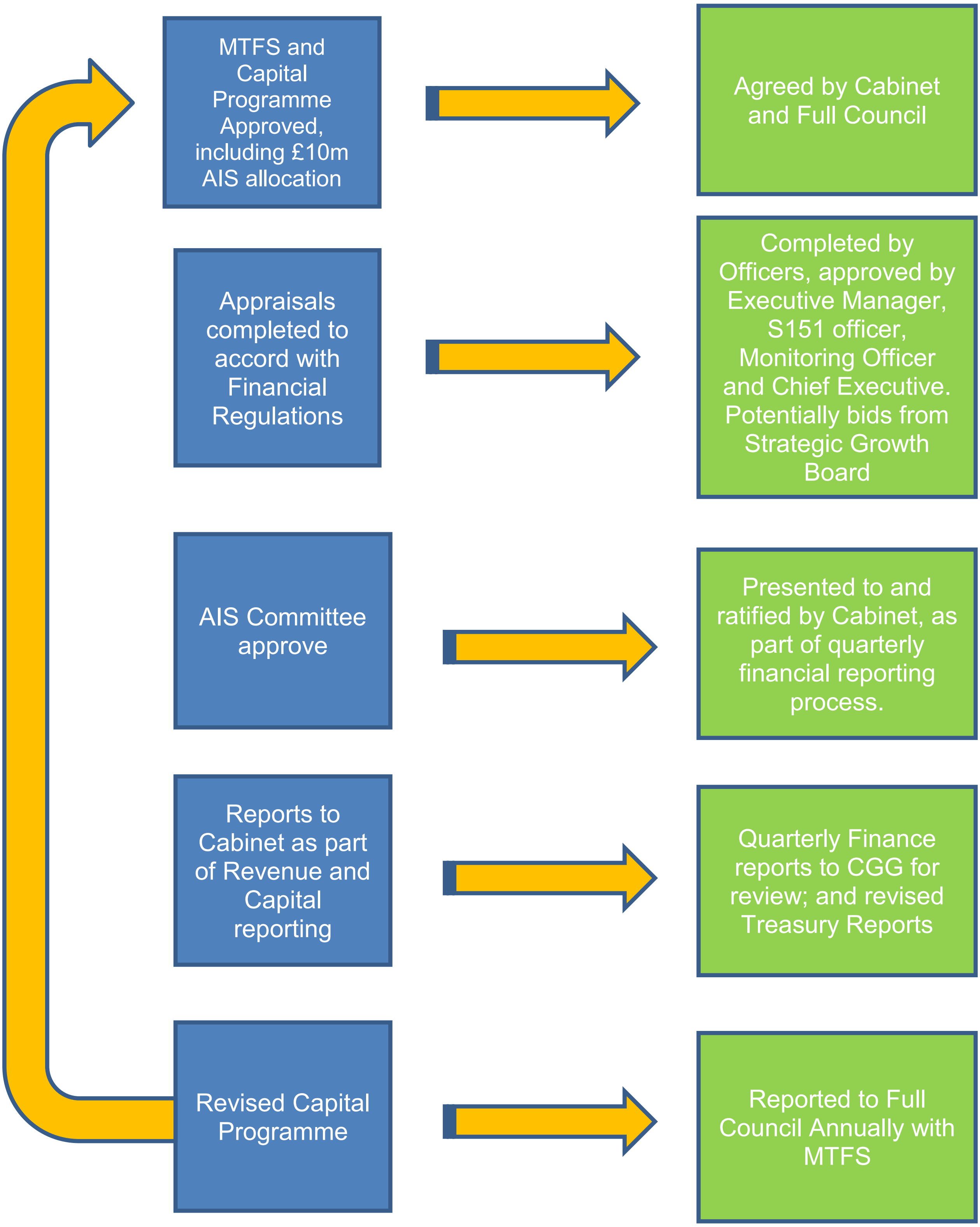
7. Conclusion

7.1 The strategy details the criteria required for future asset investment and the necessary supporting governance arrangements. Taking the correct property procurement decisions will help grow the Borough and ensure Corporate Objectives are met. It forms an important strand of the Council’s Transformation agenda and enables a balanced budget to accord with the Council’s Medium Term Financial Strategy.

Appendix A [to the Asset Investment Strategy]

<u>Governance Arrangements for Asset Investment Strategy (AIS)</u>

Decision | Officers/Members involved



Appendix 2

Updated 2017/18 Treasury Strategy Prudential Indicators

1. Below summarises the impact of the £5m increase in the AIS balance on the key prudential indicators for both capital and treasury. In each instance below the approved prudential indicator are shown followed by revised figures as a result of the £5m commitment. The table number references are those in the original TM Strategy.

Capital Expenditure Estimates

1. Capital expenditure can be financed immediately through the application of capital resources, for example, capital receipts, capital grants or revenue resources. However, if these resources are insufficient or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need. Table 1 summarises the capital expenditure projections and anticipated financing, the original estimate has increased by £6.8m as a result of the Bingham strategic acquisition of £1.8m and the proposed increase to the AIS of £5m.

Table1: Projected Capital Expenditure

£'000	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Capital Expenditure	15,128	6,532	2,041	1,796	1,153
Financed by:					
Capital Receipts	2,372	4,170	1,449	1,365	811
Capital Grants/ Contributions	4,642	292	542	381	292
Reserves	3,154	270	50	50	50
Net Financing Need for the Year (Internal Borrowing)	**4,960**	**1,800**	**0**	**0**	**0**
Total	**15,128**	**6,532**	**2,041**	**1,796**	**1,153**

Table1: Revised Projected Capital Expenditure

£'000	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Capital Expenditure	21,928	6,532	2,041	1,796	1,153
Financed by:					
Capital Receipts	4,172	4,170	1,449	1,365	811
Capital Grants/ Contributions	4,642	292	542	381	292
Reserves	3,154	270	50	50	50
Net Financing Need for the Year (Internal Borrowing)	**9,960**	**1,800**	**0**	**0**	**0**
Total	**21,928**	**6,532**	**2,041**	**1,796**	**1,153**

The Council's Borrowing Need (the Capital Financing Requirement)

2. The Capital Financing Requirement (CFR) represents the Council's underlying need to borrow for capital expenditure which has not yet been paid for by either revenue or capital resources. The capital expenditure above which has not been financed will increase the CFR from a negative to a positive position (i.e. the use of internal borrowing, which reduces our investment balance). MRP is as a result of borrowing in relation to the Arena development, this has not been amended for the internal borrowing for the AIS. MRP will be recalculated as and when assets are identified for investment.

Table 2: CFR Projections

£'000	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Capital Financing Requirement					
Opening Balance	10,376	14,336	15,136	14,136	13,136
Movement in CFR	3,960	800	(1,000)	(1,000)	(1,000)
Closing Balance	14,336	15,136	14,136	13,136	12,136
Movement in CFR represented by					
Net financing need for the year	4,960	1,800	0	0	0

Less MRP/VRP and other financing movements	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Movement in CFR	**3,960**	**800**	**(1,000)**	**(1,000)**	**(1,000)**

Table 2: Revised CFR Projections

£'000	**2017/18 Estimate**	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**
Capital Financing Requirement					
Opening Balance	10,376	19,336	20,136	19,136	18,136
Movement in CFR	8,960	800	(1,000)	(1,000)	(1,000)
Closing Balance	19,336	20,136	19,136	18,136	17,136
Movement in CFR represented by					
Net financing need for the year	9,960	1,800	0	0	0
Less MRP/VRP and other financing movements	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Movement in CFR	**8,960**	**800**	**(1,000)**	**(1,000)**	**(1,000)**

Actual and estimates of the ratio of net financing costs to net revenue stream

3. This indicator identifies the trend in net financing costs (borrowing costs less investment income) against net revenue income. The purpose of the indicator is to show how the proportion of net income used to pay for financing costs (a credit indicates interest earned rather than cost) is changing over time. The trend below is consistent with the fact that our investments will decline due to the investment in the Arena redevelopment and Asset Investment Strategy, as will the Council's net budget, but in the later years projected interest earned increases which results in a greater loss of interest from the £5.3m investment in the AIS. The loss of interest on investments is more than offset by the anticipated rental streams on investment properties, emphasised by the positive impact on Council Tax depicted in Table 8.2.

Table 7.2: Ratio of Financing Costs to Net Revenue Stream

	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
General Fund	-2.09%	-2.22%	-2.34%	-2.40%	-2.52%

Table 7.2: Revised Ratio of Financing Costs to Net Revenue Stream

	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
General Fund	-2.06%	-2.04%	-2.05%	-2.03%	-2.02%

Incremental Impact of Capital Investment Decisions

4. 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. A negative figure is indicative of the assumed benefits from the Arena redevelopment and the Asset Investment Strategy. The impact of the £5m has a positive effect as it assumes the rental income of £265,000 exceeds the anticipated costs (ie lost interest).

Table 8.2: Capital Expenditure – Annual Impact on Council Tax

	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Impact on Council Tax – Band D	(14.82)	(17.15)	(17.44)	(17.03)	(16.67)

Table 8.2: Revised Capital Expenditure – Annual Impact on Council Tax

	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Impact on Council Tax – Band D	(16.07)	(23.37)	(23.54)	(23.01)	(22.53)

5. As the council will initially borrow internally for this additional investment in the AIS the operational boundary (£20m) which is the expected borrowing position of the Council during the year and authorised limit (£25m) which

is the “affordable borrowing limit” have not been amended. These, along with the other indicators, will be updated when the 2018-19 Treasury Management Strategy is produced with the Medium Term Financial Strategy.

Rushcliffe Borough Council	**Council** **21 September 2017** **Scrutiny Annual Reports 2016/17**	**9**

Report of the Executive Manager - Finance and Corporate Services

1. Summary

1.1. The Scrutiny annual report, contained at **Appendix 1**, provides a review of the work undertaken by the Council's four scrutiny groups during 2016/17.

2. Recommendation

It is RECOMMENDED that Council endorses the work undertaken by the four scrutiny groups.

3. Reasons for Recommendation

3.1. During the year, the following subjects have been scrutinised and monitored.

Community Development Group

- Leisure Facilities Strategy
- Reputation Management
- Proposed Introduction of a Public Space Protection Order
- Borough Art Collection Disposal
- South Nottinghamshire Homelessness Strategy and Review
- Delivery of Rural Broadband in Rushcliffe Update
- Economic Development Update

Corporate Governance Group

- 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

Partnership Delivery Group

- The Cooperation Agreement for Fleet Maintenance and Garage Service Provision for 2015/16
- Positive Futures
- Metropolitan Housing Partnership
- The Service Level Agreement with Rushcliffe Community & Voluntary Service
- Rushcliffe Business Partnership
- Waterloo Housing Partnership
- The Service Level Agreement with Rural Community Action Nottinghamshire
- South Nottinghamshire Community Safety Partnership
- Local Resilience Forum

Performance Management Board

- East Leake Leisure Centre Annual Report 2015
- Glendale Golf/Edwalton Golf Course Contract – Annual Review
- Civil Parking Enforcement Contract Update
- Review of Customer Feedback 2015/16
- Parkwood Leisure Contract Annual Review
- Equality Annual Report 2015/16
- Streetwise Environmental Ltd for 2016/17

4. Implications

4.1. Finance

None

4.2. Legal

None

4.3. Corporate Priorities

The work of the four scrutiny groups supports the Council's Corporate Strategy.

For more information contact:	Charlotte Caven-Atack Performance, Reputation and Constitutional Services Manager 0115 914 8278 ccaven-atack@rushcliffe.gov.uk
Background papers Available for Inspection:	Annual Reports to each scrutiny group
List of appendices (if any):	Appendix 1 - Annual Scrutiny Report 2016/17

Annual Scrutiny Report 2016/17

Community Development Group

Chairman's Foreword

I am pleased to write this foreword to this year's annual report of the Community Development Group. This year our work has been interesting, challenging and rewarding. We have covered many significant topics in order to ensure Rushcliffe communities thrive and prosper.

Thanks must go to the many staff who gave us presentations throughout the year, with particular thanks to those who have supported this Scrutiny Group.

We have scrutinised many topics ranging from the Leisure Facilities Strategy, Reputation Management, Public Space Protection Orders, Borough Art Collection Disposal, South Nottinghamshire Homelessness Strategy, Rural Broadband and Economic Development.

I would like to thank all Members for their very active involvement, support and professionalism during the meetings and particularly my Vice Chairman, Councillor John Thurman.

Councillor Tina Combellack
Chairman

Councillor T Combellack
Chairman

Councillor J E Thurman
Vice Chairman

What we are responsible for?

The Community Development Group's remit is to scrutinise:

- Community priorities and proposed solutions
- Engaging and identifying needs of key groups
- Building relationships to ensure that policies empower communities
- Reputation management gained via communications and promotion
- Town and Parish Councils shared working (identifying opportunities whilst establishing priorities)

A major element of the Group's role is to understand the key issues for residents, and encourage them to give their views about matters of importance. The Group also ensures the Council maintains its excellent reputation via effective communications.

Our work this year

During this year the Group considered many service areas and issues within its scrutiny role, particularly:

- Leisure Facilities Strategy
- Reputation Management
- Proposed Introduction of a Public Space Protection Order
- Borough Art Collection Disposal
- South Nottinghamshire Homelessness Strategy and Review
- Delivery of Rural Broadband in Rushcliffe Update
- Economic Development Update

Leisure Facilities Strategy

It had been requested by Cabinet that the Group should develop a new Strategy by March 2017. It was noted that the current Strategy had been developed in 2006 and updated in 2011. At its meeting in May 2016 the Group considered the project's scope and how the Strategy interacted with the Council's Local Plan especially in relation to Section 106 agreements and the proposed Community Infrastructure Levy. Members considered supply and demand including availability within a 20 minute car journey, customer satisfaction levels, the Borough's demographics and the types of formal and informal sports/activities that should be included.

At the August meeting the Group agreed the scope of the project and the consultation exercise. Officers explained that there would be a Playing Pitch Strategy developed that would be included as an appendix to the Strategy. Members identified five priority outcomes for the assessment of need. It was noted that activity levels in Rushcliffe was above the national average.

Representatives from Parkwood Leisure Ltd attended and informed the Group how leisure centres were developing and which activities were currently popular. Members were informed that there was approximately 14.3% of the population enrolled as a member of a gym and that more private clubs were opening. The representatives stated that changes in people's lifestyles had an effect on demand for centres to be open earlier. Members discussed the links between age, health and illness, nutrition and people's accessibility to sporting provisions.

At the meeting in November, the Group considered the quality of the Borough Council's Leisure Centres and quantity of provision for residents of the Borough and reviewed the consultation. They also compared data for all the Nottinghamshire local authorities and the provision of facilities by developers through Section 106 funding.

At the meeting in February, the Group considered the final report that outlined the more detailed strategic objectives contained in the draft Strategy. The Group supported the proposal to retain the current five leisure centres and to ensure that they were fit for the future. Bingham Leisure Centre was a priority for capital investment and that identified work that needed to be undertaken to maintain/improve the other centres would be included in the Council's medium to long term financial plans.

They felt that the Strategy was short and to the point and welcomed the fact that it emphasised the health aspect of leisure, which was part of the Council's commitment to work with health partners. The key elements of the document included the Council's vision for leisure, the guiding principles and strategic objectives. It was noted that the production of a leisure facility strategy was not a statutory duty for local authorities and that it evidenced the commitment of the Council to meet the objectives set in the document. The Group agreed the final version of the Draft Strategy and forwarded it to Cabinet for approval.

Reputation Management

Members received a presentation regarding how the Council promoted news stories and how it responded to complaints. Officers informed the Group of the various methods used to communicate with residents including the website, social media, publicity campaigns and Rushcliffe Reports. It was noted that officers had a good working relationship with various local press agencies. Members had welcomed the changes that had taken place to their weekly e-newsletter and asked for the good news stories to be included. With regard to complaints the Group was informed that these were considered by the Performance Management Board on an annual basis. Members were informed of the two stage investigation process and how these were used to improve the Council's services.

Proposed Introduction of a Public Space Protection Order

Members received a report regarding the proposal to introduce a Public Space Protection Order covering key areas of West Bridgford and Edwalton. The Order would assist in controlling street drinking, rough sleeping and anti-social behaviour and was in response to community concerns. The Order would replace the present Designated Public Place Order and would be more flexible. The proposal would be presented to Council and if agreed would be enforceable by the end of 2016. Members raised concerns about the effect on rough sleeping requested officers to report any feedback following its introduction.

Borough Art Collection Disposal

The Group considered a report that outlined the outcome of the sale and details of the remaining pieces within the collection. It was recognised that Cabinet had agreed to the sale/loan of the art collection in April 2013. Members were informed that the sale of items had given a net income of £14,910.35. The Group discussed how this income could be used for the community including the creation of an Arts Week or a feature sculpture for the outside of the new Civic Offices. It was noted that the picture entitled ‘The May Queen’ had not reached its reserve price and the Group discussed options for its future including the possibility of loaning it to Stanford Hall.

South Nottinghamshire Homelessness Strategy and Review

The Group received a presentation regarding the development of the new Strategy for 2017- 2021 and the key achievements of the current Strategy. Comments from Key Partners had been incorporated into the Strategy, and following a period of consultation, it would be presented to Cabinet for approval in May 2017.

The new Strategy had five key priorities;

- Minimising demand
- Reducing the extent of crisis presentations
- Delivering effective services at the point of contact
- Providing appropriate accommodation options
- Moving people away from homelessness.

The production of a Strategy was a statutory duty for local authorities every five years and the new Strategy was the second in collaboration with Broxtowe and Gedling Borough Councils. The Group agreed that this was an excellent example of effective partnership working and following the adoption of the Strategy it was felt that the Group could monitor the Action Plan in the future.

Delivery of Rural Broadband in Rushcliffe Update

The Group received a presentation from the Broadband Programme Manager, from Nottinghamshire County Council, in respect of Fibre Broadband Delivery in Rushcliffe. Following the completion of Contract 1, 92 % of the Borough had access to an adequate broadband speed, which would be increased to 96% when Contract 2 was completed in March 2018. The target of 20% commercial premises had been exceeded with a take up of 34% so far, which meant that BT had released £2.2 million. Further money was available for the project as there had been efficiencies made during Contract 1, which would be spent in the three highest priority districts in the County, Bassetlaw, Newark and Sherwood and Rushcliffe. A modelling exercise was being undertaken to ascertain how to reach the final properties. There was a broadband voucher for purchasing satellite or wireless connections of up to 2 mbps for those properties that were not served.

Economic Development Update

The Group received a presentation which outlined the work undertaken by the Economic Growth team since the last report in July 2015 and the priorities for the coming year. These included submitting final business cases to secure the Growth Deal funding for 2016/17 and 2017/18; identifying projects for inclusion in the investment strategy; developing the business pages on the website; Rural Broadband, assisting to deliver the N2 growth strategy implementing the Construction Industry Training Board approach on developments and extending the remit of the Cotgrave Employment Partnership. Currently Economic statistics for the Borough were healthier than other areas of the County, with 5,525 active businesses which was an increase of 1,235 since 2005. Following the establishment by the Council of Growth Boards in Cotgrave, West Bridgford and Bingham/Radcliffe on Trent; a further Board would be established in East Leake. The Group also considered the work of the West Bridgford Growth Board to establish a Masterplan for Central

Avenue, Tudor Square and Gordon Road and suggested how the six shopping areas could be made more cohesive and pleasurable.

Member Panels

The Group did not establish any Member Panels this year.

Call-ins

The Group did not discuss any call-ins this year.

Looking forward to the year ahead

The Group will continue to help review and shape policy, ensuring improvements are implemented. This will be done by developing a challenging work programme linked to the Council's transformation strategy.

Corporate Governance Group

Chairman’s Foreword

This brief foreword looks back on the busy year of the Corporate Governance Group in 2016/17. It has been an interesting and challenging role, particularly in these changing times and a period of on-going financial austerity; however, I am pleased to report that due to the dedication of the staff the Council has had a successful year which reflects well on the governance arrangements in place.

The scrutiny process is vital to challenge and influence how the Council makes decisions to ensure a high service quality. The report demonstrates the variety of areas which the Corporate Governance Group has scrutinised over the past year and the actions taken to ensure the probity and soundness of the Council’s decisions.

On a personal note, I would like to thank all members of the Group and the Council’s staff for their help and support for the scrutiny process over the past year and the past 5 years I have been Chairman as I now move on to the Cabinet. I have every confidence the Group will continue to develop and progress and ensure good governance prevails at the Council.

Councillor Gordon Moore
Chairman Corporate Governance Group

Councillor Gordon Moore
Chairman

Councillor Alistair MacInnes
Vice Chairman

What we are responsible for?

The Corporate Governance Group's responsibilities include:

- **Statement of Accounts** To examine the outturn and statement of accounts and make comments and recommendations to Council.

- **Annual Governance Statement** To consider the annual report on applying the Council's system of internal control and make recommendations to Cabinet on improvements/changes in practice and the acceptance of a draft Statement. This statement ultimately comprises a key element of the Council's Statement of Accounts.

- **Treasury Management** To consider the annual and interim reports on Treasury Management activity and ensure that practice has complied with the approved Treasury Management Strategy, making recommendations to Cabinet as appropriate.

- **Protecting against fraud** To consider the annual report on fraud and irregularities in order to make an informed judgement on the corporate governance and internal control statements, making recommendations to Cabinet on improvements. To consider any matters arising as a result of irregularity referred to it by Cabinet.

- **Capital and Revenue Budget Monitoring** To consider regular reports on progress against the revenue and capital budget, making recommendations to Cabinet on matters requiring its approval and where progress is considered to be unsatisfactory.

- **Internal Audit** To consider periodic reports on the more significant findings of internal audit in order to make an informed judgement on corporate governance and internal control statements, making recommendations to Cabinet on improvements.

- **Risk Management** To consider periodic reports on controls over key risk areas as identified in the risk register in support of making an informed judgement on the corporate governance and internal control statements, making recommendations to Cabinet on improvements.

Our work this year

During this year the Group considered many service areas and issues within its scrutiny role, particularly:

- Internal Audit
    - Progress Reports 2016/17
    - Annual Report 2015/16
    - Strategy 2017 to 2020
- 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 Report
- 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
    - Treasury Management Monitoring
- Review of the Constitution
- Payment Diversion
- Information Governance

Internal Audit Progress Reports 2016/17

At the meeting in December 2016, Members were informed that two reports had been finalised since the last meeting of the Group. These were for the areas of Risk Management and Disabled Facilities Grants and both were awarded a substantial assurance.

At the meeting in February 2017, Members were informed that six reports had been finalised since the last meeting of the Group. These were for the areas of Purchasing and Creditors; Payroll; Corporate Governance; Follow up of previous actions; Housing Benefits; and Council Tax and all assignments were awarded a substantial assurance.

At the meeting in May 2017, Members were informed that nine reports had been finalised since the last meeting of the Group. These were for the areas of Land Charges, Gazetteer and Street Naming & Numbering Processes; NNDR; Economic Development; Treasury Management, Cash and Banking; Licensing; Main Accounting System and Budgetary Control; New Premises Project: ICT Relocation; Follow up of previous actions; and HR Policies. All assignments, except for NNDR, were given substantial assurance.

Internal Audit Annual Report 2015/16

Members received a report from the Council's Internal Auditors RSM, for the financial year 2015/16 which included an overall assessment of the assurances to Members and officers arising from their work last year. During the year 17 reviews had been completed and Members' attention was drawn to the Internal Audit Opinion which gave an assurance rating of green, the highest achievable conclusion.

Internal Audit Strategy 2017 to 2020

Members considered a report proposing the Internal Audit Strategy 2017 to 2020 and the Audit Plan for the 2016/17 financial year, which would be reviewed overtime as priorities and risks could change. As indicated in the strategy the audit fee for 2017/18 was £46,810, compared to a budget of £47,100 (in 2016/17) and £47,965 (2015/16). The low fees continue to reflect an improved risk profile for the Council.

External Audit Plan 2016/17

Members considered the External Audit Plan 2016/17 that summarised the work that the Council's external auditors KPMG proposed to undertake in respect of the audit of the Council's financial statements. The Plan also detailed the key risks with regards to the year-end accounts and the Council achieving value for money, which included:

- assumptions surrounding pension liabilities
- the valuation of Rushcliffe Arena
- given external financial pressures, on-going financial resilience
- governance over the Asset Investment Strategy.

The Audit would be completed in four phases and on conclusion, the findings would be presented to the Group in September in the Report to Those Charged with Governance and the Annual Audit Letter. In line with the Audit Fee Letter, the planned fee for the audit is £41,000.

Future External Audit Procurement

Following changes in legislation and the closure of the Audit Commission, Members considered options for the future delivery of External Audit services. The Group supported the proposals to submit a non-binding expression of interest in opting-in to the Local Government Association (LGA) Sector Led Body (SLB) approach using Public Sector Audit Appointments (PSAA) as the procurement vehicle; and recommended this option to Council.

Annual Governance Statement 2015/16

The Group was presented with the Council's Annual Governance Statement which would be included in the Statement of Accounts. The Group was informed that the Statement contained the three themes from the Council's new Corporate Strategy and that it outlined the financial challenges that the Council would be facing in the future.

Approval of the Statement of Accounts 2015/16 and External Auditors Report to Those Charged with Governance 2015/16

Members were presented with the Council's statutory Statement of Accounts for 2015/16 and were informed that no significant issues had arisen from the audit this year. The Council's External Auditors KPMG had reported that the Authority had good processes in place for the production of the accounts and good quality supporting working papers. The traditional Explanatory Forward contained in the Statement of Accounts had been replaced by a Narrative Statement, that in addition to summarising the key events and their financial impact, included non-financial performance indicators against key corporate priorities and commentary on key risks.

The External Auditor's Report to those Charged with Governance (ISA 260) 2015/16 summarised; the key findings arising from the audit of the Council's financial statements for the year ending 31 March 2016 and an assessment of the Authority's arrangements to secure value for money in its use of resources. Members were informed that the External Auditor anticipated issuing an unqualified audit opinion and the Annual Governance Statement complied with the guidance issued by CIPFA/SOLACE.

Annual Audit Letter 2015/16

The Group received the Annual Audit letter from the Council's External Auditors KPMG that summarised the progress of the audit for the financial year 2015/16. The Letter identified that the Council had a clean bill of health and was able to demonstrate its value for money for the year.

Revenue & Capital Budget Monitoring throughout 2016/17

The Group considered the update report detailing significant variances against the profiled budget for both revenue and capital, with explanations for variances.. The Group also received an update on the financial performance with regards to The Point.

Risk Management Review Update

The Group received an update on the progress made since the meeting on 21 April 2016, which included a summary of the activities associated with updating the Council's risk register and work relating to the Council's emergency planning and business continuity functions. Following the Annual Audit in 2015/2016 the Council's auditors had made four low priority recommendations which had all been addressed.

Risk Management Review

The Group received an update on the progress since December 2016, which included a summary of the activities associated with updating the Council's Risk Register and work relating to emergency planning and business continuity functions. Members were informed that the Risk Register was a live document, reviewed regularly by risk holders and the Executive Management Team. All risks had been reviewed and six had been amended. Operational risks complied with the Data Protection Act and would be reviewed again in recognition of the recent changes in legislation.

Health and Safety Annual Report 2015/16

Members considered the Health and Safety Annual Report for the previous year including details of new policies within the corporate health and safety framework. Members were also provided with evidence of training delivered, progress towards meeting health and safety aims and objectives, and the number of accidents recorded. The report also detailed Health and Safety in Leisure Centres and the Streetwise Enterprise Company.

Health and Safety Interim Report 2015/16

Members considered the Health and Safety Interim Report for the period 1 April 2016 to 30 September 2016. The report highlighted the key health and safety activities that had taken place since the beginning of the year. These included being awarded the Nottinghamshire's Workplace Health Bronze Award; reviewing and updating the Noise at Work policy, assisting Streetwise in two of its high risk areas, an audit of 'hand held vibration' and COSHH; and advice on health and safety elements of the office move to the Arena

Certification of Grants and Returns – 2015/16

Members received a report from the Council's external auditor summarising the work undertaken in relation to the certification of the Council's grant claims and returns for the financial year 2015/16. The Council submitted one return in respect of the Housing Benefit Subsidy for £18.720 million and only three errors had been identified, with no recommendations. Consequently, the external auditor had certified the claim unqualified.

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2017/18

The Group considered details of the Capital Prudential Indicators, and the Council's Treasury Management and Investment Strategy, for 2017/18 to 2021/22. Following discussion, both documents were recommended to Council for approval as part of the Council's Medium Term Financial Strategy.

Treasury Management Outturn 2015/16

The Group received the Treasury Management Outturn Position 2015/16 report that provided a summary of the transactions for the year undertaken by the Council as part of the Treasury Management function.

Treasury Management Monitoring

The Group received the Treasury Management Six Month Monitoring Report for 2016/17 that provided a summary of the transactions undertaken by the Council as part of the Treasury Management function.

Review of the Constitution

The Group considered a report outlining the proposed changes to the Council's Constitution to bring it up to date with legislative changes and aligned to the present Corporate Structure. The Group felt that a full review of the Constitution was required to address issues including Public Speaking at meetings. A Member working group has subsequently been set up to undertake the work.

Payment Diversion

The Group received a presentation from RSM regarding an incident that had occurred in November 2016, in which the Council had been the victim of a payment diversion. Following the compliance review RSM made several recommendations to increase awareness surrounding cyber attacks and IT vigilance amongst staff.

Information Governance

The Group received a presentation regarding the importance of information management and the Council's Information Management Strategy. Members considered the Strategy's vision and the five strategic strands that supported it.

Member Working Group

At its December meeting the Corporate Governance Group agreed to establish a small Member Working Group to progress the constitutional review and identify areas to be prioritised for early work, including public speaking, use of first class travel by

Councillors, an identified role in the Constitution for opposition group leaders and improved access to information for Councillors. The Panel consisted of Councillors Beardsall, Buckle, Edyvean and MacInnes, the Chief Executive and the Monitoring Officer, with the following terms of reference;

a) To review the accessibility, utility and usability of the current Constitution and improve it;
b) To review the structure of the current Constitution to improve its content, layout and flow as a practical working document;
c) To identify and prioritise specific areas of content and procedures for detailed review, noting that, in time, all sections will be reviewed; and
d) To draft a simple and effective change control mechanism for the constitution and establish an on-going review process which will involve Councillors.

It was proposed that the review would be completed within 12 months.

Call-ins

The Group did not discuss any call-ins this year.

Looking forward to the year ahead

The Group will continue to help review and shape policy, ensuring improvements are implemented by developing a challenging work programme

Partnership Delivery Group

Chairman's Foreword

This annual report highlights the work of the Partnership Delivery Group over the past year. Through scrutiny, the Council can review and, if necessary challenge the outcome of our investment in partnerships with outside bodies. This scrutiny enables us to be better informed about the work done in our partnerships. The role of the Partnership Delivery Group is to ensure that our many partnerships are worthwhile, mutually beneficial, and meet their desired outcomes.

Effective scrutiny helps improve accountability, performance, policies, future plans and service quality. We hope that by building good working relationships with our partners, that this ensures better outcomes for our residents and provides even better value for money.

I am confident that our work over the last year has enhanced how we all work together, and that this attracts our partners to want to work with us to benefit our residents.

I would like to thank all my colleagues, especially my Vice Chairman, Councillor Jean Greenwood, for their support throughout the year, for the lively and probing discussions and for their engagement and participation.

My thanks also go to our partners for their support in delivering quality services, and to the council staff for attending meetings and for ensuring that the scrutiny process remains effective and efficient.

Councillor Mrs J Smith
Chairman

Councillor J Greenwood
Vice Chairman

What we are responsible for?

The main role of Rushcliffe's scrutiny groups are to:

- Develop a work programme which scrutinises the Council's priorities.
- Ensure the Group's work helps implement the Council's plans and policies.
- Review, challenge and question how the policy, plans and services are implemented and recommend to Cabinet and Council improvements to services and their performance.
- Ensure the work contributes towards value for money, continuous improvement and best practice.

The Partnership Delivery Group's remit is to:

- Make sure existing partnerships are effective, enabling them to grow and develop
- Help ensure partnership working is the norm to deliver synergy, better asset and resource utilisation, better value for money and remove duplication
- Forge public sector partnerships to deliver community benefits
- Develop future partnership working with both the public and private sector

Our work this year

The Group's main work was to monitor the services of the Council's partners to help develop policy and consultation prior to Cabinet.

During this year the Group considered many service areas and issues within its scrutiny role, reviewing particularly:

- The Cooperation Agreement for Fleet Maintenance and Garage Service Provision for 2015/16
- Positive Futures
- Metropolitan Housing Partnership
- The Service Level Agreement with Rushcliffe Community & Voluntary Service
- Rushcliffe Business Partnership
- Waterloo Housing Partnership
- The Service Level Agreement with Rural Community Action Nottinghamshire
- South Nottinghamshire Community Safety Partnership
- Local Resilience Forum

Review of the Cooperation Agreement for Fleet Maintenance and Garage Service Provision for 2015/16

Members considered and commented on the performance of the Cooperation Agreement for Fleet Maintenance and Garage Service Provision that the Council had entered into with Nottingham City Council in 2014. The group found that, although performance had been good during the first year of the Agreement, costs had been above budget due to the resolution of a number of longstanding issues with vehicles. The Group were pleased to hear that, for 2015/16, a saving of £15,400 had been achieved against a budget of £282,200.

Review of Positive Futures

The Group scrutinised the performance of the partnership with Nottinghamshire County Cricket Club to deliver Positive Futures in the Borough and were pleased to hear that the programme would be expanding into East Leake. They were informed that, in many cases, the intervention of Positive Futures had prevented the exclusion of young people from schools and their social network and that the programme had also expanded to include support to the families of young people participating in the programme. Young people on the scheme had been involved in a variety of activities including: sporting competitions, sprucing up local areas in the community, and developing information for other young people for example on the topic of internet safety. Each year's programme, culminated in a celebration evening, involving the young person's family, to demonstrate to young people the progress they had made. The Group were very impressed with the achievements throughout the programme and during 2015/16.

Review of Metropolitan Housing Partnership

The Group considered the Council's partnership with Metropolitan Housing Trust and heard about the company's work during 2015/16 and their plans for 2016/17. Following an informative presentation the Group scrutinised many issues including, development of garage sites, the supply of affordable homes and the involvement of smaller developers, the frequency of turnover of properties, policies for eviction of tenants, levels of anti-social behaviour, delays within the repairs service and the formation of the new repairs company 'Metworks', the quality of customer service, services for older people and the organisation's work to improve the employment opportunities for its residents. Members were pleased to hear that the priorities for the maintenance programme for 2016/17 included improvements to communal areas and to the condition of the stock especially where this would reduce fuel poverty.

Service Level Agreement with Rushcliffe Community & Voluntary Service

The Group considered a report on the Service Level Agreement with Rushcliffe Community & Voluntary Service and heard that the joint agreement with Rural Community Action Nottinghamshire had been changed; due to the budget reductions a retendering process had taken place and both organisations decided to submit separate bids. The financial value of the Agreement for 2015/16 was £30,000. Members were informed that 1,153 people and 53 organisations had been helped, 61 new volunteering opportunities developed; 21 groups had received assistance to gain £43,500 in funding. Additional funding of £500,000 had been secured for the next five years, through the development of the Rushcliffe Advice Network. The Service also ran the Gedling Voluntary Transport Scheme, alongside the Rushcliffe Scheme. Jointly, there were over 80 drivers and over 450 users of the schemes.

Rushcliffe Business Partnership Annual Review

The Group received a presentation on the work undertaken by the Rushcliffe Business Partnership which outlined the history, key aims and objectives, highlights of the past year and priorities for the future of the Partnership. The Service Level Agreement included the delivery of twelve monthly-networking events and one annual, all day showcase event; and the maintenance and upkeep of a dedicated website. Members were informed that there were over 700 members and approximately 2,900 social media followers. The Partnership had a new website and had redesigned its marketing and branding. Members were pleased to hear that the Partnership was trying to engage with other towns in the Borough, as the monthly meetings had mainly been focussed on West Bridgford. Membership packages would also be offered, including a gold package for £60 a year.

Review of Waterloo Housing Partnership
The Group received a report and presentation regarding the partnership work undertaken by the Council and Waterloo Housing. Many issues were scrutinised including, affordable homes and the roll-out of schemes in smaller villages, the low levels of anti-social behaviour, Welfare reform, level of complaints, call centre customer service, grounds maintenance, methods to engage with residents, housing allocations and the small turnover of void properties in Rushcliffe. Members were informed that a bid to the Homes and Community Agency, for funding under the Government's Shared Ownership and Affordable Housing programme, was awarded in December and the Partnership received the sixth largest allocation in the country. The merger with the Acclaim Housing Group had increased stock by 5,000 units and new operating structures were currently being developed. The repair programme budget had been increased by £200,000 which had mostly been allocated for installing energy efficient boilers to address fuel poverty.

Service Level Agreement with Rural Community Action Nottinghamshire
The Group received a presentation on Rural Community Action Nottinghamshire and the Service Level Agreement with the Council for 2015/16 and for the first six months of 2016/17. Targets had been exceeded and officers were developing targets for 2017/18, five communities had been supported in developing a Community Led Plan, forty groups had received funding support and advice and successful funding applications had brought £91,000 in 2015/16 and £73,200 in 2016/17. Members were informed about the organisation's history, current support in place to support rural communities and future plans for service provision. Initiatives currently in place to support people and businesses in rural areas included Wheels to Work and IT Community Champions. Future plans include the creation of a hub to address isolation and loneliness; a funding bid had been submitted to the Department of Communities and Local Government.

Review of the South Nottinghamshire Community Safety Partnership
Members were informed about the performance of the South Nottinghamshire Community Safety Partnership in 2016. A presentation was received from the Police who are a key member of the partnership. The Borough's crime data was in line with national and county trends. There had been a change in the recording methods which had played a significant role in increasing the number of recorded crime and the category of malicious communications had been included, which brought in cases over social media. The level of sexual offences had increased as there was now greater awareness of the need to report this type of crime, which are often linked to domestic violence, and the number of offences of serious acquisitive crime had risen. The Trent Bridge Ward was a Partnership Plus Area and although it still had the highest crime volume in the borough the Group was pleased to hear that it was achieving a current reduction in crime.

Local Resilience Forum
Members received a report regarding emergency planning and the work undertaken by the Local Resilience Forum. The key partnership with Nottinghamshire County Council in the sharing of the Emergency Planning Officer ensured that Rushcliffe was kept up to date with all the current information and practices. A number of training exercises had taken place throughout the year, lessons had been learned from incidents in other areas nationally, sixteen working groups were established as part of the Forum, some of which were very specialised and local authorities were working together to address joint issues and support local communities.

Member Panels
The Group did not establish any Member Panels this year.

Call-ins
The Group did not discuss any call-ins this year.

Looking forward to the year ahead
The Group will continue to help review and shape policy, ensuring improvements are implemented. This will be done by developing a challenging work programme linked to the Council's transformation strategy and four-year plan.

Performance Management Board

Chairman’s Foreword

This annual report summarises the main work undertaken by this scrutiny group during the year. Effective scrutiny ensures that the Borough Council carries out its decision-making properly, underpinned by thoroughness, challenge, analysis and evaluation and results in quality services.

We have explored the Council’s performance against its strategic tasks and key performance indicators. I am confident that our work over the last year has improved Council performance. There have been many areas of strength, balanced against areas where improvement and development are needed. Our work has been rewarding and fulfilling. The role of an ‘overseer’ and ‘surveillance’ helps the Council to maintain its high standards and value for money in these current difficult financial times.

Thank you to all my colleagues, especially my Vice Chairman, Councillor Hayley Chewings, for the lively and probing discussions, and for their engagement and support.

Councillor D G Wheeler
Chairman

Councillor H Chewings
Vice Chairman

What we are responsible for?

The main role of Rushcliffe's scrutiny groups is to:

- Develop a work programme which scrutinises the Council's priorities.
- Ensure the Group's work helps implement the Council's plans and policies.
- Review, challenge and question how the policy, plans and services are implemented and recommend to Cabinet and Council improvements to services and their performance.
- Ensure the work contributes towards value for money, continuous improvement and best practice.

The Performance Management Board's remit is to scrutinise performance including:

- Monitoring the Council's overall performance.
- Monitoring performance of specific services and ensuring the Council uses resources effectively.
- Overseeing the handling of complaints.

Our work this year

Monitoring services, helping develop policy and consultation before Cabinet
During this year the Group considered many service areas and issues within its scrutiny role, particularly:

- East Leake Leisure Centre Annual Report 2015
- Glendale Golf/Edwalton Golf Course Contract – Annual Review
- Civil Parking Enforcement Contract Update
- Review of Customer Feedback 2015/16
- Parkwood Leisure Contract Annual Review
- Equality Annual Report 2015/16
- Streetwise Environmental Ltd for 2016/17

Performance Monitoring
An important aspect of the Board's work is to monitor the Council's performance against its key performance indicators and strategic tasks. As part of the Council's performance management framework, the Board scrutinises performance every quarter. Exceptions and highlights are identified and the Board ensures that appropriate action is taken to bring under-performing tasks and indicators back on track. Some of the issues arising from performance reports discussed this year include:

- Tasks and performance indicators in the Corporate Strategy 2016-20
- The regeneration of Cotgrave
- Performance targets for answering calls within the Community Contact Centre
- Levels of affordable housing provided
- Crime reduction targets and how they were selected
- Collection of recyclable waste and the number of fly tipping incidents
- Planning appeals allowed against the authority's decision.

East Leake Leisure Centre – Annual Report 2015
The Board received a presentation on East Leake Leisure Centre performance for January to December 2015 and welcomed the fact that financial performance had remained broadly in line with previous years and that customer satisfaction levels were high, at 94%. The Council's costs for utilities had reduced by £12,000 per annum. Members were pleased to hear about measures undertaken to increase membership including: amendments to timetables, classes targeted at particular age groups e.g. older people / young people, investment in gym equipment, use of social media to promote services, targeted marketing campaigns to local employers, schools and new housing developments and joint working with other sports partners – all of which had contributed to increased customer usage. The number of accidents remained low although had slightly increased from the previous year, mainly due to slips in the swimming pool.

Glendale Golf/Edwalton Golf Course Contract – Annual Review
The Board worked closely in partnership with Glendale throughout the year to support them in improving their performance and have received contract updates meetings in June, September and November 2016, and in March 2017. The contract was extended until December 2025 and Glendale Golf had begun a capital investment programme up to March 2018 as part of this contract extension, which included investment of £50,000 in the financial year 2016/17. The Council was also investing £75,000 from the 2017/18 Capital Programme. The investment would fund a practice range, winter tees to ensure the course was in good condition year round, a bar and function rooms, toilets and changing room improvements and a meeting room.

Members scrutinised many issues throughout the year, including publicity and the need for more focused marketing, levels of staffing, the cleanliness of the site, external signage, customer satisfaction levels, suggestions for joint working with Parkwood and the refurbishment of the toilets and function room. Glendale developed an action plan for 2017 to address these issues and members were encouraged that a variety of promotional strategies to increase usage would be employed.

New targets and objectives were agreed in June 2016, although it had been identified that the usage target of 60,000 would not be met this year. The Board were encouraged that officers were working closely with Glendale Golf to manage performance and, as a result, the figures had improved in the final quarter of the year. Therefore, it was proposed that the scrutiny of the Glendale Golf contract should revert to annual reviews.

The Board were pleased with the improvements achieved following close scrutiny of the contract with Glendale Golf.

Civil Parking Enforcement Contract Update
The Board received an update on the work of the Civil Parking Enforcement Contract during 2015/16. They were informed that greater resilience in contract delivery had been generated through partnership working with Broxtowe Borough Council. Members were informed about planned developments with car parks throughout Rushcliffe and that performance against the contract had improved.

Review of Customer Feedback 2015/16
Members discussed customer feedback data for 2015/16 and noted that, although there had been a slight increase compared to last year, the number of complaints was very low at 41, of which 22% had been escalated to stage two. There had been 6 investigations by the Ombudsman, (of which only one had been upheld) and 174 compliments received.

Parkwood Leisure Contract – Annual Review
The Board received the annual report and a presentation from Parkwood Leisure. The contract covers five of the Council's six leisure centres. As part of the management of the contract, there had been 107 inspections of the facilities, monthly client meetings and quarterly meetings with the Cabinet portfolio holder. Parkwood reported that they had made substantial progress in reducing the company's carbon footprint in line with their ISO14001 accreditation, transferred many customers to direct debit payments which decreased operating costs, developed the functionality of its website to enable online bookings and had received a successful assessment undertaken by NQA.

Members were informed that this was an unusual year with the closure of Rushcliffe Arena and that this had had an impact on overall usage, although usage at the other sites had risen slightly. The company had worked hard with the clubs which used both Rushcliffe Arena and Rushcliffe Leisure Centre to ensure a smooth transition.

With regard to accidents at the leisure centres, there had been 122 at Rushcliffe Leisure Centre, 78 at Bingham Leisure Centre, 133 at Cotgrave Leisure Centre and 32 at Keyworth Leisure Centre.

Equality Annual Report 2015/16
The Board received a report which outlined the Council's performance against the objectives in the Single Equality Scheme, which had been adopted in 2012. It was noted that, whilst the workforce of the Council did not reflect the demographics of the Borough, officers continued to encourage applications from under-represented groups – particularly young people, people with disabilities and female applicants for manual positions. Members noted the success of Streetwise Environmental Ltd in recruiting apprentices.

Review of Streetwise Environmental Ltd for 2016/17
The Board received a presentation on the performance of Streetwise over the year, the services offered and the Company's future expansion and growth plans. They were reminded of the history of the company, how it was set up, the governance arrangements in place and the prime contract it has with the Council.

Members were informed that Streetwise were creating links with a range of new stakeholders both public and private with a view to developing business opportunities and delivering added social value with local groups and communities. A highlight of the year was receiving the Award for Best Employment and Equality Initiative from the Association for Public Service Excellence.

The company maintained 8 million square metres of open space annually, cleaned and maintained 800 kilometres of roads and cleaned 6 tonnes of detritus daily, collected 1400 tonnes of rubbish annually, maintained and carried out playground Inspections, provided emergency services in the form of tree works, drainage, sand bags, and gritting; and serviced Parish Councils' grounds maintenance, mechanical sweeping, and Christmas tree lights. All key performance indicators for the prime contract had been achieved, although monitoring highlighted two areas for further improvement - closer working with Highways England in respect of litter picking on the major roads in the Borough and frequency of bin emptying.

Member Panels
The Group did not establish any Member Panels this year.

Call-ins
The Group did not discuss any call-ins this year.

Looking forward to the year ahead
The Performance Management Board will build on its work over the last year by scrutinising the Council's performance in delivering its priorities for improvement, along with scrutinising key service areas. The new work programme will be outlined at the first meeting of the next financial year.