

# NEWARK AND SHERWOOD DISTRICT COUNCIL

## STATEMENT OF ACCOUNTS

2015-2016

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# NARRATIVE REPORT

## **1 An Introduction to Newark & Sherwood**

Newark and Sherwood is a local government district council and the largest district in Nottinghamshire, with an area of 65,000 hectares. The district is predominately rural, with some large forestry plantations, the ancient Sherwood Forest and the towns of Newark-on-Trent, Southwell and Ollerton. Many settlements in the west of the district, such as Ollerton, are former mining villages. The district has been awarded Green Flag Awards for some of its parks and open spaces.

Newark-on-Trent, together with Balderton, forms the largest urban concentration. Newark-on-Trent has many important historic features including Newark Castle and the newly opened Civil War Centre, while Southwell is a small Georgian town with a Minster.



*Newark Castle*



*Southwell Minster*

The district was formed on 1 April 1974, by a merger of the municipal borough of Newark with Newark Rural District and Southwell Rural District. It was originally known just as Newark but the Council changed its name to Newark & Sherwood District Council effective from 1 April 1995. The Council is made up of 84 Town and Parish Councils and is home to 4,088 businesses registered for business rates. With 52,749 domestic properties, the district is home to 114,800 people. 19% of the population are aged 65 or over, while 20.6% are under the age of 18 years. The current unemployment rate is 4.9% which is slightly lower than the national average of 5.1%.

## **2 Key Achievements in 2015/16**

- The National Civil War Centre and Newark Museum was opened in 2015 to interpret Newark's part in the British Civil Wars in the 17<sup>th</sup> century and to explore the wider implications of this important period of the nation's history.
- The construction of a new leisure centre is a real asset for all sections of the community and is a landmark in sporting provision for the district. The leisure centre opened in May 2016.
- In June 2015 the Council's leisure services were transferred, for efficiency and economic benefits, to a management company Active4Today Ltd which is 100% owned by the Council. The company operates and maintains the Council's leisure centres and provides sports development activities.



*National Civil War Centre*



*Newark Sports and Fitness Centre*

## Financial Performance

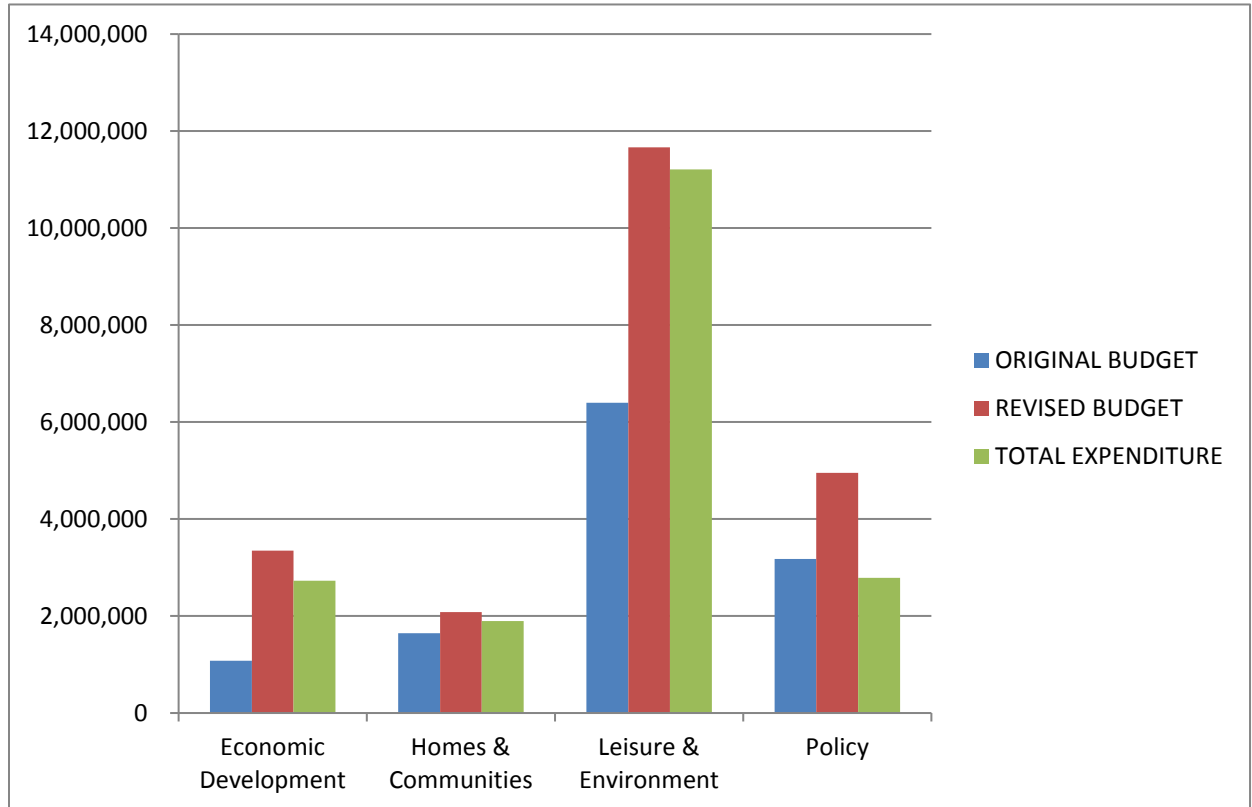
### Economic Climate

Since 2010 Newark and Sherwood Council has faced significant challenges due to reductions in funding of 42.84% from central government along with cost pressures within services. These challenges are on-going and will last into the foreseeable future, where the government have advised there will be further funding reductions in the coming years amounting to 36.83% by 2019/20. They will be continuously reviewed as the government clarifies its position and advises the Council of the financial challenges it faces in the future.

### Financial Management

#### Revenue

Despite the challenges, the financial standing is very robust, with sound and improving financial management practices. The outturn for the Council is a contribution to earmarked reserves of £3.815m.



	Net Committee Expenditure	Capital Adjustments	Pension Adjustments	Other Adjustments	Comprehensive Income and Expenditure Statement
Economic Development	345,697	2,282,981	90,380	9,734	2,728,792
Homes & Communities	1,326,577	482,144	77,680	12,970	1,899,371
Leisure & Environment	5,143,291	5,869,145	180,950	13,773	11,207,159
Policy	2,695,189	1,407,527	-1,309,061	-2,917	2,790,738
<b>Net Cost of Services</b>	<b>9,510,754</b>	<b>10,041,797</b>	<b>-960,051</b>	<b>33,560</b>	<b>18,626,060</b>
Housing Revenue Account	0	-10,226,941	-260,000	0	-10,486,941
Non Committee Spend	1,229,415	0	0	0	1,229,415
Other Income and Expenditure	-10,740,405	-3,820,700	1,901,051	-3,105,607	-15,765,661
<b>Surplus (-) or Deficit (+)</b>	<b>-236</b>	<b>-4,005,844</b>	<b>681,000</b>	<b>-3,072,047</b>	<b>-6,397,127</b>

### Capital Expenditure and Funding

Capital expenditure can be defined as that which generates an asset that has a useful life of more than one year. The capital account shows the Income and Expenditure transactions the Council makes when it:

- Buys or sells land or property
- Builds new property
- Carries out major repairs to the Council's properties
- Improves the Council's properties
- Provides grants for the above types of activity

The Council's capital programme and its funding can be summarised as follows:

	Original Budget	Final Budget	Actuals	Variance
Housing Services	8,985	11,112	8,885	(2,227)
Other Services	15,817	18,552	11,860	(6,692)
<b>Total Capital Expenditure</b>	<b>24,802</b>	<b>29,664</b>	<b>20,745</b>	<b>(8,919)</b>
Borrowing	4,381	3,282	2,184	(1,098)
Other Sources of Financing	20,421	26,382	18,561	(7,821)
<b>Total Financing</b>	<b>24,802</b>	<b>29,664</b>	<b>20,745</b>	<b>(8,919)</b>

The phasing of the capital budget has been monitored and adjusted through the course of the year to reflect the actual programme of work on projects planned for delivery over more than one financial year. The total shortfall of actual spend against final budget was £8.9m, this was made up of £8.8m slippage and £0.1m in underspends. The principle schemes contributing to the £8.9m shortfall against final budget are:

- Affordable Housing projects re-phasing (£2,070k). Primarily due to slippage on Ash Farm, St Leonards Trust and HRA site development
- Southern Link Road (£2,481k) due to project rephasing
- Delays in the acquisition of Ollerton Hall (260k)
- New Offices project (£1,740k) due to rephasing
- Equipment for existing leisure centres £788k) due to rephasing
- Major Flood Alleviation fund not required in year (£150k)
- Newark leisure centre, phasing of final payments, project now complete on site, opening to public 25<sup>th</sup> April (£703k)
- Growth Point internally funded (£449k)
- Minor slippages in a number of projects (£278k)

### Balance Sheet

Despite the challenges, the Council maintains a strong Balance Sheet:

	31st March 2016 £'000
Non-current assets (housing, buildings, vehicles etc)	227,170
Net current assets (debtors, stock and cash less short term creditors and liabilities)	146
Long term liabilities and provisions (loans and pensions)	(140,238)
<b>Net Assets</b>	<b>87,078</b>
Represented by: Usable Reserves (money that can be used to fund services)	(42,540)
Represented by: Unusable Reserves (money not available for funding)	(44,538)

### *Housing Revenue Account*

The Housing Revenue Account (HRA) is a ring fenced landlord's account for the running of the Council's housing stock. Day to day management of the housing stock and the long term responsibility for maintenance and investment in the stock lies with Newark and Sherwood Homes Ltd (NSH), the Council's arms-length management organisation which is wholly owned by the Council. The Housing Revenue Account includes a management fee paid to NSH, which came into effect on 1 November 2004.

During 2015/2016, the HRA reported an operating surplus of £10.487m which, following the transfer of funds to the Major Repairs Reserve leaves HRA reserves at £2m at year end.

### *Joint Arrangements – Mansfield Crematorium*

Mansfield Crematorium has been recognised as a joint arrangement between Mansfield District Council, Ashfield District Council and Newark and Sherwood District Council. The authority accounts directly for its part of the assets, liabilities, income, expenditure and cash flows held arising from the operations of the crematorium. In 2015/2016 Mansfield Crematorium made a surplus of £726k, £80k of which is attributable to Newark and Sherwood District Council and is shown in the Comprehensive Income and Expenditure Statement under Environmental and Regulatory Services.

### *Council Tax Collection*

The net collectable amount for 2015/2016 Council Tax was £64.6m, of which £62.9m has been received. This represents a collection rate of 97%. Total Council Tax arrears, including costs, amounted to £3.9m as at 31 March 2016 and will be collected during 2016/2017. Council tax is collected on behalf of Nottinghamshire County Council, Nottinghamshire Fire Authority and Nottinghamshire Police Authority. Amounts collected, bad debt write offs and any surplus or deficit on collection are distributed according to precept.

### *Pension Liabilities*

The Council has net pension liabilities of £56.7m shown in the Balance Sheet. This reflects the value of pension liabilities which the Council is required to pay in the future as they fall due, offset by the value of assets invested in the pension fund. This amount is matched by a pension reserve, also shown in the Balance Sheet, and therefore has no impact on the Council's overall financial position as at 31 March 2016.

### *Treasury Management Performance*

During the financial year, the Council operated within the treasury limits set out in the Council's Treasury Management and Annual Investment Strategy which was approved on 10 March 2015.

Continuing problems in the financial markets meant that it was decided to continue with reduced exposure to the market by utilising internal balances to finance some capital expenditure and also not to renew maturing debt. Remaining cash that is held for daily cashflow purposes is invested in AAA rated or Government backed institutions and instant access Money Market Funds.

In October 2008 the Icelandic banking sector defaulted on its obligations. At that time the Council had £2m invested in Glitnir. On 28 October 2011 the Icelandic Supreme Court ruled that Local Authorities investors were preferential creditors and were, therefore, entitled to receive full repayment of their investments. £1.7m was received on 16 March 2012 and the remainder of the Council's investment was subsequently sold on 24 September 2015 for £298k, resulting in a loss of interest of £154k. The loss has been funded by the Investment Realisation Reserve and therefore there is no impact upon the taxpayer.

Interest credited to the Comprehensive Income and Expenditure Statement in 2015/2016 was £105.7k which represents an average interest rate of 0.43% for short term instant access deposits. This compares to the 3 month London Inter-Bank rate (LIBID) of 0.46% for the year. The Council had no long term fixed rate investments in 2015/2016.

The Council held investments of £14.5m at 31 March 2016.

#### *Reserves and Balances*

The General Fund working balance at the end of the financial year is £2,939k which will be carried over into 2016/2017. The working balance is maintained to provide a financial cushion should unexpected events occur that lead to significant unplanned expenditure that would not be met from other sources or by specific Central Government Grants. The current target working balance for the General Fund is set at £2.9m.

The Housing Revenue Account working balance of £2m represents the existing revenue balance.

The Council holds a number of earmarked reserves to finance future capital and revenue expenditure. The value of specific reserves held at 31 March 2016 is £22,111k. A full analysis of earmarked reserves is contained in Note 42 Usable Reserves.

#### *Consolidated Group Accounts*

The authority is required under the Local Government Act 2003 to produce a set of Group accounts where it has subsidiaries, joint ventures or associates. The criteria for deciding if the authority has such relationships are laid down by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/2016. The authority is required to consolidate its accounts with those of Newark and Sherwood Homes Ltd and Active4Today Ltd which are wholly owned subsidiaries of the authority.

#### *Outlook*

The Council's medium term modelling has been updated to reflect the provisional four-year Funding Settlement announced in December 2015. This also takes into account inflation (both pay and contracts), superannuation, increasing capital financing pressures and national insurance changes as well as allowances for specific and general risks. While the provisional four year settlement also covers 2019/2020, which shows funding to decrease by a further 36.83%, pressures and new burdens are not sufficiently clear to issue a formal forecast of reductions that will need to be made.

In November 2015 the Autumn Statement set out the strategic direction for public expenditure. This outlined a number of significant changes to the local government funding regime which will have a significant impact on the Council's finances over time. These included:

- Providing local authorities with the power to levy a 2% increase on Council Tax to fund social care;
- By the end of the Parliament, local government will retain 100% of business rate revenues to fund local services. In addition the Uniform Business Rate will be abolished and any local area will be able to cut business rates at their discretion. The earliest these reforms are likely to be implemented is 2020;
- Greater flexibility for local authorities to use capital receipts to fund the revenue costs of business transformation projects.

## **4 Explanation of the Financial Statements**

The Statements required by the Code comprise the following:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Notes to Core Statements

These are described in more detail in the notes below.

**Movement in Reserves Statement (pages 11-12).** This is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "usable" which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.

**Comprehensive Income and Expenditure Statement (page 13).** This account summarises the resources that have been generated and consumed in providing services and managing the Council during the financial year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of non current assets consumed and the real projected value of retirement benefits earned by employees in the year. It includes the amounts spent not only on local taxpayer services but also local rent payer services.

**Balance Sheet (page 14)** which summarises the Council's assets and liabilities together with the sources of funds i.e. what the Council owns, who it owes money to, who owes it money and what reserves it has to meet future spending.

**Cash Flow Statement (pages 15-16)** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment or financing activities (such as repayment of borrowing and other long term liabilities).

**Notes to Financial Statements (pages 17-68).** These are notes relating to the preceding financial statements which explain and provide additional information to figures included in these statements.

**Housing Revenue Account (pages 69-74).** This reflects a statutory obligation to account separately for the Council's housing landlord function. It shows the major elements of housing revenue expenditure – maintenance, administration and capital financing costs, and how these are met by rents, service charges and other income.

**Collection Fund (pages 75-76).** The Account details all monies due from Council Tax and Non Domestic Rate payers and payments made to the County Council, Police and Fire Authorities and the District Council. A proportion of Non Domestic Rates is paid to central government and the remainder is paid into a County Pool and redistributed to Pool members.

**Group Accounts (pages 77-89).** The District Council has considered the relevant legislation and accounting guidance and has concluded that it will need to prepare Group Accounts. These consolidate the accounts of the District Council with those of Newark and Sherwood Homes Ltd and Active4Today Ltd which are wholly owned by the District Council. After due consideration, no other third party organisation's accounts need to be consolidated.

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Authority's Responsibilities

1 The authority 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 authority, the Chief Financial Officer is the Financial Services Business Manager.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

### Responsibilities of the Chief Financial Officer

2 The Chief Financial Officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

3 In preparing this Statement of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgments and estimates that were reasonable and prudent.
- complied with the local authority Code.

4 The Chief Financial Officer has also:

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

### Certificate of the Chief Financial Officer

5 This statement of accounts is that upon which the auditor should enter his opinion. It presents a true and fair view of the financial position of the authority at 31st March 2016 and its income and expenditure for the year then ended.



N. Lovely, CPFA  
Chief Financial Officer  
Date: 7<sup>th</sup> September 2016



Councillor Mrs S. M. Michael  
Chairman – Audit and Accounts Committee  
Date 7<sup>th</sup> September 2016





## **Independent auditor's report to the members of Newark & Sherwood District Council**

We have audited the financial statements of Newark & Sherwood District Council for the year ended 31 March 2016 on pages 11 to 89. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

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

### **Respective responsibilities of the Chief Financial Officer and auditor**

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

### **Scope of the audit of the financial statements**

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31 March 2016 and of the Authority's and the Group's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

### **Matters on which we are required to report by exception**

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

- the Annual Governance Statement set out on pages 90 to 93 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Narrative Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

## **Conclusion on Newark & Sherwood District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Authority's responsibilities**

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

### **Auditor's responsibilities**

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether Newark & Sherwood District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Newark & Sherwood District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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

### **Conclusion**

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, Newark & Sherwood District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

### **Certificate**

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



**Jon Gorrie**

**For and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants  
One Snowhill,  
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29/09/2016

**MOVEMENT IN RESERVES STATEMENT**

<b>Newark and Sherwood District Council</b>	General Fund	Earmarked General Fund	Housing Revenue Account	Major Repairs Reserve	Grants & Contributions Unapplied	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
<b><u>Movement in Reserves Statement for the financial year 2015/2016</u></b>	Balance	Reserves	Account	Reserve	Unapplied	Reserve	Reserves	£'000	Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2015</b>	<b>2,939</b>	<b>19,929</b>	<b>2,000</b>	<b>5,980</b>	<b>5,689</b>	<b>6,700</b>	<b>43,237</b>	<b>23,065</b>	<b>66,302</b>
<b>Movement in Reserve during 2015/16</b>									
Surplus/(Deficit) on Provision of Services	(4,090)		10,487				6,397		6,397
Other Comprehensive Expenditure and Income							0	14,379	14,379
<b>Total Comprehensive Expenditure and Income</b>	<b>(4,090)</b>	<b>0</b>	<b>10,487</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,397</b>	<b>14,379</b>	<b>20,776</b>
<b>Adjustments between Accounting basis and Funding basis under Regulations</b>									
Depreciation and impairment of non current assets	8,365		(7,368)				997	(997)	0
Depreciation charged to the Major Repairs Reserve				2,688			2,688	(2,688)	0
Use of Major Repairs Reserve to finance capital expenditure				(6,332)			(6,332)	6,332	0
Capital grants and contributions	(3,878)				(1,371)		(5,249)	5,249	0
Capital receipts used to finance capital expenditure						(5,058)	(5,058)	5,058	0
Movement in Donated Assets							0		0
Revenue expenditure funded from capital under statute	1,677						1,677	(1,677)	0
Net (gain)/loss on sale of non current assets	454		3,456			1,567	5,477	(5,477)	0
Amount by which finance costs are different	(4)						(4)	4	0
Amount by which pension costs are different	941		(260)				681	(681)	0
Collection Fund income adjustment	710						710	(710)	0
Statutory provision for repayment of debt	(718)						(718)	718	0
Capital expenditure charged to the General Fund balance	(128)	128					0		0
Transfer to unusable reserves	34						34	(34)	0
Transfer re Housing Pooled Receipts	452					(452)	0		0
	7,905	128	(4,172)	(3,644)	(1,371)	(3,943)	(5,097)	5,097	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>3,815</b>	<b>128</b>	<b>6,315</b>	<b>(3,644)</b>	<b>(1,371)</b>	<b>(3,943)</b>	<b>1,300</b>	<b>19,476</b>	<b>20,776</b>
Net transfer (to)/from earmarked reserves	(3,815)	2,054	(6,315)	6,315	(236)		(1,997)	1,997	0
<b>Increase/(Decrease) in year</b>	<b>0</b>	<b>2,182</b>	<b>0</b>	<b>2,671</b>	<b>(1,607)</b>	<b>(3,943)</b>	<b>(697)</b>	<b>21,473</b>	<b>20,776</b>
<b>Balance at 31 March 2016 carried forward</b>	<b>2,939</b>	<b>22,111</b>	<b>2,000</b>	<b>8,651</b>	<b>4,082</b>	<b>2,757</b>	<b>42,540</b>	<b>44,538</b>	<b>87,078</b>

<b>Newark and Sherwood District Council</b>	<i>General Fund</i>	<i>Earmarked General Fund</i>	<i>Housing Revenue Account</i>	<i>Major Repairs Reserve</i>	<i>Grants &amp; Contributions Unapplied</i>	<i>Capital Receipts Reserve</i>	<i>Total Usable Reserves</i>	<i>Unusable Reserves</i>	<i>Total Authority Reserves</i>
<b><u>Movement in Reserves Statement for the financial year 2014/2015</u></b>	<i>Balance</i>	<i>Reserves</i>	<i>Account</i>	<i>Reserve</i>	<i>Unapplied</i>	<i>Reserve</i>	<i>Reserves</i>	<i>£'000</i>	<i>Reserves</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Balance at 31 March 2014</b>	<b>2,934</b>	<b>15,205</b>	<b>5,401</b>	<b>1,425</b>	<b>6,009</b>	<b>7,024</b>	<b>37,998</b>	<b>25,424</b>	<b>63,422</b>
<b>Movement in Reserve during 2014/15</b>									
Surplus/(Deficit) on Provision of Services	5,450		9,136				14,586		14,586
Other Comprehensive Expenditure and Income							0	(11,706)	(11,706)
<b>Total Comprehensive Expenditure and Income</b>	<b>5,450</b>	<b>0</b>	<b>9,136</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,586</b>	<b>(11,706)</b>	<b>2,880</b>
<b>Adjustments between Accounting basis and Funding basis under Regulations</b>									
Depreciation and impairment of non current assets	1,507		(7,427)				(5,920)	5,920	0
Depreciation charged to the Major Repairs Reserve				2,599			2,599	(2,599)	0
Use of Major Repairs Reserve to finance capital expenditure				(6,015)			(6,015)	6,015	0
Capital grants and contributions	(4,870)				(199)		(5,069)	5,069	0
Capital receipts used to finance capital expenditure						(1,154)	(1,154)	1,154	0
Movement in Donated Assets							0	0	0
Revenue expenditure funded from capital under statute	774						774	(774)	0
Net (gain)/loss on sale of non current assets	(23)		3,892				1,225	(5,094)	0
Amount by which finance costs are different	(4)						(4)	4	0
Amount by which pension costs are different	2,294		(260)				2,034	(2,034)	0
Collection Fund income adjustment	25						25	(25)	0
Statutory provision for repayment of debt	(709)						(709)	709	0
Capital expenditure charged to the General Fund balance	(140)		(771)				(911)	911	0
Transfer to unusable reserves	(46)						(46)	46	0
Transfer re Housing Pooled Receipts	395					(395)	0	0	0
	(797)	0	(4,566)	(3,416)	(199)	(324)	(9,302)	9,302	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>4,653</b>	<b>0</b>	<b>4,570</b>	<b>(3,416)</b>	<b>(199)</b>	<b>(324)</b>	<b>5,284</b>	<b>(2,404)</b>	<b>2,880</b>
Net transfer (to)/from earmarked reserves	(4,648)	4,724	(7,971)	7,971	(121)	0	(45)	45	0
<b>Increase/(Decrease) in year</b>	<b>5</b>	<b>4,724</b>	<b>(3,401)</b>	<b>4,555</b>	<b>(320)</b>	<b>(324)</b>	<b>5,239</b>	<b>(2,359)</b>	<b>2,880</b>
<b>Balance at 31 March 2015 carried forward</b>	<b>2,939</b>	<b>19,929</b>	<b>2,000</b>	<b>5,980</b>	<b>5,689</b>	<b>6,700</b>	<b>43,237</b>	<b>23,065</b>	<b>66,302</b>

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

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

<b><u>Newark and Sherwood District Council</u></b>		2015/2016	2015/2016	2015/2016	2014/2015	2014/2015	2014/2015
<b><u>Comprehensive Income and Expenditure Statement</u></b>		£'000	£'000	£'000	£'000	£'000	£'000
<b><u>for the financial year 2015/2016</u></b>		Gross	Gross	Net	Gross	Gross	Net
	Note	Spend	Income	Spend	Spend	Income	Spend
Central Services to the Public		2,901	(1,718)	1,183	2,464	(1,710)	754
Cultural and Related Services		9,541	(1,651)	7,890	5,852	(3,282)	2,570
Environmental and Regulatory Services		7,453	(2,987)	4,466	7,024	(2,345)	4,679
Highways and Transport Services		481	(1,262)	(781)	526	(1,274)	(748)
Housing Revenue Account		4,125	(22,497)	(18,372)	3,876	(22,190)	(18,314)
Housing Services		28,387	(27,313)	1,074	27,983	(27,198)	785
Planning Services		6,178	(3,064)	3,114	4,462	(3,089)	1,373
Corporate and Democratic Core		2,349	(58)	2,291	2,201	(43)	2,158
Non Distributed Costs		2,109	(1,491)	618	1,060	0	1,060
<b>(Surplus)/Deficit on Continuing Operations</b>		<b>63,524</b>	<b>(62,041)</b>	<b>1,483</b>	<b>55,448</b>	<b>(61,131)</b>	<b>(5,683)</b>
Other Operating Income and Expenditure	10	9,105	(1,567)	7,538	8,992	(1,351)	7,641
Financing and Investment Income and Expenditure	11	6,644	(612)	6,032	6,659	(547)	6,112
Taxation and Non Specific Grant Income	12		(21,450)	(21,450)	0	(22,656)	(22,656)
<b>(Surplus)/Deficit on Provision of Services</b>		<b>79,273</b>	<b>(85,670)</b>	<b>(6,397)</b>	<b>71,099</b>	<b>(85,685)</b>	<b>(14,586)</b>
(Surplus)/Deficit on Revaluation of Non Current Assets				(3,916)			(1,581)
Actuarial (Gains)/Losses on Pensions Assets/Liabilities				(10,463)			13,287
<b>Other Comprehensive Income and Expenditure</b>				<b>(14,379)</b>			<b>11,706</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(20,776)</b>			<b>(2,880)</b>

There have been no acquired operations or discontinued operations in the financial years 2014/2015 and 2015/2016.

## BALANCE SHEET

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

<b>Newark and Sherwood District Council</b>		31st March 2016	31st March 2015	31st March 2014
<b>Balance Sheet as at 31st March 2016</b>	Note	£'000	£'000	£'000
Property Plant and Equipment	20	222,362	208,338	195,126
Heritage Assets	23	1,579	1,580	1,580
Investment Property	24	2,340	2,686	2,389
Intangible Assets	26	362	162	201
Assets Held for Sale		0	0	0
Long Term Investments	52	0	0	10
Long Term Debtors	31	527	348	2,008
<b>Long Term Assets</b>		<b>227,170</b>	<b>213,114</b>	<b>201,314</b>
Short Term Investments	52	10,151	575	3,479
Inventories	32	97	100	92
Short Term Debtors	33	10,655	11,281	10,089
Cash and Cash Equivalents		4,815	17,083	6,841
Assets Held for Sale	25	0	163	21
<b>Current Assets</b>		<b>25,718</b>	<b>29,202</b>	<b>20,522</b>
Bank Overdraft		0	0	0
Short Term Borrowing	52	(14,918)	(10,106)	(14,134)
Short Term Creditors	34	(9,110)	(10,611)	(6,307)
Short Term Provisions	35	0	(45)	(52)
Short Term Grants Receipts in Advance		(1,294)	(85)	(306)
<b>Current Liabilities</b>		<b>(25,322)</b>	<b>(20,847)</b>	<b>(20,799)</b>
Long Term Creditors	37	(4,086)	(2,690)	(1,528)
Long Term Provisions	38	(1,396)	(640)	(667)
Long Term Borrowing	52	(77,623)	(84,642)	(83,659)
Other Long Term Liabilities	39	(56,983)	(66,765)	(51,444)
Capital Grants Receipts in Advance	40	(400)	(430)	(317)
<b>Long Term Liabilities</b>		<b>(140,488)</b>	<b>(155,167)</b>	<b>(137,615)</b>
<b>Net Assets</b>		<b>87,078</b>	<b>66,302</b>	<b>63,422</b>
Usable Reserves	41	42,540	43,237	37,998
Unusable Reserves	41	44,538	23,065	25,424
<b>Total Reserves</b>		<b>87,078</b>	<b>66,302</b>	<b>63,422</b>

## CASH FLOW STATEMENT

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

<b>Newark and Sherwood District Council</b>		2015/2016		2014/2015		
<b>Cash Flow Statement for 2015/2016</b>		Note	£'000	£'000	£'000	£'000
<b><u>Operating Activities</u></b>						
<b>Cash outflows</b>						
Cash paid to and on behalf of Employees			12,370		13,023	
Other Operating Costs			37,063		35,294	
Revenue Expenditure funded from Capital			1,677		774	
Housing Benefits paid out			15,000		14,759	
Contribution to Housing Pooled Receipts			452		395	
Parish Precepts			2,486		2,404	
Interest Paid			4,363	73,411	4,435	71,084
<b>Cash inflows</b>						
Council Tax Income			(8,528)		(8,345)	
Rents			(10,407)		(9,915)	
Non Domestic Rates			(4,292)		(3,934)	
Revenue Support Grant			(2,624)		(3,729)	
DWP Grants for Rebates			(23,325)		(25,884)	
Other Government Grants			(3,719)		(1,843)	
Cash Received for Goods and Services			(25,400)		(25,700)	
Interest Received			(612)	(78,907)	(546)	(79,896)
<b>Operating Activities Net Cash Flow</b>	55			<b>(5,496)</b>		<b>(8,812)</b>
<b><u>Investing Activities</u></b>						
<b>Cash outflows</b>						
Purchase of Fixed Assets			14,479		5,218	
Other Capital Expenditure			181		0	
			14,660		5,218	
<b>Cash inflows</b>						
Sale of Fixed Assets			(3,293)		(1,225)	
Capital Grants Received			(3,844)		(5,018)	
Other Capital Cash Income			(2)		56	
			(7,139)		(6,187)	
<b>Investing Activities Net Cash Flow</b>				<b>7,521</b>		<b>(969)</b>
<b><u>Financing Activities</u></b>						
<b>Cash outflows</b>						
Repayments of Amounts Borrowed			14,000		16,617	
New Investments Raised			9,576		0	
			23,576		16,617	
<b>Cash inflows</b>						
Agency Payments			(1,541)		(580)	
Repayment of investments			0		(2,904)	
New Loans Raised			(11,792)		(13,594)	
			(13,333)		(17,078)	
<b>Financing Activities Net Cash Flow</b>				<b>10,243</b>		<b>(461)</b>

	Note	2015/2016		2014/2015	
		£'000	£'000	£'000	£'000
<b>Operating Activities Net Cash Flow</b>			(5,496)		(8,812)
<b>Investing Activities Net Cash Flow</b>			7,521		(969)
<b>Financing Activities Net Cash Flow</b>			10,243		(461)
<b><u>Net Increase/Decrease in Cash and Cash Equivalents</u></b>			<b><u>12,268</u></b>		<b><u>(10,242)</u></b>
Cash and Cash Equivalents at 1 April					
Cash held		42		55	
Bank current accounts		371		(37)	
Short term deposits	52	<u>16,670</u>	17,083	<u>6,823</u>	6,841
Cash and Cash Equivalents at 31 March					
Cash held		29		42	
Bank current accounts		229		371	
Short term deposits	52	<u>4,557</u>	4,815	<u>16,670</u>	17,083

The notes on pages 17 to 68 form an integral part of these financial statements.



**NOTES TO THE ACCOUNTS FOR THE FINANCIAL YEAR 2015/2016**

1 Accounting Policies

**1.1 General Principles**

The Statement of Accounts summarises the Council's transactions for the 2015/2016 financial year and its position at the year-end of 31 March 2016. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/2016 (the Code) and the Service Reporting Code of Practice 2015/2016, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted is historical cost, modified firstly by the revaluation of certain categories of non current assets and secondly as regards the valuation of stocks. Accounting policies and estimation techniques have been selected and exercised, having regard to the accounting principles and concepts set out in IAS 8, specifically the qualitative characteristics of financial information:

- Relevance
- Reliability
- Comparability
- Understandability
- Materiality

and pervasive accounting concepts:

- Accruals
- Going Concern
- Primacy of legislative requirements

**1.2 Accruals of Income and Expenditure**

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- 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 stocks on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- 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 income 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.

Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

**1.3 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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

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

Amendments have been made to the following accounting standards which have been adopted fully by the Council in the 2015/2016 statements:

- IFRS 13 Fair Value Measurements
- IFRIC 12 Levies

The preparation of IFRS accounts requires the use and calculation of estimates. It also requires management to exercise its judgement in applying the use of the Council's accounting policies. The areas involved in a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results may differ from these estimates.

#### **1.4 Provisions, Contingent Liabilities and Contingent Assets**

Provisions: are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

Provisions may also be created where there is some uncertainty over the Council's entitlement to receive income. This may arise in connection with changes in the eligibility criteria of central government programmes or as a result of the interpretation of new legislation.

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

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

#### **1.5 Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus/Deficit on Continuing Operations in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance 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 fixed assets and retirement benefits and do not represent usable resources for the Council - these reserves are explained in the relevant policies below.

## 1.6 Government and Other Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations (including donated assets), both revenue and capital, are recognised as due to the Council when there is reasonable assurance that

- the Council will comply with any conditions attached to the payments
- 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.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Account.

Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant and New Homes Bonus Grant) and all capital grants and contributions are credited to Taxation and Non Specific Grant Income. Capital grants are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Community Infrastructure Levy: the authority has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds with appropriate planning consent. The Council charges and collects the levy which is received without outstanding conditions and is, therefore, treated in accordance with the policy set out above. The income from the levy will be largely used to fund capital infrastructure projects, however a small proportion may be used to fund revenue expenditure.

## 1.7 Post Employment Benefits

The Council fully complies with the requirements of IAS 19 Employee Benefits and recognises the cost of retirement benefits in the revenue account when employees earn them rather than when the benefits are eventually paid as pensions.

Employees of the Council are members of the Local Government Pensions Scheme, administered by Nottinghamshire County Council (the pension fund). The scheme provides defined benefits to members (retirement lump sums and pensions), which have been earned by members in the time they worked as employees of the Council.

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

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.

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

- quoted securities – current bid price.
- unquoted securities - professional estimate.
- unitised securities - current bid price.
- property - market value.

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

- Service Cost comprising
  - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services 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)/Deficit on Continuing Operations in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

- net interest on the net defined benefit liability or asset ie net interest expense for the authority – the change during the period in the net defined benefit liability or 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 or asset at the beginning of the period – taking into account any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments
- Remeasurements comprising
  - the return on plan assets – excluding amounts included in net interest on the defined benefit liability or asset – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement on the General Fund Balance, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

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

### **1.8 Value Added Tax**

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

### **1.9 Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/2016 (SerCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs - discretionary benefits awarded to employees retiring early and depreciation and impairment losses chargeable on non operational properties.

These two cost categories are defined in SerCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement Account, as part of Continuing Operations.

The bases of allocation used for the main categories of overhead and support services are outlined below:

<b><u>Service</u></b>	<b><u>Basis of Charge</u></b>
Administrative Buildings	Area occupied
Information Communication Technology	Systems operated and equipment utilised
Audit	Staff time
Revenue Collection Services	Transactions
Human Resources	Staff numbers
Administrative Services	Staff time
Legal	Staff time
Financial Services	Staff time and transactions
Central printing, telephones and postages	Transactions
Corporate Property Services	Staff time
Management and Administration	Staff time

## 1.10 Non Current Assets

Non current assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition, creation or enhancement of non current assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. Expenditure under the value of £15,000 is treated as de-minimis.

Measurement: assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- Investment Properties and Surplus Assets – fair value
- Infrastructure Assets – are written off in full if they have no tangible value
- Community Assets (including property Heritage Assets) and Assets Under Construction (excluding Investment Property under construction) – measured at historical cost
- Other Land and Buildings, Vehicles, Plant and Equipment – fair value or, where there is no market based evidence of fair value, depreciated historical cost
- Council Dwellings – fair value measured using existing use value – social housing
- Assets Held for Sale – the lower of carrying amount and fair value less costs to sell
- Heritage Assets (non property) – insurance cost valuation

Fair Value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date and can be further assessed as follows:

- Property Plant and Equipment – the amount that would be paid for the asset in its existing use (current value)
- Investment Properties and Surplus Assets– the amount that would be paid for the asset in its highest and best use ie market value
- Assets Held for Sale – the amount that would be paid for the asset in its highest and best use ie market value

Valuation: assets are included in the Balance Sheet at current value on the basis recommended by CIPFA and in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors (RICS). Non current assets are classified into the groupings required by the CIPFA Code of Practice on Local Authority Accounting.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Community Assets, Infrastructure Assets and Assets Under Construction are held at historical cost and are not revalued. Increases in valuations (except increases in Investment Properties) are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account. All gains on Investment Properties are charged to a service revenue account.

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

Impairment: the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- Non-revalued asset – recognised in the Comprehensive Income and Expenditure Statement
- Revalued asset (for both asset specific and non asset specific impairment) - recognised in the Revaluation Reserve up to the credit balance existing in respect of the asset and thereafter to the Comprehensive Income and Expenditure Statement
- Investment Properties and Assets Held for Sale– all impairments are charged direct to the Comprehensive Income and Expenditure Statement

Impairment losses are not proper charges to the General Fund and any such amounts are transferred to the Capital Adjustment Account and reported in 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 revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of other operating expenditure. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of other operating expenditure (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

The Council has taken advantage of the ability to earmark all sales of non right to buy housing revenue account land and property for the provision of affordable housing. In this way 100% of such sales can be retained.

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

Depreciation: depreciation is provided for on all non current assets with a determinable finite life (except for investment properties, assets held for sale and land with an unlimited useful life) by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

<u>Asset</u>	<u>Depreciation Method</u>	<u>Useful Life in Years</u>
Council Dwellings	Straight line allocation over the life of the property as estimated by the Valuer	35 – 50
Other Buildings	Straight line allocation over the life of the property as estimated by the Valuer	20 – 100
Vehicle, Plant and Equipment	Straight line allocation, taking into account any residual value, over their useful life as advised by a suitably qualified officer	5 – 10
Infrastructure	Straight line (where asset has tangible value)	25
Community Assets	Straight line	100
Surplus Assets	Straight line	10 -100
Land	No depreciation charged	
Assets Under Construction	No depreciation charged	
Assets Held for Sale	No depreciation charged	
Investment Properties	No depreciation charged	

Where an asset has major components with different estimated useful lives these are depreciated separately. Land and buildings are separate assets and are accounted for separately, even when they are acquired together.

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.

Heritage Assets: Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Assets are recognised and valued in accordance with the policy on Property, Plant and Equipment unless the cost of the valuation is not commensurate with the benefit to the users of the financial statement; in such an instance historical cost (less any accumulated depreciation, amortisation and impairment losses) is used. Valuation is made by an appropriate method and after an appropriate period. Depreciation is not charged on heritage assets which have indefinite lives, however, the value of an asset will be reviewed where there is evidence of impairment and any such impairment will be dealt with in accordance with the non current asset impairment policy above. Disposals of heritage assets are dealt with in accordance with the non current asset disposal policy above.

Intangible Assets: expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

### **1.11 Charges to Revenue for Non Current Assets**

General Fund service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- impairment losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off or which have been recognised on investment properties and assets held for sale.
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to HRA activity). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **1.12 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 non current assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax.

### **1.13 Leased Assets**

Finance leases. Assets acquired under finance leases are capitalised in the authority's accounts, together with the liability to pay future rentals. The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between

- a charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with a non current asset - the liability is written down as the rent becomes payable) and
- a finance charge (debited to (Surplus)/Deficit on Continuing Services in the Comprehensive Income and Expenditure Statement as the rent becomes payable).

Non current assets recognised under finance leases are accounted for using the policies applied generally to Non Current Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Operating Leases. Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

## 1.14 Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council. The Council's financial liabilities comprise

- long term loans from the Public Works Loan Board
- long term LOBO loans from the money market (Lender Option Borrower Option)
- short term loans from the Council's subsidiary companies and other related companies

Financial liabilities are recognised on the Balance Sheet where the authority 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 Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The effective annual 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. For most of the borrowings held by the Council this means the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

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

## 1.15 Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The Council's financial assets are all loans and receivables that have fixed or determinable payments but are not quoted in an active market. The Council's loans and receivables comprise:

- cash in hand and bank current accounts
- fixed term deposits with banks
- instant access deposits with banks

Loans and receivables are recognised in the Balance Sheet when the authority 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 credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans the Council has made, this means the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans under its Enterprise Scheme to help new businesses at less than market rates (soft loans). Where these are material, a loss is recorded in the Comprehensive Income and Expenditure Statement in line with statutory guidelines.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.



### **1.16 Interests in Companies and Other Entities**

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

Newark and Sherwood Homes Ltd is a wholly owned subsidiary of the authority which manages the housing stock, owned by the Council, under an arms length arrangement and their accounts are consolidated with the authority's in accordance with IAS 27.

Active4Today Ltd is a wholly owned subsidiary of the authority which manages the provision of leisure services from the Council's leisure premises and their accounts are consolidated with the authority's in accordance with IAS 27.

Mansfield Crematorium has been recognised as a joint arrangement between Mansfield District Council, Ashfield District Council and Newark and Sherwood District Council. The authority accounts directly for its part of the assets, liabilities, income, expenditure and cash flows held arising from the operations of the crematorium.

### **1.17 Cash Equivalents**

Cash equivalents are held for the purpose of meeting short term commitments rather than for investment or other purposes. The Council classifies the following as cash equivalents:

- Overdrawn balances on the Council's bank accounts. Bank overdrafts are an integral part of the authority's cash management and bank balances fluctuate on a regular basis from being positive to overdrawn.
- Short term investments with immediate call back or instant access. Any short term investment which is for a fixed term, regardless of the remaining length of that term, is accounted for as a financial instrument. Interest follows the related investment.

### **1.18 Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

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

### **1.19 Events After the Reporting Period**

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

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

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

## 2 Accounting Standards that have been issued but not yet adopted

The Code of Practice requires that where new or amended accounting standards have been issued but not adopted by 31st March, the Council discloses the impact that this change would have had on the current year's financial statements had it already been adopted. The following changes to accounting standards will be applicable to the Council's accounts from 1 April 2016.

### Amendments to IAS 1 Presentation of Financial Statements

- Provides guidance on the form of the financial statements
- Changes the format of the Comprehensive Income and Expenditure Account and the Movement in Reserves Statement
- Introduces a new Expenditure and Funding Analysis within the Narrative Statement

Other minor amendments have been made to

- IFRS 11 Joint Arrangements
- IAS 19 Property, Plant and Equipment
- IAS 38 Intangible Assets
- IAS 19 Employee Benefits

It is not anticipated there will be any changes to the accounts as a result of these amendments

## 3 Critical Judgements in applying Accounting Policies

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

- The authority is a trustee of Southwell Leisure Centre Trust which operates the leisure centre at Southwell. It has been determined that the authority does not have control of the Trust and it is not a subsidiary of the authority.
- The Council uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Assumptions are based on observable data as far as possible but this is not always available. In such a case the best information available would be used. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## 4 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the authority 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.

Where a component part of a non current asset has been replaced or restored, the carrying amount of the old component has been derecognised to avoid double counting and the new component reflected in the carrying amount. The cost of the new component part has been used to determine the amount to be derecognised.

The items in the Council's Balance Sheet for which there may be a significant risk of material adjustment in the forthcoming financial year are as follows:

- Property, Plant and Equipment – assets are depreciated over useful lives that are dependent on assumptions made about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain if the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life is reduced depreciation increases and the carrying amount of the asset falls.
- Pensions Liability – estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied. The effects on the net pension liability of changes in individual assumptions can be measured, however, the assumptions interact in complex ways.

- Business Rates – since the introduction of the Business Rates Retention Scheme effective from 1<sup>st</sup> April 2013 local authorities are liable for successful appeals against business rates charged to businesses in 2015/16 and earlier financial years in their proportionate share. A provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31<sup>st</sup> March 2016.
- Fair Value Measurements - When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.

## 5 Material Items of Income and Expenditure

During 2015/2016 the following material transactions, which are not disclosed separately in the Comprehensive Income and Expenditure Statement, took place:

- £2,549k s106 receipt and Community Infrastructure Levy from property developers
- £5,932k net payments in relation to the building of Newark Leisure Centre
- £2,831k net payments in relation to the National Civil War Centre and the integration with the Palace Theatre
- £631K net payments in relation to the building of new council housing
- £1,323k cost of purchasing replacement refuse lorries and street cleansing vehicles
- £380k net payments in respect of service devolution
- £843k receipt from Government for flood relief
- £778k net payments on the refurbishment of Council house kitchens and bathrooms.

## 6 Material Interest in Joint Bodies

The Council appoints six of the nine Trustees of the Southwell Leisure Centre Trust and provides grant aid which for 2015/2016 was £150,171 (2014/2015 £155,593). The Trust is administered in accordance with the Scheme of Administration established 24th October 1974 as amended by the Charity Commissioners on the 29<sup>th</sup> December 1983. The object of the Trust is to establish and maintain leisure facilities for the inhabitants of Southwell and district and to achieve a breakeven position on operations.

The Council has a joint interest in Mansfield Crematorium. The annual net surplus from the running of the crematorium amounts to £80k (2014/2015 £87k) and is included within the net cost of Environmental and Regulatory Services. The Council also includes its share of the assets and liabilities of the crematorium in its Balance Sheet.

The transactions are summarised below:

<b>Mansfield Crematorium</b>	2015/2016 £'000	2014/2015 £'000
<u>Comprehensive Income and Expenditure Statement</u>		
Gross Expenditure	97	90
Gross Income	(173)	(176)
Net Cost of Service	(76)	(86)
Financing and Investment Income and Expenditure	(4)	(1)
(Surplus)/Deficit on Provision of Services	(80)	(87)

<b><u>Mansfield Crematorium</u></b>	<b>2015/2016</b>	<b>2014/2015</b>
	<b>£'000</b>	<b>£'000</b>
<b><u>Balance Sheet</u></b>		
Property Plant and Equipment	208	207
Investments	144	147
Debtors	21	21
Cash and Cash Equivalents	72	83
Creditors	(58)	(72)
Provisions	(1)	0
Pension Liability	(71)	0
Net Assets	<u>315</u>	<u>386</u>
Usable Reserves	171	173
Unusable Reserves	144	213
Total Reserves	<u>315</u>	<u>386</u>

7 Authorisation of Accounts

The Statement of Accounts was issued and authorised by Nicola Lovely, CPFA, Chief Financial Officer, on 31<sup>st</sup> May 2016.

8 Trust Funds

The Council acts as sole trustee for two Trusts;

The W.E. Knight Trust

A permanently endowed charity established by an indenture dated 6 January 1920 as varied by a conveyance of 6 July 1933 by the Trustees to the Mayor, Aldermen and Burgesses of the Borough of Newark-on-Trent. Separate accounts for this Charity have been maintained since 1 April 1984. Up to that date the costs of administering the Trust and any income received had been included in the accounts of the Borough and District Councils. The Trustees resolved at their meeting on the 22 July 2013 to retain the income earned by the endowment until a significant sum had been accrued at which time a decision on distribution would be taken.

The Gilstrap Endowment

Created for the purpose of establishing a library to be vested in the Newark Corporation and to provide financial assistance towards the salaries and expenses of such library. The accounts in respect of the Endowment were maintained by Nottinghamshire County Council until 31 March 1987 when Newark and Sherwood District Council took over as Trustees consequent upon the County Council acquiring a new site for a Central Library. The District Council agreed a new scheme of administration which was sealed by the Charity Commissioners on the 28 August 1990 and applied the income of the Endowment to the upkeep and use of the Gilstrap building. From 1 April 2013 the Gilstrap building was leased to Nottinghamshire County Council with the rental income being applied in fulfilment of the Trust objectives. The new arrangements were approved by the Charity Commission prior to agreement of the lease.

The endowed funds of the charities are Gilstrap Endowment Fund £131,616.94 and W.E. Knight Trust Fund £133,850. These wholly consist of cash which is invested in the financial markets.

9 Prior Year Restatement

There were no prior year adjustments for 2015/2016.

10 Other Operating Income and Expenditure

Other Operating Income and Expenditure can be analysed as follows:

	2015/2016			2014/2015		
	Spend £'000	Income £'000	Net Spend £'000	Spend £'000	Income £'000	Net Spend £'000
Parish Precepts	2,486		2,486	2,404	0	2,404
Parish Support Grant	129		129	194	0	194
Contribution to Housing Pooled Receipts	452		452	395	0	395
(Gain)/Loss on Disposal of Non Current Assets	5,477	(1,567)	3,910	5,095	(1,225)	3,870
Provision for Doubtful Debt	561		561	123	(126)	(3)
Contribution to NSH Ltd			0	781	0	781
	<u>9,105</u>	<u>(1,567)</u>	<u>7,538</u>	<u>8,992</u>	<u>(1,351)</u>	<u>7,641</u>

11 Financing and Investment Income and Expenditure

Financing and Investment income and expenditure can be analysed as follows:

	2015/2016			2014/2015		
	Spend £'000	Income £'000	Net Spend £'000	Spend £'000	Income £'000	Net Spend £'000
Interest Payable	4,364		4,364	4,413		4,413
Investment and Other Interest		(612)	(612)		(547)	(547)
Exchange Rate Adjustment	9		9	32		32
Loss on Financial Instrument	154		154			0
Net Interest on the Net Defined Benefit Liability (Asset)	2,117		2,117	2,214	0	2,214
	<u>6,644</u>	<u>(612)</u>	<u>6,032</u>	<u>6,659</u>	<u>(547)</u>	<u>6,112</u>

12 Taxation and Non Specific Grant Income

Taxation and Non Specific grant income can be analysed as follows:

	2015/2016 £'000	2014/2015 £'000
<u>Revenue</u>		
Council Tax Payers	(8,528)	(8,345)
Revenue Support Grant	(2,624)	(3,730)
New Burdens Grant	(84)	(16)
Capacity Funding	(93)	(93)
Council Tax Freeze Grant	(65)	(65)
New Homes Bonus	(1,889)	(1,570)
Non Domestic Rates	(3,481)	(3,254)
Non Domestic Rates Section 31 Grant	(812)	(678)
	<u>(17,576)</u>	<u>(17,751)</u>
<u>Capital</u>		
Grants and Contributions	(3,874)	(4,905)
Total Grants Received	<u>(21,450)</u>	<u>(22,656)</u>

The Council's internal performance management reports are based on the committee structure of the Council. The performance on each committee is reported on a periodic basis. The Council's actual year end figures, as reported in this management format, are disclosed below.

<b>2015/2016</b>	<u>Economic Development</u>	<u>Homes and Communities</u>	<u>Leisure and Environment</u>	<u>Policy</u>	<u>Housing Revenue Account</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	1,723	1,850	4,056	2,503		10,132
Premises	446	28	570	378		1,422
Transport	20	12	969	33		1,034
Supplies and Services	1,440	1,321	2,453	1,914		7,128
Transfer Payments		73		26,530		26,603
<b>Total Expenditure</b>	<b>3,629</b>	<b>3,284</b>	<b>8,048</b>	<b>31,358</b>	<b>0</b>	<b>46,319</b>
Income	(4,032)	(993)	(3,651)	(28,651)		(37,327)
<b>Total Income</b>	<b>(4,032)</b>	<b>(993)</b>	<b>(3,651)</b>	<b>(28,651)</b>	<b>0</b>	<b>(37,327)</b>
<b>Net Expenditure</b>	<b>(403)</b>	<b>2,291</b>	<b>4,397</b>	<b>2,707</b>	<b>0</b>	<b>8,992</b>
<b>Memorandum Items</b>						
Support Services						0
Capital Charges						0
Internal Recharges						0
Grants and Rechargeable Works						0
	(403)	2,291	4,397	2,707	0	8,992
<b>Reconciliation to (Surplus)/Deficit on Continuing Operations</b>						
Add service expenditure not reported to management	3,132	(392)	6,810	84	(18,372)	(8,738)
Add corporate expenditure not reported to management						1,229
Remove amounts included on management report but excluded from Continuing Operations						0
<b>(Surplus)/Deficit on Continuing Operations in Comprehensive Income and Expenditure Statement</b>	<b>2,729</b>	<b>1,899</b>	<b>11,207</b>	<b>2,791</b>	<b>(18,372)</b>	<b>1,483</b>

Reconciliation of service information reporting to Comprehensive Income and Expenditure Statement.

<b>2015/2016</b>	<u>Service Analysis</u>	<u>Services Not</u>	<u>Not Reported to</u>	<u>Not Included in</u>	<u>Allocation of</u>	<u>Continuing</u>	<u>Corporate</u>	<u>Total</u>
		<u>in Analysis</u>	<u>Management</u>	<u>I&amp;E</u>	<u>Recharges</u>	<u>Operations</u>	<u>Amounts</u>	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	(37,327)		(33,634)		9,096	(61,865)		(61,865)
Income on Joint Associates		(176)				(176)		(176)
Interest and Investment Income						0	(612)	(612)
Income from Council Tax						0	(8,528)	(8,528)
Income from Non Domestic Rates						0	(3,480)	(3,480)
Government Grants and Contributions						0	(9,442)	(9,442)
Disposal of Assets						0	(1,567)	(1,567)
<b>Total Income</b>	<b>(37,327)</b>	<b>(176)</b>	<b>(33,634)</b>	<b>0</b>	<b>9,096</b>	<b>(62,041)</b>	<b>(23,629)</b>	<b>(85,670)</b>
Employee Expenses	10,132	805	1,752		(4,666)	8,023		8,023
Other Service Expenses	36,187	503	10,598		(2,404)	44,884	852	45,736
Expenditure on Joint Associates		97				97		97
Support Service Recharges			7,066		(1,739)	5,327		5,327
Depreciation, Amortisation and Impairment			5,480		(287)	5,193		5,193
Interest Payments						0	6,481	6,481
Precepts and Levies						0	2,486	2,486
Payments to Housing Capital Receipts Pool						0	452	452
Disposal of Assets						0	5,478	5,478
<b>Total Operating Expenses</b>	<b>46,319</b>	<b>1,405</b>	<b>24,896</b>	<b>0</b>	<b>(9,096)</b>	<b>63,524</b>	<b>15,749</b>	<b>79,273</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>8,992</b>	<b>1,229</b>	<b>(8,738)</b>	<b>0</b>	<b>0</b>	<b>1,483</b>	<b>(7,880)</b>	<b>(6,397)</b>

Services Not in Analysis: comprises the Drainage Rate Levy, Mansfield Crematorium and the Pension Fund deficit.

Not Reported to Management: includes any late adjustments which have been made to the accounts following the production of the outturn performance reports. The Housing Revenue Account is also included within this analysis for 2015/2016 as no outturn report has been presented to committee.

<b>2014/2015</b>	<u>Economic Development</u>	<u>Homes and Communities</u>	<u>Leisure and Environment</u>	<u>Policy</u>	<u>Housing Revenue Account</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	1,465	1,735	5,023	3,842	0	12,065
Premises	449	28	949	520	0	1,946
Transport	19	13	1,274	37	0	1,343
Supplies and Services	1,626	981	2,268	1,760	0	6,635
Transfer Payments	0	63	0	26,185	0	26,248
<b>Total Expenditure</b>	<b>3,559</b>	<b>2,820</b>	<b>9,514</b>	<b>32,344</b>	<b>0</b>	<b>48,237</b>
Income	(4,138)	(902)	(4,795)	(28,542)	0	(38,377)
<b>Total Income</b>	<b>(4,138)</b>	<b>(902)</b>	<b>(4,795)</b>	<b>(28,542)</b>	<b>0</b>	<b>(38,377)</b>
<b>Net Expenditure</b>	<b>(579)</b>	<b>1,918</b>	<b>4,719</b>	<b>3,802</b>	<b>0</b>	<b>9,860</b>
<b>Memorandum Items</b>						
Support Services	1,362	697	2,255	3,382	0	7,696
Capital Charges	0	512	527	(1)	0	1,038
Internal Recharges	(538)	(1,521)	(1,337)	(4,875)	0	(8,271)
Grants and Rechargeable Works	12	49	0	(46)	0	15
	257	1,655	6,164	2,262	0	10,338
<b>Reconciliation to (Surplus)/Deficit on Continuing Operations</b>						
Add service expenditure not reported to management	712	0	41	458	(18,314)	(17,103)
Add corporate expenditure not reported to management						1,082
Remove amounts included on management report but excluded from Continuing Operations						0
<b>(Surplus)/Deficit on Continuing Operations in Comprehensive Income and Expenditure Statement</b>	<b>969</b>	<b>1,655</b>	<b>6,205</b>	<b>2,720</b>	<b>(18,314)</b>	<b>(5,683)</b>



Reconciliation of service information reporting to Comprehensive Income and Expenditure Statement.

<b>2014/2015</b>	<u>Service Analysis</u>	<u>Services Not in Analysis</u>	<u>Not Reported to Management</u>	<u>Not Included in I&amp;E</u>	<u>Allocation of Recharges</u>	<u>Continuing Operations</u>	<u>Corporate Amounts</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Fees, Charges and Other Service Income</i>	(47,648)		(22,513)		9,206	(60,955)	(126)	(61,081)
<i>Income on Joint Associates</i>		(176)				(176)		(176)
<i>Interest and Investment Income</i>						0	(547)	(547)
<i>Income from Council Tax</i>						0	(8,345)	(8,345)
<i>Income from Non Domestic Rates</i>						0	(3,932)	(3,932)
<i>Government Grants and Contributions</i>						0	(10,379)	(10,379)
<i>Disposal of Assets</i>						0	(1,225)	(1,225)
<b>Total Income</b>	<b>(47,648)</b>	<b>(176)</b>	<b>(22,513)</b>	<b>0</b>	<b>9,206</b>	<b>(61,131)</b>	<b>(24,554)</b>	<b>(85,685)</b>
<i>Employee Expenses</i>	12,065	686	260		(4,667)	8,344		8,344
<i>Other Service Expenses</i>	37,187	483	8,764		(2,382)	44,052	1,098	45,150
<i>Expenditure on Joint Associates</i>		89				89		89
<i>Support Service Recharges</i>	7,696		24		(1,900)	5,820		5,820
<i>Depreciation, Amortisation and Impairment</i>	1,038		(3,638)		(257)	(2,857)		(2,857)
<i>Interest Payments</i>						0	6,659	6,659
<i>Precepts and Levies</i>						0	2,404	2,404
<i>Payments to Housing Capital Receipts Pool</i>						0	395	395
<i>Disposal of Assets</i>						0	5,095	5,095
<b>Total Operating Expenses</b>	<b>57,986</b>	<b>1,258</b>	<b>5,410</b>	<b>0</b>	<b>(9,206)</b>	<b>55,448</b>	<b>15,651</b>	<b>71,099</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>10,338</b>	<b>1,082</b>	<b>(17,103)</b>	<b>0</b>	<b>0</b>	<b>(5,683)</b>	<b>(8,903)</b>	<b>(14,586)</b>

14 Trading Operations

The Council undertakes a small number of Trading Operations. Any forecast surplus or deficit as a result of these services is included in the Council's annual budget and within Continuing Operations in the Comprehensive Income and Expenditure Statement where appropriate.

	2015/2016 Expenditure £'000	2015/2016 Income £'000	2015/2016 (Surplus)/Deficit £'000	2014/2015 (Surplus)/Deficit £'000
Industrial Estates	1,365	(1,022)	343	462
Palace Theatre	946	(712)	234	211
Building Control	215	(311)	(96)	122
Car Parks	411	(1,225)	(814)	(806)
	<u>2,937</u>	<u>(3,270)</u>	<u>(333)</u>	<u>(11)</u>

Industrial Estates – provision of units in industrial estates in various parts of the district. 2015/2016 saw increases in income receipts from the Business Innovation Centre.

Palace Theatre – provision of performing arts facilities.

Building Control – operation of statutory building control service. 2014/2015 saw the deferral of building control income received for the period 2009/2010 to 2014/2015 which effectively reduced income in that year. 2015/2016 income levels have returned to normal in year levels. Expenditure levels increased in 2015/2016 following work undertaken on the transfer of the service to a shared service operation.

Car Parks - the Council is a member of the Nottinghamshire Parking Partnership which administers all on street and off street parking fines for the county. Included in the surplus figure above is the sum of £53k in respect of off street parking fine income owed to the Council by the Partnership as detailed below.

	Gross Expenditure £'000	Gross Income £'000	Net Income £'000
Off Street Parking - amount due to Newark and Sherwood	84	(137)	(53)
On Street Parking - retained by Partnership to fund future highways expenditure	132	(170)	(38)
Total	<u>216</u>	<u>(307)</u>	<u>(91)</u>

15 Members Allowances

Total allowances paid in 2015/2016 were £231,330 (2014/2015 £253,003) made up of Special Responsibility Payments £48,830 (2014/2015 £46,683), Basic Allowances £169,207 (2014/2015 £191,078) and £13,293 Travel and Subsistence payments (2014/2015 £15,242).

Amounts payable to senior employees in 2015/2016 are disclosed below.

	<u>2015/2016</u>	<u>2014/2015</u>
	£	£
<b><u>Chief Executive</u></b>		
Salary	113,490.00	113,490.00
Expenses, Allowances and Other Benefits	2,195.15	1,958.00
Employer's Contribution to Pension	14,186.28	14,186.28
% Employee's Contribution to Pension	11.4%	11.4%
<b><u>Deputy Chief Executive</u></b>		
Salary	93,542.16	92,166.51
Expenses, Allowances and Other Benefits	311.30	150.85
Employer's Contribution to Pension	11,692.80	11,520.80
% Employee's Contribution to Pension	10.5%	10.5%
<b><u>Director of Resources</u></b>		
Salary	71,766.25	74,802.82
Expenses, Allowances and Other Benefits	19,576.68	83.00
Employer's Contribution to Pension	8,970.82	9,350.33
% Employee's Contribution to Pension	9.9%	9.9%
<b><u>Director of Safety</u></b>		
Salary	75,684.96	72,576.37
Expenses, Allowances and Other Benefits	317.25	420.00
Employer's Contribution to Pension	9,460.59	9,072.04
% Employee's Contribution to Pension	9.9%	9.9%
<b><u>Director of Community</u></b>		
Salary	73,695.00	70,349.97
Expenses, Allowances and Other Benefits	1,706.40	1,691.65
Employer's Contribution to Pension	9,211.91	8,793.76
% Employee's Contribution to Pension	9.9%	9.9%
<b><u>Director of Customers</u></b>		
Salary	73,695.00	78,114.97
Expenses, Allowances and Other Benefits	233.75	545.95
Employer's Contribution to Pension	9,211.91	9,764.38
% Employee's Contribution to Pension	9.9%	9.9%
<b><u>s151 Officer</u></b>		
<b><u>From March 2016</u></b>		
Salary	4,495.04	0.00
Expenses, Allowances and Other Benefits	0.00	0.00
Employer's Contribution to Pension	561.88	0.00
% Employee's Contribution to Pension	8.5%	0.0%

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

Exit Package Cost Band	No of Compulsory Redundancies		No of Other Agreed Departures		Total No of Exit Packages		Total Cost of Exit Packages	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16 £'000	2014/15 £'000
£0 to £20,000	2		7	3	9	3	52	6
£20,001 to £40,000			1		1		31	
£40,001 to £60,000								
£60,001 to £80,000								
£80,001 to £100,000			1		1		86	
£100,000 to £150,000								
£150,000 plus								
<b>Total</b>	<b>2</b>	<b>0</b>	<b>9</b>	<b>3</b>	<b>11</b>	<b>3</b>	<b>169</b>	<b>6</b>

The number of employees, including senior employees as disclosed above, whose remuneration, excluding pension contributions, was £50,000 or more in bands of £5,000 were:-

	Number of Employees 2015/2016	Employees Included in 2015/2016 leaving in same year	Number of Employees 2014/2015
£50,000 to £54,999	6	1	1
£55,000 to £59,999	2		
£60,000 to £64,999			
£65,000 to £69,999			
£70,000 to £74,999			3
£75,000 to £79,999	3		1
£80,000 to £84,999			
£85,000 to £89,999			
£90,000 to £94,999	2	1	1
£95,000 to £99,999			
£100,000 to £104,999			
£105,000 to £109,999			
£110,000 to £114,999			
£115,000 to £119,999	1		1
	<b>14</b>	<b>2</b>	<b>7</b>

## 17 Related Party Transactions

The authority 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 an assessment of 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 authority.

Most transactions with related parties are disclosed elsewhere in the Statement of Accounts as follows:

<u>Party</u>	<u>Disclosure</u>	<u>Page</u>
<ul style="list-style-type: none"> <li>Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions the Authority has with other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive Income and Expenditure Statement</li> </ul>	13
	<ul style="list-style-type: none"> <li>Cash Flow Statement</li> </ul>	15-16
<ul style="list-style-type: none"> <li>Members of the council have direct control over the council's financial and operating policies.</li> </ul>	<ul style="list-style-type: none"> <li>Note 15 Members Allowances</li> </ul>	34
<ul style="list-style-type: none"> <li>Precepts from other Local Authorities.</li> </ul>	<ul style="list-style-type: none"> <li>Statutory Register of Interests</li> </ul>	75-76
<ul style="list-style-type: none"> <li>Newark and Sherwood Homes Ltd is a wholly owned subsidiary of the authority.</li> </ul>	<ul style="list-style-type: none"> <li>Collection Fund Accounts</li> </ul>	77-89
<ul style="list-style-type: none"> <li>Active4Today Ltd is a wholly owned subsidiary of the authority.</li> </ul>	<ul style="list-style-type: none"> <li>Group Accounts</li> </ul>	77-89
<ul style="list-style-type: none"> <li>The authority has joint control of Mansfield Crematorium.</li> </ul>	<ul style="list-style-type: none"> <li>Note 6 Material Interests in Joint Bodies</li> </ul>	27
<ul style="list-style-type: none"> <li>The authority appoints the majority of trustees of the Southwell Leisure Centre Trust.</li> </ul>	<ul style="list-style-type: none"> <li>Note 6 Material Interests in Joint Bodies</li> </ul>	27

During 2015/2016 the following transactions occurred with companies and organisations in which Members, Officers and their close family members, had an interest.

	Receipts £'000	Payments £'000
Blidworth Carpets	1	
Newark Amateur Operatic Society	1	
AW Lymn	2	
Raphael Healthcare	2	
Sherwood Forest Hospitals Trust	2	
Flowserve Pumps Ltd	3	
Center Parcs Ltd	4	1
Asda	1,726	1
North Muskham Parish Council		17

18 Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

	2015/2016 £'000	2014/2015 £'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Revenue Support Grant	(2,624)	(3,729)
New Homes Bonus Grant	(1,889)	(1,570)
New Burdens Grant	(84)	(16)
Non Domestic Rates s31 Grant	(812)	(678)
Capacity Funding	(93)	(94)
Council Tax Freeze Grant	(65)	(65)
Section 106	0	(49)
Other Third Parties	(1,155)	(1,118)
Nottinghamshire County Council Contributions	(79)	(435)
Lottery Funding	(701)	(2,429)
Private Sector Disabled Facilities	(639)	(375)
Supported Housing	(1,217)	(499)
Other Government Grants	(83)	0
	<u>(9,441)</u>	<u>(11,057)</u>
<b>Credited to Services</b>		
Housing Benefits Subsidy	(14,881)	(14,563)
Council Tax Support	(11,383)	(11,432)
Housing Benefits Grant	(537)	(573)
Other Housing Grants	(126)	(138)
New Burdens Grant	(24)	(94)
Local Transparency	0	(6)
Electoral Registration	(35)	0
Severe Weather Funding	(23)	(173)
Welfare Reform	(70)	(45)
Neighbourhood Planning	(35)	(10)
Flood Support	(723)	0
	<u>(27,837)</u>	<u>(27,034)</u>

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that could require the monies or property to be returned to the giver. Details of these are included in Note 40 Capital Grants Receipts in Advance.

19 Audit Fees

For 2015/2016 Newark and Sherwood District Council incurred the following fees relating to external audit and inspection:

	2015/2016 £	2014/2015 £
Fees Payable to the Audit Commission and KPMG in respect of:		
External Audit Services	52,129	64,438
Audit Commission Rebate - External Audit Services	0	(6,530)
Certification of Grant Claims	5,525	9,830
Other Services	0	2,300
	<u>57,654</u>	<u>70,038</u>

20 Property Plant and Equipment

<b>Property Plant and Equipment As at 31st March 2016</b>	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	TOTAL £'000
<b>Cost or Valuation</b>								
At 1 April 2015	159,513	38,675	8,424	0	491	0	6,209	213,312
Additions	5,577	437	1,401	11			11,498	18,924
Revaluation increases/(decreases) to Revaluation Reserve	402	3,219						3,621
Revaluation increases/(decreases) to (Surplus)/Deficit on Provision of Services	5,055	(7,103)		(11)				(2,059)
Derecognition - Disposals	(770)	(76)	(27)		(25)			(898)
Derecognition - Other	(3,898)							(3,898)
Reclassifications (to)/from Held for Sale						(149)		(149)
Reclassifications - Other	1,916	5,772					(8,066)	(378)
<b>At 31 March 2016</b>	<b>167,795</b>	<b>40,924</b>	<b>9,798</b>	<b>0</b>	<b>317</b>	<b>0</b>	<b>9,641</b>	<b>228,475</b>
<b>Depreciation and Impairment</b>								
At 1 April 2015	0	1,353	3,557	0	57	0	7	4,974
Depreciation charge	2,291	703	735		9			3,738
Depreciation written out to Revaluation Reserve								0
Depreciation written out to Surplus/Deficit on the Provision of Services	(2,284)	(236)						(2,520)
Impairment losses/reversals to Revaluation Reserve								0
Impairment losses/reversals to (Surplus)/Deficit on Provision of Services								0
Disposals	(7)	(14)	(27)					(48)
Reclassifications		(8)			(16)		(7)	(31)
<b>At 31 March 2016</b>	<b>0</b>	<b>1,798</b>	<b>4,265</b>	<b>0</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>6,113</b>
<b>Balance Sheet amount at 31 March 2016</b>	<b>167,795</b>	<b>39,126</b>	<b>5,533</b>	<b>0</b>	<b>267</b>	<b>0</b>	<b>9,641</b>	<b>222,362</b>
<b>Balance Sheet amount at 1 April 2015</b>	<b>159,513</b>	<b>37,322</b>	<b>4,867</b>	<b>0</b>	<b>434</b>	<b>0</b>	<b>6,202</b>	<b>208,338</b>

<b><u>Property Plant and Equipment</u></b> <b><u>As at 31st March 2015</u></b>	<b>Council</b> <b>Dwellings</b> <b>£'000</b>	<b>Other</b> <b>Land and</b> <b>Buildings</b> <b>£'000</b>	<b>Vehicles</b> <b>Plant</b> <b>Equipment</b> <b>£'000</b>	<b>Infrastructure</b> <b>Assets</b> <b>£'000</b>	<b>Community</b> <b>Assets</b> <b>£'000</b>	<b>Surplus</b> <b>Assets</b> <b>£'000</b>	<b>Assets</b> <b>Under</b> <b>Construction</b> <b>£'000</b>	<b>TOTAL</b> <b>£'000</b>
<b>Cost or Valuation</b>								
At 1 April 2014	151,048	39,193	8,007	0	741	0	1,297	200,286
Additions	5,462	472	485				7,197	13,616
Revaluation increases/(decreases) to Revaluation Reserve	79	1,576						1,655
Revaluation increases/(decreases) to (Surplus)/Deficit on Provision of Services	5,126	(2,170)						2,956
Derecognition - Disposals	(709)		(68)					(777)
Derecognition - Other	(4,028)	(231)						(4,259)
Reclassifications (to)/from Held for Sale		(165)						(165)
Reclassifications - Other	2,535				(250)		(2,285)	0
At 31 March 2015	159,513	38,675	8,424	0	491	0	6,209	213,312
<b>Depreciation and Impairment</b>								
At 1 April 2014	0	2,127	2,981	0	45	0	7	5,160
Depreciation charge	2,214	673	634		12			3,533
Depreciation written out to Revaluation Reserve								0
Depreciation written out to Surplus/Deficit on the Provision of Services	(2,208)	(1,447)						(3,655)
Impairment losses/reversals to Revaluation Reserve								0
Impairment losses/reversals to (Surplus)/Deficit on Provision of Services								0
Disposals	(6)		(58)					(64)
Reclassifications								0
At 31 March 2015	0	1,353	3,557	0	57	0	7	4,974
<b>Balance Sheet amount at 31 March 2015</b>	159,513	37,322	4,867	0	434	0	6,202	208,338
<b>Balance Sheet amount at 1 April 2014</b>	151,048	37,066	5,026	0	696	0	1,290	195,126



Finance Leases

The authority has just one finance lease which is a 125 year lease on Clipstone Holding Centre. The asset is included on the Balance Sheet under Property, Plant and Equipment.

The net carrying amounts of the asset as at 31<sup>st</sup> March was:

	31 March 2016 £'000	31 March 2015 £'000
Land and Buildings	262	271
	262	271

The authority is committed to making minimum payments under the leases comprising settlement of the long term liability for the interest in the property acquired by the authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2016 £'000	31 March 2015 £'000
Finance Lease Liabilities (net present value of minimum lease payments)	224	223
Finance costs payable in future years minimum lease payments	2,533	2,558
	2,757	2,781

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities (NPV)	
	31 March 2016 £'000	31 March 2015 £'000	31 March 2016 £'000	31 March 2015 £'000
Not later than one year	25	25	0	0
Later than one year and not later than five years	100	100	0	0
Later than five years	2,632	2,656	224	224
	2,757	2,781	224	224

The authority has sub let Clipstone Holding Centre units held under the finance lease. The annual minimum payments expected to be received is £50k (£49k in 2014/2015).

Operating Leases

Vehicles, Plant, Furniture and Equipment – the authority uses a range of vehicles, mowers and associated equipment, together with items of fitness equipment, financed under the terms of operating leases.

Land and Buildings – the authority leases several items of land and buildings, which include small pieces of land, cashiers office and a car park to the rear of London Road, the leasing arrangements for each being accounted for as operating leases.

Future minimum lease payments due in future years are:

	31 March 2016 £'000	31 March 2015 £'000
Not later than one year	146	149
Later than one year and not later than five years	250	363
Later than five years	2,542	2,598
<b>Total Operating Lease Costs for 2015/2016</b>	<b>2,938</b>	<b>3,110</b>

The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31 March 2016 £'000	31 March 2015 £'000
Minimum lease payments	157	332
Contingent rents	0	0
Sublease payments receivable	0	0
<b>Total Operating Lease Costs for 2015/2016</b>	<b>157</b>	<b>332</b>

## 22 Disclosure as Lessor

### Finance Leases

The authority has no finance leasing arrangements as lessor.

### Operating Leases

The authority has granted leases in respect of a range of industrial units, in addition to a livestock market, lorry wash and other commercial land and buildings. A number of village halls are also included. From 1 April 2013 part of the main council offices have been leased. All arrangements are accounted for as operating leases with the village halls being charged peppercorn rents. All the leases as lessor are land and buildings. The Council does not currently lease any vehicle, plant or equipment.

Aggregate rentals received by the Authority in its capacity as lessor for 2015/2016 represented £1,333k (£1,092k 2014/2015).

The total future lease commitments are:

	31 March 2016 £'000	31 March 2015 £'000
Not later than one year	476	407
Later than one year and not later than five years	1,293	960
Later than five years	1,118	1,115
	<b>2,887</b>	<b>2,482</b>

The following table shows the reconciliation of the carrying value of the heritage assets held by the authority. The museum collection was valued during 2011/2012 by Golding Young for the purposes of insurance.

	Museum Collection £'000	Other Assets £'000	Total Assets £'000
<b>Cost or Valuation</b>			
At 1 April 2015	1,491	89	1,580
Additions			0
Disposals			0
Revaluations	(3)	2	(1)
Depreciation			0
At 31 March 2016	1,488	91	1,579
<b>Cost or Valuation</b>			
At 1 April 2014	1,491	89	1,580
Additions			0
Disposals			0
Revaluations			0
Depreciation			0
At 31 March 2015	1,491	89	1,580

The Council's heritage assets held on the Balance Sheet have been split into the following categories:

- Museum Collection – The Council has an extensive museum collection comprising art, civil war artefacts, clocks, coins and tokens and other items of interest. The museum was established in 1912 and the majority of artefacts have been donated by local residents over the course of the years. All exhibits are either on display at the National Civil War Centre in Newark or held at the Council's resource centre; however, all items at the resource centre are available for viewing by appointment. The collection is the responsibility of the Heritage, Culture and Visitors Business Manager and is kept in a controlled environment to ensure minimal deterioration. Should any remedial conservation be required this is contracted out to specialist third parties on an as and when basis. Items are valued for insurance purposes at a minimum of every five years and held on the balance sheet at this value. The assets held within the museum collection are deemed to have indeterminate lives and as such are not depreciated.  
A significant item of the collection is the Newark Torc, a complete Iron Age gold alloy neck ring which was purchased by a combination of council funding, grant funding and public donations in 2006. The torc is on display at the National Civil War Centre.
- Other – other heritage assets held by the Council include various sculptures which have been commissioned and are on display in the Council's parks and gardens and the Chairman's chains of office. Items are valued on an annual basis for insurance purposes and held on the balance sheet at this value.

The Council also owns heritage assets which are not shown on the Balance Sheet as detailed below:

- Newark Castle – the castle was built in the 12<sup>th</sup> century and is a scheduled ancient monument. The castle was partly destroyed at the end of the English Civil War but has a number of rooms which are open to the public as part of a guided tour and is sited in a public garden. The Council does not consider that reliable cost or valuation information can be obtained for the castle due to the age and state of the building. A fund is in place to cover the costs of any future repairs and renewals.
- Queen's Sconce – this scheduled ancient monument is one of the few remaining earthworks from the English Civil War. It is distinctively star shaped and is considered an internationally important heritage feature, surrounded by open space and playing fields. The Council does not consider that reliable cost or valuation information can be obtained for the sconce due to the age and nature of the structure. A fund is in place to cover the costs of any future repairs and renewals.

Investment Properties

The Council leases a number of its investment properties on an operating lease. These properties are held solely for the purpose of earning rental and do not support any of the Council's service objectives.

	2015/2016 £'000	2014/2015 £'000
Rental Income	(89)	(80)
Direct Operating Expenses	6	5
	<u>(83)</u>	<u>(75)</u>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2016 are as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair Value as at 31 March 2016 £'000
Residential				0
Office units		671		671
Commercial units		926		926
Land		743		743
<b>Total</b>	<u>0</u>	<u>2,340</u>	<u>0</u>	<u>2,340</u>

The following table summarises the movement in the fair value of investment properties over the year:

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
<b>Balance Sheet value</b>			
At 1 April	2,686	2,389	2,626
Additions	15	54	
Revaluation increases/(decreases) to (Surplus)/Deficit on Provision of Services	(137)	274	48
Disposals	(135)	(31)	(285)
Reclassifications	(89)		
<b>At 31 March</b>	<u>2,340</u>	<u>2,686</u>	<u>2,389</u>

The fair value for the investment properties has been based on a market approach by considering current market conditions, recent sales/lettings and any other relevant information for similar type assets in the Newark & Sherwood District Council area. Similar properties are marketed both for sale & lease and the level of observable comparables is sufficient for the properties to be categorised at Level 2 in the fair value hierarchy.

25 Assets Held for Sale

The Council holds the following current assets with the intent of selling them within 12 months of the balance sheet date.

	2015/2016 £'000	2014/2015 Closing £'000	2014/2015 Opening £'000
Balance outstanding at start of year	163	21	0
Assets newly classified as held for sale:			
Property Plant and Equipment	414		140
Assets declassified as held for sale:			
Assets Sold	(577)	(91)	(119)
Transfers		233	
Balance outstanding at year end	<u>0</u>	<u>163</u>	<u>21</u>

26 Intangible Assets

During 2015/2016 the Council's intangible assets consisted of computer software. These were considered to have significant long term value to justify inclusion within the Balance Sheet. They are amortised on a straight line basis over the estimated period of economic benefit to the Council which varies between 5 and 10 years depending on the particular system. The amortisation amount is charged to the relevant revenue service and is included within the (Surplus)/Deficit on Continuing Operations.

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
<b>Cost or Valuation</b>			
At 1 April	920	928	869
Additions	39	(8)	10
Revaluation increases/(decreases) to Revaluation Reserve			
Revaluation increases/(decreases) to (Surplus)/Deficit on Provision of Services			
Disposals			
Reclassifications	229		49
At 31 March	<u>1,188</u>	<u>920</u>	<u>928</u>
<b>Depreciation and Impairment</b>			
At 1 April	758	727	696
Amortisation	68	31	31
Impairment losses/reversals to Revaluation Reserve			
Impairment losses/reversals to (Surplus)/Deficit on Provision of Services			
Disposals			
At 31 March	<u>826</u>	<u>758</u>	<u>727</u>
<b>Balance Sheet amount 31 March</b>	<b>362</b>	<b>162</b>	<b>201</b>
<b>Balance Sheet amount 1 April</b>	<b>162</b>	<b>201</b>	<b>173</b>

27 Nature of Asset Holdings

The nature of the asset holdings are shown below.

<b>2015/2016</b>	Owned	Leased	Joint Arrangement	Total
	£'000	£'000	£'000	£'000
<u>Property, Plant and Equipment</u>				
Council Dwellings	167,795			167,795
Other Land and Buildings	38,656	262	208	39,126
Vehicles, Plant, Furniture and Equipment	5,533			5,533
Community Assets	267			267
Surplus Assets				0
Infrastructure				0
Assets Under Construction	9,641			9,641
	<hr/>			
	221,892	262	208	222,362
Heritage Assets	1,579			1,579
Intangible Assets	362			362
Assets Held for Sale				0
Investment Properties	2,340			2,340
	<hr/>			
	226,173	262	208	226,643
	<hr/>			

28 Capital Expenditure and Financing

The main items of capital expenditure were:-

	2015/2016 £'000	2014/2015 £'000
Council Dwellings	5,577	5,462
Other Land and Buildings	437	472
Vehicles, Plant, Furniture and Equipment	1,401	485
Infrastructure	11	0
Investment Properties	15	54
Community Assets	0	0
Assets Under Construction	11,498	7,197
Intangible Assets	39	(8)
	<hr/>	
	18,978	13,662
Plus:		
De-Minimis	90	20
Revenue Expenditure Funded from Capital under Statute	1,677	774
	<hr/>	
	20,745	14,456
	<hr/>	

The expenditure on non current assets was financed as follows:-

	2015/2016 £'000	2014/2015 £'000
Internal Borrowing	2,185	1,225
Capital Receipts	5,058	1,154
Government Grants	2,797	900
Contributions from Third Parties	2,505	4,204
Specific Reserves and Provisions	8,200	6,973
	<u>20,745</u>	<u>14,456</u>

The Capital Financing Requirement is a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The analysis of the Capital Financing Requirement is as follows:

	2015/2016 £'000	2014/2015 £'000
Opening Capital Financing Requirement	122,142	121,614
Increase in underlying need to borrow (unsupported by government financial assistance)	1,442	528
Closing Capital Financing Requirement	<u>123,584</u>	<u>122,142</u>

The Council has a Capital Programme for 5 years of which £9.8m is contractually committed as at 31 March 2016. Similar commitments at 31 March 2015 were £9.9m.

	2015/2016 £'000	2014/2015 £'000
New Council House Build	372	71
Newark Leisure Centre	2,178	8,725
National Civil War Centre	0	954
Newark Signage	0	107
Disabled Facilities Work	30	0
Council House Planned Maintenance	857	0
Palace Theatre and Museum Integration	242	0
New Council Offices	6,074	0
	<u>9,753</u>	<u>9,857</u>

Statement of Assets

The list below includes all assets valued over the 'De-Minimis' level of £15,000 plus other significant assets:

	31st March 2016	31st March 2015	31st March 2014
Council Dwellings	5,444	5,439	5,438
Administrative Buildings and Local Offices	3	3	3
Depots	1	1	1
Off Street Car Parks	15	13	13
Leisure Centres and Pools	2	1	1
Joint Use Leisure Centres	2	2	2
Garage Sites	44	38	38
Industrial Estates	12	12	12
Cemeteries	2	2	2
Other Properties	73	81	84
Public Conveniences	5	5	5
Museums	1	1	1
Other	5	4	3
Theatres	1	1	1
Village Halls and Community Centres	5	5	5

Valuation of Assets

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All 2015/2016 valuations were carried out by David Bingham of Herbert Button and Partners who is suitably qualified for this purpose. Valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Plant and machinery is included implicitly in the valuation of the buildings. Properties regarded by the authority as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the asset, the depreciated replacement cost. Properties regarded by the authority as non-operational have been valued on the basis of open market value. Investment properties are valued at fair value on an annual basis.

The significant assumptions applied in estimating the fair values are:

- good title can be shown and all valid planning permissions and statutory approvals are in place;
- the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;
- an inspection of those parts not inspected would not reveal defects that would affect the valuation;
- the testing of electrical or other services would not reveal defects that would cause the valuation to alter;
- there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.



The following statement shows the progress of the Council's rolling programme for the revaluation of non current assets.

<b><u>Property, Plant and Equipment</u></b>	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra-Structure £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Valued at Historical Cost			8,424		491	6,209	15,124
Valued at Current Value in							
2015/2016	167,795	15,782					183,577
2014/2015		3,843					3,843
2013/2014		4,050					4,050
2012/2013		10,618					10,618
2011/2012		6,631					6,631
	<u>167,795</u>	<u>40,924</u>	<u>8,424</u>	<u>0</u>	<u>491</u>	<u>6,209</u>	<u>223,843</u>
Additions			1,374		(174)	3,432	4,632
Gross Book Value	<u>167,795</u>	<u>40,924</u>	<u>9,798</u>	<u>0</u>	<u>317</u>	<u>9,641</u>	<u>228,475</u>

<b><u>Other Non Current Assets</u></b>	Assets Held For Sale £'000	Heritage Assets £'000	Investment Properties £'000	Intangible Assets £'000	Total £'000
Valued at Historical Cost				920	920
Valued at Current Value in					
2015/2016		1,579	2,340		3,919
2014/2015					0
2013/2014					0
2012/2013					0
2011/2012					0
	<u>0</u>	<u>1,579</u>	<u>2,340</u>	<u>920</u>	<u>4,839</u>
Additions				268	268
Gross Book Value	<u>0</u>	<u>1,579</u>	<u>2,340</u>	<u>1,188</u>	<u>5,107</u>

31 Long Term Debtors

The Council has powers under various statutes to make loans to third parties for the purchase and improvement of property, industrial development, provision of recreational facilities etc. Under the provision of Section 437 of the Housing Act 1985 the Council had powers to grant mortgages in connection with the sale of Council Houses, however, it no longer does this.

The amounts outstanding in respect of the various categories of loans made at 31st March were:-

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
Loans to Housing Associations	27	29	31
Loans to Parish Councils	21	22	10
Loans to Staff for Assisted Car Purchase	0	6	20
Growth Investment Loans	476	286	215
Deferred sale receipt	0	0	1,726
	<u>524</u>	<u>343</u>	<u>2,002</u>
Council House Mortgages	3	5	6
	<u>527</u>	<u>348</u>	<u>2,008</u>

32 Inventories

The stocks held by the Council valued using the First in First out method of valuation can be analysed as follows:-

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
Heritage and Visitor Centres	50	26	20
Administrative Stores	1	1	2
Transport Stores	46	73	70
	<u>97</u>	<u>100</u>	<u>92</u>

33 Short Term Debtors

The amounts due to the Council were:-

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
Amounts falling due within one year:-			
Central Government Bodies	2,970	1,292	942
Other Local Authorities	1,046	1,633	2,720
NHS Bodies	0	0	7
Public Corporations and Trading Funds	0	0	0
Bodies external to General Government	7,653	8,848	6,976
	<u>11,669</u>	<u>11,773</u>	<u>10,645</u>
Less Provision for Doubtful Debt	(1,014)	(492)	(556)
	<u>10,655</u>	<u>11,281</u>	<u>10,089</u>

The movement on the provision for doubtful debt comprises £53k write offs and (£575k) contribution.

34 Short Term Creditors

The amounts owed by the Council were:-

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
Amounts falling due within one year:-			
Central Government Bodies	655	3,451	772
Other Local Authorities	1,869	867	1,519
NHS Bodies	0	0	47
Public Corporations and Trading Funds	0	0	0
Bodies external to General Government	6,586	6,293	3,969
	<u>9,110</u>	<u>10,611</u>	<u>6,307</u>

35 Short Term Provisions

	Outstanding Legal Cases £'000	Total £'000
Balance as at 1st April	45	45
Use of provision in year	(45)	(45)
Balance as at 31st March	<u>0</u>	<u>0</u>

The Council has no short term provisions for 2015/2016.

36 Termination Benefits

The authority terminated the contracts of a number of employees in 2015/2016 incurring liabilities in respect of redundancy payments of £170k (£6k in 2014/2015). The £170k was paid as part of the Council's efficiency schemes across a variety of services.

37 Long Term Creditors

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
Section 106 Receipts	3,836	2,690	1,528
Receipt in Advance	250	0	0
	<u>4,086</u>	<u>2,690</u>	<u>1,528</u>

Section 106 of the Town and Country Planning Act 1990 relates to money paid by developers to Local Planning Authorities in order to offset the costs of the external effects of development.

38 Long Term Provisions

	Non Domestic Rate Appeals £'000	Total £'000
Balance as at 1st April	640	640
Additional Provisions made in year	1,466	1,466
Amounts Used	(710)	(710)
Balance as at 31st March	<u>1,396</u>	<u>1,396</u>

New arrangements for the retention of business rates came into force on 1 April 2013 whereby local authorities have assumed the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This includes amounts that were paid over to Central Government in respect of 2012/2013 and prior years. Previously such amounts would not have been recognised as income by the authorities but would have been transferred to DCLG. A provision has been made for the possible settlement of refunds, based on consideration of the type and history of appeals awarded in the past, and the length of time normally taken for the appeal process.

39 Other Long Term Liabilities

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
Net Pensions Liability	56,759	66,541	51,220
Deferred Liabilities	224	224	224
	<u>56,983</u>	<u>66,765</u>	<u>51,444</u>

40 Capital Grants Receipts in Advance

Capital grants which have conditions attached to their use and whose conditions have not been met are classed as capital receipts in advance.

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
Government	0	0	0
Section 106	0	1	36
Nottinghamshire County Council	151	151	1
Other Third Parties	249	278	280
Balance as at 31st March	<u>400</u>	<u>430</u>	<u>317</u>

The Council keeps a number of reserves in the Balance Sheet. Some are held for statutory reasons, others to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans. A breakdown of these reserves is shown below.

	Note/ Page	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
<b>Usable Reserves</b>				
<u>Revenue Accounts</u>				
General Fund	p11	2,939	2,939	2,934
Housing Revenue Account	p71	2,000	2,000	5,401
		4,939	4,939	8,335
<u>Earmarked Reserves</u>				
Capital	42	8,488	8,819	4,900
Revenue	42	13,623	11,110	10,305
		22,111	19,929	15,205
<u>Other</u>				
Unapplied Capital Receipts Reserve	42	2,757	6,700	7,024
Major Repairs Reserve	42	8,651	5,980	1,425
Revenue Grants and Contributions Unapplied	42	124	357	478
Capital Grants and Contributions Unapplied	42	3,958	5,332	5,531
		15,490	18,369	14,458
<b>Total Usable Reserves</b>		<b>42,540</b>	<b>43,237</b>	<b>37,998</b>
<b>Unusable Reserves</b>				
<u>Financial Instrument Adjustment</u>				
Account	43	(183)	(187)	(191)
Pensions Reserve	44	(56,759)	(66,541)	(51,220)
Revaluation Reserve	45	16,989	13,756	12,314
Capital Adjustment Account	46	86,064	76,864	65,368
Collection Fund Adjustment Account	47	(1,409)	(699)	(674)
Deferred Capital Receipts	47	3	5	6
Accumulated Absences Reserve	47	(167)	(133)	(179)
<b>Total Unusable Reserves</b>		<b>44,538</b>	<b>23,065</b>	<b>25,424</b>

Usable Reserves

Earmarked reserves are those set aside for a specific purpose or to support future spending plans. A breakdown of the Council's earmarked reserves is given below.

	Balance as at 31st March 2016 £'000	Movement in Year £'000	Balance as at 31st March 2015 £'000
<u>Revenue Reserves</u>			
Investment Realisation	92	(158)	250
Election Expenses	328	171	157
Insurance	406	(141)	547
Renewal and Repairs	2,997	(39)	3,036
Land Charges	(26)	24	(50)
Building Control	(91)	96	(187)
Museum Purchases	11	(8)	19
Training Provision	250	118	132
Community Safety Fund	263	50	213
Restructuring & Pay	350	0	350
Court Costs	150	100	50
Change Management	1,465	114	1,351
Rural Conservation Grants	0	(153)	153
Planning Costs	788	199	589
VAT reserve	0	(43)	43
Palace Theatre Friends	13	(5)	18
Planning Inquiry Costs	150	0	150
Unlawful Occupation of Land Fund	10	0	10
Fly tipping	23	(3)	26
Homelessness Fund	250	(8)	258
Fuel and Energy Reserve	250	127	123
Refuse Bin Purchase	42	(3)	45
Energy and Home Support Reserve	148	(6)	154
Growth and Prosperity	1,217	(200)	1,417
Emergency Planning Reserve	50	0	50
Welfare Reform Reserve	147	(44)	191
Sports Development	116	116	0
Other Earmarked Reserves	4,053	2,211	1,842
Mansfield Crematorium	171	(2)	173
	13,623	2,513	11,110
<u>Capital Reserves</u>			
Capital Provision	8,488	(331)	8,819
	8,488	(331)	8,819
<b>Total Earmarked Reserves</b>	<b>22,111</b>	<b>2,182</b>	<b>19,929</b>

Renewal and Repairs - all sections of the Council who are responsible for assets contribute to this fund to ensure that planned maintenance is delivered in the future when it is due. For example buildings are redecorated every three years, software is upgraded as necessary. This flattens out the cost to ensure that tax levels do not fluctuate unnecessarily. All available funds are allocated to specific schemes.

Land Charges – legislation requires any surplus made from the land charges service to be ring fenced.

Building Control – legislation requires any surplus made from the building control service to be ring fenced.

Change Management - to finance change management and changing focus and moving ahead initiatives.

Planning Costs - to cover any costs awarded against the Council in respect of planning decisions. It also spreads out the cost of the Local Plan. Included is the Planning Delivery Grant which is received from Central Government for enhancement of planning services.

Growth and Prosperity – financing for the Council's loans to local business and enterprises.

Mansfield Crematorium - the Council's share of the crematorium's reserves.

Capital Provision – to support future capital projects.

## Other Usable Reserves

	Balance as at 31st March 2016 £'000	Movement in Year £'000	Balance as at 31st March 2015 £'000
Unapplied Capital Receipts Reserve The monies received from the sale of assets and contributions towards capital expenditure by Central Government and third parties are used to redeem loans raised by the Council to finance new capital expenditure	2,757	(3,943)	6,700
Major Repairs Reserve Used to maintain housing stock	8,651	2,671	5,980
Revenue Grants and Contributions Unapplied A grant or contribution which has no conditions attached but against which no expenditure has yet been incurred	124	(233)	357
Capital Grants and Contributions Unapplied A grant or contribution which has no conditions attached but against which no expenditure has yet been incurred	3,958	(1,374)	5,332
<b>Total Other Usable Reserves</b>	<b>15,490</b>	<b>(2,879)</b>	<b>18,369</b>

### 43 Financial Instrument Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provision. The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund balance to this account in the Movement in Reserves Statement. Over time the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on council tax. In 2015/2016 £4k (£4k 2014/2015) was charged to the General Fund.

### 44 Pensions Reserve

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

In 2015/2016 actuarial gains of £10,463k (actuarial losses of £13,287k in 2014/2015) were charged and net charges of £681k (£2,034k 2014/2015) were reversed.

45 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. 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 the reserve was created. Accumulated gains arising before that date are consolidated into the balance in the Capital Adjustment Account.

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
Balance as at 1st April	13,756	12,314	11,988
(Deficit)/Surplus on Revaluation and Restatement of Non Current Assets:	3,916	1,581	558
Depreciation charge:			
Historical Cost Adjustment	(274)	(139)	(232)
Revaluation of Disposed Assets	(409)	0	0
Balance as at 31st March	16,989	13,756	12,314

46 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements 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 amortisation are charged to the Comprehensive Income and Expenditure Statement. 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 and revaluation gains on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
Balance as at 1st April	76,864	65,368	58,444
Capital Financing:-			
Capital Receipts applied	5,058	1,154	194
Capital Provision utilised	1,999	959	61
Government and Other Grants and Contributions utilised	5,249	5,067	1,107
Use of Major Repairs Reserve	6,332	6,015	6,598
Minimum Revenue Provision	718	709	691
	<u>19,356</u>	<u>13,904</u>	<u>8,651</u>
Capital Charges			
Depreciation Council Dwellings	(2,291)	(2,214)	(2,050)
Depreciation Other HRA Assets	(397)	(385)	(400)
Depreciation General Fund Assets	(1,029)	(934)	(884)
Impairments Council dwellings	7,368	7,578	9,401
Impairments Other HRA Assets	0	(151)	(510)
Impairments General Fund Assets	(7,268)	(542)	(1,098)
Revenue Expenditure Funded from Capital	(1,677)	(774)	(1,022)
Historical Cost Depreciation Adjustment	274	139	232
Revaluation of Disposed Assets	409	0	0
Disposal of Assets	(5,477)	(5,094)	(5,365)
Amortisation of Intangible Assets	(68)	(31)	(31)
	<u>(10,156)</u>	<u>(2,408)</u>	<u>(1,727)</u>
Balance as at 31st March	<u>86,064</u>	<u>76,864</u>	<u>65,368</u>

47 Other Unusable Reserves

	Balance as at 31st March 2016 £'000	Movement in Year £'000	<i>Balance as at</i> 31st March 2015 £'000
Collection Fund Adjustment Account Absorbs the timing differences between statutory requirements and full accruals accounting in respect of the collection of Council Tax and Non Domestic Rates	(1,409)	(710)	(699)
Deferred Capital Receipts Council house mortgages where disposal of the property has taken place and deferred payments have been agreed	3	(2)	5
Accumulated Absences Reserve Mitigates the impact of the accrual for short term accumulated absences on the General Fund	(167)	(34)	(133)
<b>Total Other Unusable Reserves</b>	<b>(1,573)</b>	<b>(746)</b>	<b>(827)</b>

48 Post Balance Sheet Event

On 1st April 2016 the Council's Building Control services were transferred to a third party organisation, East Midlands Building Consultancy. This is a shared services organisation in conjunction with South Kesteven District Council and Rushcliffe Borough Council. The Council will pay a management fee of £144,000 in the first year and will receive a share of any year end surplus which will be offset against the historical building control deficit. Any future profits will reduce the management fee. This is a non-adjusting post balance sheet event.

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

49 Contingent Assets and Liabilities

In February 2015 contracts were signed relating to the sale of Kelham Hall to Kelham Hall Ltd. A deposit of £250,000 has been received and is included in the Statement of Accounts. The remaining balance amounting to £3,750,000 is to be paid to NSDC when contracts are exchanged. This is expected to be in 2017, when the Council's new offices are complete.

There are no contingent liabilities to disclose.

50 Post Employment Benefits

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The authority participates in the Local Government Pension Scheme, administered by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The cost of retirement benefits is recognised in the (Surplus)/Deficit on Continuing Operations when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the council tax is based on the cash payable in the year, so the real cost of retirement benefit is reversed out of the Comprehensive Income and Expenditure Statement after the (Surplus)/Deficit on Provision of Services.

These transactions are as follows:-

	2015/2016 £'000	2014/2015 £'000
<b>Comprehensive Income and Expenditure Statement</b>		
<u>Cost of Services</u>		
Current service cost	958	2,113
Past service costs	0	0
(Gain)/loss from settlements	0	0
<u>Financing and Investment Income and Expenditure</u>		
Net interest expense	2,116	2,203
Administration costs	1	11
<b>Total charged to Surplus/Deficit on Provision of Services</b>	<b>3,075</b>	<b>4,327</b>
<u>Remeasurement of the net defined benefit liability</u>		
Return on plan assets	(2,618)	4,104
Changes in demographic assumptions	0	0
Changes in financial assumptions	13,196	(17,391)
Other actuarial gains/(losses)	(115)	0
<b>Total charged to Other Comprehensive Income and Expenditure</b>	<b>10,463</b>	<b>(13,287)</b>
<b>Total charged to Comprehensive Income and Expenditure Statement</b>	<b>13,538</b>	<b>(8,960)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made for retirement benefits	(681)	(2,034)
<b>Actual amount charged against the General Fund Balance</b>		
Employers' contributions payable to scheme	2,394	2,293

#### Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	Year to 31st March 2016 £'000	Year to 31st March 2015 £'000
1st April	134,011	112,598
Current service cost	2,447	2,113
Interest cost	4,281	4,889
Contributions by scheme participants	564	601
Remeasurement (gains)/losses		
Changes in demographic assumptions	0	0
Changes in financial assumptions	(13,196)	17,391
Other	115	0
Past service cost	66	0
Losses (gains) on curtailment	(3,343)	0
Benefits paid	(3,696)	(3,581)
<b>31st March</b>	<b>121,249</b>	<b>134,011</b>

Reconciliation of fair value of the scheme assets:

	Year to 31st March 2016 £'000	Year to 31st March 2015 £'000
1st April	67,470	61,378
Interest income	2,165	2,686
Remeasurement gain/(loss)		
Return on plan assets	(2,618)	4,104
Other	0	0
Contributions from employer	2,394	2,293
Contributions from scheme participants	564	601
Benefits paid	(3,696)	(3,581)
Administration costs	(1)	(11)
Settlement Paid	(1,788)	0
31st March	64,490	67,470

**Pension Assets and Liabilities Recognised in Balance Sheet**

<b>Assets</b>	2015/2016 £'000	2014/2015 £'000	2013/2014 £'000	2012/2013 £'000	2011/2012 £'000
Present value of liabilities	(121,249)	(134,011)	(112,598)	(109,715)	(99,383)
Fair value of assets	64,490	67,470	61,378	61,712	54,331
Net liability	(56,759)	(66,541)	(51,220)	(48,003)	(45,052)

**Basis for estimating assets and liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The scheme liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, the estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2013.

The principal assumptions used by the actuary have been:

	31st March 2016	31st March 2015
<u>Mortality Assumptions</u>		
Longevity at 65 for current pensioners		
Men	22.1	22.1
Women	25.3	25.2
Longevity at 65 for future pensioners		
Men	24.4	24.2
Women	27.7	27.6
Rate of inflation – Retail Price Index	3.2%	3.2%
Rate of inflation – Consumer Price index	2.3%	2.4%
Rate of increase in salaries	4.1%	4.2%
Rate of increase in pensions	2.3%	2.4%
Rate for discounting scheme liabilities	3.6%	3.3%
Take up of option to convert annual pension into retirement lump sum	50%	50%
Take up of option to pay 50% contributions for 50% benefits	10%	10%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme.

<b>Impact on the defined benefit obligation</b>			
	Adjustment	Increase in assumption £'000	Decrease in assumption £'000
Discount Rate	+/- 0.1%	(2,093)	2,133
Salary Increase	+/- 0.1%	234	(232)
Pension Increase	+/- 0.1%	1,924	(1,889)
Mortality Age	+/- 1 year	3,738	(3,622)

The Pension Scheme's assets consist of the following categories, by proportion of the total assets held.

	31st March 2016 £'000	31st March 2015 £'000
Equity Investment		
UK investment	20,901	22,082
Overseas investment	22,771	24,461
Private equity investment	1,226	1,019
	<u>44,898</u>	<u>47,562</u>
Gilts		
UK fixed interest	2,007	2,108
	<u>2,007</u>	<u>2,108</u>
Other Bonds		
UK corporates	4,219	4,558
Overseas corporates	192	204
	<u>4,411</u>	<u>4,762</u>
Property	8,146	7,875
Cash	2,615	3,281
Inflation-linked pooled fund	1,815	1,882
Infrastructure	598	0
	<u>64,490</u>	<u>67,470</u>

## 51 Financial Instruments – Risk and Risk Management

### **Disclosure of nature and extent of Risk arising from Financial Instruments**

The Council's activities expose it to a variety of financial risks, the key risks being:

- 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
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movements

## Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice
- by the adoption of a Treasury Policy Statement and treasury management clauses within the Council's constitution
- by approving annually in advance prudential indicators for the following three years limiting
  - the Council's overall borrowing
  - its maximum and minimum exposures to fixed and variable interest rates
  - its maximum and minimum exposures for the maturity structure of its debt
  - its maximum annual exposures to investments maturing beyond a year
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the government guidance

These are required to be reported and approved at or before the Council's Council Tax setting meeting. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to members.

The annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 10<sup>th</sup> March 2015 and is available on the Council website. The key issues within the updated strategy were:

- the authorised limit for 2015/2016 was set at £148.9m. This is the maximum limit of external borrowings or other long term liabilities
- the operational boundary was expected to be £128.7m. This is the expected level of debt and other long term liabilities during the year
- the maximum amounts of fixed and variable interest rate exposure were set at £113.4m and £4.9m based on the Council's debt
- the maximum and minimum exposures to the maturity of debt are shown in the refinancing and maturity risk section of this note

These policies are implemented by the Council's treasury team. The Council maintains written procedures for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

## Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Rating Services. The Annual Investment Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criterion is applied. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit Ratings of Short Term of F1, Long Term A-, Support C and individual 3 (Fitch or equivalent rating) with the lowest available rating being applied to the criteria
- UK Institutions provided with support from the UK Government
- The Council's own bank if it falls below the criteria above
- 'AAA' rated Money Market Funds

The full Investment Strategy for 2015/2016 was approved by Full Council on 10<sup>th</sup> March 2015 and is available on the Council's website.

The authority's maximum exposure to risk in relation to its investments in banks and building societies of £25.5m 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 individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the authority's deposits but there was no evidence at 31<sup>st</sup> March 2016 that this was likely to crystallise.

The following analysis summarises the authority's potential maximum exposure to credit risk on other financial assets based on experience of default.

	Amount at 31st March 2016 £'000	Historical Experience of Default %	Adjustment for Market at 31st March 2016 %	Estimated Maximum Exposure to Default 31st March 2016 £'000	<i>Estimated Maximum Exposure to Default 31st March 2015 £'000</i>
Trade Debtors	3,328	4.63	4.63	154	58
	<u>3,328</u>			<u>154</u>	<u>58</u>

The Council does not generally allow credit to its trade debtors, such that £3,056k of the £3,328k balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31st March 2016 £'000	31st March 2015 £'000
<b>Debtor Analysis</b>		
Up to 30 days	1,655	1292
31 to 60 days	574	496
61 to 90 days	85	48
Greater than 90 days	742	1051
	<u>3,056</u>	<u>2,887</u>

Collateral – During the reporting period the Council held no collateral as security.

### Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the money market to cover any day to day cash flow need, and the Public Works Loan Board provides access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity of financial assets is as follows:

	31st March 2015 £'000	31st March 2015 £'000
Maturing within one year	14,899	17,438
Maturing in 1 - 2 years	192	139
Maturing in more than 2 years	327	200
	<u>15,418</u>	<u>17,777</u>

All other current assets and current liabilities are not shown in the table above.

### Re-financing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt: and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period.

	Approved Maximum Limits	Approved Minimum Limits	31st March 2016 £'000	31st March 2015 £'000
Maturing within one year	50%	0%	14,156	9,344
Maturing in 1 - 2 years	100%	0%	4,520	10,519
Maturing in 2 - 5 years	100%	0%	10,573	11,567
Maturing in 5 - 10 years	100%	0%	23,169	18,159
Maturing in more than 10 years	100%	0%	39,360	44,397
			<u>91,778</u>	<u>93,986</u>

### Market Risk

**Interest Rate Risk** – The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- borrowings at fixed rates – the fair value of the borrowing will fall
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- investments at fixed rates – the fair value of the assets will fall



Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Statement, unless the investments have been designated as Fair Value through the Comprehensive Income and Expenditure Statement, in which case gains and losses will be posted to the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum limits for fixed and variable interest rate exposure. The treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns. Similarly the drawing of longer term fixed rates borrowing would be postponed.

All Council long term borrowings are at a fixed rate of interest.

**Price risk** - The Council does not invest in equity shares.

**Foreign exchange risk** – The Council has no investments in foreign exchange.

52 Financial Instruments – Balances

The borrowings and investments disclosed in the balance sheet are made up of the following categories of financial instruments:

	Long Term		Current	
	2015/2016 £'000	2014/2015 £'000	2015/2016 £'000	2014/2015 £'000
<b>Financial Liabilities</b>				
Loans at Amortised Cost				
Principal	77,623	84,642	14,155	9,345
Accrued Interest			763	761
<b>Total Borrowing</b>	<b>77,623</b>	<b>84,642</b>	<b>14,918</b>	<b>10,106</b>
Liabilities at Amortised Cost				
Finance Leases	224	224		
Included in Other Long Term Liabilities	224	224	0	0
Liabilities at Amortised Cost				
Trade Payables			2,662	3,468
Included in Creditors	0	0	2,662	3,468
<b>Total Financial Liabilities</b>	<b>77,847</b>	<b>84,866</b>	<b>17,580</b>	<b>13,574</b>

	Long Term		Current	
	2015/2016	2014/2015	2015/2016	2014/2015
	£'000	£'000	£'000	£'000
<b>Financial Assets</b>				
Loans and Receivables				
Principal at amortised cost			10,144	575
Accrued Interest			7	0
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>10,151</b>	<b>575</b>
Loans and Receivables				
Cash (including bank accounts)			258	413
Cash equivalents at amortised cost			4,552	16,660
Accrued interest			5	10
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>0</b>	<b>4,815</b>	<b>17,083</b>
Loans and Receivables				
Trade Debtors			3,328	3,507
Other Debtors			3,603	3,080
Loans	50	348		
<b>Included in Debtors</b>	<b>50</b>	<b>348</b>	<b>6,931</b>	<b>6,587</b>
<b>Total Financial Assets</b>	<b>50</b>	<b>348</b>	<b>21,897</b>	<b>24,245</b>

#### 53 Financial Instruments – Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Financial Liabilities		Financial Assets	
	2015/2016	2014/2015	2015/2016	2014/2015
	£'000	£'000	£'000	£'000
Interest expense	3,904	4,009		
<b>Interest Payable and Similar Charges</b>	<b>3,904</b>	<b>4,009</b>	<b>0</b>	<b>0</b>
Interest income			(114)	(105)
<b>Interest and Investment Income</b>	<b>0</b>	<b>0</b>	<b>(114)</b>	<b>(105)</b>
<b>Net Gain/(Loss) for the year</b>	<b>3,904</b>	<b>4,009</b>	<b>(114)</b>	<b>(105)</b>

The Council holds investments in Loans and Receivables. It holds no investments in Available for Sale Assets nor Assets held at Fair value through the Comprehensive Income and Expenditure Statement.

#### 54 Financial instruments – Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost in long term assets/liabilities and with accrued interest in current assets/liabilities. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures
- For loans receivable prevailing benchmark market rates have been used to provide the fair value
- No early repayment or impairment is recognised
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount

The fair values calculated are shown in the tables below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities eg bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability eg interest rates
- Level 3 – fair value is determined using unobservable inputs eg non market data such as cash flow forecasts

Fair values of financial liabilities:

	Fair Value Level	31 March 2016 £'000 Carrying Amount	31 March 2016 £'000 Fair value	31 March 2015 £'000 Carrying Amount	31 March 2015 £'000 Fair value
Public Works Loans Board	2	72,215	84,435	74,235	85,340
Non PWLB debt	2	20,326	29,624	20,513	29,495
<b>Total</b>		<b>92,541</b>	<b>114,059</b>	<b>94,748</b>	<b>114,835</b>
Liabilities for which fair value is not disclosed:					
Other Long Term Liabilities		224		224	
Trade Creditors		2,717		3,468	
<b>Total</b>		<b>2,941</b>	<b>0</b>	<b>3,692</b>	<b>0</b>
<b>Total Financial Liabilities</b>		<b>95,482</b>	<b>114,059</b>	<b>98,440</b>	<b>114,835</b>

Fair values of financial assets:

	Fair Value Level	31 March 2016 £'000 Carrying Amount	31 March 2016 £'000 Fair value	31 March 2015 £'000 Carrying Amount	31 March 2015 £'000 Fair value
Financial assets held at amortised cost:					
Long term investments		0	0	0	0
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Assets for which fair value is not disclosed:					
Investments held by Mansfield					
Crematorium		144		147	
Short term investments		10,007		428	
Cash and Cash Equivalents		4,815		17,083	
Trade Debtors		3,328		3,507	
<b>Total</b>		<b>18,294</b>	<b>0</b>	<b>21,165</b>	<b>0</b>
<b>Total Financial Assets</b>		<b>18,294</b>	<b>0</b>	<b>21,165</b>	<b>0</b>

Reconciliation of (Surplus)/Deficit on Provision of Services to Operating Activities Net Cash Flow

	2015/2016		2014/2015	
	£'000	£'000	£'000	£'000
<u>Comprehensive Income and Expenditure Statement</u>				
(Surplus)/Deficit on Provision of Services		(6,397)		(14,586)
<u>Non Cash Transactions</u>				
Net Movement on Pensions	(681)		(2,034)	
Capital Accounting entries	2,277		13,000	
(Increase)/Decrease in Long Term Creditors	<u>(1,396)</u>	200	<u>(1,162)</u>	9,804
<u>Items on an Accruals Basis</u>				
Increase/(Decrease) in Stock	(3)		8	
Increase/(Decrease) in Debtors	(626)		1,192	
(Increase)/Decrease in Creditors	1,501		(4,304)	
(Increase)/Decrease in Provisions	(711)		34	
(Increase)/Decrease in Capital Receipts in Advance	(1,179)		108	
Increase/(Decrease) in Long Term Debtors	<u>179</u>	(839)	<u>(1,660)</u>	(4,622)
<u>Items Classified elsewhere in the Cash Flow</u>				
Net Movement on Agency Payments	1,541		580	
Net Movement on Financial Instruments	<u>(1)</u>	1,540	<u>12</u>	592
		<u>(5,496)</u>		<u>(8,812)</u>

## HOUSING REVENUE ACCOUNT

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

<b><u>Newark and Sherwood District Council</u></b>	Note	Year Ended 31st March 2016 £'000	Year Ended 31st March 2015 £'000
<b><u>Housing Revenue Account for 2015/2016</u></b>			
<b><u>Income</u></b>			
Dwelling Rent		21,282	20,815
Garages		226	208
Shops		31	31
Gross Rental Income		21,539	21,054
Charges for Services and Facilities		299	286
Contributions towards Expenditure	H9	73	63
Other Income		586	787
		22,497	22,190
<b><u>Expenditure</u></b>			
Supervision and Management		4,820	4,773
Repairs and Maintenance		3,921	3,904
Rents, Rates, Taxes and Other Charges		0	0
Depreciation of non current assets	H6		
On dwellings		2,291	2,214
On other assets		397	385
Impairment of non current assets	H7		
On dwellings		(7,368)	(7,578)
On other assets		36	151
Debt Management Expenses		28	27
		4,125	3,876
<b>Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>		<b>(18,372)</b>	<b>(18,314)</b>
(Gain)/Loss on sale of HRA non current assets		3,456	3,892
Interest Payable and Similar Charges		4,348	4,407
HRA Interest and Investment Income		(13)	(24)
Provision for Doubtful Debt		94	122
Contribution to Newark and Sherwood Homes Reserves		0	781
<b>(Surplus)/Deficit for the year on HRA Services</b>		<b>(10,487)</b>	<b>(9,136)</b>

**MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT**

	2015/2016		2014/2015	
	£'000	£'000	£'000	£'000
HRA Balance brought forward		<b>2,000</b>		<b>5,401</b>
Surplus/(Deficit) on the HRA Income and Expenditure Statement		10,487		9,136
Adjustments between Accounting Basis and Funding Basis under Regulations:				
(Gains)/Losses on disposal of HRA Non Current Assets	3,456		3,892	
Contribution to Capital	0		(771)	
HRA share of contribution (to)/from the Pensions Reserve	(260)		(260)	
Transfer (to)/from the Major Repairs Reserve	(6,315)	(3,119)	(7,971)	(5,110)
Net Increase/Decrease before transfers to/from Reserves		7,368		4,026
Transfer (to)/from Capital Adjustment Account		(7,368)		(7,427)
Increase/(Decrease) in year in the HRA		0		(3,401)
HRA Balance carried forward		<b>2,000</b>		<b>2,000</b>

## NEWARK AND SHERWOOD DISTRICT COUNCIL

### HOUSING REVENUE ACCOUNT NOTES FOR THE YEAR 2015/2016

#### H1 Housing Stock

The Council was responsible for managing an average of 5,441 dwellings during 2015/2016 (5,439 2014/2015). The stock was made up as follows:

	Pre 1945	1945-1964	1965-1974	1974+	Total 2015/2016	Total 2014/2015
Traditional/Non Traditional Houses & Bungalows						
1-2 Bedrooms	71	790	497	550	1,908	1,908
3+ Bedrooms	402	1,212	282	159	2,055	2,077
Flats						
Low Rise (1-2 Storeys)	21	708	411	270	1,410	1,384
Medium Rise (3-5 Storeys)	1	4	37	28	70	70
	<u>495</u>	<u>2,714</u>	<u>1,227</u>	<u>1,007</u>	<u>5,443</u>	<u>5,439</u>

#### H2 Housing Revenue Account Assets

The total Balance Sheet valuations of land, houses and other property within the HRA are as follows:-

<u>HRA Assets Existing Use - Open Market Value</u>	<i>Balance as at 1st April 2015 £'000</i>	<i>Balance as at 31st March 2016 £'000</i>
Dwellings	159,513	167,795
Other Land and Buildings	5,950	5,888
Investment Properties	1,252	1,145
Community Assets	0	0
Non Operational Assets	0	351
Vehicle, Plant and Equipment	2,869	2,710
Total	<u>169,584</u>	<u>177,889</u>

The vacant possession value of dwellings within the authority's HRA (values in accordance with the guidance) is shown below. The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA show the economic cost to the government of providing council housing at less than market rents.

	<i>Balance as at 1st April 2015 £'000</i>	<i>Balance as at 31st March 2016 £'000</i>
Houses	254,116	270,093
OAP Dwellings	215,040	223,422
Total	<u>469,156</u>	<u>493,515</u>

The council dwellings valuations have been arrived at using a valuation report prepared by a qualified valuer David Bingham of Herbert Button and Partners. The valuation was carried out as at the 31 March 2016. They have been applied to council houses on a beacon property base whereby similar properties in similar areas are all given the same value. Property valuations have moved in line with the current domestic property market.

H3 Movements on the Major Repairs Reserve

The council is required to transfer an amount equal to the depreciation charge to the Major Repairs Reserve. The reserve is then used to finance capital expenditure on Housing Revenue Account assets.

For 2015/2016 the Council chose to transfer additional funds into the Major Repairs Reserve. The reserve was partially used to finance capital expenditure incurred in the year.

	£'000
Balance Brought Forward 1st April 2015	(5,980)
Transfers to Reserve re Depreciation	
Dwellings	(2,291)
Non Dwellings	(397)
Additional transfer to Reserve	(6,315)
Transfers to the HRA:	
Amounts used to finance Capital Expenditure	<u>6,332</u>
Balance Carried Forward 31st March 2016	<u>(8,651)</u>

H4 Capital Expenditure and Financing

	2015/2016 £'000
Structural Maintenance	46
Roofing Works	549
Asbestos and Fire Safety	169
Kitchens and Bathrooms	1,591
Garage Forecourts	135
External Works	840
Electrical Works	697
Disabled Facilities Provision	1,008
Heating Systems	595
Energy Efficiency Works	461
Environmental Works	410
Affordable Housing	2,341
Other works	43
	<u>8,885</u>
<u>Financing</u>	
Major Repairs Reserve	6,332
Government Grants	685
Contributions	1,171
Capital Provision	2
Capital Receipts	<u>695</u>
	<u>8,885</u>



H5 Capital Receipts

	2015/2016 £'000
Land and Other Property	0
Sold Council Houses	1,233
Less administration costs on sale of Council Houses	(29)
Principal Mortgage Repayments	2
	<hr/>
	1,206
	<hr/>
Less paid to Government Pool	(452)
	<hr/>
	754
	<hr/>

Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended, the Council has to make a payment to the Secretary of State in respect of housing capital receipts. The amount payable is dependent on a number of factors

- Sale price net of discount
- Debt value assumed for the property under the self financing settlement
- Value of the authority's actual debt attributable to the property
- The respective values of the authority's and Government's share capital
- The number of properties sold in each quarter

The Council has signed an agreement allowing it to retain additional Right to Buy receipts to fund new or acquired affordable housing.

H6 Depreciation Charges

The total charges for depreciation for land, houses and other property within the authority's HRA are as follows:

	2015/2016 £'000
Council Houses	2,291
Land and Buildings	397
	<hr/>
	2,688
	<hr/>

#### H7 Impairment Charges

Impairment charges for the financial year in respect of land, houses or other property within the authority's HRA are shown in the table below.

	2015/2016 £'000
Council Houses:	
Impairment Gain	(10,589)
Impairment Loss	3,221
Other Land and Buildings:	
Impairment Gain	0
Impairment Loss	18
Investment Properties	
Impairment Gain	(5)
Impairment Loss	23
	<hr/>
	(7,332)

#### H8 Rent Arrears

The total amount of rent arrears as at 31<sup>st</sup> March 2016 was £626,480 (2014/2015 £559,978). Included in the doubtful debt provision is the amount of £353,450 relating to rent arrears.

#### H9 Contributions towards Expenditure

The income of £73,061 (£62,850 in 2014/2015) relates to contributions to the Housing Revenue Account from the General Fund for the upkeep of communal amenities.

#### H10 Arms Length Management

The Housing Revenue Account includes a £7.7m management fee paid to Newark and Sherwood Homes Ltd (2014/2015 £7.6m) to manage the housing stock owned by the Council, under arms length arrangements. This management agreement came into effect on 1st November 2004.

**COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT**

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

<b><u>Newark and Sherwood District Council</u></b>	Note	2015/2016	2014/2015
<b><u>Collection Fund Account for 2015/2016</u></b>		£'000	£'000
<b><u>Income</u></b>			
Income from Business Ratepayers	C2	39,491	39,475
Council Tax	C3	64,465	62,503
Government Grant		62	8
		<b>104,018</b>	<b>101,986</b>
<b><u>Expenditure</u></b>			
<b>Precepts and Demands</b>			
Nottinghamshire County Council		45,638	44,093
Nottinghamshire Police Authority		6,486	6,268
Nottinghamshire Fire Authority		2,664	2,575
Newark and Sherwood District Council		5,910	5,824
Parishes		2,488	2,404
<b>Non Domestic Rates</b>			
Non Domestic Rates:			
Payable to Government		19,532	19,185
Newark and Sherwood District Council		15,625	15,348
Nottinghamshire County Council		3,516	3,453
Nottinghamshire Fire Authority		391	384
Share of NDR1 deficit:			
Payable to Government		(353)	(484)
Newark and Sherwood District Council		(282)	(387)
Nottinghamshire County Council		(63)	(87)
Nottinghamshire Fire Authority		(7)	(10)
Transitional Payment Protection		146	386
Costs of Collection		164	165
Interest Payments on Refunds		0	0
Provision for Uncollectable Debts		594	748
Provision for Appeals		2,600	1,600
Renewable Energy Retention		65	
		<b>105,114</b>	<b>101,465</b>
Net Surplus/(Deficit) for year		(1,096)	521
Fund Balance as at 1st April - Surplus/(Deficit)		(1,135)	(1,656)
Fund Balance as at 31st March - Surplus/(Deficit)		(2,231)	(1,135)

## NEWARK AND SHERWOOD DISTRICT COUNCIL

### COLLECTION FUND NOTES FOR THE YEAR 2015/2016

#### C1 Accounting Policies

- (a) Revenue Support Grant is paid directly to all billing and precepting authorities and will be included within Taxation and Non Specific Grant Income on the Comprehensive Income and Expenditure Statement.
- (b) Parish precepts are paid from the General Fund of billing authorities and will be included within Other Operating Expenditure on the Comprehensive Income and Expenditure Statement.
- (c) The year-end surplus of £1.9m on the Council Tax collection fund is distributed between billing and precepting authorities on the basis of estimates, made on 15 January, of the year-end balance.
- (d) The year end deficit of £4.2m on the Non Domestic Rate collection fund is distributed between billing and precepting authorities on the basis of prescribed shares between central government and precepting authorities.

#### C2 Income from Business 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 2015/2016 was 49.3p (2014/2015 48.2p). In 2015/2016 the Small Business Rate Relief reduced the multiplier to 48.0p where it applies. The system for funding Local Authority expenditure changed in 2013/2014 with a share of the proceeds of Non Domestic Rate income being retained by billing and precepting authorities.

The non-domestic rateable value at the 31st March 2016 was £92,133,896 (31st March 2015 £92,694,189).

#### C3 Council Tax

Council Tax is set by calculating the Council Tax base, and then dividing this into the precepts levied by the district, county, parish councils, Nottinghamshire Fire Authority and Nottinghamshire Police Authority. The tax base is the amount that setting a Council Tax of £1 for Band D properties (the standard band) would raise in revenue. The methodology and the factors taken into consideration are complex and are reported in detail when the tax base is set by the Council in December or January.

The Council Tax base for 2015/2016 is as follows:

Band	Total Dwellings	Adjusted for Discounts, Disabled Relief and Exemptions	Ratio	Band D Equivalents	2015/2016 Adjusted for Non Collection	2014/2015 Adjusted for Non Collection
A	22,599	15,580.20	6/9	10,386.80	10,282.92	10,066.08
B	7,818	6,213.21	7/9	4,832.50	4,784.17	4,733.09
C	8,474	7,318.46	8/9	6,505.30	6,440.25	6,352.24
D	5,663	5,117.00	9/9	5,117.00	5,065.83	4,948.71
E	4,012	3,671.59	11/9	4,487.50	4,442.62	4,414.61
F	2,539	2,378.01	13/9	3,434.90	3,400.55	3,362.24
G	1,395	1,303.44	15/9	2,172.40	2,150.68	2,144.44
H	126	103.00	18/9	206.00	203.94	212.06
Total	52,626	41,684.91		37,142.40	36,770.96	36,233.47

## **NEWARK AND SHERWOOD DISTRICT COUNCIL GROUP CONSOLIDATED ACCOUNTS**

### **INTRODUCTION**

The authority is required under the Local Government Act 2003 to produce a set of Group accounts where it has subsidiaries, joint ventures or associates. The criteria for deciding if the authority has such relationships is laid down by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 based on International Financial Reporting Standards (referred to within these accounts as “the Code”). The Code has been developed to bring authority accounts in line with the International Financial Reporting Standards (IFRS) which other reporting bodies have to comply with and to assist users of the accounts to understand better the authority’s overall financial position.

The authority has undertaken a review of all its relationships with other bodies and is required to consolidate its accounts with Newark and Sherwood Homes Ltd (NSH) and Active4Today Ltd.

Newark and Sherwood Homes Ltd is a wholly owned subsidiary of the authority, using the merger method. NSH manages the housing stock owned by the Council, under an arms length arrangement. The Housing Revenue Account includes a management fee paid to NSH to manage the stock owned by the Council under arms length arrangements. This management agreement came into effect on 1 November 2004.

Newark and Sherwood Homes Ltd produce a set of company accounts with a year end of 31 March. The accounts for 2015/2016, which have been consolidated here, have been audited by NSH’s auditors and have been given an unqualified audit opinion. Newark and Sherwood Homes Ltd publish an Annual Report which may be viewed at their offices at Kelham Hall, Kelham, Newark on Trent, Notts, NG23 5QX. The company is limited by guarantee and does not have any share capital.

Active4Today Ltd is a wholly owned subsidiary of the authority, using the merger method. Active4Today Ltd manages and operates the Council’s leisure services including leisure centres and sports development activities. The General Fund includes a management fee paid to Active4Today Ltd. The management agreement came into effect on 1 June 2015.

Active4Today Ltd produces a set of accounts with a year end of 31 March. The accounts for 2015/2016 have been produced by Active4Today’s external accountant under the Financial Reporting Standard for Smaller Entities. Consolidation adjustments have been made to align these accounts with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/2016. Active4Today Ltd publish an Annual Report which may be viewed at their offices at Newark Sports and Fitness Centre, Bowbridge Road, Newark on Trent, Notts, NG24 4DH. The company is limited by guarantee and does not have any share capital.

### **ACCOUNTING POLICIES**

The following notes detail any variations from the accounting policies used by the authority and should be read in conjunction with the relevant notes within the authority’s accounts. The consolidation has been done on a merger basis as NSH and Active4Today Ltd are 100% owned by NSDC.

#### **Taxation**

NSH is subject to a charge for taxation which is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required full provision is made without discounting in respect of all timing differences which have arisen but not reversed by the Balance Sheet date, except as otherwise required by IAS 12.

Active4Today Ltd is subject to a charge for taxation which is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required full provision is made without discounting in respect of all timing differences which have arisen but not reversed by the Balance Sheet date, except as otherwise required by IAS 12.

<b>Newark and Sherwood District Council Group Accounts</b>	General Fund	Earmarked Reserves	Housing Revenue Account	Major Repairs Reserve	Grants & Contributions Unapplied	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
<b>Movement in Reserves Statement for the year 2015/2016</b>	Balance								
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2015</b>	<b>2,939</b>	<b>23,632</b>	<b>2,000</b>	<b>5,980</b>	<b>5,689</b>	<b>6,700</b>	<b>46,940</b>	<b>15,273</b>	<b>62,213</b>
<b>Movement in Reserve during 2015/2016</b>									
Surplus/(Deficit) on Provision of Services	(4,090)		10,487				6,397		6,397
Other Comprehensive Expenditure and Income							0	16,280	16,280
<b>Total Comprehensive Expenditure and Income</b>	<b>(4,090)</b>	<b>0</b>	<b>10,487</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,397</b>	<b>16,280</b>	<b>22,677</b>
Adjustments between Group accounts and Authority accounts	197	0	(837)				(640)		(640)
<b>Net Increase/(Decrease) before Transfers</b>	<b>(3,893)</b>	<b>0</b>	<b>9,650</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,757</b>	<b>16,280</b>	<b>22,037</b>
<b>Adjustments between Accounting basis and Funding basis under Regulations</b>									
Depreciation and impairment of non current assets	8,365		(7,368)				997	(997)	0
Excess of depreciation charged to the Major Repairs Reserve				2,688			2,688	(2,688)	0
Use of Major Repairs Reserve to finance capital expenditure				(6,332)			(6,332)	6,332	0
Capital grants and contributions	(3,878)				(1,371)		(5,249)	5,249	0
Capital receipts used to finance capital expenditure						(5,058)	(5,058)	5,058	0
Revenue expenditure funded from capital under statute	1,677						1,677	(1,677)	0
Net gain/loss on sale of non current assets	454		3,456			1,567	5,477	(5,477)	0
Amount by which finance costs are different	(4)						(4)	4	0
Amount by which pension costs are different	941		(260)				681	(681)	0
Collection Fund income adjustment	710						710	(710)	0
Statutory provision for repayment of debt	(718)						(718)	718	0
Capital expenditure charged to the General Fund balance	(128)	128					0		0
Transfer to unusable reserves	196		837				1,033	(1,033)	0
Transfer re Housing Pooled Receipts	452					(452)	0		0
	8,067	128	(3,335)	(3,644)	(1,371)	(3,943)	(4,098)	4,098	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>4,174</b>	<b>128</b>	<b>6,315</b>	<b>(3,644)</b>	<b>(1,371)</b>	<b>(3,943)</b>	<b>1,659</b>	<b>20,378</b>	<b>22,037</b>
Net transfer to from earmarked reserves	(4,174)	2,220	(6,315)	6,315	(236)	0	(2,190)	2,190	0
<b>Increase/(Decrease) in year</b>	<b>0</b>	<b>2,348</b>	<b>0</b>	<b>2,671</b>	<b>(1,607)</b>	<b>(3,943)</b>	<b>(531)</b>	<b>22,568</b>	<b>22,037</b>
<b>Balance at 31 March 2016 carried forward</b>	<b>2,939</b>	<b>25,980</b>	<b>2,000</b>	<b>8,651</b>	<b>4,082</b>	<b>2,757</b>	<b>46,409</b>	<b>37,841</b>	<b>84,250</b>

<b><u>Newark and Sherwood District Council Group Accounts</u></b>	<i>General</i>	<i>Earmarked</i>	<i>Housing</i>	<i>Major</i>	<i>Grants &amp;</i>	<i>Capital</i>	<i>Total</i>	<i>Unusable</i>	<i>Total</i>
<b><u>Movement in Reserves Statement for the year 2014/2015</u></b>	<i>Fund</i>	<i>Reserves</i>	<i>Revenue</i>	<i>Repairs</i>	<i>Contributions</i>	<i>Receipts</i>	<i>Usable</i>	<i>Reserves</i>	<i>Authority</i>
	<i>Balance</i>		<i>Account</i>	<i>Reserve</i>	<i>Unapplied</i>	<i>Reserve</i>	<i>Reserves</i>		<i>Reserves</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Balance at 31 March 2014</b>	<b>2,934</b>	<b>17,213</b>	<b>5,401</b>	<b>1,425</b>	<b>6,009</b>	<b>7,024</b>	<b>40,006</b>	<b>20,651</b>	<b>60,657</b>
<b>Movement in Reserve during 2014/2015</b>									
<i>Surplus/(Deficit) on Provision of Services</i>	5,450		9,136				14,586		14,586
<i>Other Comprehensive Expenditure and Income</i>							0	(14,544)	(14,544)
<b>Total Comprehensive Expenditure and Income</b>	<b>5,450</b>	<b>0</b>	<b>9,136</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,586</b>	<b>(14,544)</b>	<b>42</b>
<i>Adjustments between Group accounts and Authority accounts</i>			0	1,514			1,514		1,514
<b>Net Increase/(Decrease) before Transfers</b>	<b>5,450</b>	<b>0</b>	<b>10,650</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,100</b>	<b>(14,544)</b>	<b>1,556</b>
<b><u>Adjustments between Accounting basis and Funding basis under Regulations</u></b>									
<i>Depreciation and impairment of non current assets</i>	1,507		(7,427)				(5,920)	5,920	0
<i>Excess of depreciation charged to the Major Repairs Reserve</i>				2,599			2,599	(2,599)	0
<i>Use of Major Repairs Reserve to finance capital expenditure</i>				(6,015)			(6,015)	6,015	0
<i>Capital grants and contributions</i>	(4,870)				(199)		(5,069)	5,069	0
<i>Capital receipts used to finance capital expenditure</i>						(1,154)	(1,154)	1,154	0
<i>Revenue expenditure funded from capital under statute</i>	774						774	(774)	0
<i>Net gain/loss on sale of non current assets</i>	(23)		3,892			1,225	5,094	(5,094)	0
<i>Amount by which finance costs are different</i>	(4)						(4)	4	0
<i>Amount by which pension costs are different</i>	2,294		(260)				2,034	(2,034)	0
<i>Collection Fund income adjustment</i>	25						25	(25)	0
<i>Statutory provision for repayment of debt</i>	(709)						(709)	709	0
<i>Capital expenditure charged to the General Fund balance</i>	(140)		(771)				(911)	911	0
<i>Transfer to unusable reserves</i>	(46)		(1,514)				(1,560)	1,560	0
<i>Transfer re Housing Pooled Receipts</i>	395					(395)	0		0
	(797)	0	(6,080)	(3,416)	(199)	(324)	(10,816)	10,816	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>4,653</b>	<b>0</b>	<b>4,570</b>	<b>(3,416)</b>	<b>(199)</b>	<b>(324)</b>	<b>5,284</b>	<b>(3,728)</b>	<b>1,556</b>
<i>Net transfer to from earmarked reserves</i>	(4,648)	6,419	(7,971)	7,971	(121)	0	1,650	(1,650)	0
<b>Increase/(Decrease) in year</b>	<b>5</b>	<b>6,419</b>	<b>(3,401)</b>	<b>4,555</b>	<b>(320)</b>	<b>(324)</b>	<b>6,934</b>	<b>(5,378)</b>	<b>1,556</b>
<b>Balance at 31 March 2015 carried forward</b>	<b>2,939</b>	<b>23,632</b>	<b>2,000</b>	<b>5,980</b>	<b>5,689</b>	<b>6,700</b>	<b>46,940</b>	<b>15,273</b>	<b>62,213</b>

**GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

<b>Newark and Sherwood District Council Group Accounts</b>		2015/2016	2015/2016	2015/2016		2014/2015	2014/2015	2014/2015
<b>Comprehensive Income and Expenditure Statement</b>		£'000	£'000	£'000		£'000	£'000	£'000
<b>for the financial year 2015/2016</b>		Gross	Gross	Net		Gross	Gross	Net
	Note	Spend	Income	Spend		Spend	Income	Spend
Central Services to the Public		2,832	(1,718)	1,114		2,390	(1,710)	680
Cultural and Related Services		10,834	(3,346)	7,488		5,852	(3,277)	2,575
Environmental and Regulatory Services		7,416	(2,891)	4,525		7,022	(2,272)	4,750
Highways and Transport Services		481	(1,262)	(781)		526	(1,274)	(748)
Housing Revenue Account		1,822	(20,658)	(18,836)		(296)	(20,738)	(21,034)
Housing Services		28,301	(27,247)	1,054		27,924	(27,153)	771
Planning Services		6,178	(3,064)	3,114		4,462	(3,089)	1,373
Corporate and Democratic Core		2,349	(58)	2,291		2,201	(43)	2,158
Non Distributed Costs		2,109	(1,491)	618		1,060	0	1,060
<b>(Surplus)/Deficit on Continuing Operations</b>		<b>62,322</b>	<b>(61,735)</b>	<b>587</b>		<b>51,141</b>	<b>(59,556)</b>	<b>(8,415)</b>
Other Operating Expenditure		9,094	(267)	8,827		8,988	(81)	8,907
Financing and Investment Income and Expenditure		6,896	(621)	6,275		6,651	(591)	6,060
Taxation and Non Specific Grant Income		0	(21,450)	(21,450)		0	(22,656)	(22,656)
<b>(Surplus)/Deficit on Provision of Services</b>		<b>78,312</b>	<b>(84,073)</b>	<b>(5,761)</b>		<b>66,780</b>	<b>(82,884)</b>	<b>(16,104)</b>
Corporation Tax	7	4	0	4		4	0	4
<b>Group (Surplus)/Deficit</b>		<b>78,316</b>	<b>(84,073)</b>	<b>(5,757)</b>		<b>66,784</b>	<b>(82,884)</b>	<b>(16,100)</b>
(Surplus)/Deficit on Revaluation of Fixed Assets				(3,916)				(1,581)
Actuarial (Gains)/Losses on Pensions Assets/Liabilities				(12,364)				16,125
<b>Other Comprehensive Income and Expenditure</b>				<b>(16,280)</b>				<b>14,544</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(22,037)</b>				<b>(1,556)</b>



**GROUP BALANCE SHEET**

<b>Newark and Sherwood District Council Group Accounts</b>		31st March 2016	31st March 2015	1st April 2014
<b>Balance Sheet as at 31st March 2016</b>	Note	£'000	£'000	£'000
Property Plant and Equipment	5	223,684	209,418	195,514
Heritage Assets		1,579	1,580	1,580
Investment Property		2,340	2,686	2,389
Intangible Assets	6	362	162	274
Assets Held for Sale		0	0	0
Long Term Investments		0	0	10
Long Term Debtors		527	348	2,008
<b>Long Term Assets</b>		<b>228,492</b>	<b>214,194</b>	<b>201,775</b>
Short Term Investment		10,151	575	3,479
Inventories	8	364	277	271
Short Term Debtors	9	9,484	10,071	8,054
Cash and Cash Equivalents		4,679	17,128	6,827
Assets Held for Sale		0	163	21
<b>Current Assets</b>		<b>24,678</b>	<b>28,214</b>	<b>18,652</b>
Bank Overdraft		0	0	0
Short Term Borrowing		(11,423)	(6,420)	(10,442)
Short Term Creditors	10	(8,970)	(10,686)	(6,582)
Short Term Provisions		0	(45)	(52)
Short Term Grants Receipts In Advance		(1,294)	(85)	(306)
<b>Current Liabilities</b>		<b>(21,687)</b>	<b>(17,236)</b>	<b>(17,382)</b>
Long Term Creditors		(4,134)	(2,690)	(1,528)
Provisions		(1,396)	(640)	(667)
Long Term Borrowing		(77,623)	(84,642)	(83,659)
Other Long Term Liabilities		(63,680)	(74,557)	(56,217)
Capital Grants Receipts in Advance		(400)	(430)	(317)
<b>Long Term Liabilities</b>		<b>(147,233)</b>	<b>(162,959)</b>	<b>(142,388)</b>
<b>Net Assets</b>		<b>84,250</b>	<b>62,213</b>	<b>60,657</b>
Usable Reserves		46,409	46,940	40,006
Unusable Reserves		37,841	15,273	20,651
<b>Total Reserves</b>		<b>84,250</b>	<b>62,213</b>	<b>60,657</b>

**GROUP CASH FLOW STATEMENT**

<b>Newark and Sherwood District Council Group Accounts</b>		2015/2016		2014/2015		
<b>Cash Flow Statement for the year 2015/2016</b>		Note	£'000	£'000	£'000	£'000
<b>Operating Activities</b>		12				
Newark and Sherwood District Council			(5,496)		(8,812)	
Newark and Sherwood Homes Ltd			(7)		(753)	
Active4Today Ltd			798	(4,705)	0	(9,565)
<b>Cash (Inflow)/Outflow from taxation</b>				<b>4</b>		<b>4</b>
<b>Investing Activities</b>						
<b>Cash outflows</b>						
Purchase of Fixed Assets			14,678		5,914	
Other Capital Expenditure			181			
			14,859		5,914	
<b>Cash inflows</b>						
Sale of Fixed Assets			(3,293)		(1,225)	
Capital Grants Received			(3,844)		(5,018)	
Other Capital Cash Income			(2)		56	
			(7,139)		(6,187)	
<b>Investing Activities Net Cash Flow</b>				<b>7,720</b>		<b>(273)</b>
<b>Financing Activities</b>						
<b>Cash outflows</b>						
Repayments of Amounts Borrowed			14,000		16,617	
Agency Payments			0		0	
New Investments Raised			9,576		0	
			23,576		16,617	
<b>Cash inflows</b>						
Agency Payments			(1,541)		(580)	
Repayment of investments			(813)		(2,910)	
New Loans Raised			(11,792)		(13,594)	
			(14,146)		(17,084)	
<b>Financing Activities Net Cash Flow</b>				<b>9,430</b>		<b>(467)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>				<b>12,449</b>		<b>(10,301)</b>
Cash and Cash Equivalents at 1 April						
Cash			42		55	
Bank Accounts			416		(51)	
Cash Equivalents			16,670	17,128	6,823	6,827
Cash and Cash Equivalents at 31 March						
Cash			32		42	
Bank Accounts			90		416	
Cash Equivalents			4,557	4,679	16,670	17,128

**NEWARK AND SHERWOOD DISTRICT COUNCIL**

**GROUP ACCOUNT NOTES FOR THE YEAR 2015/2016**

**Introduction**

The following notes have been prepared on an exception basis with only those items which have changed from the District Council's Statement of Accounts being included. For all other items reference should be made to the Council's Comprehensive Income and Expenditure Statement on page 13 and Balance Sheet on page 14 and the appropriate note.

1 Prior Year Restatements

There were no prior year adjustments in 2015/2016.

2 Inter Company Transactions

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

<b><u>Comprehensive Income and Expenditure Statement</u></b>				
	NSDC Adjusted £'000	Active4Today Adjusted £'000	NSH Adjusted £'000	2015/2016 Group £'000
(Surplus)/Deficit on Continuing Operations	(7,626)	270	7,943	587
Other Operating Expenditure	8,827	0	0	8,827
Financing and Investment Income and Expenditure	6,026	0	249	6,275
(Surplus)/Deficit on Provision of Services	(14,223)	270	8,192	(5,761)

<b><u>Balance Sheet</u></b>					
	NSDC £'000	Active4Today £'000	NSH £'000	Adjustment £'000	2015/2016 Group £'000
Short Term Debtors	10,655	725	1,793	(3,689)	9,484
Cash and Cash Equivalents	4,815	7	2,725	(2,868)	4,679
Short Term Borrowing	(14,918)	0	0	3,495	(11,423)
Short Term Creditors	(9,110)	(374)	(2,548)	3,062	(8,970)

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

	2015/2016	2014/2015
(Surplus)/Deficit on the Council's Comprehensive Income and Expenditure Statement	(6,397)	(14,586)
Adjustments for transactions with other Group entities	(7,826)	(7,487)
(Surplus)/Deficit in the Group Comprehensive Income and Expenditure Statement attributable to the Council	(14,223)	(22,073)
(Surplus)/Deficit in the Group Comprehensive Income and Expenditure Statement attributable to Group Subsidiaries (adjusted for intra group transactions)	8,466	5,973
<b>(Surplus)/Deficit for the year on the Group Comprehensive Income and Expenditure Statement</b>	<b>(5,757)</b>	<b>(16,100)</b>

#### 4 Service Information

The Council's internal performance management reports are based on the committee structure of the Council. The performance on each committee is reported on a quarterly basis. The Council's year end figures, as reported in this management format, are disclosed below.

<b>2015/2016</b>	<u>Economic Development</u>	<u>Homes and Communities</u>	<u>Leisure and Environment</u>	<u>Policy</u>	<u>Housing Revenue Account</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	1,723	1,850	4,056	2,503		10,132
Premises	446	28	570	378		1,422
Transport	20	12	969	33		1,034
Supplies and Services	1,440	1,321	2,453	1,914		7,128
Transfer Payments		73		26,530		26,603
<b>Total Expenditure</b>	<b>3,629</b>	<b>3,284</b>	<b>8,048</b>	<b>31,358</b>	<b>0</b>	<b>46,319</b>
Income	(4,032)	(993)	(3,651)	(28,651)	0	(37,327)
<b>Total Income</b>	<b>(4,032)</b>	<b>(993)</b>	<b>(3,651)</b>	<b>(28,651)</b>	<b>0</b>	<b>(37,327)</b>
<b>Net Expenditure</b>	<b>(403)</b>	<b>2,291</b>	<b>4,397</b>	<b>2,707</b>	<b>0</b>	<b>8,992</b>
<b>Memorandum Items</b>						
Support Services						0
Capital Charges						0
Internal Recharges						0
Grants and Rechargeable Works						0
	(403)	2,291	4,397	2,707	0	8,992
<b>Reconciliation to (Surplus)/Deficit on Continuing Operations</b>						
Add service expenditure not reported to management	3,132	(392)	6,810	84	(18,372)	(8,738)
Add corporate expenditure not reported to management						1,229
Remove amounts included on management report but excluded from Continuing Operations						0
Adjustment for Group transactions						(896)
<b>(Surplus)/Deficit on Continuing Operations in Comprehensive Income and Expenditure Statement</b>	<b>2,729</b>	<b>1,899</b>	<b>11,207</b>	<b>2,791</b>	<b>(18,372)</b>	<b>587</b>

<b>2015/2016</b>	<u>Service Analysis</u>	<u>Services Not in Analysis</u>	<u>Adjustment for Group Transactions</u>	<u>Not Reported to Management</u>	<u>Not Included in I&amp;E</u>	<u>Allocation of Recharges</u>	<u>Continuing Operations</u>	<u>Corporate Amounts</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	(37,327)			(33,634)		9,096	(61,865)		(61,865)
Income on Joint Associates and Subsidiaries		(176)	306				130	1,291	1,421
Interest and Investment Income							0	(612)	(612)
Income from Council Tax							0	(8,528)	(8,528)
Income from Non Domestic Rates							0	(3,480)	(3,480)
Government Grants and Contributions							0	(9,442)	(9,442)
Disposal of Assets							0	(1,567)	(1,567)
<b>Total Income</b>	<b>(37,327)</b>	<b>(176)</b>	<b>306</b>	<b>(33,634)</b>	<b>0</b>	<b>9,096</b>	<b>(61,735)</b>	<b>(22,338)</b>	<b>(84,073)</b>
Employee Expenses	10,132	805		1,752		(4,666)	8,023		8,023
Other Service Expenses	36,187	503		10,598		(2,404)	44,884	852	45,736
Expenditure on Joint Associates and Subsidiaries		97	(1,202)				(1,105)	245	(860)
Support Service Recharges				7,066		(1,739)	5,327		5,327
Depreciation, Amortisation and Impairment				5,480		(287)	5,193		5,193
Interest Payments							0	6,481	6,481
Precepts and Levies							0	2,486	2,486
Payments to Housing Capital Receipts Pool							0	452	452
(Gain)/Loss on Disposal of Fixed Assets							0	5,478	5,478
<b>Total Operating Expenses</b>	<b>46,319</b>	<b>1,405</b>	<b>(1,202)</b>	<b>24,896</b>	<b>0</b>	<b>(9,096)</b>	<b>62,322</b>	<b>15,994</b>	<b>78,316</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>8,992</b>	<b>1,229</b>	<b>(896)</b>	<b>(8,738)</b>	<b>0</b>	<b>0</b>	<b>587</b>	<b>(6,344)</b>	<b>(5,757)</b>

Services Not in Analysis: comprises the Drainage Rate Levy, Mansfield Crematorium and the Pension Fund deficit.

Not Reported to Management: includes any late adjustments which have been made to the accounts following the production of the outturn performance reports. The Housing Revenue Account is also included within this analysis for 2015/2016 as no outturn report has been presented to committee.

<b><u>2014/2015</u></b>	<u>Economic Development</u>	<u>Homes and Communities</u>	<u>Leisure and Environment</u>	<u>Policy</u>	<u>Housing Revenue Account</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	1,465	1,735	5,023	3,842		12,065
Premises	449	28	949	520		1,946
Transport	19	13	1,274	37		1,343
Supplies and Services	1,626	981	2,268	1,760		6,635
Transfer Payments	0	63	0	26,185		26,248
<b>Total Expenditure</b>	<b>3,559</b>	<b>2,820</b>	<b>9,514</b>	<b>32,344</b>	<b>0</b>	<b>48,237</b>
Income	(4,138)	(902)	(4,795)	(28,542)	0	(38,377)
<b>Total Income</b>	<b>(4,138)</b>	<b>(902)</b>	<b>(4,795)</b>	<b>(28,542)</b>	<b>0</b>	<b>(38,377)</b>
<b>Net Expenditure</b>	<b>(579)</b>	<b>1,918</b>	<b>4,719</b>	<b>3,802</b>	<b>0</b>	<b>9,860</b>
<b>Memorandum Items</b>						
Support Services	1,362	697	2,255	3,382		7,696
Capital Charges	0	512	527	(1)		1,038
Internal Recharges	(538)	(1,521)	(1,337)	(4,875)		(8,271)
Grants and Rechargeable Works	12	49	0	(46)		15
	257	1,655	6,164	2,262	0	10,338
<b>Reconciliation to (Surplus)/Deficit on Continuing Operations</b>						
Add service expenditure not reported to management	712		41	458	(18,314)	(17,103)
Add corporate expenditure not reported to management						1,082
Remove amounts included on management report but excluded from Continuing Operations						0
Adjustment for Group transactions						(2,732)
<b>(Surplus)/Deficit on Continuing Operations in Comprehensive Income and Expenditure Statement</b>	<b>969</b>	<b>1,655</b>	<b>6,205</b>	<b>2,720</b>	<b>(18,314)</b>	<b>(8,415)</b>

<b>2014/2015</b>	<u>Service Analysis</u>	<u>Services Not in Analysis</u>	<u>Adjustment for Group Transactions</u>	<u>Not Reported to Management</u>	<u>Not Included in I&amp;E</u>	<u>Allocation of Recharges</u>	<u>Continuing Operations</u>	<u>Corporate Amounts</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Fees, Charges and Other Service Income</i>	(47,648)			(22,513)		9,206	(60,955)	(126)	(61,081)
<i>Income on Joint Associates and Subsidiaries</i>		(176)	1,575				1,399	1,226	2,625
<i>Interest and Investment Income</i>							0	(547)	(547)
<i>Income from Council Tax</i>							0	(8,345)	(8,345)
<i>Income from Non Domestic Rates</i>							0	(3,932)	(3,932)
<i>Government Grants and Contributions</i>							0	(10,379)	(10,379)
<i>Disposal of Assets</i>							0	(1,225)	(1,225)
<b>Total Income</b>	<b>(47,648)</b>	<b>(176)</b>	<b>1,575</b>	<b>(22,513)</b>	<b>0</b>	<b>9,206</b>	<b>(59,556)</b>	<b>(23,328)</b>	<b>(82,884)</b>
<i>Employee Expenses</i>	12,065	686		260		(4,667)	8,344		8,344
<i>Other Service Expenses</i>	37,187	483		8,764		(2,382)	44,052	1,098	45,150
<i>Expenditure on Joint Associates and Subsidiaries</i>		89	(4,307)				(4,218)	(8)	(4,226)
<i>Support Service Recharges</i>	7,696			24		(1,900)	5,820		5,820
<i>Depreciation, Amortisation and Impairment</i>	1,038			(3,638)		(257)	(2,857)		(2,857)
<i>Interest Payments</i>							0	6,659	6,659
<i>Precepts and Levies</i>							0	2,404	2,404
<i>Payments to Housing Capital Receipts Pool</i>							0	395	395
<i>(Gain)/Loss on Disposal of Fixed Assets</i>							0	5,095	5,095
<b>Total Operating Expenses</b>	<b>57,986</b>	<b>1,258</b>	<b>(4,307)</b>	<b>5,410</b>	<b>0</b>	<b>(9,206)</b>	<b>51,141</b>	<b>15,643</b>	<b>66,784</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>10,338</b>	<b>1,082</b>	<b>(2,732)</b>	<b>(17,103)</b>	<b>0</b>	<b>0</b>	<b>(8,415)</b>	<b>(7,685)</b>	<b>(16,100)</b>

5 Property Plant and Equipment

Newark and Sherwood Homes acquired three long term empty properties at Magdalene View, Newark, Queens Road, Newark and Nelson Road, Balderton. These properties are now included in the Balance Sheet at a net book value of £741k. Land at Second Avenue, Edwinstowe and Bellevue Lane, Blidworth was purchased to be used for the building of new properties, the construction of which has commenced with a value of £581k included in the Balance Sheet.

6 Intangible Assets

During 2015/2016 both the Council's and Newark and Sherwood Homes intangible assets consisted of computer software. These were considered to have significant long term value to justify inclusion within the Balance Sheet. They are amortised on a straight line basis over the estimated period of economic benefit to the Council which varies between 3 and 10 years depending on the particular system.

7 Corporation Tax

This arises from the operation of Newark and Sherwood Homes Ltd. The following note is included in NSH's accounts:-

*HM Revenues and Customs have confirmed that ALMOs are exempt from corporation tax on activities with its Shareholder Council, and therefore Newark and Sherwood Homes does not pay corporation tax on the activities funded through the management fee. The company pays Corporation Tax on bank and loan interest at the rate applicable at 31 March 2016.*

8 Inventories

The stocks held by the Group valued using the First in First out method of valuation can be analysed as follows:-

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
Heritage and Visitor Centres	50	26	20
Administrative Stores	1	1	2
Transport Stores	46	73	70
Active4Today Leisure Centre Stocks	1	0	0
Newark and Sherwood Homes Raw Materials and Consumables	199	123	125
Newark and Sherwood Homes Van Stocks	67	54	54
	<u>364</u>	<u>277</u>	<u>271</u>

9 Short Term Debtors

The amounts due to the Group were:-

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
Amounts falling due within one year:-			
Central Government Bodies	2,970	1,292	942
Other Local Authorities	1,673	1,633	2,720
NHS Bodies	0	0	7
Public Corporations and Trading Funds	0	0	0
Bodies external to General Government	5,893	7,665	4,958
	<u>10,536</u>	<u>10,590</u>	<u>8,627</u>
Less Provision for Doubtful Debt	(1,052)	(519)	(573)
	<u>9,484</u>	<u>10,071</u>	<u>8,054</u>



10 Short Term Creditors

The amounts owed by the Group were:-

	31st March 2016 £'000	31st March 2015 £'000	1st April 2014 £'000
Amounts falling due within one year:-			
Central Government Bodies	1,137	3,753	1,152
Other Local Authorities	1,869	867	1,519
NHS Bodies	0	0	47
Public Corporations and Trading Funds	0	0	0
Bodies external to general Government	5,964	6,066	3,864
	<u>8,970</u>	<u>10,686</u>	<u>6,582</u>

11 Retirement Benefits

Newark and Sherwood Homes Ltd's accounting policies include a note on the basis of preparation of its accounts. This states that Newark and Sherwood Homes Ltd implements FRS 17, relating to the employers liability in respect of the final salary pension scheme. The Newark and Sherwood scheme, like a number of such schemes, has a deficit. Measures are in place to address this deficit, by increasing employers' contributions in the medium term. However the requirement of FRS 17 is to show the deficit on the pension scheme as a liability on the balance sheet. As the Company aims to break even on its trading activities this has the effect of showing retained losses after the effects of FRS 17 of £644k, and a net balance on the pension reserve of £7,123k compared to a retained profit before FRS 17 changes of £585K. As the charge to the Council is allowed to vary to reflect the changes in employer's payments to the pension fund, the deficit is not considered to be detrimental to the long-term future of the Company.

A pension surplus of £462k for Active4Today Ltd has been consolidated into the group accounts.

12 Reconciliation of (Surplus)/Deficit on Provision of Services to Operating Activities Net Cash Flow

	2015/2016 £'000		2014/2015 £'000	
<u>Comprehensive Income and Expenditure Statement</u>				
(Surplus)/Deficit on Provision of Services		(5,761)		(16,104)
<u>Non Cash Transactions</u>				
Net Movement on Pensions	(1,229)		(2,241)	
Capital Accounting entries	2,071		12,923	
Developers Contributions	<u>(1,146)</u>	(304)	<u>(1,162)</u>	9,520
<u>Items on an Accruals Basis</u>				
Increase/(Decrease) in Stock	87		6	
Increase/(Decrease) in Debtors	961		2,017	
(Increase)/Decrease in Creditors	1,840		(4,104)	
(Increase)/Decrease in Provisions	(711)		34	
(Increase)/Decrease in Capital Receipts in Advance	(1,179)		108	
Increase/(Decrease) in Long Term Debtors	<u>179</u>	1,177	<u>(1,660)</u>	(3,599)
<u>Items Classified elsewhere in the Cash Flow</u>				
Net Movement on Agency Payments	1,473		580	
Net Movement on Financial Instruments Interest	<u>(1,286)</u>	187	<u>42</u>	622
		<u>(4,701)</u>		<u>(9,561)</u>

## **ANNUAL GOVERNANCE STATEMENT**

### **1 Scope of responsibility**

Newark and Sherwood District Council is responsible for ensuring that the Authority's own and, with the addition of Newark and Sherwood Homes and Active4Today Ltd, its Group 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. Newark and Sherwood District 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, Newark and Sherwood District Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

### **2 The purpose of the governance framework**

The governance framework comprises the systems and processes, and culture and values by which the authority is directed and controlled and its 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 ongoing process designed to identify and prioritise the risks to the achievement of Newark and Sherwood District 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 Newark and Sherwood District Council for the year ended 31 March 2016. Since May 2013 the Council has operated governance arrangements through the introduction of a Committee system and approved a new Constitution which is in place at the date of approval of the statement of accounts.

### **3 The governance framework**

The key elements of the District Council's governance framework are as follows:

The District Council has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is subject to periodic change either through national legislation or local decision and the Governance Framework may be amended accordingly. Within the Constitution, the 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*. A copy of the code is on the Council's website at [www.newark-sherwooddc.go.uk](http://www.newark-sherwooddc.go.uk), Your Council, Strategies and Policies, Council's Constitution – Part 4 Codes and Protocols. The Annual Governance Statement explains how the 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 and 2009.

The Council's strategic priorities are: Prosperity; People; Place; and Public Service. A process to review and refresh these priorities started after the election in May 2015 and these will be agreed by full Council in July 2016. The delivery of these priorities will be conducted in accordance with the Governance framework.

During 2015/16 the Council facilitated policy and decision-making through a Committee system. Meetings are open to the public except where exempt or confidential matters are being disclosed. In addition, senior officers of the council can make decisions under delegated authority.

The District Council has a cross-departmental Risk Management Group that meets regularly to identify and evaluate all significant risks. A Risk Register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks.

Through reviews by external auditors, external agencies, Internal Audit, and its Performance Team the District Council constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Training needs are identified through the Performance Appraisal Scheme.

The Council has appointed the Deputy Chief Executive as Monitoring Officer. It is the function of the Monitoring officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service, the Monitoring Officer will report to the full Council if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration.

During 2015/16 the Council had a Standards Committee which promotes and maintains high standards of conduct by members and has also appointed two Designated Independent Persons. The standards of behaviour for members and employees are defined through codes of conduct and a code of corporate governance. The Council also has an Anti-Fraud and Corruption Strategy and a Whistleblowing Policy that enables concerns to be raised confidentially by employees or persons doing business with the Council. A complaints system is also operated by the Council to enable comments on services to be received and investigated.

The Council had appointed the Director of Resources as the section 151 (s151) Officer and he fulfilled this role until his retirement on 16<sup>th</sup> March 2016. The Business Manager – Financial Services was subsequently appointed Interim S151 officer by an Appointments Panel consisting of all Members of the Policy & Finance Committee, and this appointment was confirmed at full Council on 17<sup>th</sup> May 2016. The s151 Officer is responsible for the proper administration of the Council's financial affairs including maintenance of financial records, presentation of statutory accounts and budgets, provision of effective internal audit and financial advice to Council. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The Council communicates with the community and its stakeholders by means of a periodic publication, "Voice", through its website and through social media and by specific consultation.

#### **4 Review of effectiveness**

Newark and Sherwood District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This includes reviewing the effectiveness of the internal controls relating to its wholly-owned companies. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, including management agreements with the Council's wholly-owned companies, the Audit Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. Business managers provide assurance to the s151 officer that service areas are compliant with the Council's governance arrangements.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

The Deputy Chief Executive (the 'Monitoring Officer') has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution through a dedicated working party comprising, inter alia, all the group leaders, on a regular basis, and has formed a Councillors' Commission to consider any changes resulting from recent legislation.

During 2015/16 the overview & scrutiny function was undertaken through Committees with overview & scrutiny principles being embedded in the remits of the Policy and Finance Committee and the three functional committees as well as the Audit and Accounts Committee. Responsibility to oversee the governance of Newark & Sherwood Homes lies with the Homes & Communities Committee and for Active 4 Today Limited with the Leisure & Environment Committee. Regular reports are taken to those Committees covering all aspects of performance.

Internal Audit is responsible for reviewing the quality and effectiveness of systems of internal control. An annual audit plan is approved by the s151 Officer and reported to the Audit and Accounts Committee. The plan regularly includes reviews of partnership arrangements to ensure that governance processes are working adequately. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Chief Officer and Business Manager. The report includes recommendations for improvements that are included within an action plan

and require agreement or rejection by service managers. The Audit and Accounts Committee receives executive summaries of all internal audit reports and is advised of progress in implementing recommendations. Internal Audit reports are considered by the Council's Corporate Management Team.

The Internal Audit Section is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section. It should be noted that the internal audit function is carried out by Audit Lincolnshire.

Risk management policies and procedures are in place with the objective of ensuring that the risks facing the authority in achieving its objectives are evaluated, regularly reviewed and mitigation strategies developed.

For each of the Council's wholly-owned companies, there is a named senior officer who acts as the client-side liaison. Regular review meetings are held between this officer and the companies Chief Executives. Any incidents relating to failure of internal control systems would be discussed at these meetings. Many of the support services used by the companies are provided by Council staff and the internal control framework around these is therefore maintained by the Council directly, reviewed regularly by the Council's internal auditors, and reported to the Audit & Accounts Committee.

The Council has been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Accounts Committee and that 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 below.

## 5 Significant governance issues

Issue	Action	Responsible Officer
<p><b>Relocation of Council Headquarters</b> The Council has taken a decision to relocate its headquarters. Kelham Hall has been sold (subject to contract) and a new site identified. It is planned that the relocation will take place in 2017. The move is being used as an opportunity to transform Council services</p>	<p>The Council has set aside dedicated resources to deliver this programme of change. Necessary sub-projects have been identified and include organisational change as well as physical relocation. External expertise has been identified and procured where necessary. A project Board is in place consisting of all CMT members and the s151 Officer. A separate risk log has been developed and will be maintained for this programme of work.</p>	<p>Corporate Management Team, with M. Finch, Director – Customers – assigned as lead officer</p>
<p><b>Organisational Change</b> In common with all local authorities, the Council will need to continue to make significant changes to its budget to meet changing financial circumstances as a result of the national economic position.</p>	<p>The Council has a change programme led by the Chief Executive and involving all senior officers and Members. This has delivered significant savings and improvements. A budget strategy is in place to deliver savings over the period of the Medium Term Financial Plan.</p>	<p>A. Muter Chief Executive</p>
<p><b>Management of leisure services</b></p>	<p>The management of leisure services has been passed to a Council owned company with effect from June 2015. The Council continues to be responsible for the specification of Leisure Services and this will be negotiated annually between the Council and the Company.</p>	<p>M Finch Director - Customers</p>
<p><b>Collaboration Agreement</b> The Council has entered a collaboration agreement with Gedling Borough Council and Rushcliffe Borough Council</p>	<p>The collaboration arrangement will consider projects that provide both financial savings and resilience across the three councils. There are regular meetings of the three senior management teams, and a member of CMT leads on projects relating to specific service areas</p>	<p>A. Muter Chief Executive</p>

<p><b>Counter-fraud arrangements</b></p> <p>In December 2015, the Council's fraud investigators transferred to the DWP, as part of welfare reform, so the Council no longer has a counter-fraud resource.</p>	<p>Consideration is being given to different options to provide proactive counter-fraud work. These include outsourcing, partnership working, a shared service or direct recruitment.</p>	<p>N.Lovely S151 Officer</p>
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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 proper governance arrangements to be in place. We will undertake ongoing monitoring of the implementation of any improvements that were identified in our review of effectiveness and as part of our next annual review.

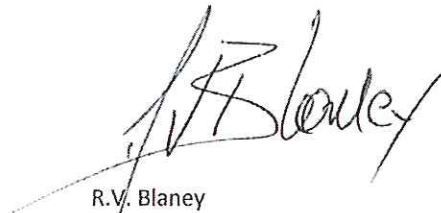
Signed



A. Muter

Chief Executive

7.9.16



R.V. Blaney

Leader of the Council

7.9.16