Rushcliffe
Borough Council

Statement of Accounts

2022 - 2023









RUSHCLIFFE - GREAT PLACE ▪ GREAT LIFESTYLE ▪ GREAT SPORT

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A. NARRATIVE STATEMENT

Welcome to the Statement of Accounts

Introduction

As the Council's Chief Finance Officer, I have pleasure in presenting the Narrative Statement to Rushcliffe's 2022/23 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 reports on the accounts by summarising key events and their financial impact as well as 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 2022/23

The financial environment remains challenging with new and emerging pressures that continue to affect the Council's income streams. The Council's officers have continued to provide additional financial support to the residents and businesses in the form of grants, reliefs and energy rebates. Whilst the impact of Covid on everyday life appears to now be subsiding, the focus has shifted to the significant increase in inflation and fuel costs which affects both the residents and impacts on Council resources. Despite the volatile economic environment, the Council has continued to deliver the Medium-Term Financial Strategy focussing on maintaining quality services for its residents. The Council strives to grow the Borough and over the last year has made significant progress on large development projects. The Council Corporate Priorities below remain a focus for the Council:

- 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.
- Playing our part in protecting the environment today and enhancing it for future generations.

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
Director - Finance and Corporate Services

1. The Statement of Accounts

The Director (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 or S151 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 2022/23 (known as the Statement of Responsibilities for the Statement of Accounts) 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, and are outlined on pages 49 to 67 of the Statement of Accounts.

The map below shows some key statistics for the borough of Rushcliffe

2. Delivery of the Corporate Strategy

The delivery of the Corporate Strategy 2019-23 is reported quarterly to the Council's Corporate Overview Group. A new Corporate Strategy will be approved in winter 2023.

We had ambitions to deliver major projects that align outcomes with our four corporate themes:

- 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 delivery of efficient high-quality services
- Playing our part in protecting the environment today and enhancing it for future generations.

Here are some examples of what we achieved:

We opened our £20m Bingham Arena and Enterprise Centre, a major project which includes a 5500sqm leisure centre development with adjacent offices. It operates a 78% carbon emission reduction compared to similar centres.

Our Rushcliffe Oaks crematorium is now open. The environmentally conscious facility and community space uses renewable energy sources and is one of the first in the country to invest in innovative all-electric technologies.

Distributed over 10,000 trees to residents, towns and parishes since our Free Tree Scheme began.

We have installed further electric vehicle charging points at car parks across the Borough, providing convenient and reliable facilities for greener travel.

We have allocated funding to over 20 Rushcliffe community groups to reduce social isolation and loneliness.

An expected global hub for innovation for green technology potentially creating 60,000 jobs and generating investment in the local economy.

We've refurbished our visitor and education centre, conference facilities, café 'Cake by the Lake' and toilet facilities at Rushcliffe Country Park.

Our Finance and Revenues teams maintained high collection rates of 99.1% and 99.3% for Council Tax and Business Rates.

Our GovDelivery email subscription service gives over 4,400 residents weekly updates on our services.

The final part of the regeneration of Cotgrave Shopping Centre is now complete, with new business units for let.

Our Home Alarms service has earned a 100% satisfaction rating by users for a remarkable sixth year running.

We completed the sale of our former depot site that will bring over 70 exemplar low carbon new homes to West Bridgford.

As well as achieving all of this, we also:

Emptied **3.3 million** bins

Kept over **25,000** followers updated on social media

Helped **269** individuals who were at risk of becoming homeless to find somewhere to live, preventing homelessness in the Borough

Answered over **88,000** calls from our residents

Dealt with over **20,000** enquiries to our Customer Services team

Helped over **800** local businesses access training, advice and grants and NNDR of **over £12m**

Supported **over 1,000** elderly or vulnerable people to live independently with one of our home alarms. This service also has a **100%** satisfaction rate

Conducted over **500** food hygiene inspections, keeping you safe when eating out in the Borough

Successfully kept our Council Tax rates for Band D properties lower than **75%** of all local authorities in the country

3. Risk Management

The Council's Risk Management Strategy was refreshed and updated in April 2023 to ensure that it reflects the current operational structure. Reports to Governance Scrutiny Group contain updates on the risk management arrangements, and the Group's responsibility is "to oversee and scrutinise the effective management of risk by officers". The strategy is reviewed every three years by the Risk Management Group and Governance Scrutiny Group provides scrutiny of risk registers.

The Executive Management Team has met as the Council's Risk Management Group (RMG) in order to oversee the management of risk across the organisation and review, where necessary, strategic, operational and opportunity 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. This demonstrates the Council's aim to be proactive to mitigate risk as soon as possible after identification. There are currently 40 corporate risks, 27 operational risks and 4 opportunity risks. Risks are reviewed each year as part of the Service Planning process and changes to risks are referred to RMG for approval.

Examples of risks that have been added or removed in 2022-23 are:

Risks removed:

- Corporate and operational risks introduced to mitigate the impact of the Covid-19 pandemic
- CRR_DEG05 Ability to deliver Bingham Arena and Enterprise Centre project on time and within budget
- OR_FCS09 Loss of capital/lower interest earned on investments, due to current economic climate

Risks added or proposed by Risk Management Group:

- CRR_ DEG08 Failure to secure a Local Development Order (LDO) for Ratcliffe on Soar
- CRR_ NS22 Ensure the Homes for Ukraine Scheme is supported in accordance with national guidance
- OPP_FCS01 Increases in interest rates leading to higher interest income on cash balances that are invested
- OPP_NS01 Opportunity with the in-sourcing of Streetwise to provide other chargeable services to both public and private sector in line with the Council's charging policy

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

Risk	Likelihood	Impact	Action
The Council is unable to balance its budget and the budget is not sustainable in the longer term as a result of increased inflation and government funding reductions with uncertainty due to one year settlement	Low	High	Going concern report presented to Governance Group to confirm that the Council has sufficient reserves to withstand the short-term financial shocks. Inflation factored in to the budget and further plans for the transformation strategy to mitigate risk over the longer term. Reserves sufficient level.
Fluctuation in Business Rates linked to changes in the local economy (e.g., Power station closure) and revaluation.	High	Medium	Actively involved in Freeport working Groups. Budgeting at Safety Net position for future years, a prudent approach. Utilising NNDR1 for business rates forecast for next year which takes into account valuations. Continued monitoring of the collection rates and appeals for business rates. Use of reserves as necessary to mitigate 'one-off shocks'

Risk	Likelihood	Impact	Action
Central Government policy changes e.g., Fairer Funding, changes to NHB and Business Rates reset leading to reduced revenue. Environmental policy changes with regards to waste likely to create future financial risk. For example, Extended Producer Responsibility (EPR) is mentioned as a potential new funding stream for waste collection authorities	High	Medium	Engagement in consultation in policy creation and communicating to senior management and members the financial impact of changes via the MTFS. Budget at safety net position for business rates in years of uncertainty. Engage in proposals for Extended Producer Responsibility (EPR) income, there is considerable uncertainty about the amount of funding that may be available; and how far packaging producers would agree to any surplus income being used as a general subsidy for local government in lieu of grant/other financial support.
Insufficient staff capacity – skills, knowledge, and availability etc	Medium	Medium	Ensuring market rates are being paid, internal staff development and promotion. If necessary, use of agency support
Increased costs due to adherence to the National Minimum Living Wage. Pay rises are linked to the outcome of national negotiations and whether they are adopted locally.	Medium	Low	Budget reporting processes and use of budget efficiencies and reserves. Budget set to include latest assumptions on inflationary increases.

Risk	Likelihood	Impact	Action
Rising leisure management contract costs: reduction in management fee as a result of increased costs (utility and wages) and reduced usage as a result of inflation on household spending; Delays in the opening of Bingham Arena achieving the Leisure Strategy in accordance with planned timetable; and the continued costs of alternative provision at the Toothill site.	Medium	Medium	Close working and monitoring of costs with the provider. Use of contingency if required to mitigate financial impact. Reporting through usual financial reporting arrangements and budget monitoring.
Environmental Agenda leading to rising or reducing revenue and capital budgets.	High	Medium	Creation of Climate Change Action Reserve £1m ongoing review of significant projects and outcome of scrutiny review. A vehicle replacement reserve which will help fund, for example, electric vehicles. Sourcing external funding to improve leisure energy usage.
Efficiency savings performance improvements from the Streetwise transfer in-house are not achieved	Medium	Medium	Monitor and project manage. Update reports to Cabinet through usual financial reporting arrangements. Updated MTFS for 2023/24 incorporating targets. (To be monitored in the Transformation Plan)
Increased demand in relation to homelessness and migration issues	High	Medium	Additional government funding and internal resources provided.
Reducing demand as a result of a contracting economy, higher inflation and reduced personal disposable incomes. For example, less housing being built and bought, impacting on planning income	Medium	Medium	Performance indicators and current financial due diligence via quarterly reporting to Cabinet and COG. Adjusting cost base as necessary.

Risk	Likelihood	Impact	Action
Traveller's site located to accord with the Local Plan and avoid unplanned traveller pitches throughout the Borough	Medium	High	Site identification, financial implications to be determined and reported in further Cabinet reports, £1m in Capital Programme. Further resource in capital reserves if required and approved.
Risk of increased capital programme costs due to either increased demand (e.g., DFGs) or inflation.	High	High	Further capital reserve funding provided and engagement with Government at a national level. Working with Nott's authorities on a more equitable distribution of resources.
Insufficient capital resources to fund the capital programme	Low	High	Ongoing cashflow management. The Council has the ultimate recourse to borrow (which it is trying to avoid). We are dependent on the timing of capital receipts and issues like the Flintham CPO being a relatively seamless transaction.
Opportunity for additional business rates from the Freeport/DevCo or risk of liabilities if either does not progress	Medium	Medium	Continue to monitor progress and inform business rate assumptions through Officer working Groups/Board

4. Revenue Expenditure and Income

During 2022/23, the Council supported the local community with various government funded grant schemes. This included grants on Energy Rebates (including discretionary), Energy Bills Support Scheme (EBSS) and Alternate Fuel Payments (AFP) to support residents in the current cost-of-living crisis. The treatment of grants within the Statement of Accounts varies dependent upon the criteria of each grant. Grants for which the Council had no discretion over value and eligibility criteria have been accounted for on the Balance Sheet with balances at the year-end held as Creditors. Where the Council could exercise some discretion over eligibility and amount awarded, the grants and corresponding expenditure have been recognised in the CIES. Outstanding balances at the year-end are either shown in the Balance Sheet as a receipt in advance or included in the net cost of services and carried forward into 2022/23.
Total grant expenditure in 2022/23 is shown below:

Grant type	Number of grants awarded	Total payments (£)
Energy Rebate	36,755	£5,513,250
Discretionary Energy Rebate	4,713	£130,950
EBSS	345	£138,000
AFP	168	£33,600

The Council receives and spends money from various sources. The income comes primarily from 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.

When setting the budget for 2022/23 an estimated increase for inflation and pay was included however, it was not anticipated that inflation levels would peak at 11.1% and that consequently this would result in a higher than anticipated pay award. Revenue budget efficiencies from 2021/22 were carried forward to support these cost pressures and during 2022/23 the Council has continued to closely monitor the budget position, particularly on utilities and where possible identify efficiencies that may help in balancing the increased costs.

Along with in-year efficiencies the position on utilities wasn't as significant as anticipated and has resulted a net efficiency position in 2022/23. There is a net transfer from reserves of £2.659m (originally planned to be a transfer from reserves of £3.465m (adjusted to £4.740m to reflect carry forward commitments and MRP) a net reduction of £2.081m. Consequently there is an overall net transfer from reserves of £3.902m made up of £2.659 from revenue and £1.243m from capital.

Of the £4.866m transferred to reserves, £1.587m was New Homes Bonus (NHB) and £1.108m to the Organisation Stabilisation (OS) Reserve to meet carry forwards and reserve appropriations. Much of the £8.767m use of Reserves was to release to the collection fund for the deficit arising from 2020/21 and 2021/22 (£3.707m), the use of New Homes Bonus to offset Minimum Revenue Provision (MRP) charges in relation to the capital cost of the Arena and Cotgrave Masterplan (£1.017m); and planned transfers to meet revenue commitments. Reserves are available to meet future cost pressures (£2.466m), 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 Fairer Funding Review and retained business rates which have been further delayed);
- Enabling the Council to minimise the impact of Government Policy such as the Extended Producer Responsibility for Packaging and the Environment Act;
- Funding capital expenditure including enhancement of property, plant and equipment and vehicle replacement;
- Ensuring the Council's IT infrastructure and equipment is of sufficient quality to facilitate the delivery of modern services;
- Ensuring the Council is equipped to deal with unforeseen reductions in income or increased spending pressures such as the current cost of living crisis linked to the war in Ukraine; and
- Allowing the Council to facilitate growth and pursue opportunities such as the Development Corporation and Freeport.

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. The majority of the transfer from reserves was to meet MRP repayments (£1.017m) and collection fund deficit (£3.707m). The General Fund Reserve Balance therefore remains unchanged from 2021/22 at £2.604m. Earmarked reserves have decreased by £3.902m (£2.65m Revenue plus Capital £1.243m), from £23.575m to £19.673m, (see Note 4). The majority of the revenue movement relating to the release of collection fund reserve to offset the deficit position arising from reliefs administered in previous years. A healthy level of reserves is essential for the Council to withstand any future financial pressures whilst enabling the Council to develop and grow the borough and deliver the Council's corporate priorities.

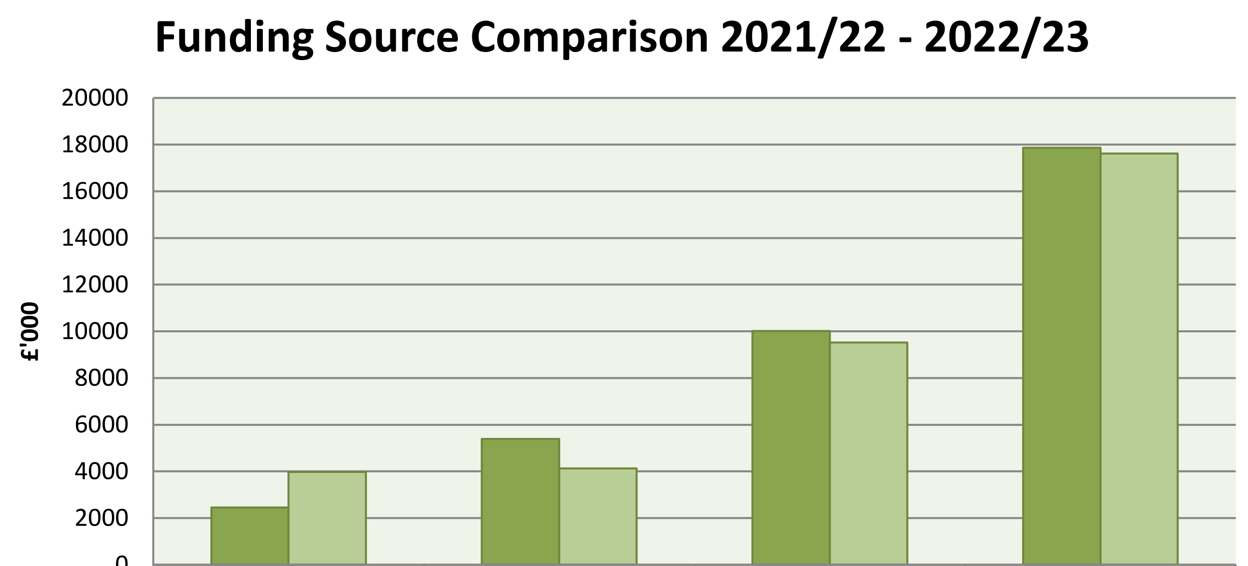
The following table demonstrates where money was spent in 2022/23, showing a net underspend on direct costs of £0.57m against budget:

	Original Budget Excluding Recharges £'000	Revised Budget £'000	Revised Outturn £'000	Revised Variance £'000
Chief Executive	2,021	2,137	2,136	(1)
Development and Economic Growth	(112)	638	418	(220)
Finance & Corporate	4,330	4,204	3,546	(658)
Neighbourhoods	6,949	7,759	8,068	309
Total	13,188	14,738	14,168	(570)

The table above excludes technical items which do not impact on the bottom-line financial position such as capital accounting charges.

The position on the collection fund has now reduced from a deficit of £5m at 31 March 2022 to £ 0.04m at 31 March 2023 as the majority has now been recovered from Rushcliffe Borough Council and the major preceptors (offset by a release from reserve as detailed above). A proportion of the in-year efficiency has been appropriated to the Treasury Capital Deprecation Reserve along with £0.2m from 2020/21 efficiencies and the remaining surplus is to be used for schemes that are to be carried forward into 2023/24 such as Ukrainian Rehousing Scheme and to meet expected pay and other inflationary pressures.

The main sources of revenue funding are detailed below. The table demonstrates the Council's reliance on local taxation to fund net council expenditure; 56% from Council Tax (54% 2021/22), 30% from Business Rates (23% 2021/22) and 14% (23% 2021/22) from grants. The decline in grant funding relates to receipt of Covid grants which have now ceased. Of the grants funding £1.588m is New Homes Bonus largely used to finance capital expenditure. New Homes Bonus was planned to cease after 2022/23 however there has yet to be any announcement on the 2021 consultation and consequently NHB was extended for a further year with the possibility this could also be extended to 2024/25 pending any decision on a replacement scheme.

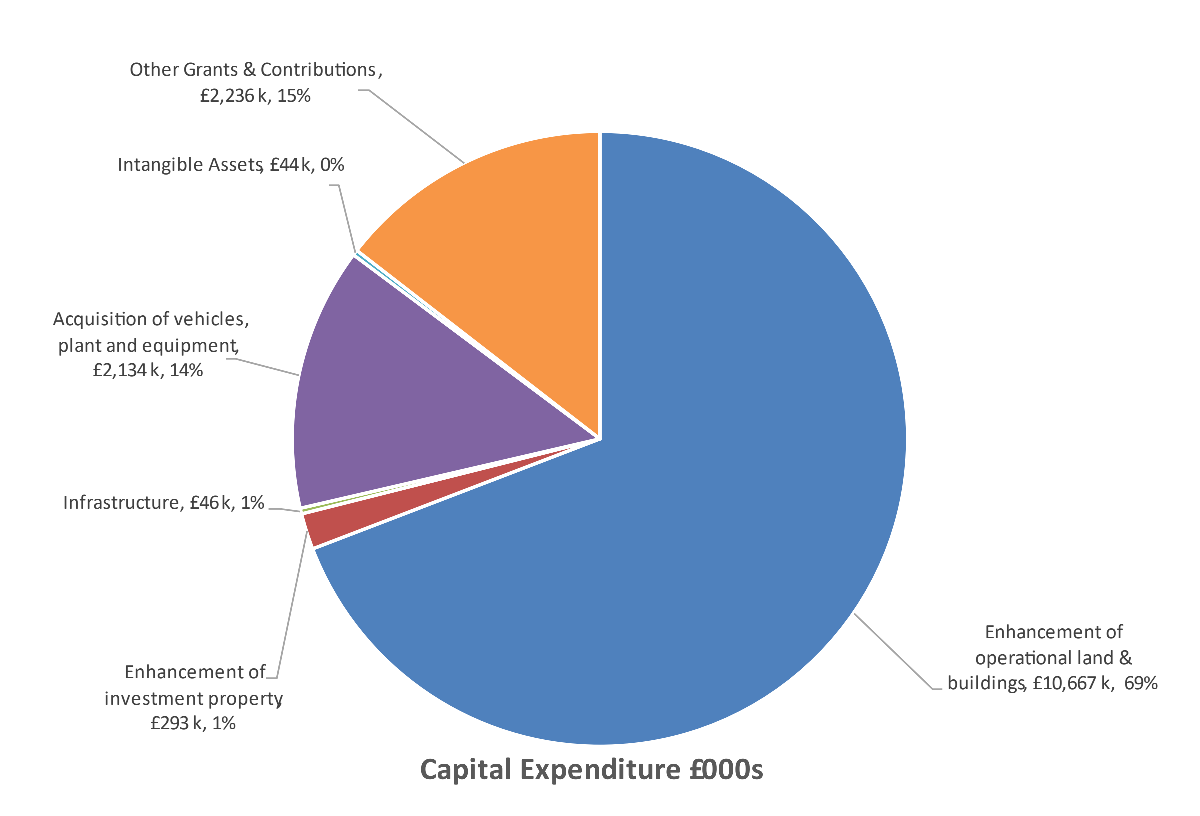


	Grant Income	Business Rates	Council Tax	Total Funding
2022/23	2451	5395	10015	17861
2021/22	3,972	4,125	9,514	17,611

Source: Taxation and Non-Specific Grant Income - Note 7

5. Capital Expenditure and Income

The following chart shows the breakdown of Capital Expenditure in 2022/23:



The chart above shows the main area of capital expenditure relates to Enhancement of Operational Land and Buildings £10.667m, 69%, with the release of Capital Grants and Contributions as the next highest £2.236m, 15%. These are discussed further below.

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. Key areas of capital expenditure in 2022/23 comprise:

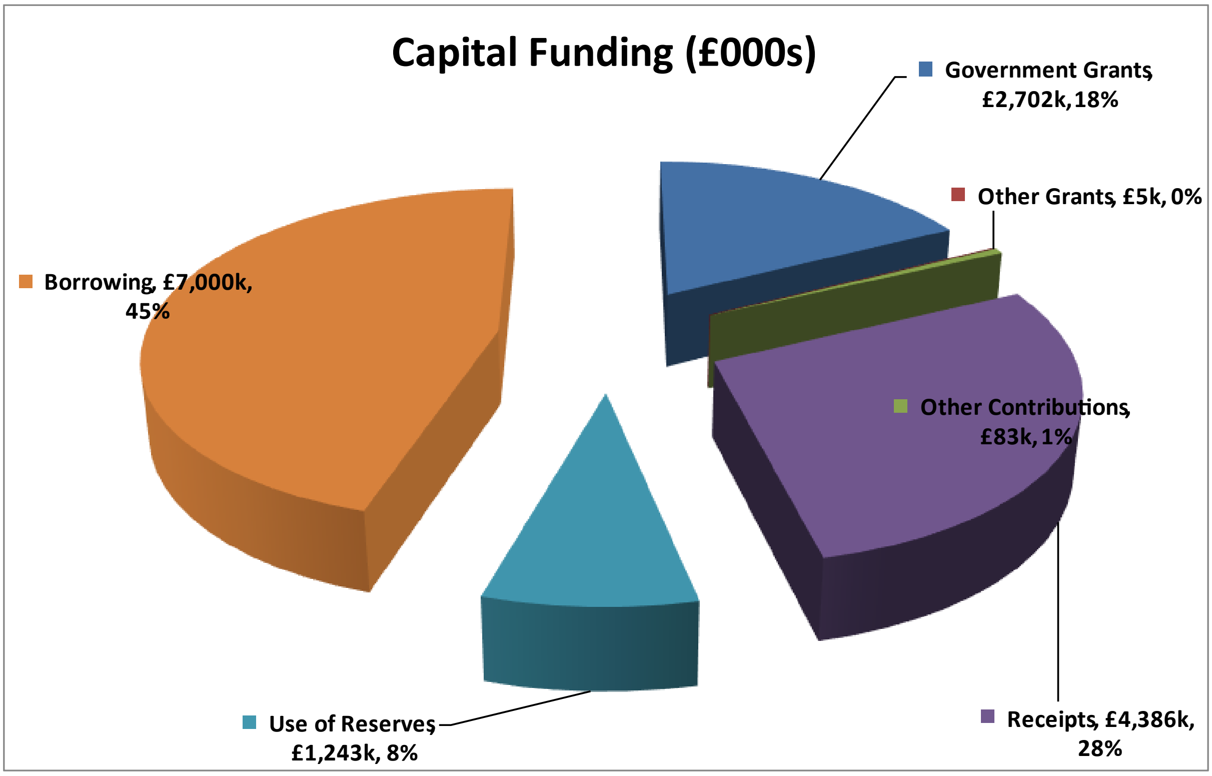
- Operational Land and Buildings - £10.667m. Of which, £5.982m was spent on Bingham Leisure Hub and Offices and £4.016m for The Crematorium which sees the completion of these transformational projects. In addition, £0.432m was spent on Rushcliffe Country Park Enhancements.
- Other Grants and Contributions - £2.236m. Monies released to finance capital assets owned by third parties. Primarily this expenditure was on LAD2, LAD3 and HUG1 Green Energy Grants £1.304m; and Disabled Facilities and Better Care Funding Grants £0.859m.
- Vehicle, Plant and Equipment - £2.134m. Of note are: acquisition of vehicle/plant replacements and Streetwise vehicle and plant assets £1.044m including 3 Refuse Freighters £0.586m; and Cremator Plant £0.810m.

Rushcliffe Country Park Visitor Centre opening

The Council has to ensure its Capital Programme is not only prudent, but also affordable and sustainable. In 2022/23 the Council spent £15.4m compared to an overall Capital Programme of £21m giving rise to a variance of £5.6m. This is due to programme rephasing and the carry forward commitments total a net of £5.4m. The most significant of which are £1.563m for the Bingham Hub Leisure and Office scheme to meet post opening enhancements; and £1.273m for post opening enhancement works that are identified at the Crematorium.

Bingham Arena

The chart below shows the breakdown how Capital Expenditure was funded in the year.



Source: Capital Expenditure and Capital Financing- Note 29

Capital resources available in 2022/23 allowed for all capital expenditure to be met without recourse to external borrowing. The key elements of funding comprise:

- Internal Borrowing - £7m 45% of expenditure: £3m for Bingham Arena and Offices; £4m for The Crematorium. Internal borrowing increases the Capital Financing Requirement (CFR) and is repaid by Minimum Revenue Provision (MRP). Capital Receipts received in 2023/24 will be applied to the CFR to bring down the Council's underlying need to borrow and will also reduce the MRP required,

- Capital Receipts - £4.386m 28% of capital expenditure was covered by capital receipts. Significant sums are still being received from the overage agreement in place at Sharphill Wood. These sums, together with historical capital receipts, were used to fund: £2.042m of Bingham Leisure Hub; £0.550m Crematorium Costs; £0.367m RCP Enhancements; and £0.744m for vehicle acquisitions.

- Government Grants - £2.702m. Of this, £1.204m from LAD2, LAD3, and HUG1 Green Energy Grants; £0.701m awarded to the Council under the 'Better Care Funding' arrangements used specifically to fund Disabled Facilities Grants; and £0.685m came from the European Regional Development Fund to support the Office element of Bingham Hub.

In 2016/17 and 2017/18, the Council used internal resources (internal borrowing) to temporarily finance the completion of the Arena development and Cotgrave employment units. There was a need to use a further £2.5m to meet part of the capital expenditure on Bingham Leisure Hub in 2021/22 and a further £7m in 2022/23 for Bingham Leisure Hub and the

Crematorium. Where this happens, Central Government legislation requires the Council to make a charge to its revenue budget over time, to reinstate the Council's resources. The Council has chosen to make a payment of around £1m a year, until the balance of internal borrowing is recovered. (See the Capital Financing Requirement note 29). The charge (MRP) to the revenue budget has been covered by the release of New Homes Bonus reserves to wholly mitigate any impact for Taxpayers and exceeds the amount we would have to pay if it was based upon the asset lives.

At 31 March 2023, the balance in the Usable Capital Receipts Reserve stood at £1.085m (2021/22 £0.825m). The Council continues to generate resources through the planned disposal of assets deemed surplus, preserved rights to proceeds from sales of ex-Council House Stock, and the overage agreement in place for Sharphill Wood. During 2022/23 £7.614m of capital receipts were received, primarily from: overage agreement Sharphill Wood £5.911m (of which £2.968m is deferred to 2023/24); deferred receipt re Disposal of the Depot Land £1.2m; and repayment of Capital Loans £0.409m.

Looking ahead, the Council has approved an ambitious Capital Programme for 2023/24 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 may be a need to undertake some further 'internal borrowing' which will potentially require an increase in the Minimum Revenue Provision (MRP). Up to 31 March 2023, the MRP charge to the revenue account was offset by a release of New Homes Bonus (NHB) to wholly mitigate the impact of the internal borrowing on the Taxpayer. The ability to continue to do this will continue to be reassessed as part of the MTFS. The future levels 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 versus future capital demand.

Rushcliffe Oaks

6. Major Service Developments and Future Challenges

Despite the legacy impact of the global pandemic still being felt when the War in Ukraine began in Spring 2022, the Council has again met the many challenges the financial year posed. It soon became evident that there were emerging cost pressures on utilities and fuel, further compounded by national living wage increases and pay negotiations.

After the successful administration of Covid grants in 2020/21 and 2021/22, Local Government were again tasked with issuing various grants and support payments relating mainly to Energy Rebates and Homes for Ukraine (H4U). The Council has absorbed these additional duties and were one of only four local authorities nationwide that declared they had paid all their energy rebates by the end of June 2022 – 36,755 grants paid out totalling £5,513,250. This again demonstrates the commitment of Council staff in delivering excellent services to their residents and for being proactive and innovative with systems, enabling the grants to be paid swiftly.

Despite additional pressures the Council have continued to focus on delivering major projects such as Bingham Hub and the Crematorium (both of which have opened to the public in spring 2023) and improvements to Rushcliffe Country Park (RCP). The Council has also been successful in applying for Salix grant funding to implement environmental improvements to the Council's Leisure Centre in Cotgrave and been awarded further grant funding to extend the work on 'green homes' improvements which is expected to be completed by September 2023.

One of the Council's priorities is residents' **Quality of Life** and, as mentioned above, three significant projects, Bingham Hub, the Crematorium and RCP have recently been completed. The H4U scheme saw 400 Ukrainian guests welcomed by 170 sponsor homes - the largest concentration across Nottinghamshire. Council officers visited every sponsor property to ensure it was safe and suitable and we have supported sponsor rematches and community cohesion.

The authority has worked to ensure those eligible to, can vote in upcoming election, including voter identification. The Council secured "Safer Streets4" funding of over £250k over two years to tackle Neighbourhood crime, anti-social behaviour (ASB) as well as violence against women in a specific part of the Borough resulting in in a range of interventions including CCTV and ASB patrols. The visitors' centre at Rushcliffe Country Park (RCP) has been upgraded with new Café and Environment Centre including interactive displays, Outdoor Shelter, environmental improvements, a 'Changing Places' toilet, PV Solar Panels, and a new Air Source Heat Pump.

Lark in the Park, Proms and a Taste of Rushcliffe attracted thousands of local residents and visitors and the Council hosted summer outdoor cinema events and work in partnership with the local Clinical Commissioning Group to deliver a number of health-related initiatives. The authority hosted the start of the Nottinghamshire stage of the Tour of Britain cycle race which again boosting the local economy by £4m. The high-profile Celebrating Rushcliffe Awards were again hosted by the Council which brings together finalists chosen from hundreds of nominations across 10 categories each sponsored by a local business with the winners announced at the event.

To support residents during the current cost-of-living crisis, it identified eligible residents who were not claiming what they are entitled. Proactive advice was provided so residents received what they were due. The Council also commissioned workshops with local voluntary organisations to support people in accessing support and benefits advice.
The Council's home alarms service has continued to provide an essential lifeline emergency call system to over 1000 elderly and vulnerable homeowners and private tenants, helping them with independence and providing reassurance. Customer satisfaction has been 100% every year for the last five years.

The Council always strives to deliver **Efficient services** and alongside issuing vital energy rebates has ensured that its services deliver value for money. It is passionate about reaching those who are not receiving all the support they are entitled to.

When setting the budget for 2022/23 an estimated increase for inflation and pay was included however, it was not anticipated that inflation levels would peak at 11.1% and that consequently this would result in a higher pay award. Revenue budget efficiencies from 2021/22 were carried forward to support these cost pressures and during 2022/23 the Council has continued to closely monitor the budget position, particularly on utilities and where possible identify efficiencies that may help in balancing the increased costs.

At the end of 2022/23 there is a net efficiency position namely from the increased interest rates on Council treasury investments (an upside to the increased inflation); funding for Ukrainian rehousing scheme which will be carried forward into 2023/24 and additional business rates income from the Nottinghamshire Pool. The efficiency position will allow creation of a reserve to mitigate potential losses arising from a decline in capital value of the Council's diversified investments (arising as a result of the economic downturn) ensuring this does not impact on taxpayers. This was approved at Full Council when the Medium-Term Financial Strategy (MTFS) was approved.

Government reforms for longer term funding have not been forthcoming and the impact of anticipated Business Rates and Fairer Funding changes are programmed in the MTFS for 2025/26. This uncertainty over funding does make financial planning challenging for the Council having received one-year financial settlements for the past 4 years and going forward at least until 2024/25. Multi-year settlements will give more financial certainty.

Nationally there continue to be staff shortages, making recruitment and retention challenging for the Council. Furthermore, increased inflation is having an adverse impact on consumer activity and presents a risk to Council income streams. Ultimately these result in pressure on the Council's budget not only on the costs of delivering Council services but also the potential reduction in fees and charges income as households cut back on discretionary spend.

The Council is continuing to monitor the situation and identify efficiencies and ultimately it can access its contingency budget to mitigate potential losses and utilise its Organisation Stabilisation Reserve.

The Council has a rolling Transformation Programme to ensure process and services are efficient and the Council cost to the taxpayer kept as low as possible. It has set a balanced budget for 2023/24 and has seen only a 5% increase in net costs over the last 12 years. Importantly going forward over the next 5 years it has relatively small projected budget deficit of circa £0.3m, which is manageable.

On 1 September 2022 the Council brought back its in-house Street Cleansing and Grounds Maintenance functions (for the past 8 years a trading company) which should deliver financial efficiencies over the coming years, as profiled in the Council's Transformation and Efficiency Programme. Market conditions and trading had become challenging, and the focus is now on delivering key frontline services to Rushcliffe residents and not a wider range of services to residents outside of the Borough.
Five Council Leisure Centres are operated, one of which is a brand-new state-of-the-art facility in Bingham and recently further funding has been secured to upgrade the Leisure Centre at Cotgrave. Working with partners, the Council secured funding to install a new full size floodlit 3G football turf pitch at Gresham, refurbishing the existing 3G pitch, upgrading existing grass pitches and installing several energy saving measures.

The Council launched a new Customer Access Strategy following COVID to enable 'channel shift' and modernise accessibility to residents. The strategy includes a commitment to retaining face-to-face services and development of a new website to improve customer interaction and facilitate further channel shift which launched in April 2023.

Audit performance remains a concern both locally and nationally with only one in six Councils having their 2021/22 accounts signed off and 71% awaiting an audit opinion. Rushcliffe's accounts were signed off in March 2022/23. A number of technical issues and increased audit requirements are causing the delay, with a perfect storm of a lack of accounting and audit resource across the sector. The temporary extension to the accounts publication deadline for Local Authorities has been removed for 2022/23 accounts which is intended to allow the auditors more time to audit the draft accounts. The implications of this are that although the draft statements will be published for 31 May 2023 the Council's 2022/23 accounts are not expected to be signed off until November 2023 (after the 30 September 2023 deadline).

Devolution is on the horizon with an elected Mayor expected in May 2024. The long-term impact on Rushcliffe of devolution remains to be seen. In the short term the expectation is it will impact upper tier authorities.

Rushcliffe continue to focus on delivering **Sustainable Growth**.

The Council have continued to support the businesses of Rushcliffe in the post Covid era and during the cost-of-living pressures by establishing retail forums, issuing shop front improvement grants and employment of a high street ambassador and town centre manager to deliver events to boost economic activity. Through the Rushcliffe Business Partnership working with the East Midlands Chamber, the Council provide free business support and advice for business owners across the borough and a free business high street advisor.

Work is ongoing on Freeport proposals for the development of East Midlands Airport, East Midlands Intermodal Park and Ratcliffe-on-Soar Power Station (decommissioning in 2024). The authority is taking a proactive approach to secure the long-term future of the site via East Midlands Development Co (DevCo), the East Midlands Freeport and through the preparation of a Local Development Order (LDO) which will grant planning permission for a range of modern industrial uses and will set the parameters for a site which is expected to provide innovative energy for the future.

The £8.5m Rushcliffe Oaks Crematorium has now opened and provides a facility that was had identified as a local need. The environmentally conscious facility uses renewable energy sources and is one of the first in the country to invest in innovative all-electric technologies. The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK government's Levelling Up agenda and a component of its support for places across the UK.

It provides £2.6 billion of capital and revenue funding for investment in local projects to be spent by March 2025. All areas of the UK will receive an allocation from the Fund. The Rural England Prosperity Fund (REPF) is additional funding to the UKSPF and is to specifically address the particular challenges rural areas face.
The funding replaces European Funding and aims to build pride in place and increase life chances across the UK over three priorities:

- Community and Place
- Supporting Local Business
- People and Skills

The Council will receive £ £2,571,462 over three years (Capital and Revenue funding) for investment in local projects and £596,193 Rural England Prosperity Fund (and this is capital only). Schemes have commenced on both communities and place and business support projects. A grant funding pot for local organisations and local businesses was launched with application closing on 19 May for projects to be delivered by the end of March 2024.

Whilst the Council no longer has an Asset Investment Reserve (with the balance retuned to the capital funds last year) it continues to review its existing assets and reported to both Cabinet and the Governance Group with reports due next in autumn/winter 2023.

One of the Council's key priorities is **The Environment**.

The Council's Climate Change reserve (created in 2020) has been utilised for a number of projects including improving low energy efficiency housing, electric car charging points LED lighting and as mentioned the Crematorium and Bingham Hub. The authority is proactively identifying suitable projects, and these will be put forward for approval for funding from the Reserve and include Photovoltaic (PV) panels on operational buildings, replacement heating plant and a fleet and infrastructure audit.

As mentioned above it has made improvements to RCP and have implemented a range of Net-Zero environmental improvements including solar panels, an air source heat pump to supply sustainable energy to the visitor centre, interactive learning centre with touchscreen technology. The Council's new crematorium and Bingham Hub have been built to the highest environmental standards with 80% and 78% less carbon respectively. It's also installed electric charging points at both Gresham Sports Park and RCP.

The Council's target is carbon neutral by 2030 for our its operations and for the whole Borough by 2050. We have a detailed action plan with the Climate Change Reserve helping achieve this target. One challenge will be the future funding of carbon reduction schemes given other competing priorities and as the Climate Change Reserve reduces. Inevitably there will be more demand for resources from such schemes and additional resources will need to be identified.

The Council's Chief Executive champions this agenda across Nottinghamshire. A Big Business Low Carbon Club has been created, to bring together the big businesses in the Borough so they can share ideas on how they are working towards net zero within their own operations. Members include British Geological Survey, Uniper and Lafarge.

In partnership with the private sector, Waste Investigations Support Limited (WISE) have enforced the full range of environmental crimes and as a result fly tipping dropped to its lowest level in four years and provided at zero cost to Council taxpayers. The Council tops the recycling and composting league in Nottinghamshire and the garden waste service continues to offer real value for money to over 30,000 subscribers.

There are also policies on No-Mow areas to act as summer pollinator sites and encourage wildlife and habitats to thrive and approved a Public Space Protection Order which ensures dog owners must carry a bag. For the fourth year, the successful free tree scheme has seen the project pass 10,000 distributed as part of the Council's strategy to provide sustainable environments.

Forthcoming changes to Environment legislation will impact on the Council such as changes to waste collection and disposal, collection of food waste and the new charging scheme Extended Producer Responsibility (EPR) for packaging. The Levelling-up bill will also introduce changes to infrastructure levy and local planning (including reporting on environmental outcomes) and proposes increases to planning fees.

What the above highlights are the significant amount of work the Council has been undertaking and the range of challenges and opportunities going forward, as well as much uncertainty and risk. As a Council we have a relatively stable financial position which gives a sound footing to enable us to meet current and future challenges.

Keyworth Skate Park Opening

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:

- **Comprehensive Income and Expenditure Statement - CIES (Page 2) -** The net cost of service has increased by £1.518m mainly due to the loss on capital value of the Council's diversified treasury investments. There has been an increase in pay and inflation, but these have been largely offset by in-year efficiencies and an increase in investment income as a result of the increase interest rates. The movement in Other Operating Expenditure (£7.195m) arises mainly from Covid grants in 2021/22 which are no longer payable (£1.2m) and £5.967m gain from disposal of Sharphill overage.

- The movement in Financing and Investment Income and Expenditure (£2.152m) is technical in nature and relates to the movement in Fair Value of Investment Properties (£1.142m) and the movement in the capital value of the Council's Treasury Investments (£1.63m) offset by increased investment income (£0.463m).

There is a downward movement in Taxation and Non-Specific Grants of £3.198m in 2022/23 owing mainly to a reduction in Capital grants and contributions where S106 contributions were released in 2021/22 in relation to Bingham Arena and Enterprise Centre and Gresham Pitch upgrades.

The variances above have resulted in an overall surplus on the Provision of Services of £3.268m compared to a surplus of £2.942m in 2021/22. Revaluations on non-current assets has resulted in a surplus of £11.679m. Valuations of Bingham Arena, Enterprise Centre and Crematorium, other leisure centres and Gresham Sports pitches have been affected by significant increases in build cost indices and inflation.

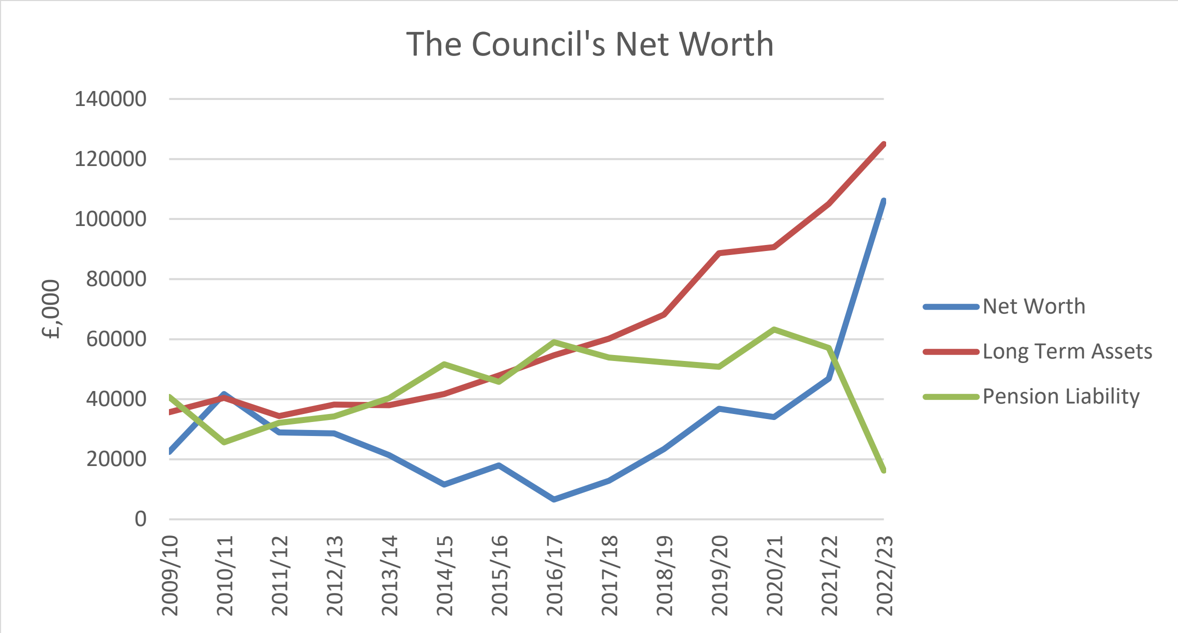
There have also been pension adjustments changes in actuarial assumptions (Surplus of £43.420m compared to a surplus in the previous year of £9.567m). This movement represents a decrease in liabilities due to changes in financial assumptions made.

- **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) –** This is a snapshot of the Councils Assets, Liabilities and Reserves at the year-end date (31st March). The Council's overall net worth has increased to £106m. In the year, the cash and cash equivalents have decreased by £25.5m mostly in relation to the decline from the previous year in additional grant payments received from government. This is partially offset by a decrease in short term creditors as balances have been repaid. Short term investments have increased from £13m to £32m mostly relating to S106 and CIL planning agreements. Long term provisions have decreased by £1.476m and relates mainly to the reversal of the Streetwise pension provision as this is now back in-house (£0.955m). The remainder relates to a reduction in the Business Rates appeals provision based on experience and expected appeals. The Pension Liability accounts reflects the valuations by the actuary and as mentioned above a change in actuarial assumptions with a net decrease of £40.838m in liabilities. Long term investments have decreased by £1.456m reflecting a decrease in the investments in the diversified funds during the year.

  Property Plant and Equipment has increased by £21m primarily due to expenditure on Bingham Arena and Enterprise Centre and Crematorium and revaluation of operation Leisure buildings due to significant increases in building cost indices and inflation.

The following graph shows the change in the Council's net worth over the past ten years. Over the last ten years there has been a positive trend of an increase in net worth (with a downward turn in 2020/21 due to the impact of the Covid-19 pandemic on pension values) the net worth has increased in 2022/23 to £106m again largely as a result of variations to pension values.



Source: Balance Sheet

- **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 9-48) –** these provide supporting context to the above Statements.

- **Accounting Policies (Pages 49-67) –** these explain the bases of the figures presented in the accounts.

8. Supplementary Financial Statements

- **Collection Fund (pages 68-70) –** 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 central government. It is noted that there is now a small surplus of £0.1m on the Business Rates section of the Collection Fund, as a result of recovery of deficits from previous years and a reduction in appeals provision. The deficit on the Council Tax section has increased to £2m (from £1.6m) as proportionately precepts raised by authorities is more than the Council Tax collected.

- **Group Accounts are no longer required as Streetwise is delivered in-house**

9. Summary

The Council has, and continues to face, many significant financial challenges. Delayed funding settlements and unexpected financial pressures (such as Covid, the war in Ukraine and continuously high inflation) make financial planning challenging. In this volatile environment, a culture of prudence is essential, however, the Council also has ambitions to deliver initiatives focusing on investment and growth in the community (including the opportunity of the Freeport) and this will stand the Council in good stead to meet both the operational and financial challenges it now faces. The Council must ensure it is prepared to face future financial pressures but also not lose sight of its longer-term agenda to ensure the Borough remains a great place to live, work and remain healthy; and for future generations that it has a sustainable environment. The Council has committed to meeting a net zero carbon emissions target and in support of that holds a Climate Change Reserve and has created a Vehicle Replacement Reserve. A new Corporate Plan is due in 2023 and the budget will continue to resource this, ensuring the principles of sustainability, prudence and affordability are maintained.

The Council is committed to delivering the services our residents value, economic growth, and change for the Borough through the delivery of its key strategies: from leisure to transformation. The Council will continue to be innovative (under much tighter constraints), so it continues to progress and provide better value for money for taxpayers. The Council will continue to aim to provide an environment to support both businesses and the community in these most challenging of times. At the forefront of economic growth in the longer term will be the role of both the Freeport and Development Corporation and the opportunities these will create. Devolution is seen positively, viewed as an opportunity for enhanced local decision making that will support growth, improvement and to protect the vulnerable. 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
Director - Finance and Corporate Services
31st May 2023

B. ANNUAL GOVERNANCE STATEMENT

1. SCOPE AND PURPOSE

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, 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 2023 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 2027/28 and introduce its seventh Corporate Strategy covering the period 2019 to 2023 (to be revised in 2023). The document is defined as a living strategy – one which will grow and evolve over its lifespan to adapt to the change needs of the authority. The four key priorities, contained within the Strategy, are:

- Quality of Life
- Efficient Services
- Sustainable Growth
- The Environment.

The integration of service and financial planning continues year on year and is resourced by the financial strategy.

The Council continues to work towards the delivery of its Transformation and Efficiency Strategy, its plan to address the financial pressures facing all public bodies. This outlines how the Council will meet its financial challenges until 2027/28. The Transformation and Efficiency Strategy focuses upon three key elements – income generation, transformation and business cost reduction. As part of the transformation 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.

All key tasks within the current service delivery plans have been linked directly to the Council's strategic objectives.

2.2 Improvement and Efficiency

As with other public bodies, the Council faces unprecedented financial pressures. The 2023/24 Medium Term Financial Strategy (MTFS) predicts a deficit of £0.3m to 2027/28. At 0.75% of annual gross expenditure this is manageable. The impact of the Ukraine conflict continues to be felt with the pressure of rising inflation along with pay inflation and the increases in national minimum living wage. This undoubtedly presents risk to the Council's budget position. That said the Council has increased Contingency budget to £0.3m and will look to any further revenue budget efficiencies to support employee costs, given the uncertainty of future pay awards. Other pay and service pressures arise from the ability to attract and retain staff. This is likely to lead to significant additional financial pressures as staff salaries are affected and pay differentials are eroded. This may also have an impact with our external partners (e.g., Leisure contracts) who will look to address the potential of a rising cost base.

A combination of cost control and income generation and better than expected local economic performance and increased Nottinghamshire Business Rates Pool Surplus linked to prudent management of the Council's finances, resulted in a projected budget efficiency position in 2022/23 (at Quarter 3) of £1.7m (taking into account government grants and additional business rates). Much of which is committed with carry forward requests to meet service challenges and new reserves such as to manage the risk of depreciating commercial investments. Going forward there remain significant financial risks, and these are commented on below. Use of the Organisational Stabilisation reserve will ensure the Council continues to deliver its main corporate objectives. The impact of high inflation linked to rising energy costs means the trajectory of economic recovery remains uncertain and will continue to be closely monitored along with the associated changes to the Council's projected financial position.

Going forward, the Council will review the Transformation Programme including the impact of delays to both the development of the Crematorium and Bingham Leisure Hub on income streams and leisure contract savings. Streetwise has been brought back in-house and its performance, both operational and financial, will continue to be evaluated. The Business Rates, Fair Funding and New Homes Bonus reviews continue to be delayed and it is anticipated now that these will not come to fruition until 2025/26, at the earliest and revised assumptions are reflected in the MTFS.

The budget will still focus on the following thematic areas to be balanced in future years:

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

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

(c) Transformational Projects – projects such as a new crematorium, Bingham leisure hub facilities and bringing Streetwise back in-house; and

(d) 'Thinking big' reviews – the emergence of the Development Corporation and Freeport area around Ratcliffe-on-Soar power station.

To secure a medium-term financial position, the Council will maintain progress and focus on managing budget reductions where appropriate, managing inflationary pressures on its operational costs, whilst increasing income to deliver balanced budgets annually. Areas of focus in 2023 include performance of the crematorium and streetwise as in-house service; and areas of risk and opportunity such as investment returns and that income levels are maintained given the impact of the cost-of-living crisis on individuals disposable income and therefore their ability to spend on Council services. In terms of expenditure the impact of inflation on both revenue and capital budgets continues to be monitored.

The Council continues to promote a commercial culture, although the Council has taken the strategic decision to realign its financial commitments focusing on investment in significant assets such as the Bingham Leisure Hub and the crematorium and no longer investing in commercial assets for a financial return. The Council's Capital and Investment Strategy incorporates reporting on existing commercial investments. Over the term of the MTFS, the income generated from such investments is estimated to rise from £1.83m (2023/24) to £1.96m (2027/28) and performance is reported to Governance Scrutiny Group throughout the year. The Council no longer invests in assets specifically for a commercial return.

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 clearly sets out the 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 take executive decisions and approve policies not reserved for consideration by Council. Cabinet and Council works to a Forward Plan of forthcoming decisions for up to three months ahead;
- The work of Cabinet has been supported by four scrutiny groups. The Council now has a Corporate Overview Group, which manages corporate performance and

financial control as well as the work programmes for the three additional scrutiny groups of Governance, Growth and Development, and Communities;

- Separate committees exist for Standards, Planning, Employment Appeals, Licensing, and Interviewing; and
- 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 in July 2022 and a further review is planned for July 2023.

2.4 Policies, Procedures, Laws and Regulations

The Council has three statutory officer roles: the Head of Paid Service, the Section 151 Officer, and the Monitoring Officer. The Chief Executive is the Head of Paid Service and has overall corporate management and operational responsibility including overall management responsibility for all officers. The Chief Executive has the special responsibility to report if insufficient resources are available for the Council to discharge its legal duties. The Monitoring Officer ensures lawfulness and fairness in decision making and ensures the Constitution is current.

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 2022/23, the Council's financial management arrangements complied in all respects with the governance requirements of the aforementioned statement, in particular:

- During 2022/23, the Director 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 Governance Scrutiny Group and the Council's internal and 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 BDO. The effectiveness of this service is monitored by the Governance Scrutiny Group.
- The Chief Executive and three Directors 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 Director Neighbourhoods.

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. In the last twelve months, the Governance Scrutiny Group reviewed the Risk Register in February, where there were 41 corporate risks and 27 operational risks on the risk register. In addition, there were 4 opportunity risks.

The Council also reports on risk as part of its reporting framework to Full Council, Cabinet and Scrutiny.

The 2022/23 Annual Report by Internal Audit is expected to provide positive assurance regarding its risk and control arrangements although this is currently outstanding at the time of writing.

This reflects well on the Council particularly given the 'cost of living crisis' and ongoing impact of the Russia-Ukraine conflict following on the heels of the economic and social impact of Covid.

2.6 Development and training needs

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

The Council has a cross party Member Development Group (MDG) to oversee the development and delivery of Councillor learning and training. This Group meets to review the delivery of the annual training programme and looks at the Councillors' Community Grant Scheme before each election.

Following the suspension of councillor training during 2020/21 to enable Councillors to spend additional time supporting their communities, the Council adopted a Councillors' Learning and Development Policy in July 2021. Training required for membership of regulatory committees was brought up to date and additional training for councillors was delivered in-person, virtually and via the Council's e-learning platform. Topics during 2022/23 included treasury management, code of conduct, risk management, greenbelt policy, planning, licensing, and cyber security. Councillors now have an Individual Training Record which lists the training they have done during this term of office.

During 2022/23, the Council's Member Development Group met three times to develop the Council's Become a Councillor Campaign, the 2023 Induction Programme which officers deliver following the Borough Council election in May 2023, and the training plan for 2023/24 following the induction. It is expected that the Member Development Group will meet twice during 2023/24, to evaluate the Induction Programme, and then later in the year to evaluate the 2023/24 training programme and develop the programme for the coming year. A skills audit for Governance Scrutiny Group members is due to take place in the coming months.

The identification and delivery of appropriate training for officers is overseen by the whole of the Executive Management Team who ensure that organisational Learning and Development Plans linking to individual annual Performance Development Reviews (PDRs) are effectively managed and delivered. The Council recognises the importance of training to its workforce.

2.7 Communication

Principle B - *Ensuring openness and comprehensive stakeholder engagement*

Three editions of Rushcliffe Reports – the Council's newsletter for residents – were circulated to over 52,000 households on each occasion and these set out details of a number of key service changes, information on community events and request customer feedback.

Further projects are evolving to respond to the three yearly resident's survey feedback received in 2021, particularly across the Council's digital channels to build on 84% of respondents being satisfied, or very satisfied, with their local area as a place to live, 2% higher than the Local Government Association national survey.

The Council has continued to increasingly implement the use of recognised communication techniques to keep its residents, staff and members informed operating in a more hybrid and digital driven era, including the use of social media which saw it attract hundreds more subscribers across its various channels to nearly 20,000 followers.

During 2022/23, the Council continued developing its electronic free subscription newsletter to stakeholders, another communication method that now sees thousands receive a weekly digest on council news and updates direct to their inbox.

Customer satisfaction surveys continued with key customer facing services such as environmental health, revenues and benefits and the Home Alarms service. The latter received a 100% satisfaction rating from users for a sixth consecutive year. The feedback received from these exercises will continue to be used to improve services to all customers.

2.8 Partnerships

The Council has put in place strong governance arrangements around the major leisure services, garage services, and car parking contracts. Streetwise Environmental Limited (SEL) was brought in-house from 1 September 2022. During this period and through the remainder of the year the Directors (the Council's Chief Executive as Chair and the Council's s151 Officer also representing RBC as a Corporate Director) have continued to meet until the formal winding-up of the business in May 2023.

Following the Government announcement regarding the decommissioning of coal-fired power stations, Ratcliffe on Soar Power Station is due to be decommissioned by 2025. This could have a significant impact on the Borough both financially (loss of business rates) and with the potential to have a very large derelict site at the entrance to the Borough from the A453. The Development Corporation (DevCo) would provide greater certainty on the redevelopment of the site, leveraging investment and resources to support delivery. The Chief Executive of the Council is a Director of the newly established interim vehicle with the Council committing £0.5m (an earmarked reserve) to support the Development Corporation along with the same contributions from North West Leicestershire and Broxtowe district councils; and £1.5m each from both Leicestershire and Nottinghamshire County Councils. Although currently the Leicestershire authorities are considering their position. The Leader sits on the Oversight Authority.

Furthermore, the power station site is part of the proposal for the East Midlands Freeport one of 8 successful bids announced by the Chancellor from 1 June 2022 the Freeport was incorporated as a Company – East Midlands Freeport (EMF). The Leader of the Council sits on the Board as a Director. The East Midlands Freeport was approved by the Government on 30 March 2023. It will receive up to £25million in seed funding from the government to help drive investment in local businesses. Both the DevCo and Freeport present great opportunities for a world-class green and blue environmental investment programme with research and development in climate change and zero carbon technology and will enable employment opportunities and infrastructure investment.

The Council is involved in the Devolution Deal proposals with other Derbyshire and Nottinghamshire authorities. The likelihood is that there will be an East Midlands Mayor in situ from May 2024. Current proposals would still mean Rushcliffe as a Borough will retain its sovereignty, although there is a clear direction of travel for Councils to work more collaboratively for the benefit of their local communities.

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, and the Council provides public access to audio and video recordings of meetings. 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 which are reported to the Governance Scrutiny Group and Corporate Overview Group respectively. Reports from the Council's internal auditors (BDO) and external auditors (Mazars) are published online, including their annual reports.

The Corporate Overview Group monitor performance against targets on a quarterly basis. BDO are compliant with the requirements of the Public Sector Internal Audit Standards and has direct access to councillors and staff in order to discharge their duties.

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

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. This review is considered by the Governance Scrutiny 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 - Governance Scrutiny Group

The Governance Scrutiny Group 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

- Reviewing the plans and work of Internal Audit
- Overseeing the review of the Constitution
- Receiving reports from external audit in relation to the audit arrangements
- Scrutinising the Going Concern report.

3.5 **Other Scrutiny Groups**

The Corporate Overview Group reviews the performance of the Council against the approved targets. Other reports are taken to this group and during the last year include the diversity annual report, annual customer survey and the health and safety reports.

In addition to the Corporate Overview Group and Governance Scrutiny Group, the Council has two other scrutiny groups. The first, Communities, looks at areas that affect the community such as the Council's partnerships and the development of a Carbon Management Plan for the Council and the WISE environmental crime enforcement update. The other group, Growth and Development, is tasked with looking at different aspects of growth within the Borough and has, this year for example, scrutinised reports in relation to the River Trent footbridge and cycling networks in the borough.

3.6 **Directors**

The Chief Executive and Directors 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, the Chief Executive and Directors are required to confirm that they have reviewed the system of internal control and identify any areas where improvements are necessary.

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 Gedling Borough Council in 2019/20, this contract was awarded to BDO until 2023/24. An Audit Strategy has been developed covering all activities of the Council at a level and frequency determined using a risk management methodology.

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 Governance Scrutiny 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.

At the time of writing, we are awaiting the Internal Audit report.

3.8 **External Audit**

The external auditors, Mazars, 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; and

- 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. Mazars issued an unqualified audit opinion, expressing the view that the financial statements give a true and fair reflection of the financial position of the Authority, and of its expenditure and income for the year. This was after the 30 November deadline primarily due to the knock-on effect of delays in the pensions audit (undertaken by Grant Thornton on behalf of Notts CC) and clarification sought nationally regarding the treatment of infrastructure assets. The Council currently awaits the Value For Money conclusion from Mazars.

4 SIGNIFICANT GOVERNANCE ISSUES

4.1 Issues Identified, including the impact of Covid-19, the Cost-of-Living Crisis, the CIPFA Financial Management Code, other issues and proposed remedial action

Covid 19 Issues

The Council has continued to deliver its core services and many areas of income have recovered to pre-Covid levels, including car parking and planning and we have continued with services such as green waste. Whilst there have been some delays to our capital projects (e.g., Bingham Leisure Hub and the Crematorium), these are now successfully in operation. Performance will be reported via the Council's normal finance and performance governance arrangements to both Corporate Overview Group and Cabinet.

Current budget position and the cost-of-living crisis

2022/23 budgets were uplifted from 2021/22 to ensure funding was sufficient to meet expenditure pressures in relation to energy and pay inflation. We were anticipating budget efficiencies for 2022/23 of around £1.9m. This is not unexpected and will meet service pressures such as in relation to the 'homes for Ukraine' scheme and the expected temporary reduced value in pooled treasury investments (with an appropriation to an earmarked reserve); and funds to relieve any further pay pressures as well as support further climate change initiatives. One upshot of changes in the economy has meant the Council has accrued more interest income as a result of higher interest rates (amounting to additional income of around £0.6m).

The CIPFA Financial Management Code

The Chartered Institute of Public Finance & Accountancy (CIPFA) introduced a new code, The Financial Management Code 2019 (FM Code), which sets the standards of financial management for local authorities.

We detailed the Council's self-assessment 2 years ago and nothing has changed regarding this. The approach used is to give a RAG rating and has been reviewed by the Council's Section 151 Officer. In summary, the findings of the current self-assessment against the Financial Management Standards gives a green rating against each standard. We will be asking a neighbouring authority to review the assessment with the results being reported to GSG in the AGS next year.

Other Issues

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. The biggest developing arrangements as already stated concern the Development Corporation and the Freeport (see Section 2.8 above). A £0.5m reserve has been created to ensure the Council supports the initial business case development and plays an active role in decisions taken by the DevCo and Freeport Boards. The Freeport has been granted approval and work is continuing to ensure that it meets its business case targets. Devolution continues with the expectation there will be a mayoral election in May 2024.

Given all of the challenges linked to Covid and the cost-of-living challenge; and other medium-term uncertainty for example as a result of Business Rates and Fair Funding reviews, the authority has responded positively. The Transformation Strategy and supporting Programme identifies the Council's approach to meeting its efficiency requirements. A combination of cost control and income generation (including fees and charges and council tax) ensures the Council's budget deficit position over the next 5 years is estimated to be £0.3m. Immediate risks are in relation to utility and pay inflation (which are key drivers for general inflation). Hopefully utility risk will reduce although pay inflation remains a live issue linked to the national minimum living wage. To help mitigate these in the short term budget efficiencies from 2022/23 will be used to support the budget in 2023/24.

Going forward, there will also be service based pressures linked to statutory changes in relation to planning and waste services. The Council will seek to ensure it maximises the use of its UK Shared Prosperity fund allocation and any other external funding streams.

The Council is still committed to having a commercial ethos and maximising value for money for the benefit of its residents. The Council has a range of income streams and manages such risks proportionately and sensibly.

The continuing regeneration of the high street and the local Rushcliffe economy will be critical to both future service provision and the finances of the Council. Council Tax and Business Rates collection rates have been closely monitored. Positively the collection rates have maintained their high levels (despite financial pressures the community is facing). At the 31 March 2023, collection rates for Council Tax have increased by 0.1% compared to 2021/22 at 99.2%,. The collection rate for Business Rates has remained at a high 99.3%.

The planned reviews of Business Rates and Fair Funding continue to be delayed. The current expectation is that they will be delayed until at least 2025/26. New homes Bonus has already been subject to consultation in 2021, as yet there has been no feedback from Government as to its future although it is expected this year. This complex economic environment is further compounded by the impact of BREXIT.

In the past we have referenced the risk of Power station appeals given the reduction in business rates for the power station, over time, which therefore erodes this particular income stream to the Council. Business rates for the power station have reduced to around £1.6m (50% retained by central government), several years ago it was over £6m. The upside risk is that the Council's future exposure to a power station appeal will have a smaller impact and similarly when the power station is ultimately de-commissioned its financial impact will not be as greatly felt.

The Medium-Term Financial Strategy will continue to be reported as part of the Council's normal finance and performance due diligence. The key areas of risk being its key income streams, significant levels of inflation and the ongoing ramifications of the Russian-Ukraine conflict on the global economy, staff recruitment and retention, the challenges and opportunities of both the Freeport and Development Corporation, Business Rates and Council Tax collection, the capital programme and its funding, delays to the anticipated national business rates and fair funding system and ultimately the position and sustainability of the Council's reserves.

The Council continues to be involved in various collaboration activities including payroll, tree advice, Building Control, and Trading Standards. 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 their Audit Strategy Memorandum 2022 (which is unlikely to be dissimilar in their 2023 Memorandum which we await), namely:

- Appropriate controls are in place to prevent 'management override';
- The completeness and accuracy regarding the Council's valuation of property, plant and equipment; and
- The Local Government Pension Scheme and the risk that the data is inaccurate and the impact of these inaccuracies on the financial accounts.

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.

Despite the challenging economic environment, the Council remains committed to reducing its carbon footprint and continue to deliver excellent services. The Climate Change Reserve of £1m has not been diverted to resource Covid financial pressures and pertinently a new reserve to enable vehicle replacement of £1m has been established. Plans with regards to the climate challenge and the use of resources continue to be reported to the Communities Scrutiny Group (April 2023, Carbon Management Plan). At 31.03.23, £671k of the Climate Change Reserve has been applied primarily to meet green energy elements of Bingham Leisure Hub and the Crematorium. In addition, a number of significant carbon reduction measures – green energy grants have been completed which have been fully funded by grants, or via existing budgets, with no call on the Climate Change reserve.

The Department for Environment, Food and Rural Affairs has launched the Resources and Waste Strategy setting out how the country can minimise waste, promote resource efficiency and move towards a circular economy. This potentially could have significant adverse financial implications for the Council in terms of both revenue and capital funding. The Council will, therefore, be making representation to relevant bodies and working with peers on how to mitigate this risk. Further information from Government is expected over the coming months.

Based on our review of the governance framework, the following significant issues will be addressed in 2023/24:

Issue	Reporting to	Methodology	Timescale
Review of the Financial Management Code	Governance Scrutiny Group	Report to accompany the	Report to GSG June 2024

		Annual Governance Statement in 2024	
Monitor the delivery of the Transformation Strategy and ongoing budget position covering risks and opportunities arising from, for example, inflation, the new crematorium and Streetwise insourcing	Reports to EMT, Scrutiny and Cabinet	On-going financial reports	At least quarterly reporting
Monitor the delivery of the capital programme	Reports to Corporate Overview Group and Cabinet	On-going financial and performance reports	Quarterly
Monitor Business Rates, Fair Funding and New Homes Bonus developments	Reports to Cabinet and Full Council	Included as part of the Medium-Term Financial Strategy reporting; update to CGG as part of the AGS	By March 2024
Monitor the position with regards to significant external opportunities - Devolution, the Development Corporation and the Freeport	Reports to Cabinet and Full Council	On-going governance reports	By March 2024

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 Governance Scrutiny 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………………………………..
K Marriott (Chief Executive)	Councillor N Clarke (Leader)
Date 30 September 2023	Date 30 September 2023

C. INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF RUSHCLIFFE BOROUGH COUNCIL

TO BE ADDED

Rushcliffe
Borough Council

Statement of Accounts

2022 - 2023

D. 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 Director (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 DIRECTOR (FINANCE AND CORPORATE SERVICES) RESPONSIBILITIES

The Director (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's "Code of Practice on Local Authority Accounting in the United Kingdom" ("the Code of Practice").

In preparing this Statement of Accounts, the Director (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 Director (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 Director (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 2023.

CERTIFICATE

This statement of accounts is unaudited and may be subject to change prior to formal approval by the Governance Scrutiny Group.
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 2023 and its income and expenditure for the financial year ended 31 March 2023.

Peter Linfield
Director - Finance and Corporate Service

FORMAL APPROVAL

The Governance Scrutiny Group will consider the Final (Audited) Statement of Accounts in September 2023 for approval.

E. THE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR 1 APRIL 2022 TO 31 MARCH 2023

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards (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.

2021/22				Note	2022/23		
Gross Exp	Income	Net Exp			Gross Exp	Income	Net Exp
£'000	£'000	£'000			£'000	£'000	£'000
2,033	(56)	1,977	Chief Executiive		2,226	(44)	2,182
3,489	(1,788)	1,701	Development & Economic Growth		3,825	(1,898)	1,927
17,748	(13,301)	4,447	Finance and Corporate		17,424	(12,764)	4,660
14,034	(6,377)	7,657	Neighbourhoods		15,306	(6,775)	8,531
37,304	**(21,522)**	**15,782**	**Cost of Services**		**38,781**	**(21,481)**	**17,300**
		3,995	Other Operating Expenditure	5			(3,200)
		(803)	Financing and Investment Income and Expenditure	6			1,349
		(21,916)	Taxation and Non-Specific Grant Income	7			(18,818)
		(2,942)	**(Surplus)/Deficit on Provision of Services**				**(3,369)**
		(1,696)	(Surplus)/Deficit on Revaluation of Non-Current Assets				(11,679)
		(9,567)	Actuarial (Gains)/Losses on Pension Assets / Liabilities	32			(43,420)
		(11,263)	**Other Comprehensive Income and Expenditure**				**(55,099)**
		(14,205)	**Total Comprehensive Income and Expenditure**				**(58,468)**

E. 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 statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

E. THE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT (MIRS) FOR THE PERIOD 1 APRIL 2022 TO 31 MARCH 2023

		Total Usable Reserves						
		General Fund Balance	Earmarked GF Reserves (Note 4)	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves (Note 19)	Total Reserves
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2022		**2,604**	**23,575**	**825**	**160**	**27,164**	**19,684**	**46,848**
Movement in Reserves during 2022/23								0
Surplus/(Deficit) on the provision of services		3,369				3,369		3,369
Other Comprehensive Income and Expenditure							55,099	55,099
Other Recognisable Gains/(Losses)*							955	955
Total Comprehensive Income and Expenditure		**3,369**	**0**	**0**	**0**	**3,369**	**56,054**	**59,423**
Adjustments between accounting basis & funding basis under regulations	(3)	(7,271)		260	(6)	(7,017)	7,017	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**(3,902)**	**0**	**260**	**(6)**	**(3,648)**	**63,071**	**59,423**
Reserves	(4)	3,902	(3,902)	0	0	0	0	0
Increase (Decrease) in year		**0**	**(3,902)**	**260**	**(6)**	**(3,648)**	**63,071**	**59,423**
Balance as at 31 March 2023 c/f		**2,604**	**19,673**	**1,085**	**154**	**23,516**	**82,755**	**106,271**

*Reverse of provision for Streetwise pension deficit to unusable Pension Reserve

MOVEMENT IN RESERVES STATEMENT (MIRS) FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022

		Total Usable Reserves						
		General Fund Balance	Earmarked GF Reserves (Note 4)	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves (Note 19)	Total Reserves
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2021		**2,604**	**22,365**	**494**	**364**	**25,827**	**4,114**	**29,941**
balance as at 1 April 2021 (restated PPA)		**2,604**	**22,365**	**494**	**364**	**25,827**	**6,729**	**32,556**
Movement in Reserves during 2021/22								
Surplus/(Deficit) on the provision of services		2,942				2,942		2,942
Other Comprehensive Income and Expenditure							11,263	11,263
Other Recognisable Gains/(Losses)								0
Total Comprehensive Income and Expenditure		**2,942**	**0**	**0**	**0**	**2,942**	**11,263**	**14,205**
Adjustments between accounting basis & funding basis under regulations	(3)	(1,819)		331	(204)	(1,692)	1,692	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**1,123**	**0**	**331**	**(204)**	**1,250**	**12,955**	**14,205**
Transfers to/from Earmarked Reserves	(4)	(1,210)	1,210	0	0	0	0	0
Increase (Decrease) in year		**(87)**	**1,210**	**331**	**(204)**	**1,250**	**12,955**	**14,205**
PPA reconcilling item - in year depreciation		**87**				**87**		**87**
Balance as at 31 March 2022 c/f		**2,604**	**23,575**	**825**	**160**	**27,164**	**19,684**	**46,848**

E. THE FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 MARCH 2023

This shows the value 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 Mar 2022 £'000		Note	31 Mar 2023 £'000
56,584	Property, Plant and Equipment	8	77,890
114	Heritage Assets		111
30,753	Investment Property	9	31,030
127	Intangible Assets	10	106
15,222	Long Term Investments	12	13,766
2,240	Long Term Debtors	12,13	2,084
105,040	**Long Term Assets**		**124,987**
13,000	Short Term Investments		32,000
8,144	Short Term Debtors	13	6,425
39,872	Cash and Cash Equivalents	15	14,359
61,016	**Current Assets**		**52,784**
(23,829)	Short Term Creditors	16	(10,609)
(23,829)	**Current Liabilities**		**(10,609)**
(2,927)	Long Term Provisions	17	(1,451)
(35,395)	Capital Grant Receipts in Advance	12,27	(43,221)
(57,057)	Pension Liabilities	32	(16,219)
(95,379)	**Long Term Liabilities**		**(60,891)**
46,848	**Net Assets**		**106,271**
825	Usable Capital Receipts Reserve	MIRS	1,085
2,604	General Fund Balance	MIRS	2,604
23,575	Earmarked Reserves	4	19,673
160	Capital Grants Unapplied	MIRS	154
27,164	**Usable Reserves**	MIRS	**23,516**
19,684	**Unusable Reserves**	19	**82,755**
46,848	**Total Reserves**		**106,271**

E. THE FINANCIAL STATEMENTS

CASH FLOW STATEMENT AS AT 31 MARCH 2023 (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.

31 Mar 2022 £'000		Note	31 Mar 2023 £'000
(2,942)	Net (surplus) or deficit on the provision of services		(3,369)
(15,113)	Adjustments to net surplus or deficit on the provision of services for non - cash movements		10,140
5,013	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		6,051
(13,042)	**Net cash flow from Operating Activities**	20	**12,822**
(7,012)	Investing Activities	21	16,357
(417)	Financing Activities	22	(3,666)
(20,471)	**Net (increase) or decrease in cash and cash equivalents**		**25,513**
(19,401)	Cash and cash equivalents as at 1 April	15	(39,872)
(39,872)	**Cash and cash equivalents as at 31 March**	15	**(14,359)**

E. THE FINANCIAL STATEMENTS

EXPENDITURE AND FUNDING ANALYSIS AND NOTES FOR THE YEAR 1 APRIL 2022 TO 31 MARCH 2023

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by authorities compared to 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.

2021/22				2022/23		
Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 3) £'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 3) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
1,808	169	1,977	Chief Executive	2,136	46	2,182
1,371	330	1,701	Development & Economic Growth	1,803	124	1,927
3,852	595	4,447	Finance and Corporate	4,080	580	4,660
5,587	2,070	7,657	Neighbourhoods	6,675	1,856	8,531
12,618	**3,164**	**15,782**	**Net Cost of Services**	**14,694**	**2,606**	**17,300**
(13,828)	(4,896)	(18,724)	Other Income and Expenditure	(10,792)	(9,877)	(20,669)
(1,210)	**(1,732)**	**(2,942)**	**(Surplus) or Deficit**	**3,902**	**(7,271)**	**(3,369)**
2,604			Opening General Fund Balance	2,604		
1,210			Surplus/(Deficit) on General Fund in Year	3,902		
(1,210)			Transfer (to)/from Earmarked Reserves	**(3,902)**		
2,604			**Closing General Fund Balance at 31 March**	**2,604**		

F. NOTES TO THE ACCOUNTS

1. NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS

2022/23 Adjustments between Funding & Accounting Basis				
Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	**Adjustments for Capital Purposes (Note 1a)**	**Net change for the Pensions Adjustments (Note 1b)**	**Other Differences (Note 1c)**	**Total Adjustments**
Chief Executive	0	46	0	46
Development & Economic Growth	62	62	0	124
Finance & Corporate Services	230	350	0	580
Neighbourhoods	1,711	145	0	1,856
Net Cost of Service	**2,003**	**603**	**0**	**2,606**
Other income & expenditure from the Expenditure & Funding Analysis	(6,052)	1,062	(4,887)	(9,877)
General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on on the Provision of Services	**(4,049)**	**1,665**	**(4,887)**	**(7,271)**

Note 1a Adjustments for Capital Purposes

Services Line – this column adds in depreciation and impairment and revaluation gains and losses in the services line,

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 1b 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 1c Other Differences

For Services Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute i.e., Accumulated Absences.

Financing and investment income and expenditure – statutory reversal of fair value gains and losses on diversified/pooled investments

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.

2. INCOME AND EXPENDITURE ANALYSED BY NATURE

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

2021/22 £'000		2022/23 £'000
	Expenditure	
10,604	Employee Benefit Expenses*	12,772
26,946	Other Services Expenses	24,977
1,701	Depreciation, amortisation, impairment	3,948
1,253	Interest Payments (Pensions)	1,062
2,320	Precepts and Levies	2,440
307	Loss in fair value of diversified investment	1,456
43,131	**Total Expenditure**	**46,655**
	Income	
(6,736)	Fees, Charges and Other Service Income	(6,365)
(27,021)	Government Grants and Contributions	(20,738)
(9,881)	Income from Council Tax, NDR	(13,210)
103	Gain on the Disposal of Assets	(5,961)
0	Profit recognised from changes in the fair value of properties	(667)
(2,538)	Interest and Investment Income	(3,083)
(46,073)	**Total Income**	**(50,024)**
(2,942)	**(Surplus)/Deficit on Provision of Services**	**(3,369)**

*From 22/23 Agency Staff costs are included in employee benefits

3. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement 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:

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

This 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

This 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.

Note 3. Adjustments between accounting basis and funding basis under regulations.

2021-22 General Fund Balance £'000	2021-22 Capital Receipts Reserve £'000	2021-22 Capital Grants Unapplied £'000	2021-22 Movements in Unusable Reserves £'000		2022-23 General Fund Balance £'000	2022-23 Capital Receipts Reserve £'000	2022-23 Capital Grants Unapplied £'000	2022-23 Movements in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:								
				Reversal of items debited or credited to the CIES:				
(1,557)	0	0	1,557	Charges for depreciation and impairment of non-current assets	(1,757)	0	0	1,757
4	0	0	(4)	Revaluation losses on Property Plant and Equipment	(2,125)	0	0	2,125
(307)	0	0	307	Movements in the market value of Investment Properties	667	0	0	(667)
(61)	0	0	61	Amortisation of intangible assets	(65)	0	0	65
5,543	0	0	(5,543)	Capital grants and contributions applied	2,732	0	0	(2,732)
0	0	0	0	Income in relation of Donated Assets	0	0	0	0
(1,541)	0	0	1,541	Revenue expenditure funded from capital under statute	(2,236)	0	0	2,236
(5,133)	0	0	5,133	Amounts of Non Current Assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(22)	0	0	22
				Insertion of items not debited or credited to the CIES:				
1,074	0	0	(1,074)	Statutory provision for the financing of capital investment	1,017	0	0	(1,017)
242	0	0	(242)	Capital expenditure charged against the General Fund	1,243	0	0	(1,243)
Adjustments primarily involving the Capital Grants Unapplied Account:								
0	0	0	0	Capital grants and contributions unapplied credited to the CI&ES	52	0	(52)	0
0	0	204	(204)	Application of grants to capital financing transferred to the CAA	0	0	58	(58)
Adjustments primarily involving the Capital Receipts Reserve:								
5,014	(5,246)	0	232	Transfer of cash sale proceeds credited as part of gain/loss on disposal to the CIES	5,999	(6,408)	0	409
0	7,788	0	(7,788)	Capital Receipts applied	0	4,386	0	(4,386)
0	1,200	0	(1,200)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	1,767	0	(1,767)
0	(4,073)	0	4,073	Transfer (from)/to the Deferred Capital Receipts Reserve upon receipt of cash	0	(5)	0	5
Adjustments primarily involving the Financial Instruments Adjustment Account:								
0	0	0	0	Amount by which finance costs charged to the CI&ES are different from statutory requirements	0	0	0	0
Adjustments primarily involving the Pensions Reserve:								
(4,772)	0	0	4,772	Reversal of items relating to retirement benefits debited or credited to the CI&ES	(4,112)	0	0	4,112
2,290	0	0	(2,290)	Employer's pensions contributions and direct payments to pensioners payable in the year	2,448	0	0	(2,448)
Adjustments primarily involving the Collection Fund Adjustment Account:								
851	0	0	(851)	Amount by which council tax & business rate income credited to the CI&ES is different from statutory requirements	4,887	0	0	(4,887)
Adjustments primarily involving the Accumulated Absences Account:								
0	0	0	0	Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from statutory	0	0	0	0
Adjustments primarily involving the Pooled Fund Investment Account:								
173	0	0	(173)	Downward revaluation of value of investments not charged to the Surplus/Deficit on the Provision of Services	(1,457)	0	0	1,457
1,820	**(331)**	**204**	**(1,693)**	**Total Adjustments**	**7,271**	**(260)**	**6**	**(7,017)**

4. 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 2022 £'000	Additions in Year £'000	Used in Year £'000	Balance at 31 March 2023 £'000
Investment Reserves				
Regeneration and Community Projects	1,897	222	(7)	2,112
Investment Properties	426	326	(203)	549
New Homes Bonus	8,979	1,587	(1,017)	9,549
Corporate Reserves				
Organisation Stabilisation Reserve	3,994	1,107	(2,466)	2,635
Climate Change	800	200	(671)	329
Treasury Capital Depreciation	0	973	0	973
Collection Fund Reserve	5,145	0	(3,707)	1,438
Development Corporation	330	200	(165)	365
Risk and Insurance	100	0	0	100
Planning Appeals	349	0	0	349
Elections	151	50	0	201
Operating Reserves				
Planning	300	0	(169)	131
Leisure Centre Maintenance	104	15	(62)	57
Vehicle Replacement Reserve	1,000	185	(300)	885
Total	**23,575**	**4,865**	**(8,767)**	**19,673**

INVESTMENT RESERVES

Regeneration and Community Projects – to provide funding to support capital improvement projects across the Borough including some special expense schemes.

Investment Properties – to fund improvements

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

Invest to Save – Originally to fund projects that generate future savings. The balance was transferred to the Organisation Stabilisation Reserve as part of reserves rationalisation.

CORPORATE RESERVES

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

Climate Change Reserve – To support projects that contribute to the Council's ambitions to protect and enhance the environment

Treasury Capital Depreciation Reserve – To provide funding to reduce the impact on the general fund from reductions in the capital value of treasury investments

Collection Fund Reserve – To smooth effects of surplus/deficits as a result of timing differences

Development Corporation – To support the work to establish a Development Corporation and Freeport

Risk and Insurance – to provide funding to be used to reduce the risk of loss or injury in the provision of 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 support any emerging enhancement requirements which are over and above in-year maintenance provision

Vehicle Replacement Reserve – to support the replacement of the Council's vehicle fleet to ensure services remain efficient and to support costs of replacement with potential new technology.

5. OTHER OPERATING EXPENDITURE

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

2021/22 £'000		2022/23 £'000
2,320	Parish Council Precepts	2,440
302	Internal Drainage Board Levies	327
1,270	Expenditure on Covid Grants*	0
103	(Gain) or Loss on the disposal of non-current assets**	(5,967)
3,995	**TOTAL**	**(3,200)**

*Expenditure on Covid grants 2021/22 relates to grants made in respect of Covid Delivery and Additional Restrictions Grants (ARG). These are funded by additional grant receipts included in Note 7 (Taxation and Non- Specific Grants) and in Note 27 (Grant Income). For 2022/23 there is no expenditure relating to Covid Grants.

** £5.91m relating to overage for Sharphill Wood

6. 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:

2021/22 £000		2022/23 £000
15	Interest payable and similar charges	10
1,253	Pensions interest cost and expected return on pension assets	1,062
(173)	Movement in the fair value of property/diversified income	1,456
(677)	Interest receivable and similar income	(1,139)
(1,221)	Income and Expenditure in relation to Investment Properties and changes in their fair value	(40)
(803)	**Total**	**1,349**

7. TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

The composition of the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement is detailed below. Capital grants were higher in 2021/22 due to funding for two large projects, the Bingham Hub £2m and Gresham pitches £1.2m. Covid grants have now ended with some residual amounts received in year. The increase in other non-specific grants relates to funding for Homes for Ukraine and additional New Burdens grants relating to cost-of-living payments.

The detailed breakdown of Grants is shown in Note 27.

2021/22 £'000		2022/23 £'000
(9,514)	Council Tax income	(10,015)
(4,125)	Business Rates income	(5,496)
(4,305)	Capital grants and contributions (Note 27)	(857)
(1,633)	New Homes Bonus	(1,587)
	Non-ring-fenced government grants (Note 27)	
(1,874)	- Covid 19 Grants	(81)
(465)	- Other Non Specific Grant	(782)
(21,916)	**TOTAL**	**(18,818)**

8. PROPERTY, PLANT AND EQUIPMENT

Movements on Balances 2022/23

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
Cost or Valuation							
At 1 April 2022	**34,787**	**7,620**	**4,850**	**329**	**0**	**14,985**	**62,571**
Additions/Asset Merge	10,815	2,135	46			(149)	12,847
Transfers	16,999	86	(1,612)			(14,793)	680
Revaluation (+/-) recognised in the Revaluation Reserve	10,797						10,797
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	(2,128)						(2,128)
Derecognition - Disposals	(5)	(1,126)	(493)				(1,624)
At 31 March 2023	**71,265**	**8,715**	**2,791**	**329**	**0**	**43**	**83,143**
Accumulated Depreciation or Impairment							
At 1 April 2022	(182)	(4,899)	(906)	0	0	0	**(5,987)**
Depreciation charge	(887)	(755)	(110)				(1,752)
Depreciation transfer	(64)	(10)	74				0
Depreciation written out to the Revaluation Reserve	881						881
Depreciation written out to the Surplus/Deficit on Provision of Services							0
Derecognition - Disposals		1,114	491				1,605
At 31 March 2023	**(252)**	**(4,550)**	**(451)**	**0**	**0**	**0**	**(5,253)**
Net Book Value at 31 March 2023	**71,013**	**4,165**	**2,340**	**329**	**0**	**43**	**77,890**
Net Book Value at 31 March 2022	**34,605**	**2,721**	**3,944**	**329**	**0**	**14,985**	**56,584**

Movements on Balances 2021/22

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
Cost or Valuation							
At 1 April 2021	**33,731**	**7,220**	**3,572**	**329**	**30**	**5,115**	**49,997**
Additions/Asset Merge	352	1,055	1,321			11,842	14,570
Transfers			117			(1,972)	(1,855)
Revaluation (+/-) recognised in the Revaluation Reserve	1,072						1,072
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	3						3
Derecognition - Disposals	(372)	(654)	(160)		(30)		(1,216)
At 31 March 2022	**34,786**	**7,621**	**4,850**	**329**	**0**	**14,985**	**62,571**
Accumulated Depreciation or Impairment							
At 1 April 2021	(63)	(4,846)	(786)		(30)	0	**(5,725)**
Depreciation charge	(743)	(664)	(147)				(1,554)
Depreciation transfer							0
Depreciation written out to the Revaluation Reserve	624						624
Depreciation written out to the Surplus/Deficit on Provision of Services							0
Derecognition - Disposals		611	27		30		668
At 31 March 2022	**(182)**	**(4,899)**	**(906)**	**0**	**0**	**0**	**(5,987)**
Net Book Value at 31 March 2022	**34,604**	**2,722**	**3,944**	**329**	**0**	**14,985**	**56,584**
Net Book Value at 31 March 2021	**33,668**	**2,374**	**2,786**	**329**	**0**	**5,115**	**44,272**

8. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Depreciation

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

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

Capital Commitments

At 31 March 2023, the Council was committed to works totalling £3.4m for the acquisition, construction, and enhancement of Property and grants to third parties in 2023/24. Significant items of contract and other costs comprise: Vehicle Acquisition £1.4m; Disabled Facilities Grants £0.7m; and Support for Registered Social Landlords £0.5m.

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. Mr Nick Berry Senior Property Estates Surveyor is responsible for revaluation of property assets, signed off by the Council's Director – Development and Economic Growth, Leanne Ashmore MRICS. 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. These assets have short depreciable lives.

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	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historical Cost	191	8,715	2,790	329	43	12,068
Valued at fair value as at:						
31-Mar-21	3,149					3,149
31-Mar-22	1,684					1,684
31-Mar-23	66,241					66,241
Total Cost or Valuation	**71,265**	**8,715**	**2,790**	**329**	**43**	**83,142**

9. 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.

Restated **2021/22** **£'000**		**2022/23** **£'000**
(1,845)	Rental and Service Charge Income from Investment Property	(1,925)
347	Direct Operating Expenses arising from Investment Property	342
(1,498)	**Net (Gain)/Loss**	**(1,583)**

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.

The Council has no contractual obligations to repair, maintain or enhance investment properties.

The following table summarises the movement in the fair value of investment properties during 2022/23 and 2021/22.

9. INVESTMENT PROPERTIES CONTINUED

2021/22 £000		2022/23 £000
29,127	**Balance at start of the year**	**30,753**
78	Enhancements	293
0	Disposals	(3)
(307)	Net gains/(losses) from fair value adjustments	667
1,855	Transfers	(680)
30,753	**Total**	**31,030**

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 (RICS) 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 comparative data. Where assumptions additional to those which are set out in the Red Book have been made, these are stated on the relevant valuation certificates. Nick Berry, the Senior Property Surveyor completed the valuation exercise, and this was subsequently reviewed and signed off by the Director – Development and Economic Growth: Leanne Ashmore MRICS. An impairment review is carried out annually on the Investment Property portfolio.

10. 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.

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 £0.065m in 2022/23 (£0.061m 2021/22) was charged to the Information Technology cost centre within Finance and Corporate Service Area.

Movements on Intangible Fixed Assets

2021/22 £'000		2022/23 £'000
	Balance at start of year	
350	Gross carrying amount	404
(224)	Accumulated amortisation	(277)
126	**Net carrying amount at start of year**	**127**
62	Purchases	44
(8)	Disposals	(118)
	Amortisation	
(61)	Amortisation for the period	(65)
8	Amortisation on disposals	118
127	**Net carrying amount at end of year**	**106**
	Comprising:	
404	Gross carrying amounts	330
(277)	Accumulated amortisation	(224)
127	**Balance Sheet amount at 31 March**	**106**

11. ASSETS HELD FOR SALE

In accordance with IFRS 5, Property, Plant, and Equipment (PPE) assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

	2021/22 £'000	2022/23 £'000
Balance at the start of the year	**4,586**	**0**
Assets Sold	(4,586)	0
Balance at the end of the year	**0**	**0**

CIPFA code of Practice specifies that Investment Properties, which meet the classification criteria for assets held for sale, must continue to be accounted for as Investment Property and these are held at Fair Value. The Council has not elected to have a separate category within Investment Property for sale assets. At the Balance Sheet date, the Council held two Investment properties (Land at Hollygate Lane and Candleby Lane Industrial Site) for sale (both agreed subject to contract). Estimated sale proceeds for these asset are £7.4m in 2023/24.

12. FINANCIAL INSTRUMENTS

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

Long-Term 31-Mar-22	Current (Revised) 31-Mar-22		Long-Term 31-Mar-23	Current 31-Mar-23
£000	£000		£000	£000
		Investments		
	52,872	Loans and Receivables		46,359
2,417		CCLA Property	2,018	
2,018		CCLA Diversified	1,839	
991		Enhanced Cash Plus	984	
4,976		Aegon	4,365	
4,820		Ninety-One	4,560	
15,222	**52,872**	**Total Investments**	**13,766**	**46,359**
		Debtors		
2,240	4,150	Loans and Receivables	2,084	5,795
2,570	**4,150**	**Total Debtors**	**2,084**	**5,795**
		Borrowings		
0	0	Financial Liabilities at Amortised Cost	0	0
0	**0**	**Total Borrowing**	**0**	**0**
		Creditors		
35,395	23,829	Financial Liabilities at Amortised Cost	43,221	6,861
35,395	**23,829**	**Total Creditors**	**43,221**	**6,861**

Valuation Assumptions

Investments held at 31 March 2023 amounted to £59.92m, consisting of £32m of fixed term investments where the instrument carries the same interest rate for the whole term, £14.15m of deposits in the Money Market and Call Account funds where, in general, the rate only alters with movements in the Bank rate, £13.77m in funds valued at bid price for the shares which the Council holds. Cash and bank included in total current investments are £0.2m. No formal calculation of the effective interest rate (EIR) is necessary, and the carrying amount is a reasonable approximation of the fair value.

Debtors and creditors, both of which are instruments of short duration, with no formal EIR are at fair value.

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 impairment provisions has been completed and appropriate adjustments to the provisions have been made on the age analysis of debtors involved.

Long Term Investments

The Council holds £13.766m in pooled fund investments. These are externally manged funds that invest in such things as equities, bonds, property, with different strategies, this adding diversification to RBCs portfolio.

These assets have to be held on the balance sheet at fair value reflecting instability in the financial market and volatility in net asset value (NAV). Because of these factors pooled investments are held for the long-term so any losses are not realised. For this reason, the Council does not classify pooled fund investments as cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value (IAS 7 Para 6)

Pooled fund investments do not meet this definition. They are not used for the purpose of meeting cash flow commitments and are accordingly treated as long-term investments

13. DEBTORS

2021/22			2022/23	
Short Term £'000	Long Term £'000		Short Term £'000	Long Term £'000
2,541	0	Trade	725	0
512	0	Prepayment	336	0
5,690	2,240	Other	6,016	2,084
(599)		Provision for impairment losses	(652)	0
8,144	**2,240**	**TOTAL DEBTORS**	**6,425**	**2,084**

14. DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (council tax and non-domestic rates) within the total debtors' figure is analysed below

2021/22 £'000		2022/23 £'000
504	Council Tax	561
311	Non-Domestic Rates	323
815	**TOTAL DEBTORS FOR LOCAL TAXATION**	**884**

15. CASH AND CASH EQUIVALENTS

2021/22 £'000		2022/23 £'000
1	Cash Held by the Council	1
308	Bank Current Accounts	209
39,563	Short Term Deposits	14,149
39,872	**TOTAL CASH & CASH EQUIVALENTS**	**14,359**

16. CREDITORS

2021/22 £'000		2022/23 £'000
(5,181)	Trade	(4,435)
(18,648)	Other	(6,174)
(23,829)	**Total**	**(10,609)**

17. PROVISIONS

	Long Term			
	Streetwise Pension	**Leasheolder Deposits**	**NDR Appeals**	**TOTAL**
	£'000	£'000	£'000	£'000
Balance at 1 April 2022	**955**	**109**	**1,863**	**2,927**
Additional provisions made in year	0	35	(1,000)	**(965)**
Amount utilised/reduction in year	(955)	(6)	(150)	**(1,111)**
Amount transferred to major preceptors in year			600	**600**
Balance at 31 March 2023	**0**	**138**	**1,313**	**1,451**

NDR 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 £3.283 million with Rushcliffe's share at 40% and the difference is to be met by major preceptors - Central Government (50%), Notts County Council (9%) and Fire Authority (1%).

Streetwise Pension

This provision represents the pension deficit in relation to Rushcliffe employees that transferred to Streetwise when the function was outsourced in 2014. During 2022 the Grounds Maintenance and Street Cleansing functions were brought back in-house and therefore the provision is no longer required. The pension liability for Rushcliffe now incorporates Streetwise employees who have transferred back. See note 32.

18. USABLE RESERVES

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

19. UNUSABLE RESERVES

Balance at 1 April 2022 £'000		Balance at 31 March 2023 £'000
14,443	Revaluation Reserve	25,889
67,872	Capital Adjustment Account	71,593
(58,930)	Pension Reserve	(16,219)
1,210	Deferred Capital Receipts	2,973
(5,080)	Collection Fund Adjustment Account	(193)
(54)	Accumulated Absences Account	(54)
223	Pooled Funds Adjustment Account	(1,234)
19,684		**82,755**

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.

Balance at 1 April 2022 £'000		Balance at 31 March 2023 £'000
17,267	**Balance at 1 April**	**14,443**
1,811	Upward revaluation of assets	11,678
(115)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0
18,963	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**26,121**
(208)	Difference between fair value depreciation and historical cost depreciation	(232)
(4,312)	Accumulated gains on assets sold or scrapped	0
(4,520)	**Amount written off to the Capital Adjustment Account**	**(232)**
14,443	**Balance at 31 March**	**25,889**

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.

Balance at 1 April 2022 £'000		Balance at 31 March 2023 £'000
57,329	**Balance at 1 April**	**67,872**
	<u>Reversal of items relating to capital expenditure debited or credited to the CIES:</u>	
(1,557)	Charges for depreciation and impairment of non-current assets	(1,757)
4	Revaluation losses on Property, Plant and Equipment	(2,125)
(61)	Amortisation of intangible assets	(65)
(1,541)	Revenue expenditure funded from capital under statute (net of Grants and Contributions)	(2,236)
(5,133)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(22)
4,520	Adjusting amounts written out of the Revaluation Reserve	232
(232)	Write down Long-term Debtors	(409)
(4,000)	Net written out amount of the cost of non-current assets consumed in the year	**(6,382)**
	<u>Capital financing applied in the year:</u>	
7,787	Use of Capital Receipts to finance new capital expenditure	4,386
5,543	Capital grants and contributions credited to the CIES that have been applied to capital financing	2,732
204	Application of grants to capital financing from the Capital Grants Unapplied Account	58
1,074	Statutory provision for the financing of capital investment charged against the General Fund	1,017
242	Capital expenditure charged against the General Fund	1,243
14,850		**9,436**
(307)	Movements in the market value of Investment Properties debited or credited to the CIES	667
(307)		**667**
67,872	**Balance at 31 March**	**71,593**

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. General Fund balance to be charged with the amount payable by the Council to the pension fund in the year. 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.

Balance at 1 April 2022 £'000		Balance at 31 March 2023 £'000
(66,014)	**Balance at 1 April**	**(58,930)**
0	Streetwise Environmental Deficit Removal	955
9,567	Remeasurement of the net defined benefit liability/(asset)	43,420
(4,772)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(4,112)
2,289	Employer's pensions contributions and direct payments to pensioners payable in the year	2,448
(58,930)	**Balance at 31 March**	**(16,219)**

Deferred Capital Receipts Reserve

This 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 takes place, amounts are transferred to the Capital Receipts Reserve.

Balance at 1 April 2022 £'000		Balance at 31 March 2023 £'000
4,083	**Balance at 1 April**	**1,210**
1,200	Transfer to the CIES deferred sale proceeds	2,968
(5)	Transfer to the Capital Receipts Reserve on receipt of cash	(5)
(4,068)	Transfer to the CIES deferred sale proceeds	(1,200)
1,210	**Balance at 31 March**	**2,973**

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 taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. The opening balance 1 April 2023 included the deficit caused by the additional reliefs awarded during Covid. The deficit has now been recovered and therefore the position on the Collection Fund Adjustment Account has reduced significantly.

Balance at 1 April 2022 £'000		Balance at 31 March 2023 £'000
(5,931)	**Balance at 1 April**	**(5,080)**
851	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	4,887
(5,080)		**(193)**

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. The differences in amounts accrued are not deemed to be material and therefore no transactions have been made in 2022/23.

Balance at 1 April 2022 £'000		Balance at 31 March 2023 £'000
(54)	**Balance at 1 April**	**(54)**
(54)	**Balance at 31 March**	**(54)**

Pooled Funds Adjustment Account

The Pooled Funds Adjustment Account contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through Profit and Loss. The balance is reduced when investments with accumulated gains are:

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

The Council holds £13.766m of pooled investments. The Council is using the temporary statutory override agreed by DLUHC (5 years commencing from April 2018) to account for any changes in the fair value on its pooled investments. The statutory override was due to end 31 March 2023 but has been extended a further 2 years.

Balance at 1 April 2022 £'000		Balance at 1 April 2023 £'000
50	**Balance at 1 April**	**223**
450	Upward Revaluation of Investments	0
(277)	Downward Revaluation of Investments	(1,457)
223		**(1,234)**
223	**Balance at 31 March**	**(1,234)**

20. CASHFLOW STATEMENT – OPERATING ACTIVITIES

2021/22 £'000		2022/23 £'000
(2,942)	**Net (Surplus) or Deficit on the Provision of Services**	**(3,369)**
	Adjust for Non-Cash Movements	
(1,644)	Depreciation	(1,757)
5	Impairment and downward valuations	(2,125)
(61)	Amortisation	(65)
(3)	(Increase)/decrease in impairment for bad debts	27
(5,024)	(Increase)/decrease in creditors	13,846
(1,347)	Increase/(decrease) in debtors	3,086
(3,400)	Movement in pension liability	(3,537)
(5,134)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(22)
1,628	Movement in Provisions	1,476
(133)	Other non-cash items charged to the net surplus or deficit on the provision of services	(789)
(15,113)	**Net surplus/(deficit) on provision of services for non cash movements**	**10,140**
	Adjust Net Surplus or Deficit for items that are Investing or Financing Activities	
0	Capital Grants credited to the Surplus/Deficit on Provision of Services	52
5,013	Proceeds from sale of property, plant and equipment, investment property and intangible assets	5,999
5,013	**Net surplus/(deficit) on provision of services for Investing & Financing activities**	**6,051**
(13,042)	**Net Cashflows from Operating Activities**	**12,822**

20. CASHFLOW STATEMENT – OPERATING ACTIVITIES CONTINUED

The cash flows for operating activities include the following items:

2021/22 £'000		2022/23 £'000
(200)	Interest received	(215)
0	Interest paid	10
(531)	Dividends received	(595)
(731)	**TOTAL**	**(800)**

21. CASHFLOW STATEMENT – INVESTING ACTIVITIES

2021/22 £'000		2022/23 £'000
13,576	Purchase of property, plant and equipment, investment property and intangible assets	13,340
20,000	Purchase of short-term and long- term investments	40,000
4,404	Other payments for investing activities	5
(7,293)	Proceeds from sale of property, plant equipment, investment property and intangible assets	(7,692)
(20,000)	Proceeds from short-term and long-term investments	(21,000)
(17,454)	Capital Grants Received (Government)	(7,879)
(245)	Other receipts from investing activities	(417)
(7,012)	**Net cash flow from investing activities**	**16,357**

22. CASHFLOW STATEMENT – FINANCING ACTIVITIES

2021/22 £'000		2022/23 £'000
(417)	Other payments for financing activities	(3,666)
(417)	**Net cash flow from Financing activities**	**(3,666)**

23. MEMBERS' ALLOWANCES

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

2021/22 £'000		2022/23 £'000
262	Basic Allowances	280
80	Special Responsibility Allowances	90
2	Other Expenses	6
344	**TOTAL EXPENDITURE**	**376**

24. OFFICERS' REMUNERATION

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

Post Title	Year	Salary, Fees & Allowances £	Compensation for loss of office £	Pension Contribution £	TOTAL £
Chief Executive	2022/23	121,443	0	21,250	142,693
	2021/22	115,122	0	20,243	135,365
Deputy CEO and Director - Finance & Corporate Services	2022/23	95,969	0	16,840	112,809
	2021/22	93,299	0	16,412	109,711
Deputy CEO and Director - Neighbourhoods	2022/23	93,165	0	16,339	109,504
	2021/22	90,468	0	15,912	106,380
Director - Communities *	2022/23	0	0	0	0
	2021/22	4,514	0	430	4,944
Director - Growth & Economic Development	2022/23	89,831	0	15,770	105,601
	2021/22	86,853	0	15,286	102,139
Service Manager Executive Department (Role includes Borough Solicitor & Monitoring Officer duties)	2022/23	70,594	0	12,382	82,976
	2021/22	64,824	0	11,409	76,233

*Please note, due to a restructuring of the executive management team this post was removed

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

Number of Employees 2021/22	Remuneration Band	Number of Employees 2022/23
3	£50,000 - £54,999	4
0	£55,000 - £59,999	0
7	£60,000 - £64,999	4
0	£65,000 - £69,999	1

25. EXIT PACKAGES AND TERMINATION BENEFITS

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies for 2022/23 are set out in the table below.

2022/23				
Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Exit Packages	
			Number	£'000
£0 - £20,000	0	3	3	20
£20,001 - £40,000	0	1	1	22
TOTAL	**0**	**4**	**4**	**42**

The Council terminated 1 contract in 2021/22.

26. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the certification of grant claims (by KPMG) and the audit of the Statement of Accounts (by the Council's external auditors, Mazars) and any other statutory inspections.

2021/22 £'000		2022/23 £'000
52	Fees payable with regard to external audit services carried out by the appointed auditor (Mazars)	67
52	**TOTAL**	**67**

27. GRANT INCOME

The Council credited the following grants, contributions and donations to the Taxation and Non-Specific Grant Income line (Note 7) in the Comprehensive Income and Expenditure Statement in 2022/23 and 2021/22.

2021/22 £'000		2022/23 £'000
1,218	Section 106 contributions and Football Foundation Grant - Gresham Pitches	0
101	Salix Energy Grants	0
72	Skatepark Grants	0
2000	Section 106 contributions - Bingham Hub & Leisure Centre	83
914	ERDF Bingham Offices	685
0	UK Shared Prosperity Fund - Rushcliffe Country Park & open spaces	46
0	Nottingham City Council - Emergency planning Moorbridge	3
0	Changing Places - Rushcliffe Country Park toilets	38
0	Friends of Rushcliffe Country Park - Enhamcements	2
4,305	**Total Capital Grants (Note 7)**	**857**
1,633	New Homes Bonus (Note 7)	1,587
3,758	NDR Section 31 Grant	2,301
1,874	COVID Grants (Note 7)	81
465	Other non-ringfenced grants (Note 7)	782
12,035	**TOTAL**	**5,608**

27. GRANT INCOME CONTINUED

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

2021/22 £'000		2022/23 £'000
113	DLUHC - NDR Cost of Collection	113
12,594	DWP - Housing Benefit Subsidy and Council Tax Rebates	12,104
155	DWP - Housing Benefit Administration	154
79	DWP - Council Tax Administration	79
232	DLUHC - Homelessness Support Grant	193
695	DLUHC- Disabled Facilities Grant (REFCUS)	695
228	DLUHC - Local Authority Delivery Green Energy Grants	1,203
51	DLUHC - Covid Track & Trace	0
140	DLUHC - High Streets Safely	0
301	Section 106 Affordable Housing	0
102	COMF Contain Funding	0
0	DLUHC - Green Energy Grants	96
0	Notts PCC - Safer Streets	120
0	UK Shared Prosperity Fund	172
296	Total of grants below £50k	201
14,986	**TOTAL**	**15,130**

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:

The Council received the following capital grants receipts in advance

2021/22 £'000		2022/23 £'000
33,605	S106 Planning Agreements	40,137
1,779	CIL Planning Agreements	2,946
	Other Grants:	
1	Salix Energy Efficiency	0
0	UK Shared Prosperity Fund - Rushcliffe Country Park shelters	7
0	Changing Places - Rushcliffe Country park underspend	2
0	Home Upgrade Grant underspend	23
0	Local Authority Delivery grant underspend	56
0	Nottingham City Councll DFG top up	40
	Other Receipts :	
10	Sale Deposit (Hollygate Lane)	10
35,395	**TOTAL**	**43,221**

The Council received the following revenue grants receipts in advance

2021/22 £'000		2022/23 £'000
131	Council Tax Energy Rebate Discretionary Funding	0
39	Track & Trace Discretionary Funding	0
26	Local Authority Delivery Grant	15
0	UK Shared Prosperity Fund	107
0	Family Annexe Grant 23-24	14
0	Home Upgrade Grant	1
196	**TOTAL**	**137**

28. 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 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 27.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total members allowances paid in 2022/23 are shown in Note 23. The Members could potentially have a material related party transaction with the Council. During 2022/23 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 2022/23 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 £2.440m and Internal Drainage Board levies of £0.328m are disclosed in Note 5 to the Comprehensive Income and Expenditure Statement.

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 32).

Entities Controlled or Significantly Influenced by the Council

The Council controls Rushcliffe Enterprises LTD (REL) through its ownership and 100% shares in the company. REL is a holding company for the Council and until 31 August 2022 incorporated Streetwise Environmental LTD and Streetwise Environmental Trading Ltd which have now been brought back in-house. As at 31/3/2023 there was a net position of £0.02m relating to a loan outstanding from RBC to Streetwise of £0.085m and £0.064m payments due from RBC to Streetwise. These balances are fully settled at the date of these accounts. REL remains dormant.

29. 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.

2021/22 £'000		2022/23 £'000
6,300	**Opening Capital Financing Requirement**	**7,283**
(443)	**2021/22 ADJUSTMENT***	**0**
5,857	**Restated Capital Financing Requirement**	**7,283**
	Capital Investment:	
14,570	Property, Plant & Equipment	12,847
25	Heritage Assets	0
78	Investment Properties	293
62	Intangible Assets	44
1,541	Revenue Expenditure Funded from Capital Under Statute	2,235
	Sources of Finance:	
(7,787)	Capital Receipts	(4,386)
(5,747)	Government Grants & Other Contributions	(2,790)
(242)	Direct Revenue Contributions	(1,243)
(1,074)	Minimum Revenue Provision	(1,017)
7,283	**Closing Capital Financing Requirement**	**13,266**
	Explanation of movements in year	
1,426	Increase/(decrease) in the underlying need to borrow (unsupported by Government financial assistance)	5,983

* Opening Capital Financing Reserve adjusted to align with Balance Sheet Formula Calculation

30. LEASES

Council as a Lessor

Finance Leases

The Council leases out land for investment purposes generating income of £0.04m per annum. The Council recognises that this arrangement is a finance lease however it was entered into prior to 31 March 2011 as an operating lease. In accordance with its accounting policies (Note 36 xv) the Council continues to charge the income to the Comprehensive Income and Expenditure Statement.

Operating Leases

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

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

2021/22 £'000		2022/23 £'000
1,583	Not later than one year	1,806
5,146	Later than one year and not later than five years	5,687
3,447	Later than five years	3,504
10,176	**TOTAL**	**10,997**

Council as a Lessee

The Council previously entered in to 2 new agreements as lessee in as part of its Transformation Plan and to support the delivery of efficient services: the transfer to Eastcroft for Waste and Recycling operations and the move to new premises in West Bridgford in order to facilitate continued face to face Rushcliffe Customer Services at a Contact Centre. The latter move was precipitated by the decision to rationalise the asset base of the Police and sell West Bridgford Police Station. Both agreements have been reviewed and concluded to be operating leases. Neither lease exceeds 10 years with the substantive (asset life) risks and rewards of asset ownership remaining with the lessor. The Contact Centre lease will be revisited next year as part of the Authority's work on IFRS16 which may capture this as a Finance Lease and require restatement. Minimum lease payments payable under non-cancellable leases are:

2021/22 £'000		2022/23 £'000
178	Not later than one year	178
281	Later than one year and not later than five years	120
80	Later than five years	60
539	**TOTAL**	**358**

31. 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 8 reconciling the movement over the year in the Property, Plant and Equipment balances.

The impairment review carried out at 31/03/2023 identified no material impairment to any of the Council's assets.

The Revaluation exercise for 2022/23 gave rise to a net revaluation gain of £9.550m on Operational Land and Buildings. Of this, £11.678m net was debited to the Revaluation Reserve (Note 19); and £2.128m was charged to the surplus and deficit on the provision of services. This relates, primarily to the revaluation of Bingham Enterprise Centre (Offices) £2m downward revaluation. The scheme was only able to be delivered with the support of ERDF and LEP funding.

32. 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 (LGPS), 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.

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

The results of the 2019 Triennial Valuation identified the repayments required to eliminate the deficit in the fund was £2.753m spread over 3 years. The Council took the option to pre-pay the 3-year deficit (to 31 March 2023) and in doing so saved £0.203m.

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.
- Regulatory Risk. Regulatory uncertainties could result in benefit changes to past of future benefits which could result in additional costs.
- Orphan Risk. As many unrelated employers participate in each 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 in that fund.

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 36vi.

All of the risks above may also benefit the authority e.g., higher than expected investment returns or employers leaving the fund with excess assets which eventually get inherited by the remaining employers.

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 market yields on high quality corporate bonds and the method used is Single Equivalent Discount Rate (SEDR). Inflation assumptions affect the rate at which benefits increase and therefore the value of future liabilities. The method used to estimate inflation is the Single Equivalent Inflation Rate (SEIR), further adjusted to reflect the expectation that pension increases will be based on CPI. (Consumer Prices Index)
- Asset returns can be very volatile from year to year and will vary by LGPS fund. A typical LGPS fund might have achieved a return of around 7% for the period from 31 March 2022
- . This is based on a fund investing 75% in equities, 5% in gilts and 20% in corporate bonds. This could vary considerably depending on each fund's investment strategy.

Re-measurement of net defined benefit liability

The actuarial (gains)/losses on pensions assets/liabilities line in the CIES shows a net reduction in pension liability of £43.420m. The changes in actuarial assumptions are detailed below:

- Return on Plan Assets - the actuary's estimation of the return on assets for 2022/23 was -2%, a reduction on the 2021/22 estimate of 7%. This return has the effect of **increasing** the pension liability by £3.533m.
- Demographic Assumptions – a reduction in assumed life expectancies has led to a **decrease** in the pension liability of £7.642m.
- Financial Assumptions – assumed increase in both the future salary and pension increases by the actuary have led to a **decrease** in liability of £48.267m.

- Other Actuarial gains / losses & experience items have led to an **increase** in the pension liability of £8.956m

2021/22 £'000	Local Government Pension Scheme	2022/23 £'000
	Comprehensive Income and Expenditure Statement	
	Cost of Services	
3,356	Current Service Cost	2,779
37	Administration Expenses	36
126	Settlements and Curtailments	235
	Financing and Investment Income and Expenditure	
1,253	Net Interest Expense	1,062
4,772	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**4,112**
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(4,176)	Return on plan assets (excluding the amount included in the net interest expense)	3,533
0	Actuarial (Gains) and Losses arising on changes in demographic assumptions	(7,642)
(5,712)	Actuarial (Gains) and Losses arising on changes in financial assumptions	(48,267)
	Other Actuarial Gains / Losses on Asset	250
321	Other Experience	8,706
(9,567)	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure**	**(43,420)**
	Movement in Reserves Statement	
(4,772)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	**(4,112)**
	Actual amount charged against the General Fund for Pensions in the year	
1,282	Employers contributions payable to scheme	**1,445**

2021/22 £'000	Discretionary Benefits	2022/23 £'000
90	Retirement benefits payable to pensioners	85

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:

2021/22 £'000	Local Government Pension Scheme	2022/23 £'000
130,199	Present value of the defined benefit obligation	89,227
(73,142)	Fair Value Plan Assets	(73,008)
57,057	**Net liability arising from defined benefit obligation**	**16,219**

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

2021/22 £'000	Local Government Pension Scheme	2022/23 £'000
69,736	**Opening Fair Value of Scheme Assets**	**73,142**
1,374	Interest Income	2,654
4,176	The return on plan assets, excluding the amount included in the net interest	(3,532)
0	Other actuarial gains	(250)
1,372	Contributions from employer	1,530
462	Contributions from employees into the scheme	544
(3,941)	Benefits Paid	(3,864)
0	Settlements	2,820
(37)	Other	(36)
73,142	**Closing Fair value of scheme assets**	**73,008**

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

2021/22 £'000	Local Government Pension Scheme	2022/23 £'000
132,961	**Opening Balance 1 April**	**130,199**
3,356	Current Service Costs	2,779
2,626	Interest Cost	3,717
462	Contributions by scheme participants	544
	Remeasurement gains/(loss):	
0	Actuarial (Gains) and Losses arising from changes in demographic assumptions	(7,642)
(5,712)	Actuarial (Gains) and Losses arising from changes in financial assumptions	(48,267)
321	Other experience	8,706
126	(Gains) and Losses on Settlements / Curtailments	3,055
(3,851)	Benefits Paid	(3,779)
(90)	Unfunded Pension Payments	(85)
130,199	**Closing Balance 31 March**	**89,227**

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

2021/22 £'000	Local Government Pension Scheme	2022/23 £'000
44,310	Equities	42,126
2,154	Gilts	1,513
4,988	Other Bonds	4,554
9,397	Property	8,940
12,293	Others	15,875
73,142	**Total Assets**	**73,008**

From the information we have received from the administering Authority, we understand that of the Equities allocation above, 30% are UK investments, 70% are overseas investments. All of the equities are listed in a market. Of the Gilts allocation above, 100% are UK fixed interest Gilts. Of the Other Bonds allocation above, 29% are UK corporates, 71% are overseas corporates. 100% of the Property and Cash allocation is unquoted.

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

Basis for Estimating Assets & Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years 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 2019.

The principal assumptions used by the actuary have been:

2021/22	Local Government Pension Scheme	2022/23
	Mortality Assumptions	
	Longevity at 65 for current pensioners	
21.6	Men	20.7
24.3	Women	23.5
	Longevity at 65 for future pensioners	
23.0	Men	22.0
25.8	Women	25.0
4.20%	Rate of Increase in Salaries (Per Annum)	3.90%
3.20%	Rate of Increase in Pensions (Per Annum)	2.90%
2.60%	Rate for Discounting Scheme Liabilities	4.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all 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
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(1,316)	1,348
Rate of increase in salaries (increase or decrease by 0.1%)	115	(114)
Rate of increase in pensions (increase or decrease by 0.1%)	1,257	(1,227)
Longevity (increase or decrease in 1 year)	3,768	(3,598)

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 2022/23 is 17.6% (2021/22 17.6%). A monetary contribution of £1.021m was anticipated from the authority in 2022/23, however Rushcliffe Borough Council has prepaid these contributions for the three years to 31 March 2023 by making a single lump sum payment of £2.753m, saving the council £0.203m when compared with annual payments. The contribution to be recognised by the authority for 2022/23 is £0.918m. This amount is fixed for the 3-year period 2020/21 to 2022/23 due to the prepaid amount which has been spread equally over the 3 years. 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 revalued earnings schemes to pay pensions and other benefits to certain public servants.

The estimated duration of the defined benefit obligation for scheme members is 16 years

Projected Pension Expense for the Year to 31 March 2024

Projected Pension Expense	2023/24 £'000
Service cost	1,500
Net Interest on the defined liability (asset)	720
Administration Expenses	37
Total	**2,257**
Employer contributions	2,375

Note: These projections are based on the assumptions as at 31 March 2023, as described earlier in the Barnett Waddington Actuary Report. The figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2023.

33. CONTINGENT LIABILITIES

At the 31st of March 2023 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 Thames Valley Housing Trust and to their lender, Nationwide Building Society. The former ran for 15 years until 2018 and has now elapsed; the latter was for 32 years and will run until 2035. The value of the liability is unknown and to date there have not been any issues identified.

34. CONTINGENT ASSETS

At 31 March 2023 the Council has one contingent assets requiring disclosure:

The Council are party to a legal claim for damages and/or other relief in respect of loss and damage suffered as a result of inflated pricing for medium and heavy vehicles (such as waste collection vehicles) between 1997 and 2011. This could have an impact for the Council in that a claim may be due for vehicles that the Council either purchased or leased during those years. The outcome of the claim is as yet unknown however the current estimate for such damages is in the region of £0.2m.

35. 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 Capital and Investment 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.

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

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 2023 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 extended credit for customers, but some of the current balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

2021/22 £'000	Debtors past due but not impaired	2022/23 £'000
678	Less than three months	547
37	Three to nine months	121
2	Nine months to one year*	2971
729	More than one year	759

**Increase relates to deferred capital receipt for Sharphill overage*

Amounts Arising from Expected Credit Losses

We have assessed the Council's short- and long-term investments and concluded that the expected credit loss is not material therefore no allowances have been made.

A summary of the Council's short-term investments are shown below.

Current Investments

Institution	Length of Term	Amount £000
Call Accounts/MMFs		
HSBC - ECG	Call	5,050
Blackrock	Call	1,406
CCLA - Psdf	Call	104
Federated	Call	352
Goldman Sachs Asset Management	Call	255
HSBC Asset Management	Call	321
Invesco Aim	Call	509
Aberdeen Asset Management	Call	45
Bank Of Scotland Plc	Call	379
Bank Of Scotland Plc	32 Days	110
Barclays Bank Plc	32 Days	4,446
Handelsbanken	35 Days	912
Santander UK Plc	Call	164
Santander UK Plc	35 Days	77
Residual MMF/Call Account balances	Call	19
	Note 15	14,149
Short Term Investments		
Standard Chartered	182 Days	4,000
Standard Chartered	183 Days	3,000
Hertfordshire Council		5,000
Brentwood Council		5,000
Denbighshire Council		5,000
Wrexham Council		5,000
Close Brothers Ltd	179 Days	5,000
		32,000
Total Investments		**46,149**

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.
- **Inflation** - current high inflation rates heighten the risk of interest rate volatility and in particular the potential for rising interest rates.

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.

According to this assessment strategy, at 31 March 2023, if interest rates had been 1% higher or lower with all variables held constant, the effect would be:

2021/22 £000		**2022/23** £000
368	Increase in Interest Receivable on Variable Rate Investments	431
368	**Impact on Surplus or Deficit on the Provision of Services**	**431**

Price Risk

The Council's investment in the CCLA Property Fund, CCLA Diversified Fund, Royal London Enhanced Cash Plus, Ninety-One and Aegon (formerly Kames and Investec) are subject to the risk of falling commercial property prices. However, any movements in price will not impact on the General Fund Balance as regulations are currently in force to remove the impact of the fair value movements on the taxpayer. The Council is using the temporary statutory override agreed by DLUHC (5 years commencing from April 2019 but now extended a further 2 years) to account for any changes in the fair value on its pooled investments.

Foreign Exchange Risk

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

36. ACCOUNTING POLICIES

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. 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 2022/23 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.

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

ii. Accruals of Income and Expenditure

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

- **Revenue from contracts with service recipients,** whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- **Supplies are recorded as expenditure** when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- **Expenses in relation to services received** (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- **Interest 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 where 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. 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.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the MRP contribution in the general fund balance by way of an adjusting transaction with the capital adjustment account in MIRS for the difference between the two.

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. Where material 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. 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 Council can no longer withdraw the offer of those benefits or when the Council 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

Employees are members of the Local Government Pension Scheme (LGPS), which 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 credit 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).

Liabilities are discounted to their value at current prices, using a discount rate set to market conditions (using the annualised Merrill Lynch AA rated

corporate bond yield curve).

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:

- **Service costs comprising:**
    - Current Service Cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the 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, or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any 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 events 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 instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

In the event that the Council makes a loan to an outside body at less than market rates (soft loans) and the present value of the interest foregone is greater than £50k, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

Expected Credit Loss Model

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

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

The legacy impact of the COVID19 pandemic and the current cost of living pressures have been considered when assessing potential impairment of debt.

Financial Assets measured at Fair Value through Other Comprehensive Income

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

Financial Assets Measured at Fair Value through Profit and Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they occur in the Surplus or Deficit on the Provision of Services.

Fair Value measurement of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the authority's financial assets are based on the following techniques:

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

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

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

The Council holds shares in CCLA Property fund, CCLA Diversified Fund, Royal London Enhanced Cash Plus Fund, Aegon and Ninety-One (formerly Kames and Investec). Any movement in Fair Value will be accounted for in Financing and Investment Income and Expenditure line in Surplus/Deficit on Provision of Services. A statutory override must be used to reverse the entry in the CIES to a reserve to recognise the fair value gains and losses.

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 creditors (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.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area. The charge came into force on 7th October 2019.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

x. Heritage Assets

The Council has Heritage Assets; a small art collection; war memorabilia (war memorial and commemorative bench); and Covid Memorial Obelisk. Heritage Assets are carried at valuation rather than current of fair value reflecting the fact that sales and exchanges are uncommon. The Art Collection is valued at insurance valuation and the War Memorial, bench and Obelisk at depreciated historic cost as they are infrastructure assets. The treatment of revaluation gains and losses is in accordance with the Council's accounting policies on property, plant and equipment.

The carrying amounts of Heritage Assets are 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.

Art collection

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.

War Memorial and Bench and Covid Memorial Obelisk

The War Memorial, Commemorative Bench and Obelisk are sited in West Bridgford and 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.

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the authority can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any 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 consideration allocated to the performance obligations satisfied based on goods or services transferred to the service recipient 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.

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 cost and subsequently 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 16 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.

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

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

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. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to 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 leased asset.

Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant 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. A gain, representing the authority's net investment in the lease, is 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between: a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve (England and Wales) or Capital Receipts Reserve (Scotland) in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve (England and Wales).

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

Operating Leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

The authority does not have any sale and leaseback assets.

xvi. Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Council in conjunction with other joint operators 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.

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

Impairment

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

Where impairment losses are identified, they are accounted for 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.

Infrastructure Assets within PPE

Infrastructure assets are generally inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e., there is no prospect of sale or alternative use. They work as a part of a continuous network that is maintained in a relatively steady state, though there may be distinctive parts of this network. For Rushcliffe, the steady state will be existing car park surfaces, play area ground infrastructure, and footpath enhancements; a distinctive part and significant infrastructure asset is Cotgrave Public Realm.

Recognition

Expenditure on the acquisition/development of Infrastructure assets is capitalised on an historic cost (accruals) basis, provided that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

Infrastructure assets are measured at depreciated historic cost.

Depreciation

Depreciation is calculated on a straight-line basis over the assigned useful life of the asset. Useful lives for Infrastructure assets are assessed by the relevant Commissioning Officer.

Disposal and De-recognition of Infrastructure Assets

When an infrastructure asset is disposed/replaced/de-commissioned, the carrying amount of the asset is written off to the ‘Other operating expenditure’ line in the Comprehensive Income and Expenditure Statement. The expectation is that the replacement parts will have been fully depreciated but this may not always be the case.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than 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.

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. 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 or set aside to reduce the authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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 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.

Non-recoverable VAT relating to a capital scheme will form part of the capital cost of that scheme

xxiii. Collection Fund – Council Tax & Non-Domestic Rates (NDR)

Billing authorities are required by statute 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 the major precepting authorities and central government, and as a principle, collecting council tax and NDR for itself.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. Any difference between the income included in the CIES and the demand or precept is taken to the Collection Fund Adjustment

Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. As the collection of Council Tax and NDR is an agency agreement there is a debtor/creditor position between the Council, the major preceptors and central government. As the billing authority, this Council's Cash Flow Statement includes in 'revenue activities' only its own share of the Council Tax and NDR collected.

xxiv. Fair Value Measurement of non-financial assets

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The hierarchy below is used.

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

37. ACCOUNTING STANDARDS ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (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 2023/24 code:
The standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

a) IFRS 16 Leases

Note that a) will only be applicable to local authorities that intend to voluntarily implement IFRS 16

in 2023/24 and is therefore not applicable as the Council has not yet implemented this standard.

38. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 36 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 funding reforms and localisation of Business Rates. However, as these reforms have been delayed until at least 2024/25 due to economic environment 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.

b. 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 £55k on service costs.

c. The Council has a 'Group Relationship' with a subsidiary, namely Rushcliffe Enterprises Ltd which incorporates Streetwise Environmental Ltd and Streetwise Environmental Trading Ltd. Streetwise Environmental Ltd and Streetwise Environmental Trading Ltd ceased operation on 31 August 2022 and the Street Cleansing and Grounds Maintenance functions were brought back in-house. Rushcliffe Enterprises Ltd remains dormant. From 1 September 2022 any transactions relating to delivery of the Street Cleansing and Grounds Maintenance function and the assets used in the delivery of those services are incorporated into the Council's single entity accounts. A judgement has been made that the income and expenditure, assets and liabilities, recorded by Streetwise by delivering external contracts up to 31 August 2022 is not material and consequently Group Accounts are no longer required.

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

e. During 2022/23 the Council has administered grants for a range of schemes in relation to cost of living support. A judgement has been made as to whether the Council is acting as Agent or Principal in accordance with the Code of Practice. Where it is deemed the Council is acting as Principal (on its own behalf) and grant conditions have been met, funding will be recognised in the CIES. Where it is deemed the Council is acting as an intermediary (Agent) the transactions are not reflected in the financial statements except for debtors or creditors relating to the transactions. Disclosures relating to grants where the Council is acting as Principal are shown in the relevant notes to the accounts.

39. 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, impairment provisions, provisions and accruals. Each of these has a different process for making the estimate:

a. Pensions Liability: Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by Nottinghamshire County Council and assurance is placed on the use of these qualified professionals to provide expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption and an increase of one year in the mortality age rating assumption would result in a decrease of £1.316m and an increase of £3.768m respectively in the present value of the defined benefit obligation. Note 32 provides more detail.

b. Impairment estimates are in accordance with IFRS 9 based on prudent collection rates taking into account knowledge of existing conditions on outstanding debts, particularly given the current economic climate. It is yet unknown how rising inflation and the increased cost of living following an already difficult period due to COVID will impact on collection of debt. The Council has to date not experienced any material decline in collection of debt to suggest that additional provision is required, however this will continue to be monitored. At 31st March 2023, the Council had sundry debtor balances of £3.729m (£3m of which is contractual and therefore no provision has been made) and Housing Benefit (HB) debtors of £0.669m. Provisions for impairment are made according to the age of the debt. The provisions amount to £0.159m and £0.108m, respectively for sundry debtors and Housing Benefit overpayments.

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 accounting requirements of the national Business Rates Retention Scheme. In total Rushcliffe's estimated liability amounts to £1.313m, with a further £1.97 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.

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. With the level of inflation currently around 10%, the 2023/24 budget incorporates an allowance for an increase in utilities and fuel.

e. Depreciation and amortisation is provided to write down the assets to their residual values over their estimated useful lives. The selection of these residual values and useful lives requires the exercise of management judgement considering anticipated usage levels in service provision and levels of repairs and maintenance. A review of balance sheet values is undertaken each year end to assess if any of the assets have not been used at the estimated rates and if any impairment charges are required. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

40. MATERIAL ITEMS OF INCOME AND EXPENSE

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

41. EVENTS AFTER THE BALANCE SHEET DATE

The cost-of-living pressure is a risk to the Council's income recovery and given inflation remains high is a cost risk for both revenue and capital. We are constantly reviewing the impact on the Council. The main issues are stated within Section 6 of the Narrative.

G. THE COLLECTION FUND

2021/22 Restated				2022/23		
Council Tax £'000	NDR £'000	TOTAL £'000		Council Tax £'000	NDR £'000	TOTAL £'000
			INCOME			
93,993		**93,993**	Council Tax	99,504		**99,504**
	25,677	**25,677**	Income from business ratepayers		27,781	**27,781**
93,993	**25,677**	**119,670**		**99,504**	**27,781**	**127,285**
			EXPENDITURE			
			Precepts and Demands			
69,968		**69,968**	· Nottinghamshire County Council	74,621		**74,621**
10,811		**10,811**	· Nottinghamshire Police Authority	11,540		**11,540**
3,671		**3,671**	· Nottinghamshire Fire Authority	3,838		**3,838**
9,575		**9,575**	· Rushcliffe Borough Council	10,107		**10,107**
			Business Rate			
	14,303	**14,303**	· Payments to Government		13,357	**13,357**
	2,575	**2,575**	· Payments to Nottinghamshire County Council		2,404	**2,404**
	286	**286**	· Payments to Nottinghamshire Fire Authority		267	**267**
	11,440	**11,440**	· Payments to Rushcliffe Borough Council**		10,688	**10,688**
	113	**113**	· Costs of Collection		113	**113**
	518	**518**	· Renewable Energy		498	**498**
	8,483	**8,483**	· Transitional Protection Payment		52	**52**
		0	Impairment of Debts/Appeals			
(19)		**(19)**	· Write ons	(15)		**(15)**
588	19	**607**	· Allowance for Impairment	333	25	**358**
	(4,112)	**(4,112)**	· Provision for appeals		(1,375)	**(1,375)**
		0	Contributions			
(442)	(10,001)	**(10,443)**	· Distribution of 21-22 estimated Collection Fund surplus/(deficit)	(465)	(10,792)	**(11,257)**
94,152	**23,624**	**117,776**		**99,959**	**15,237**	**115,196**
(159)	2,053	1,894	**Movement on Fund Balance**	(455)	12,544	**12,089**
(1,405)	(14,495)	**(15,900)**	**Opening Fund Balance**	(1,564)	(12,442)	**(14,006)**
(1,564)	**(12,442)**	**(14,006)**	**Closing Fund Balance**	**(2,019)**	**102**	**(1,917)**

G. 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 Non-Domestic Rates (NDR) and its distribution to local government bodies and central 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	Band	Chargeable Properties After Discounts	Ratio	Band D Equivalents
2021/22				2022/23
2,825	A	4,230	6/9	2,848
6,175	B	8,052	7/9	6,326
8,352	C	9,526	8/9	8,553
9,506	D	9,758	9/9	9,857
7,920	E	6,547	11/9	8,082
5,801	F	4,065	13/9	5,931
3,897	G	2,383	15/9	4,012
230	H	117	18/9	235
44,706				**45,844**
(446)		Non-Collection Impairment was 1.00% in 2022/23 (2021/22 1.00%)		(456)
44,260		**Council Tax Base**		**45,388**

3. COLLECTION FUND COUNCIL TAX BALANCE/REDISTRIBUTING SURPLUSES OR DEFICITS

The precepts detailed in the statement are shown net of the previous year's surpluses/deficits. 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.

In 2022/23 a Collection Fund Council Tax deficit of £0.465m was redistributed between the major precepting authorities. Of this £0.499m reflected the estimated outturn deficit at 15 January 2022 and £0.034m decrease in deficit arose from the difference between the estimated and actual outturn positions for 2020/21.

At 15 January 2023 the Collection Fund Council Tax deficit for 2022/23 was estimated at £1.746m comprising an in-year deficit of £0.647m and £1.099m deficit arising from the difference between the actual and estimated outturns for 2021/22. These funds will be collected from the major precepting authorities in 2023/24 allocated to preceptors as shown in the table below.

2021/22 £'000		2022/23 £'000	2023/24 £'000
(330)	Nottinghamshire County Council	(347)	(1,302)
(49)	Nottinghamshire Police Authority	(52)	(199)
(18)	Nottinghamshire Fire Authority	(18)	(68)
(45)	Rushcliffe Borough Council	(48)	(177)
(442)		**(465)**	**(1,746)**

At 31 March 2023 the actual outturn for the Collection Fund Council Tax was £2.019m, an increase of £0.273m from the estimated outturn. This will be adjusted for as part of the calculations for the redistribution of Collection Fund balances in 2024/25. Rushcliffe's liability in respect of this deficit is £0.204m

4. NON-DOMESTIC RATES

Under the arrangements regarding Uniform Business Rates, the Council collects non domestic rates for its area which are based on local rateable values multiplied by a uniform rate which for 2022/2023 was 51.2p (2021/2022 51.2p). The non-domestic rateable value at the 31st of March 2023 was £73,922,799 (31st March 2022 £73,372,614).

Rushcliffe Borough Council retains a 40% share of the proceeds of Non-Domestic Rate income, the remainder is distributed to preceptors in the following proportions: Central Government (50%), Nottinghamshire County Council (9%) and Nottinghamshire Fire Authority (1%).

Rushcliffe Borough Council is part of the Nottinghamshire Business Rates Pool. 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 to the precepting shares. Note 17 provides further details on the provision made in 2022/23.

The increased level of deficit observed in 2020/21 which continued in 202/22 due to the lost income from business rates reliefs in response to the covid pandemic has now been rectified and a surplus of £0.102m is the closing 2022/23 position.

5. NON-DOMESTIC RATES SURPLUS OR DEFICIT

At 31 March 2023 the actual outturn for the Collection Fund NDR was a surplus of £0.102m (2021/22 £12.4 deficit) which is then distributed to the preceptors as detailed in the following table.

2021/22 £'000		2022/23 £'000
(6,221)	Central Government (50%)	51
(4,977)	Rushcliffe Borough Council (40%)	41
(1,120)	Nottinghamshire County Council (9%)	9
(124)	Nottinghamshire Fire Authority (1%)	1
(12,442)		**102**

H. GLOSSARY OF TERMS

ACCOUNTING PERIOD
This is the length of time covered by the accounts. It is 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 or 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 **non-current asset** provides a benefit to the Council for a period greater than one year.

AUGMENTATION (PENSIONS)

Payment to the pension scheme over and above normal scheme entitlements, usually as part of a redundancy or severance package.

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

BILLING AUTHORITY
Rushcliffe Borough Council is classed as a Billing Authority 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 FINANCING REQUIREMENT (CFR)
The CFR represents the Council's underlying need to borrow in order to finance its capital expenditure. It is the difference between the value of Total Fixed Assets in the balance sheet and the Revaluation and Capital Financing Accounts. This represents the propensity of the authority to borrow for capital purposes and is the basis for the minimum revenue provision charge to the revenue account.

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 FINANCING REQUIREMENT (CFR)

This is the Council's underlying need to borrow.

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 principal 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.

CASH FLOW STATEMENT (INDIRECT METHOD)
The indirect method adjusts net income from an accrual to a cash basis by adding back non-cash expenses and adjusts net income for changes between the starting and ending account balances in current assets (excluding cash) and current liabilities for the period.

CIL (COMMUNITY INFRASTRUCTURE LEVY)

A charge which can be levied by local authorities on new development in their area. The funds will contribute to the cost of infrastructure within the area covered by the Rushcliffe Local Plan.

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.

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.

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.

DEBTORS

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

DEFERRED CAPITAL RECEIPTS

Income recognised upon the disposal of non-current assets but, for which, cash settlement has yet to take place.

DEFRA

Department for Environment, Food and Rural Affairs

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.

DLUHC

Department for Levelling Up, Housing and Communities

DWP

Department for Work and Pensions.

ERDF

European Development Fund

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 its subsidiaries.

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 bought for consumption or resale, or raw materials, currently being held.

LAA
Local Area Agreement

LEP

Local Enterprise Partnership

LIABILITY
Where the Council owes payment to an individual or an organisation.

LSP
Local Strategic Partnership

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

NET BOOK VALUE
This is the value of an asset that is on the balance sheet. It represents its historical re-valued cost less the 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.

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

POOLED FUNDS

Funds from many individual investors that are aggregated for the purposes of investment

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

PROJECTED UNIT CREDIT METHOD

Under the projected unit credit method, the obligation for long-term employee benefits is measured by calculating the present value of the expected future payments that will result from employee services provided to date

PROVISIONS
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
Records unrealised revaluation gains/ losses from holding fixed assets.

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

REVENUE INCOME
Income from day-to-day provision of 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).

SOFT LOAN
A loan to an outside body at less than market rates.

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