

# Mansfield District Council

## Statement of Accounts 2016/2017

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**Mansfield**  
District Council

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## **NARRATIVE REPORT**

The Statement of Accounts for the year ended 31 March 2017 has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Statement of Accounts aims to provide information so that members of the public, including electors and residents of Mansfield and District, Councillors, partners, stakeholders and other interested parties can:

- Understand the overall financial position of the Council and the outturn for 2016/2017;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Be assured that the financial position of the Council is sound and secure

This Narrative Report provides information about Mansfield, including key issues affecting the Council and its accounts. It also provides a summary of the Council's financial position at 31 March 2017 and is structured as follows:

1. An introduction to Mansfield and District
2. Information about the Council
3. The Council's Vision, Priorities and Outcomes in 2016/2017
4. The Financial Performance in 2016/2017
5. Looking Forward – Budget pressures and efficiency plans for the future
6. Explanation of the Financial Statements

### **1. AN INTRODUCTION TO MANSFIELD AND DISTRICT**

The District of Mansfield is a largely urban area situated in the north-west of Nottinghamshire. Mansfield is recognised as a major sub-regional centre and covers an area of 78 square kilometres. The Centre for Cities recognises Mansfield as one of Britain's 64 cities by categorising the town as a '*small city*'.

The District has good transport infrastructure, which is developing rapidly through increased investment. In terms of road network; Mansfield's central location provides excellent access to the country's main roads; 10 minutes from Junctions 27, 28 and 29 of the M1 and just over to the A38 and Doncaster A1. There is quick access (in under an hour) to East Midlands Airport and Robin Hood Airport from Mansfield. Birmingham and Manchester Airports are within 2 hours.

In terms of public transport; Mansfield regained its railway network in 1995 with the extension of the Robin Hood Line, which provides quick access to Nottingham and Worksop, where residents can then board national trains.

The completion of the new £9million Mansfield Bus Station in 2013 brought Mansfield's infrastructure into the 21st Century.

### **2. INFORMATION ABOUT THE COUNCIL**

Mansfield District Council was formed under the Local Government Act 1972 on 1 April 1974 following the merger of the municipal borough of Mansfield and the urban Districts of Mansfield Woodhouse and rural district of Warsop.

As a local authority the Council is an elected, multi-functional organisation. Its policies are determined and directed by the political leadership of the Council and implemented by Management Team and Officers of the Council.

#### **Political Structure**

In May 2015 the Council held elections to the 36 single Member wards that comprise the District and for the elected mayor. This resulted in the election of new directly elected mayor. There are 19 Members of the Mansfield Independent Forum and UKIP, who after forming a Coalition form the Majority Group. There are also 17 Labour Group Councillors. Mansfield District Council is the only council in Nottinghamshire to have a directly elected Mayor, allowing Mansfield to have strong democratic leadership and direct engagement with local people.

The Elected Mayor has appointed an Executive of seven councillors; each of which has been allocated a specific Portfolio, which are: Resources, Corporate Services, Environment and Wellbeing, Housing, Regeneration and Growth and Safer Communities. .

### Management Structure and workforce

The Council's management structure is documented within the Constitution and comprises of a Chief Executive and five service directors who are responsible for implementing the strategic goals of the Council as decided by elected Members and for the operational delivery of services.

The Council currently employs approximately 696 full time equivalent staff. A large number of staff are based in the Council's offices at the Civic Centre in Mansfield. However, the Council also owns other sites in the District such as; the Palace Theatre, Town Hall, Museum, Neighbourhood Services Depot and a Housing Repairs Depot based in Mansfield Woodhouse.

### Services Provided by the Council

The Council provides many varied services to a population of 106,600 residents, to 48,912 domestic Households and to approximately 3,188 businesses.

Below are examples of the some of the services the Councils provides:

- *Landlord services for approximately 6,500 social rented properties; collecting rents and providing a repairs and maintenance service for all the Councils properties*
- *Collecting waste and recycling, including removal of abandoned vehicles and fly tipped waste*
- *Maintaining parks and open spaces*
- *Collecting council tax and business rates*
- *Administering housing benefit and council tax support*
- *Managing car parks, monitoring CCTV, providing and managing public toilets*
- *Providing leisure services*
- *Dealing with planning applications*
- *Compiling and maintaining the electoral register and administering elections*
- *Providing advice on environmental health and pest control services*
- *Inspecting food and licensed premises to make sure they are safe and hygienic*
- *Providing support for people who are homeless and helping people live independently*
- *Working in partnership to promote community safety*
- *Encouraging economic regeneration and creating plans for the future development of the District*

The Council also delivers a range of internal services that support these operational functions, these include; customer services, human resources, IT services, communications, data protection, financial services, debt recovery, legal and democratic services.

The Council operates in what is referred to as a “two-tier” local government structure, where services such as education, social care, children's services, highways, libraries and trading standards are delivered by a County Council, in this instance, Nottinghamshire County Council.

### 3. THE COUNCIL'S VISION, PRIORITIES AND OUTCOMES

The Council's vision and priorities are contained within its Corporate Plan, which is reviewed and updated on an annual basis as part of the annual strategic planning and budget development process. All departments have service delivery plans which link to the Corporate Plan and are monitored on a regular basis. The Council's vision defines its priorities and what it is trying to achieve.

The vision of the Council as stated in its Corporate Plan and Annual Performance Report 2016, is to ***“Maintain a safe and caring district where everybody can succeed”***

The Council's vision will be realised through a set of priority areas around economic prosperity, quality of life and community safety. The Council's key priorities until 2019 are:

- A thriving, vibrant and sustainable district
- Strong, safe and resilient communities
- Clean and welcoming environment

The Council's Corporate Values of Excellence, Integrity, Teamwork, Empower and Involve, and Passion and Pride summarise its way of thinking to deliver positive outcomes for its customers. Underpinning the Corporate Values is its commitment to equality as it aims to treat everyone fairly and strives to achieve equality for its diverse communities.

**Some of the outcomes for 2016/2017 are highlighted below:**

**A thriving, vibrant and sustainable district**

- The occupancy levels in the Council's commercial property decreased in from 90% to 86%.
- The unemployment rate (% of people aged 16-64 claiming Job Seekers Allowance) in the district remained at 2.1%
- Town centre retail vacancy rate increased from 12.62% in 2015/2016 to 14.19%.
- The average time taken to re-let a Council property was 22 days. (21.90 days in 2015/2016).
- 25 private sector properties that had been empty for more than five years were brought back to use.

**Strong, safe and resilient communities**

- The number of reported incidents of antisocial behaviour reduced from 3,580 in 2015/2016 to 3,404.
- The number of reported incidents of criminal damage increased from 1,112 in 2015/2016 to 1,171.
- The number of reported incidents of violence increased from 421 in 2015/2016 to 434.
- The number of households living in temporary accommodation increased from 23 in 2015/2016 to 38.
- The percentage of vulnerable people supported to achieve independent living was 99.66%.
- The percentage of clients prevented from becoming homeless increased from 63.14% to 73.85%.

**Clean and welcoming environment**

- The number of food establishments assessed as broadly compliant with food hygiene law increased from 95% in 2015/2016 to 97%.
- The percentage of streets assessed as meeting acceptable standards of cleanliness for litter was 92%; 93% for detritus; 98% for graffiti; and 100% for fly-posting.
- The amount of domestic waste collected increased from 517kg per household in 2015/2016 to 521kg.

**Other Corporate**

- The percentage of calls answered in the Contact Centre increased slightly from 90.56% to 90.89%.
- The time taken to process benefit applications increased from 8 days in 2015/2016 to 9.5 days.
- The average number of days lost due to employee sickness reduced was 8.93.
- The percentage of undisputed invoice paid within ten days increased from 72.58% to 74.86%.

**Throughout 2016/17 the Council delivered targeted projects to support communities and deliver much needed services, below are a few examples:**

The ASSIST project has continued to gain momentum and has been recognised by the National Institute of Clinical Excellence as a project of best practise in facilitating early hospital discharge. The council's ASSIST team works in partnership with Nottinghamshire County Council social care workers and clinical staff on the wards of Kings Mill Hospital in Sutton in Ashfield. Together as one team we help to identify patients that are remaining in hospital care as they do not have suitable accommodation to go to.

Working with the Mansfield Homeless Network project the Council has helped some of the most vulnerable people in the town to gain access to support services and funded additional street based outreach to give more help to entrenched rough sleepers.

As the Council looks to plug the funding gap, a new commercial services campaign has been launched to increase our business to business service, generate income and encourage business owners to support the Council in sustaining services in the District.

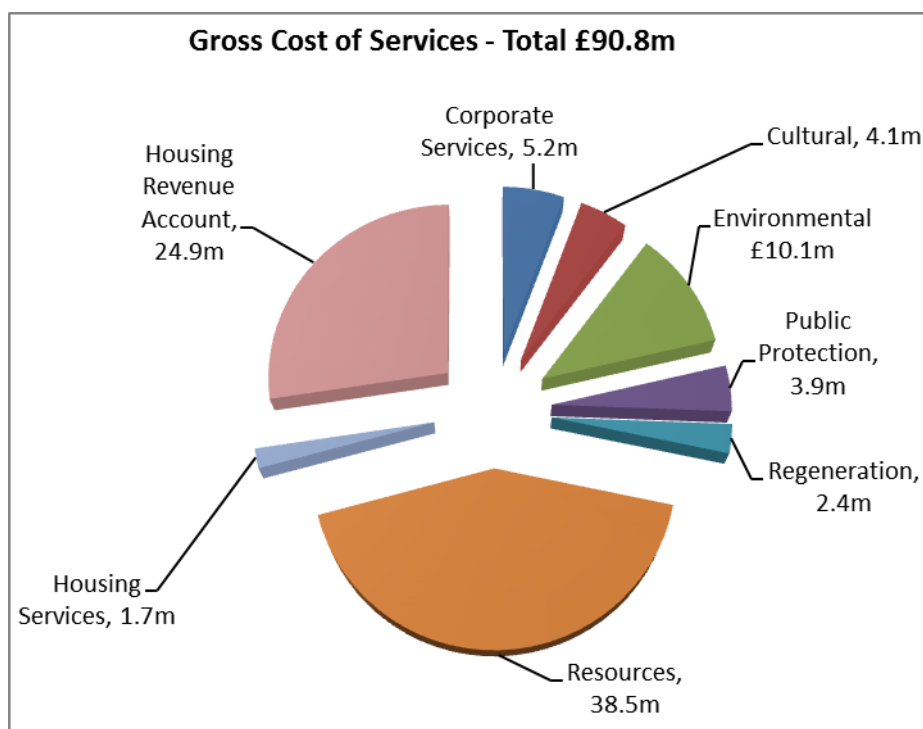
The Market transformation project saw all the stalls return back to the Market Place; stalls were improved, training given and a series of successful incubation traders have joined Mansfield Market bringing new products to sell in the town.

Following the development of an office, the Civic Centre has become home to a new community safety hub, which has brought together teams from Nottinghamshire Police and Mansfield District Council's community safety department to provide a joined up approach to dealing with crime, disorder and safety issues. The move to a shared centre follows a national trend of public sector organisations working more collaboratively and there are other similar successful partnership hubs already in Nottinghamshire. To support the community safety team in their efforts to more effectively monitor crime and disorder, the Council has replaced its old fibre optic CCTV system and launched a new state-of-the-art wireless system, which offers CCTV security in previously hard-to-reach areas and demonstrates better quality visuals to help keep Mansfield safe 24/7.

#### 4. FINANCIAL PERFORMANCE DURING 2016/2017

Revenue spending is generally on items that are consumed within a year and is financed from Government Grants, Council Tax and other income. Gross revenue spending on services in the year was £56.4m compared to £96.8m in 2015/2016, a reduction of £40.4m. This reduction is mainly due to £34.4m which has arisen because the Existing Use Value for Social Housing (EUV-SH) factor has reduced from 66% to 58%. (The rate used to value Council dwellings). This is a statutory accounting adjustment and as such has no impact on the Council's resources. Had this exceptional revaluation not arisen, the total gross cost of services would have been reported as £90.8m.

The following chart shows the services in which the money was spent during 2016/2017. (This excludes the £34.4m reduction in Council dwellings valuation, mentioned above)



Total Income credited to the provision of services during the year was £97.9m compared to £97.2m in 2015/2016. The table below shows where the money came from in 2016/2017:

	2016/2017	
<b>GROSS INCOME OF SERVICES</b>	£000	%
Government Grants	36,817	37%
Other Grants and Contributions	7,004	7%
Council Dwellings Rents	25,865	26%
Council Tax	5,341	5%
Business Rates	4,490	5%
Fees and Charges	15,097	15%
Investment Income	2,003	2%
Other Income	2,836	3%
<b>Total</b>	<b>99,453</b>	<b>100%</b>

## General Fund Revenue Account

The information in Table 1 below is based on the Council's reporting structures for its financial management information and shows the revised revenue budget compared with the actual net expenditure by service area at 31 March 2017.

**Table 1**

<b>2016/2017 General Fund</b>			
	Revised Budget	Actual	Variance
Portfolio:	£000	£000	£000
Corporate	2,942	3,074	132
Cultural	1,573	1,250	-323
Environment	6,984	6,291	-693
Public Protection	2,535	2,452	-83
Regeneration	1,691	1,967	276
Resources	-17,394	-16,207	1,187
Housing	1,669	1,669	0
<b>Total</b>	<b>0</b>	<b>496</b>	<b>496</b>

## Outturn

The final outturn position for the year shows a net overspend compared to the budget of £496k. There are a number of over and under spends within the service areas, but the main difference relates to £400k being moved from General Fund Balances into an earmarked reserve to cover a potential VAT liability which may occur in 2017/2018, this was not known about during the budget setting process.

## Housing Revenue Account (HRA)

The Housing Revenue Account (HRA) summarises the transactions relating to the provision, maintenance and management of the Council's Housing stock. The HRA is a ring fenced account which has to be self-financing and cannot be subsidised by the General Fund.

The Council sees the provision of Housing as a priority and as such has undertaken significant renovation works to its housing stock. Resources have been directed from the HRA and Capital Programme in order to achieve the National Decent Homes Standard in the 2010/2011 financial year. The Council is now working towards the Mansfield Standard, which has seen further renovation works to some of its housing stock. The information in Table 2 below summarises the outturn position of the HRA at 31 March 2017.

**Table 2**

	Revised Budget	Actual	Variance
<b>2016/2017 HRA Revenue Summary</b>	£000	£000	£000
Total Expenditure	28,262	28,801	539
Total Income	-28,262	-28,356	-94
<b>Deficit in Year</b>	<b>0</b>	<b>445</b>	<b>445</b>

## Outturn

The outturn for the HRA shows an in year deficit of £445k compared to £5.390m surplus at 31 March 2016. The main difference is because in 2016/2017 the HRA set aside £4.268m to repay the Self Financing loans taken out in 2012, which is in line with the Council's HRA Business Plan.

## Variances

£802k additional dwelling rental income was received during the year based on the assumptions made during the budget setting process for 2016/2017. There was a shortfall in the income from supporting people of £0.474m this was due to the budget being based on the previous level of gross charges made to tenants rent accounts, without taking in to account credits raised to reduce the charge payable for these services. There have been higher than budgeted costs in Supervision, Management, Housing Repairs and services totalling £0.911m. Other expenditure was less than budgeted primarily due to the increase in the provision for bad debts being less than the budget by £693,000.

Although a deficit has been reported in 2016/2017 the HRA reserves remain healthy at £23.5m (£23.9m 31 March 2016), of which £14.389m is allocated to fund repayment of HRA loans leaving £9.085m unallocated.



## Revenue Monitoring

The Council is constantly reviewing its budgets through the budget monitoring processes it has in place. Any areas that are not meeting their approved budget either through increased demand putting pressure on the Council to incur additional expenditure, or through reduced income, are being monitored closely. Where it is expected that there are trends which will impact on future years, this is being reflected in the Council's Medium Term Financial Strategy and the final Budget Reports for the following year. The General Fund and Housing Revenue Account Outturn Report 2016/2017 provides further explanations as to variances between actual spend and budget. This report will be submitted to Council on 18 July 2017.

## Capital Expenditure

Capital expenditure is broadly defined as spending on assets (land, buildings, major items of equipment and vehicles) which have a life exceeding one year. Capital spend during 2016/2017 totalled £12.295m this is a decrease of £12.267m compared to 2015/2016. This represents a lower than estimated level of spend of £24.569m against the final approved programme of £36.864m. This is due to slippage of schemes with expenditure expected to be incurred during the 2017/2018 financial year. Table 3 below shows the significant schemes undertaken in 2016/2017 and the outturn position compared to the revised budget:

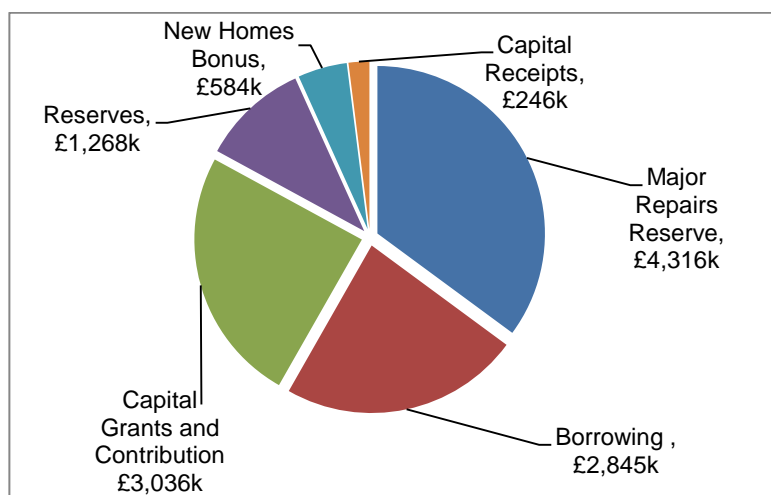
**Table 3**

	Revised Budget	Actual	Variance
	£000	£000	£000
<b>2016/2017 Capital Schemes</b>			
New Housing Schemes	6,057	3,527	2,530
Glasgow Property Acquisition	2,973	2,982	-9
Fleet Renewal	1,766	1,149	617
Council Dwellings - bathrooms etc	1,471	1,109	362
Other HRA schemes	6,272	1,923	4,349
Other General Fund schemes	18,325	1,605	16,720
<b>Total</b>	<b>36,864</b>	<b>12,295</b>	<b>24,569</b>

Included in the underspend of £16.720Million on the General Fund Capital Programme are schemes for Meden Leisure Centre (budget £8million) and redevelopment of Stockwell Gate North (budget £4million). No expenditure was incurred on either of these schemes in 2016/2017.

## Capital Financing

The £12.295m capital expenditure incurred during 2016/2017 has been financed through the Council's own resources; including capital receipts generated by the sale of surplus land or other assets, grants from a number of sources and the use of reserves. The following chart shows how the £12.295m Capital Programme was financed during 2016/2017:



The Council has internally borrowed £2.85million. No actual external borrowing has been taken out due to the Council having sufficient cash balances.

## **Review of the Council's Financial Position and Significant Points in Respect of the Balance Sheet**

**Material Write Offs** - There have not been any material write offs of debtors during the financial year. All write offs relating to debt that the Council has been unable to recover have been done in line with the Council Debt Recovery Policy. This does not mean that the Council will not pursue any debt written off in the future if it thinks it is able to recover it at a later date.

**Unusual Credits or Debits Charged to Revenue (including General Fund and Housing Revenue Account)** - During the financial year, the Council made payments in respect of its employees' pension contributions to the Nottinghamshire Pension Scheme. At the end of the year, the Actuary reviewed these contributions and calculated that the increase in liabilities as a result of years of service earned was greater than the total contribution made. As such, the value of this contribution was increased by an additional £1.43million which is included within the Council's net cost of service line in the Comprehensive Income and Expenditure Statement.

There is an exceptional item in 2016/2017 which relates to the Existing Use Value for Social Housing (EUV-SH) rate, which has reduced from 66% to 58%. (This is the rate used to value Council dwellings). The change in this rate has resulted in an increase to the value of the Council's dwellings amounting to £34.4million. This is a statutory accounting adjustment and as such has no impact on the Council's overall balances, as regulations require this gain to be reversed out.

Any material or unusual credits or charges have been disclosed on the face of the accounts where applicable.

### **The Balance Sheet**

This statement shows the assets and liabilities held by the Council as at the 31 March 2017. It indicates how much is owed to the Council and how much the Council owes to others, together with summarised information on the assets held and the financing of those assets. The significant points being:

**Long Term Assets** - The Council's Long Term Assets have increased in year by £41.2million, from £304.2million to £345.4million. The main increase relates to the £34.4million increase in valuation of the Council's dwellings as detailed above.

A further investment property has been purchased for £3million in Glasgow and £3.5million has been spent on new Housing schemes in the District. Long Term Debtors have reduced by £0.8million.

**Current Assets** - The Council's Current Assets have increased by £5.7million in 2016/2017, this is mainly due to £3.8m assets being reclassified from Long Term Assets to Assets being held for Sale; as they are due to be sold within 12 months.

Short Term Debtors have increased by £1.6m compared to 2015/2016. This is mainly due to a review of the classification between long term and short term sundry debtors.

**Borrowing Liability** - The Council borrows and lends money on a daily basis in order to finance its operations. During 2016/2017 the Council did not borrow externally, but has borrowed £2.85million internally.

Repayment of loans amounted to £7.1million; this has reduced the Council's loans portfolio from £87.0million to £79.9million.

**Pension Liability** - Mansfield District Council is a Member of the Nottinghamshire County Council pension fund and the assets and liabilities of the fund attributable to the Council are evaluated on an annual basis by an independent actuary. The Council's Pensions Liability as assessed by the Actuary shows an increase in the liability in year from £95.1million to £118.9million. An adjustment of £23.1million is therefore reflected in the accounts. (Further information relating to the Pension Scheme is provided in Note 43).

**Net Assets** - The net assets of the Council (assets less liabilities) have increased by £30.3million during the year to 31 March 2017, from £145.9million to £176.3million. The increase in net assets is mainly the result of the changes in values of Council dwellings and increases in the pension liability as mentioned above. The net assets of the Council are matched by the reserves held by the Council.

**RESERVES:**

**Reserves** – are split between usable and unusable:

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

**Summary of General Fund and Housing Revenue Account Usable Reserves:**

**General Fund Revenue Reserves** are at a level which provides a stable platform to enable quality services to be delivered in future years. The General Fund Revenue Reserves have reduced in year by £0.496m from £10.059million to £9.563million. These reserves are split between resources which have been set aside for future planned expenditure (allocated) and balances which are unallocated. This is summarised in Table 4 below:

**Table 4**

<b>General Fund Revenue Reserves</b>	<b>£000</b>
Balance at 1 April 2016	10,059
2016/2017 Outturn surplus / (-) deficit	-496
Balance at 31 March 2017	9,563
Existing and new allocated balances	5,923
Unallocated balances at 31 March 2017	3,640
<b>Total</b>	<b>9,563</b>

From the table above this leaves an initial unallocated balance of £3.640million, which is above the minimum level of £1.992million specified in the 2017/2018 budget report, approved by Council on 16 January 2017.

Some of the allocated amounts have been utilised during 2016/2017 to meet planned expenditure and further amounts have been set aside to be used during 2017/2018.

Table 5 below summarises the existing and new allocated balances, which total £5.923million.

**Table 5**

<b>Summary of Allocated Reserves in General Fund Balances</b>				
	Opening Balance 2016/2017	Utilised in 2016/2017	Allocate for 2017/2018	Balance to carry forward
	£000	£000	£000	£000
Future Budget Allocation	4,253	-3,502	1,515	2,266
Business Rates	1,895	0	0	1,895
Grant Carry Forward	419	-419	665	665
Budget Carry Forward	0	0	218	218
Grant Clawback	180	-180	0	0
Property acquisition	379	0	0	379
On-going enquiry	500	0	0	500
<b>Total</b>	<b>7,626</b>	<b>-4,101</b>	<b>2,398</b>	<b>5,923</b>

**Housing Revenue Account Reserves** are healthy. However, the Council faces an ongoing need to identify resources to ensure balanced budgets in the future, as well as meeting its obligation to deliver the Decent Homes and Mansfield Standard Programme. The Council also needs to make sure that sufficient resources are available to repay the HRA loans as scheduled in the HRA Business plan.

The Housing Revenue Account reserves have reduced by £0.445million £23.919million to £23.474million. These reserves are split between resources which have been set aside for future planned expenditure (allocated) and balances which are unallocated. This is summarised in Table 6 below:

**Table 6**

<b>Housing Revenue Account Reserves</b>	<b>£000</b>
Balance at 1 April 2016	23,919
2016/2017 Outturn surplus / (-) deficit	-445
Balance at 31 March 2016	23,474
Existing and new allocated balances	14,389
Unallocated balances at 31 March 2016	9,085
<b>Total</b>	<b>23,474</b>

From the table above this leaves an initial unallocated balance of £9.085million. Some of the allocated amounts have been utilised during 2016/2017 to meet planned expenditure and further amounts have been set aside to be used during 2017/2018.

Table 7 below shows the allocated balances in the Housing Revenue Account which total £14.389million:

**Table 7**

<b>Summary of Allocated Reserves in HRA Balances</b>	<b>£000</b>
To repay future borrowing HRA loans	14,074
Capital Schemes carried forward into 2017/2018	0
Grant carry forward into 2017/2018	315
<b>Total</b>	<b>14,389</b>

## 5. LOOKING FORWARD:

The Council remains susceptible to, but vigilant of the external risks posed by the turbulent and unpredictable economic climate and the inevitable reduction in Central Government grant funding. The Council is required by statute to produce a balanced budget at the start of each financial year so that expenditure does not exceed anticipated income and measures are already in place to deliver a balanced budget for 2017/2018. However, the Council will continue to monitor the external environment and develop strategies to counter the effects of changes to the wider economy in a timely and effective manner.

### **The Medium Term Financial Strategy**

The Medium Term Financial Strategy (MTFS) supports Council's priorities communicated in its Corporate Plan and identifies its financial implications. It shows the approach the Council will take in order to deliver its services and priorities within its financial constraints and in doing so, how it will look to provide value for money.

The MTFS for 2018/2019 to 2021/2022 will be presented to Council in September 2017 and the Council's draft budget will be presented to Cabinet in October 2017 for scrutiny by the Council's Overview and Scrutiny Group 3 (for Corporate Issues), before final approval in January 2018.

### **Efficiency Plan – General Fund and Housing Revenue Account**

The Council's Strategy for meeting the future projected budget deficit will include:

- Delivering the Council's transformational programme, the Change for the Future agenda, which will assess whether the Council services still need to be provided and at what level, and also the best delivery model for that service.
- Identifying opportunities for shared services and joint working with other Local Authorities and partners.
- Cross cutting service reviews, looking at where generic budgets can be bought together to deliver efficiencies of scale through procurement opportunities.
- Look for new opportunities to generate income and increase existing sources of income.
- Investment in Information and Communication Technology (ICT) to improve the existing infrastructure of the Council, where efficiency gains could be achieved.
- Review of operational assets to reduce the number and cost of poor performing assets to the Council, identify the ones for joint working with other public bodies.
- Review of the current level of balances, reserves and provisions to ensure that resources are still needed and are at an appropriate level required to meet future liabilities.

### **General Fund Budget Pressures:**

The 2017/2018 to 2020/2021 budget report, presented to Council on 16 January 2017 shows significant deficits for 2018/2019 of £2.108million rising up to £4.030million by 2020/2021.

The main pressures facing the Council's General Fund budget over the medium term include:

### **European (EU) Referendum**

On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Subsequently, Prime Minister Theresa May activated the official mechanism that made this reality – Article 50 of the Lisbon Treaty – on the 29 March 2017, which then allows two years to negotiate withdrawal and reach agreement before the UK officially, leaves the EU by 29 March 2019. The financial consequences of "Brexit" on the Council remain uncertain at this stage. It will have implications on specific project funding bids which have in the past been submitted to European established bodies, it is unclear what/if any mechanism will replace this.

Dependent on the economic impact of an EU exit, this could potentially impact on the valuation of the Council's assets and liabilities; for example, the property portfolio and pension liability. Additionally, the EU exit may influence investment and borrowing rates (which has already been apparent from the reduction in the Bank of England base rate in August 2016). The overall wider impact and any specific changes to Local Government finance will be further assessed with the Council's MTFS.

A General Election was called on 8 June 2017 but no significant change in Government occurred. Any change in Government would potentially have resulted in changes to policies, which could impact on Local Government finance.

### **Reduced Government Grants**

Since 2010/2011 the Council has seen its Government Grant funding reduce significantly, as Central Government attempt to reduce the National deficit. By 2016/2017 Government Grant funding to the Council will have reduced by 67%. If the Council receives Government Grant in line with the Multi-Year Settlement figures provided over the period 2016/2017 to 2019/2020, then the reduction in Government Grant will be 74% less than grant levels received by the Council in 2010/2011 by 2019/2020.

### **Business Rates**

From 2020/2021 it is Central Government's intention that Local Authorities will no longer receive the Revenue Support Grant (RSG) element of its Government Grant; instead Local Authorities will be able to retain 100% of the Business rates that it collects. How this will work in principle has not yet been communicated to Local Authorities. However, early speculation is that the risks of collecting Business Rates (that is, when businesses don't pay) will also transfer to Local Authorities, making it more difficult for them to budget; as income collected will not be guaranteed (as it currently is through its Government Grant).

### **Reduced income**

Since the economic downturn of 2008/2009 the Council has seen significant reductions in the level of income it has achieved through fees and charges as a result of reduced demand for services, such as planning and building control, commercial, retail and industrial development property rents. Income levels in the last couple of years have started to show positive recovery. However, the levels are still below those currently received pre-2008/2009. The reduction in the Bank of England base rate has also resulted in lower levels of return on money held for investment in banks and building societies.

**Increased demand** - As a result of the economic downturn demand for certain Council services has increased; such as housing and benefit support, which has put pressure on budget resources.

**Welfare Reforms** - The Government's changes to welfare reform including universal credit are likely to have an impact in relation to potential bad debt of Council Tax and Housing rents.

**HRA Budget Pressures:** The 2017/2018 to 2020/2021 budget report, presented to Council on 16 January 2017 shows significant deficits for the 2018/2019 of £1.080million rising up to £2.148million by 2020/2021.

The main pressures facing the Council's Housing Revenue budget over the medium term include:

**Social Housing** – Government announced in July 2015 that social housing rent levels are to be reduced by 1% per annum from April 2016 for 4 years. Consequently forecast revenue receipts have been revised to account for the reduction in rental income, this will be continually reviewed with a view to mitigating the financial impact of the changes. However, coupled against the fact that costs associated with the provision, maintenance and management of the Council's housing stock are increasing, this reduced level of income means that it will become difficult to balance the HRA's budget without making potential cuts to services. It is unknown at this stage what will happen at the end of 2019/2020, the last year of the imposed 1% reduction.

### **Further information**

If you require any further information concerning the accounts of the Council please contact:  
The Director of Commerce and Customers, Mansfield District Council, The Civic Centre, Chesterfield Road South, Mansfield, Nottinghamshire NG19 7BH.  
Telephone 01623 463145 or by email: [ASaccountancy@mansfield.gov.uk](mailto:ASaccountancy@mansfield.gov.uk)

## 6. EXPLANATION OF THE FINANCIAL STATEMENTS

This Statement of Accounts for the year ended 31 March 2017 has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2016/2017, issued by the Chartered Institute of Public Finance and Accountancy and the Accounts and Audit Regulations 2016. The Statements required by the Code comprise of core and supplementary statements, together with disclosure notes. The style and format of the accounts complies with the local authority accounting standards. The Council continues to review the content of the accounts and remove unnecessary detail in an effort to “de-clutter” the accounts as recommended by CIPFA and our external auditors.

Following the “*Telling the Story Review*” of the presentation of local authority financial statements, the 2016/2017 Code changed the segmental reporting arrangements for the Comprehensive Income and Expenditure Statement (CIES) and introduced the Expenditure and Funding Analysis (EFA). Both the CIES and the EFA include segmental analysis and require the Council to report on the basis of how it is structured, operates, monitors and manages financial performance. For Mansfield District Council this is based on the Portfolio structure. The 2016/2017 Code also introduced a new streamlined Movement in Reserves Statement (MiRS), which forms part of the Core Financial Statements.

### The Core Financials Statements are:

**Movement in Reserves Statement (MiRS)** - This is a summary of the movement in year on the different reserves held by the Council, analysed into “usable” those which can be invested in capital projects or service improvements and “unusable” which relate to gains and losses and statutory adjustment accounts which must be set aside for specific purposes.

**The Expenditure and Funding Analysis (EFA)** – This shows how annual expenditure is used and funded from resources by the Council in comparison with how those resources are consumed or earned by the Council. It also shows how this expenditure is allocated for decision making purposes between the council’s portfolio holders.

**Comprehensive Income and Expenditure Statement (CIES)** - This records all of the Council’s income and expenditure for the year. It includes the amounts spent not only on local taxpayer services but also local rent payer services. The top half of the statement provides analysis by portfolio holder. The bottom half of the statement deals with the corporate transactions and funding.

**Balance Sheet** - The Balance Sheet is a “snapshot” of the financial position of the Council. It shows the assets, liabilities, cash balances and reserves at the year-end date.

**Cash Flow Statement** - This statement shows the reasons for the 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).

### The Supplementary Financial Statements are:

**Housing Revenue Account (HRA)** - This shows separately the revenue expenditure incurred in the provision, management and maintenance of the Council’s housing stock and demonstrates how this has been met by rents, service charges and other income.

**The Collection Fund** – This 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.

**Annual Governance Statement** - This sets out the Council’s governance structures and its key internal controls.

### Other Key Sections:

**Statement of Responsibilities** - This sets out the respective responsibilities of the Council and the Chief Financial Officer.

**Accounting Policies** - These explain the treatment and basis of the figures in the accounts in accordance with proper accounting practices.

**Notes to the Financial Statements** - These expand on important points shown in the core financial statements and provide additional information.

**Glossary of Terms and Abbreviations** - Key terms used throughout this document are explained further within these pages.

## **THE STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF ACCOUNTS**

### **1. CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES**

The Director of Commerce and Customer Services is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Commerce and Customer Services has:

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

The Director of Commerce and Customer Services has also:

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

### **CERTIFICATE**

*I certify that the unaudited Statement of Accounts 2016/2017 presents a true and fair view of the Council's financial position and income and expenditure for the year ended 31 March 2017 and as published may be subject to change.*

**Signed:**



**M. Andrews CPFA**

Director of Commerce and Customers Services

**Date:** 21 July 2017

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### **2. COUNCIL'S RESPONSIBILITIES**

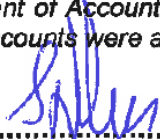
The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. At Mansfield District Council, that officer is the Director of Commerce and Customer Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

### **CERTIFICATE**

*The Statement of Accounts for the year 1 April 2016 to 31 March 2017 has been prepared and I confirm that these accounts were approved by Mansfield District Council at the meeting held on 21 July 2017.*

**Signed:**



Mansfield District Council  
Chairman of the Audit Committee

**Date:** 21 July 2017



## STATEMENT OF ACCOUNTING POLICIES

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/2017 financial year and its position at the year-end of 31 March 2017.

The Council is required to prepare an annual Statement of Accounts under the Accounts and Audit Regulations 2015. These Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2016/17*, supported by International Financial Reporting Standards (IFRS)

The Accounting policies adopted by the Council comply with the relevant recommended accounting practices and the latest revisions to these from 1 April 2016. There have been no major changes in the Council's statutory functions during the year. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### 1. Accruals of Income and Expenditure

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

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

### Creditors

- Payments to creditors are included in the accounts where the payment relates to goods and/or services received prior to 1 April 2017. Any payments in advance (before 1 April 2017), which relate to the 2016/2017 financial year are shown as prepayments.
- Exceptions to this include utilities, such as electricity and similar periodic payments, such as rents. Utility costs are included at the date of meter readings rather than apportioned between two financial years. Rental costs are included in the accounts based on the date the invoice is due for payment. This policy is consistently applied each year and therefore does not have a material effect on the accounts.

### Debtors

- Income from debtors is included in the accounts where the income relates to goods and/or services provided by the Council prior to 31 March 2017. Any income received before 1 April 2017, which relates to the 2017/2018 financial year is shown as receipts in advance.
- An exception to this relates to rent due for retail, commercial and industrial premises where rent is due at the quarter date in March. This policy is consistently applied each year and therefore does not have a material effect on the accounts.

## 2. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are held for the purpose of meeting short term commitments rather than for investment or other purposes. The Council classifies short term investments with immediate call back or instant access as cash equivalents.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the authority's cash management.

## 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 policies or to correct a material error. Changes in accounting estimates are accounted for prospectively; that is, in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

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

## 4. Charges to Revenue for Non-Current Assets

Service revenue accounts, central support services and trading accounts are charged with the following amounts to record the cost of holding non-current assets during the year:

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

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from Revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance known as the Minimum Revenue Provision (MRP). The Council's MRP policy is:

- For supported borrowing the regulatory method is used and;
- From 2015/2016 for all other assets acquired through unsupported borrowing the MRP is based on the depreciation method. Prior to 2015/2016 the method used to calculate the MRP was based on the asset life method.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance as MRP by way of an adjusting transaction between the General Fund and the Capital Adjustment Account. This transfer is shown in the Movement in Reserves Statement

## 5. Council Tax and Non-Domestic Rates (England)

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (ie the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

## 6. Employee Benefits

### Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and bonuses for current employees. These are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, for example, time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following financial year, being the period in which the employee takes the benefit.

The accrual is charged to surplus/deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to 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 segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

### Post-Employment Benefits

Employees of the Council are Members of The Local Government Pensions Scheme, administered by Nottinghamshire County Council. The scheme provides defined benefits to Members (retirement lump sums and pensions) earned as employees worked for the Council.

### The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Nottinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, that is 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 earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate that reflects the time value of money and the characteristics of the liability.
- The assets of the Nottinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

Asset Category	Basis of Valuation
Quoted Securities	Current bid price
Unquoted Securities	Professional estimate
Property	Market value
Unitised Securities	Current bid price

The change in the net pension 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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years; debited to the Net Cost of Service in the Comprehensive Income and Expenditure Statement, as part of non-distributed costs

- Net interest on the net defined benefit liability (asset); for example net interest expense for the Council, the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in 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 liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

#### **Re-measurement comprising:**

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (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 Nottinghamshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as the benefits are earned by employees.

In 2016/2017 the pension fund is undergoing a triennial review that will determine the Council's contribution.

#### **Discretionary Benefits**

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

### **7. Events after the Reporting Period**

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

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

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

### **8. Financial Instruments**

#### **Financial Liabilities**

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase or 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.

### **Financial Assets**

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

### **Loans and Receivables**

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

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 Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

## **9. Government Grants and Contributions**

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

- the Council will comply with the conditions attached to the payments, and
- the grant 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 contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the giver.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When the conditions are satisfied, the grant or contributions is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

## **10. Heritage Assets**

Heritage Assets are those that have historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution towards knowledge and culture. The Council's heritage assets consist of pieces of public art, a variety of historical structures which are located throughout the District, the Band Stand, the Civic Regalia and the various collections at

the museum which are held in support of the primary objective of the Council's Museum, that is increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage asset as detailed below.

The Council's collections of heritage assets are accounted for as follows:

**Public Art and Culture** - The collection of public art consists of the Mansfield Miner, the Market Place Fountains, the Feather, the High Heels and the Amphitheatre. The Council also has a Band Stand in Carr Bank Park. The Council has recognised Public Art and Cultural assets in the Balance Sheet at cost. Future acquisitions of public art and development of cultural structures will also be recognised at cost in the Balance Sheet.

**Historic Structures** - The collection of historical structures include the Grade II\* listed Bentinck Memorial, the Grade II listed Old Market Cross Sundial and a range of war memorials and structures which are located in Mansfield Cemetery and a range of parks. The Council does not consider that reliable cost or valuation information can be obtained for these items due to the lack of comparable market values. Consequently the Council does not recognise these assets on the Balance Sheet. The collection is relatively static and acquisitions and donations are rare. Where acquisitions do occur they will be recognised at cost.

**Civic Regalia** - The Council holds two pieces of Civic Regalia, a Silver Gilt Mace and the Chairman's 9ct gold and enamel chain and pendant which are located at the Civic Centre. These assets are recognised at historical cost in the Balance Sheet.

**Museum's Collections** - The main collections held at the museum consist of natural history, porcelain, fine art, social history, photography and small quantities of firearms, coins, archaeology, costumes, geography and palaeontology. The Council considers that obtaining valuations for the vast majority of collections that are exhibited within the museum would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. The Council does not recognise these collections on the Balance Sheet.

Future acquisitions at the museum will be recognised at cost or if bequeathed or donated will not be recognised in the Balance Sheet unless market valuations can be obtained through the sale of similar items at auction.

#### **Heritage Assets – General**

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, for example where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. Where heritage assets are disposed of the proceeds are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

### **11. Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (for example, software licences and patents) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the

General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

## **12. Inventories and Long-term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subjected to an interim valuation at the year end and is also recorded in the Balance Sheet at the lower of cost or net realisable value.

Long term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the value of work and services received under the contract during the financial year.

## **13. Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are re-valued annually according to market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

## **14. Joint Operations**

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with the other joint operators involve the use of the assets and resources of those joint operators.

Mansfield and District Crematorium are recognised as a Joint arrangement between Mansfield District Council, Ashfield District Council and Newark and Sherwood District Council. The Council accounts directly for its share of the assets, liabilities, income, expenditure and cash flows held arising from the operations of the Crematorium. Note 37 provides further information relating to the joint arrangement.

## **15. Leases**

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### **The Council as a Lessee:**

**Finance Leases** - Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

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

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

#### **The Council as Lessor:**

##### **Finance Leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (that is netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve. The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

##### **Operating Leases**

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

#### **16. 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 authority's arrangements for accountability and financial performance. 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 as part of Continuing Operations.



## 17. Property, Plant and Equipment

Assets that have a physical substance and are held for use in the provision of service or for administrative purposes on a continuing basis and that are expected to be used during more than one financial year are classified as property, plant and equipment. Acquisitions of assets which are less than £10,000 (the Council's de minimus level) are charged straight to the Comprehensive Income and Expenditure Statement.

### Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits (for example, repairs and maintenance) is charged to revenue as it is incurred through the Comprehensive Income and Expenditure Statement.

### Measurement

Assets are initially measured at cost, comprising all expenditure that is attributable to bringing the asset into working condition for its intended use. The Council does not capitalise borrowing costs incurred whilst assets are under construction. Assets are then carried on the Balance Sheet on the following measurement basis:

Asset Category	Basis of Valuation
Council dwellings	Current value determined using the basis of existing use value for social housing (EUV-SH)
Other Land and Buildings	Net current replacement cost less depreciation which is depreciated replacement cost (DRC) for specialised assets and existing use value (EUV) for non-specialised
Infrastructure, Community assets and assets under construction	Depreciated historical cost
Vehicles, plant and equipment	The lower of net current replacement cost or net realisable value in existing use
Assets acquired for other than a cash consideration	Appropriate fair value

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of an impairment loss previously charged to a service revenue account.

Where decreases in value are identified, they are accounted for by:

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

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

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount

of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

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

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

### Depreciation

Depreciation is applied to all property, plant and equipment assets on a 'straight line' basis over their useful life as determined by the Council's valuers, as set out below, unless further information has been received:

	Asset life
HRA dwellings	30 years
Non HRA dwelling	21 years
Workshops	20-50 years
Community centres	50-99 years
Vehicles and plant	2-10 years
Other	99 years

Land is not depreciated as this is deemed as having an infinite life. Where assets, such as buildings, have land attached the values are separated and depreciated accordingly. Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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 into the Capital Adjustment Account.

### 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.

### Disposals

When an asset is disposed of, or decommissioned, the value of the asset in the Balance Sheet (whether property, plant and equipment, or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. (ie 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.

### Receipts Arising from the Sale of Fixed Assets

Amounts received for a disposal of an asset in excess of £10,000 (the Council's de-minimus level) are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government. The balance of receipts remains within 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 General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against council tax, as

the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **18. Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefit and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. Provisions are charged as expenditure to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council 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 carried in the Balance Sheet. Estimated settlements are reviewed at the end of the financial year, where it becomes less than probable that a transfer of economic benefit will now be required (or lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service revenue. Where some or all of the payment required to settle a provision is expected to be recovered from another party (for example, 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.

### **Contingent Liabilities**

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

### **Contingent Assets**

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

## **19. Reserves**

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

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

## **20. Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

## **21. VAT**

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

## 22. Fair Value Measurement

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

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

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

## 23. Exceptional Items

When items of income and expenditure are material, their nature is disclosed separately, on the face of the Comprehensive Income and Expenditure statement and in Note 4 to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

## 24. Fundamental Accounting Concepts

This Statement of Accounts has been prepared according with the International Accounting Standards Board (IASB) Framework for the Preparation and Presentation of Financial Statements (the IASB Framework) as interpreted by the Code.

**Relevance** - The objective of the Statement of Accounts is to provide information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.

**Reliability** - The key requirement of this statement is that users are able to rely on the information contained within the Statement of Accounts. A number of fundamental accounting concepts are applied in order to ensure this reliability:

- the Statement of Accounts have been prepared to reflect the reality or substance of each transaction rather than their formal legal character
- the Statement of Accounts is free from deliberate or systematic bias. The financial analyses contained within the accounts are based on fact, and do not support any particular view point
- the Statement of Accounts are free from material error, containing no misstatement that would influence the conclusions of any user
- the Statement of Accounts have been produced within the bounds of materiality, meaning that nothing has been omitted that may have assisted users in gaining an understanding of the Council's activities

Where uncertainty exists, the statements have been prepared prudently and caution has been applied with exercising judgement and making necessary estimates.

**Comparability** - One of the key purposes of regulating the means by which local authority accounts are produced is to ensure that a user is able to compare an authority's performance between financial years and with other organisations.

This is an important mechanism for ensuring the usefulness of financial information and is an essential element of the best value accounting framework. The Code assists comparability in many areas by making particular accounting policies mandatory.

**Understandability** - The accounting principles of the Code includes accounting concepts, treatments and terminology which require reasonable knowledge of accounting and local government and reasonable diligence in reading the Statement of Accounts if they are to be properly understood. However all reasonable efforts have been taken in the preparation of the Statement of Accounts to ensure they are as easy to understand as possible.

**Going Concern** - This statement has been prepared on a '**going concern**' basis, under the assumption that the Council will continue to exist and operate on its current basis for the foreseeable future.

**Primacy of Legislative Requirements** - Local authorities derive their powers from statute and their financial and accounting framework is closely controlled by primary and secondary legislation. To the extent that treatments are prescribed by law the accounting concepts outlined above may not apply in all cases. It is a fundamental principle of local authority accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements shall apply.

# **THE CORE FINANCIAL STATEMENTS**

**EXPENDITURE AND FUNDING ANALYSIS**

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

<b>2015/2016</b>				<b>2016/2017</b>		
<b>Net Expenditure Chargeable to the General Fund and HRA Balances</b>	<b>Adjustments between the Funding and Accounting basis [Note 6]</b>	<b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b>		<b>Net Expenditure Chargeable to the General Fund and HRA Balances</b>	<b>Adjustments between the Funding and Accounting basis [Note 6]</b>	<b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
3,215	183	3,398	Corporate	2,860	181	3,041
1,312	174	1,486	Cultural	777	491	1,268
4,396	1,217	5,613	Environmental	4,467	1,168	5,635
2,228	122	2,350	Public Protection	2,361	384	2,745
1,323	1,566	2,889	Regeneration	1,266	218	1,484
-2,191	551	-1,640	Resources	-1,303	562	-741
908	501	1,409	Housing Services	1,082	531	1,613
-10,931	12,903	1,972	Housing Revenue Account	-10,109	6,664	-3,445
0	0	0	Exceptional Items	0	-34,432	-34,432
<b>260</b>	<b>17,217</b>	<b>17,477</b>	<b>Net Cost of Services</b>	<b>1,401</b>	<b>-24,233</b>	<b>-22,832</b>
-5,573	-4,733	-10,306	Other Income and Expenditure	64	-12,091	-12,027
<b>-5,313</b>	<b>12,484</b>	<b>7,171</b>	<b>(Surplus) or Deficit</b>	<b>1,465</b>	<b>-36,324</b>	<b>-34,859</b>
-35,267			Opening General Fund and HRA Balance	-40,580		
-5,313			Plus (Surplus) or Deficit in Year	1,465		
<b>-40,580</b>			<b>Closing General Fund and HRA Balance at 31 March</b>	<b>-39,115</b>		

### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

The Comprehensive Income and Expenditure 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 (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (EFA) and the Movement in Reserves Statement (MiRS).

2015/2016 (Restated)				Note	2016/2017		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
5,416	-2,018	3,398	<b>Portfolio</b>		5,175	-2,134	3,041
4,123	-2,637	1,486	Corporate		4,105	-2,837	1,268
9,673	-4,060	5,613	Cultural		10,102	-4,467	5,635
3,168	-818	2,350	Environmental	7	3,871	-1,126	2,745
4,090	-1,201	2,889	Public Protection		2,448	-964	1,484
39,304	-40,944	-1,640	Regeneration		38,575	-39,316	-741
1,570	-161	1,409	Resources		1,658	-45	1,613
30,173	-28,201	1,972	Housing Services	7	24,911	-28,356	-3,445
0	0	0	Housing Revenue Account	4	-34,432	0	-34,432
			Exceptional Items				
<b>97,517</b>	<b>-80,040</b>	<b>17,477</b>	<b>Cost of Services</b>		<b>56,413</b>	<b>-79,245</b>	<b>-22,832</b>
		-347	Other Operating Expenditure	10			-222
		5,804	Financing and Investment Income and Expenditure	11			5,624
		-15,763	Taxation and Non-Specific Grant Income	12			-17,429
<b>97,517</b>	<b>-80,040</b>	<b>7,171</b>	<b>(-) Surplus / Deficit on Provision of Services</b>		<b>56,413</b>	<b>-79,245</b>	<b>-34,859</b>
		-9,246	(-) Surplus / Deficit on revaluation of non-current assets	27			-15,532
		-14,697	Re-measurement on Pension assets and liabilities	43			19,930
		2	Other				0
		<b>-23,941</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>4,398</b>
		<b>-16,770</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>-30,461</b>



**MOVEMENT IN RESERVES STATEMENT (MIRS)**

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

<b>2016/2017</b>	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Account £'000	<b>Total Usable Reserves £'000</b>	Unusable Reserves £'000	<b>Councils Total Reserves £'000</b>
<b>Balance at 31 March 2016</b>	<b>16,661</b>	<b>23,919</b>	<b>1,974</b>	<b>9,958</b>	<b>2,256</b>	<b>54,768</b>	<b>91,096</b>	<b>145,864</b>
<b>Movement in reserves during 2016/2017:</b>								
Total Comprehensive Income and Expenditure	-534	35,393	0	0	0	<b>34,859</b>	-4,398	<b>30,461</b>
Adjustments between accounting basis and funding basis under regulations (see Note 8)	-486	-35,838	2,199	2,400	630	<b>-31,095</b>	31,095	<b>0</b>
<b>Increase or (-)Decrease in 2016/2017</b>	<b>-1,020</b>	<b>-445</b>	<b>2,199</b>	<b>2,400</b>	<b>630</b>	<b>3,764</b>	<b>26,697</b>	<b>30,461</b>
<b>Balance at 31 March 2017 carried forward</b>	<b>15,641</b>	<b>23,474</b>	<b>4,173</b>	<b>12,358</b>	<b>2,886</b>	<b>58,532</b>	<b>117,793</b>	<b>176,325</b>

<b>2015/2016</b>	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied Account £'000	<b>Total Usable Reserves £'000</b>	Unusable Reserves £'000	<b>Councils Total Reserves £'000</b>
<b>Balance at 31 March 2015</b>	<b>16,738</b>	<b>18,529</b>	<b>7,984</b>	<b>9,635</b>	<b>2,272</b>	<b>55,158</b>	<b>73,936</b>	<b>129,094</b>
<b>Movement in reserves during 2015/2016:</b>								
Total Comprehensive Income and Expenditure	-2,401	-4,772	0	0	0	<b>-7,173</b>	23,943	<b>16,770</b>
Adjustments between accounting basis and funding basis under regulations (see Note 8)	2,324	10,162	-6,010	323	-16	<b>6,783</b>	-6,783	<b>0</b>
<b>Increase or (-)Decrease in 2015/2016</b>	<b>-77</b>	<b>5,390</b>	<b>-6,010</b>	<b>323</b>	<b>-16</b>	<b>-390</b>	<b>17,160</b>	<b>16,770</b>
<b>Balance at 31 March 2016 carried forward</b>	<b>16,661</b>	<b>23,919</b>	<b>1,974</b>	<b>9,958</b>	<b>2,256</b>	<b>54,768</b>	<b>91,096</b>	<b>145,864</b>

**BALANCE SHEET AS AT 31 MARCH 2017**

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

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

The Balance Sheet as at 31 March 2017 is presented below:

2015/2016 £'000		Note	2016/2017 £'000
274,941	Property, Plant and Equipment	13	314,137
378	Heritage Assets	14	378
26,052	Investment Property	15	28,883
155	Intangible Assets	16	112
2,719	Long Term Debtors	19	1,943
<b>304,245</b>	<b>Long Term Assets</b>		<b>345,453</b>
25,491	* Short Term Investments	17	26,545
317	Inventories	18	307
3,615	Short Term Debtors	20	5,392
0	Assets Held for Sale	22	3,825
4,231	Cash and Cash Equivalents	21	3,331
<b>33,654</b>	<b>Current Assets</b>		<b>39,400</b>
-7,318	Short Term Borrowing	17	-3,572
-7,550	Short Term Creditors	23	-8,945
-2,126	Provisions	25	-1,204
<b>-16,994</b>	<b>Current Liabilities</b>		<b>-13,721</b>
-79,179	Long Term Borrowing	17	-75,687
-95,089	Pensions Liability	37,43d	-118,775
-14	Revenue Grants Receipts in Advance	35	-8
-759	Capital Grants Receipts in Advance	35	-337
<b>-175,041</b>	<b>Long Term Liabilities</b>		<b>-194,807</b>
<b>145,864</b>	<b>Net Assets</b>		<b>176,325</b>
54,768	Usable Reserves	26	58,532
91,096	Unusable Reserves	27	117,793
<b>145,864</b>	<b>Total Reserves</b>		<b>176,325</b>

\* In 2015/2016 an investment was categorised as a short term investment rather than cash and cash equivalents following a change in Treasury Management strategy. The comparative figures for cash and cash equivalents and short term lending in 2015/2016 have been adjusted by £4,557k to reflect this.

### **CASH FLOW STATEMENT**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is, borrowing) to the Council.

2015/2016 £000	Cash Flow Statement	Note	2016/2017 £000
-7,171	* Net surplus or (-) deficit on the provision of services		34,859
26,570	* Adjustments to net surplus / (-) deficit on the provision of services for non-cash movements	28	-18,758
5,112	Adjustments for items in the net surplus / (-) deficit on the provision of services that are investing and financing activities	28	-7,624
<b>24,511</b>	<b>Net cash flows from Operating Activities</b>		<b>8,477</b>
-21,405	Investing Activities	29	-5,675
-3,939	Financing Activities	30	-3,702
<b>-833</b>	<b>Net Increase or (-)decrease in cash and cash equivalents</b>		<b>-900</b>
5,064	Cash and cash equivalents at the beginning of the reporting period		4,231
<b>4,231</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	21	<b>3,331</b>

*\*In the 2015/2016 Cash Flow Statement the deficit on the provision of services was overstated by £277k and the adjustment to the net deficit was understated by £277k, the note above has rectified these errors. This adjustment has no impact on any of the other core financial statements.*

*+ The cash and cash equivalents at the beginning and end of 2015/2016 have been restated (see note to Balance Sheet. The net amendment reduces investing activities by £17K*

## **NOTES TO THE CORE FINANCIAL STATEMENTS**

### **ACCOUNTING POLICIES**

Please refer to the full Statement of Accounting policies, which can be found on pages 16 to 28.

#### **1. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET BEEN ADOPTED**

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2017/2018 Code:

- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of investment concentration
- The impact is not anticipated to be material.

#### **2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the Accounting Policies set out in pages 16 to 28, 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:

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

#### **European (EU) Referendum**

- On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Subsequently, Prime Minister Theresa May activated the official mechanism that made this reality – Article 50 of the Lisbon Treaty – on the 29 March 2017, which then allows two years to negotiate withdrawal and reach agreement before the UK officially, leaves the EU by 29 March 2019. The financial consequences of “Brexit” on the Council remain uncertain at this stage. It will have implications on specific project funding bids which have in the past been submitted to European established bodies, it is unclear what/if any mechanism will replace this.
- Dependent on the economic impact of an EU exit, this could potentially impact on the valuation of the Council’s assets and liabilities; for example, the property portfolio and pension liability. Additionally, the EU exit may influence investment and borrowing rates (which has already been apparent from the reduction in the Bank of England base rate in August 2016). The overall wider impact and any specific changes to Local Government finance will be further assessed with the Council’s MTFS.
- A General Election has been called which will take place on 8 June 2017 providing the opportunity for the general public to vote in a Government to undertake Brexit negotiations. Any change in Government would potentially result in changes to policies, which could impact on Local Government finance.

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

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

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

Item	Uncertainties	Effect if Actual Results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, then depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £35,000 for every year that useful lives had to be reduced.
Council Dwellings	The valuation for Council dwellings is based on a percentage obtained from the land registry and the uplift is applied to calculate the valuation.	If the uplift in the valuation percentage is reduced by 1% this would reduce the valuation of Council dwellings by £1.563million
Business Rates Appeals	Local Authorities from 1 April 2013 are liable for successful appeals against business rates charged to businesses in 2014/2015 and earlier years in proportion to their share (40% for this Council) A provision has been recognised as the best estimate of the amount that businesses have been overcharged up to 31 March 2017. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date. Total Rateable value of appeals outstanding at 31 March 2017 = £51.4m Total Provision = £2.3m The Council's 40% proportion of the provision is £0.902m	Each 1% increase in the total estimated appeals would increase the provision by £514,000.  The Councils share of this increase at 40% would be £205,000

## Note 3 continued...

Fair Value Measurements	<p>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 <i>similar</i> 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 (for example for investment properties, the authority's chief valuation officer and external valuer).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 15 and 17 below.</p>	<p>The authority uses the discounted cash flow (DCF) to measure the fair value of some of its investment properties and financial. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets)</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial</p>
Pensions Liability	<p>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.</p> <p>A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £1.25million</p> <p>However, the assumptions interact in complex ways. During 2016/2017, the authority's actuaries advised that the net pensions liability had increased by £23.7million as a result of estimates and assumptions being corrected in the light of experience.</p>

#### 4. MATERIAL ITEMS OF INCOME AND EXPENSE

The Comprehensive Income and Expenditure Statement contains an exceptional item; due to an increase in the discount rate for the existing use of social housing factor to reflect the economic cost of providing Council Housing from 34% to 42%. This has resulted in an increase in the value of Council dwellings leading to the reversal a previous revaluation loss of £34.432 million which occurred in 2010/2011 when the factor was reduced from 50% to 34%. The exceptional item has no effect on the Council's balances as at 31 March 2017 due to statutory regulations requiring this gain to be reversed out.

**5. EVENTS AFTER THE REPORTING PERIOD**

The reporting date for the 2016/2017 Statement of Accounts was 31 May 2017, the date on which the Council's Chief Financial Officer; the Director of Commerce and Customer Services signed the Accounts for issue. Any events occurring after this date which have had a material impact on the figure contained within the Statement of Accounts have been added as appropriate.

**6. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS**

<b>2016/2017</b>	<b>Adjustment for Capital Purposes £'000</b>	<b>for the Pensions Adjustments £'000</b>	<b>Other Differences £'000</b>	<b>Total Adjustments £'000</b>
Corporate	57	124	0	<b>181</b>
Cultural	443	48	0	<b>491</b>
Environmental	1,013	155	0	<b>1,168</b>
Public Protection	317	67	0	<b>384</b>
Regeneration	175	43	0	<b>218</b>
Resources	748	-165	-21	<b>562</b>
Housing Services	521	10	0	<b>531</b>
Housing Revenue Account	6,447	217	0	<b>6,664</b>
Exceptional Item	-34,432	0	0	<b>-34,432</b>
<b>Net Cost of Services</b>	<b>-24,711</b>	<b>499</b>	<b>-21</b>	<b>-24,233</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	-12,810	3,257	-2,538	<b>-12,091</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>-37,521</b>	<b>3,756</b>	<b>-2,559</b>	<b>-36,324</b>



	Adjustment for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
2015/2016	£'000	£'000	£'000	£'000
Corporate	42	141	0	183
Cultural	100	74	0	174
Environmental	1,048	169	0	1,217
Public Protection	25	97	0	122
Regeneration	1,490	76	0	1,566
Resources	388	144	19	551
Housing Services	488	13	0	501
Housing Revenue Account	12,585	318	0	12,903
<b>Net Cost of Services</b>	<b>16,166</b>	<b>1,032</b>	<b>19</b>	<b>17,217</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	-8,093	3,323	37	-4,733
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>8,073</b>	<b>4,355</b>	<b>56</b>	<b>12,484</b>

- **Adjustments for Capital Purposes** – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.
- **Net Change for the Pensions Adjustments**  
Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:  
For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.  
For Financing and investment income and expenditure — the net interest on the defined benefit liability is charged to the CIES.
- **Other Differences**  
Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:  
For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.  
The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## 7. EXPENDITURE AND INCOME ANALYSED BY NATURE

2016/2017	Corporate Services £'000	Cultural Services £'000	Environment £'000	Public Protection £'000	Regeneration £'000	Resources £'000	Housing Services £'000	Housing Revenue Account £'000	Corporate Items £'000	Total £'000
<b>Expenditure:</b>										
Employee benefits expenses	3,240	1,659	5,321	2,155	1,546	2,923	330	7,154	0	24,328
Other services expenses	1,878	2,003	3,766	1,399	727	34,902	806	7,824	0	53,305
Depreciation, Amortisation & Impairment	57	443	1,015	317	175	750	522	-24,499	0	-21,220
Interest payments	0	0	0	0	0	0	0	0	2,961	2,961
Precepts and levies	0	0	0	0	0	0	0	0	75	75
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	479	479
Investment Property Expenses	0	0	0	0	0	0	0	0	1,409	1,409
Interest Cost of Pensions	0	0	0	0	0	0	0	0	3,257	3,257
<b>Total expenditure</b>	<b>5,175</b>	<b>4,105</b>	<b>10,102</b>	<b>3,871</b>	<b>2,448</b>	<b>38,575</b>	<b>1,658</b>	<b>-9,521</b>	<b>8,181</b>	<b>64,594</b>
<b>Income</b>										
Fees, charges and other service income	-1,668	-2,768	-4,182	-635	-690	-5,392	-129	-26,964	0	-42,428
Interest received	0	0	0	0	0	0	0	0	-210	-210
Income from Council tax, Non-Domestic Rates	0	0	0	0	0	0	0	0	-10,342	-10,342
Government grants and contributions	-466	-69	-285	-491	-274	-33,924	84	-1,392	-7,087	-43,904
Investment Property Income	0	0	0	0	0	0	0	0	-1,793	-1,793
Proceeds from sale of Non-Current Assets	0	0	0	0	0	0	0	0	-776	-776
<b>Total income</b>	<b>-2,134</b>	<b>-2,837</b>	<b>-4,467</b>	<b>-1,126</b>	<b>-964</b>	<b>-39,316</b>	<b>-45</b>	<b>-28,356</b>	<b>-20,208</b>	<b>-99,453</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>3,041</b>	<b>1,268</b>	<b>5,635</b>	<b>2,745</b>	<b>1,484</b>	<b>-741</b>	<b>1,613</b>	<b>-37,877</b>	<b>-12,027</b>	<b>-34,859</b>

## Note 7 Expenditure and Income analysed by nature (Continued)

2015/16	Corporate Services £'000	Cultural Services £'000	Environment £'000	Public Protection £'000	Regeneration £'000	Resources £'000	Housing Services £'000	Housing Revenue Account £'000	Corporate Items £'000	Total £'000
<b>Expenditure:</b>										
Employee benefits expenses	3,474	1,740	5,395	2,053	1,930	3,172	303	6,992	0	25,059
Other services expenses	1,899	2,283	3,230	1,090	670	35,744	779	6,850	0	52,545
Depreciation, Amortisation & Impairment	42	99	1,048	25	1,490	388	488	15,635	0	19,215
Interest payments	0	0	0	0	0	0	0	0	3,399	3,399
Precepts and levies	0	0	0	0	0	0	0	0	73	73
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	495	495
Investment Property Expenses	0	0	0	0	0	0	0	0	307	307
Interest Cost of Pensions	0	0	0	0	0	0	0	0	3,323	3,323
<b>Total Expenditure</b>	<b>5,415</b>	<b>4,122</b>	<b>9,673</b>	<b>3,168</b>	<b>4,090</b>	<b>39,304</b>	<b>1,570</b>	<b>29,477</b>	<b>7,597</b>	<b>104,416</b>
<b>Income</b>										
Fees, charges and other service income	-301	-2,572	-2,867	-420	-817	-5,663	-39	-28,416	0	-41,095
Interest received	0	0	0	0	0	0	0	0	-267	-267
Income from Council tax, Non-Domestic Rates	0	0	0	0	0	0	0	0	-8,817	-8,817
Government grants and contributions	-524	-64	-302	-398	-383	-34,830	-24	-1,722	-6,946	-45,193
Investment Property Income	0	0	0	0	0	0	0	0	-958	-958
Proceeds from sale of Non-Current Assets	0	0	0	0	0	0	0	0	-915	-915
<b>Total income</b>	<b>-825</b>	<b>-2,636</b>	<b>-3,169</b>	<b>-818</b>	<b>-1,200</b>	<b>-40,493</b>	<b>-63</b>	<b>-30,138</b>	<b>-17,903</b>	<b>-97,245</b>
<b>(-) Surplus or Deficit on the Provision of Services</b>	<b>4,590</b>	<b>1,486</b>	<b>6,504</b>	<b>2,350</b>	<b>2,890</b>	<b>-1,189</b>	<b>1,507</b>	<b>-661</b>	<b>-10,306</b>	<b>7,171</b>

## **8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**

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

The following sets out a description of the reserves that the adjustments are made against.

### **General Fund Balance**

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

### **Housing Revenue Account Balance**

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

### **Major Repairs Reserve**

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

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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

## Note 8 Adjustments between Accounting Basis and Funding Basis (Continued)

2016/2017	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserve £'000
<b>Adjustments primarily involving the Capital Adjustment Account: Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	-9,374	-33	0	-3,551	0	12,958
Revaluation losses on Property, Plant and Equipment	6,680	28,050	0	0	0	-34,730
Amortisation of intangible assets	-24	-19	0	0	0	43
Movement in the market value of Investment Properties	-951	-37	0	0	0	988
Capital grants and contributions applied	3,265	0	0	0	-3,265	0
Revenue expenditure funded from capital under statute	-569	0	0	0	0	569
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	547	4,268	0	0	0	-4,815
Voluntary provision for the repayment of debt	35	0	0	0	0	-35
Capital expenditure charged against the General Fund and HRA balances	1,851	3,165	0	-3,165	0	-1,851
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Application of grants to capital financing transferred to the Capital Adjustment Account	401	0	0	0	2,635	-3,036
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	84	661	-2,923	0	0	2,178
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	245	0	0	-245
Contributions from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-479	0	479	0	0	0

## Note 8 Adjustments between Accounting Basis and Funding Basis (Continued)

<b>2016/2017 (Continued)</b>	<b>General Fund Balance £'000</b>	<b>Housing Revenue Account £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Major Repairs Reserve £'000</b>	<b>Capital Grants Unapplied £'000</b>	<b>Movement in Unusable Reserve £'000</b>
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Use of the Major Repairs Allowance to finance new capital expenditure	0	0	0	4,316	0	-4,316
<b>Adjustments primarily involving the Pension Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-7,644	0	0	0	0	7,644
Employer's pensions contributions and direct payments to pensioners payable in the year	4,123	-217	0	0	0	-3,906
MDC share of the Reversal of items relating to the Crematorium retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-18	0	0	0	0	18
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-29	0	0	0	0	29
Amount by which non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	2,567	0	0	0	0	-2,567
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officers remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	21	0	0	0	0	-21
<b>Total Adjustments</b>	<b>486</b>	<b>35,838</b>	<b>-2,199</b>	<b>-2,400</b>	<b>-630</b>	<b>-31,095</b>

## Note 8 Adjustments between Accounting Basis and Funding Basis (Continued)

2015/2016	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	-2,035	-10,762	0	-3,049	0	15,846
Revaluation losses on Property, Plant and Equipment	-1,207	-1,809	0	0	0	3,016
Amortisation of intangible assets	-12	-15	0	0	0	27
Movement in the market value of Investment Properties	893	40	0	0	0	-933
Capital grants and contributions applied	2,814	0	0	0	-2,787	-27
Revenue expenditure funded from capital under statute	-607	0	0	0	0	607
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	570	0	0	0	0	-570
Voluntary provision for the repayment of debt	-9	0	0	0	0	9
Capital expenditure charged against the General Fund and HRA balances	1,295	2,072	0	-2,072	0	-1,295
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Application of grants to capital financing transferred to the Capital Adjustment Account	277	0	0	0	2,803	-3,080
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	285	630	-2,491	0	0	1,576
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	8,006	0	0	-8,006
Contributions from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-495	0	495	0	0	0

## Note 8 Adjustments between Accounting Basis and Funding Basis (Continued)

2015/2016 (Continued)	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserve £'000
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	0	0	0	0	0
Use of the Major Repairs Allowance to finance new capital expenditure	0	0	0	4,798	0	-4,798
<b>Adjustments primarily involving the Pension Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-8,050	0	0	0	0	8,050
Employer's pensions contributions and direct payments to pensioners payable in the year	4,035	-318	0	0	0	-3,717
MDC share of the Reversal of items relating to the Crematorium retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-22	0	0	0	0	22
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	74	0	0	0	0	-74
Amount by which non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-111	0	0	0	0	111
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officers remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-19	0	0	0	0	19
<b>Total Adjustments</b>	<b>-2324</b>	<b>-10162</b>	<b>6010</b>	<b>-323</b>	<b>16</b>	<b>6783</b>



**9. MOVEMENT IN EARMARKED RESERVES**

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

Revenue and capital reserves and the levels they are held at are reviewed as part of the preparation of the Statement of Accounts and during the budget setting process. If a reserve is no longer required funds will be returned to the Comprehensive Income and Expenditure Statement.

Below is a summary of the General Fund Earmarked Reserves Balances:

<b>2016/2017</b>	<b>Balance at 31 March 2016</b>	<b>Income in the year</b>	<b>Expenditure in the year</b>	<b>Balance at 31 March 2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>General Fund</b>				
Capital	719	1040	-1,337	422
Revenue	5,290	2,123	-2,310	5,103
<b>Legacies</b>	3	0	0	3
<b>Crematorium</b>	587	0	-37	550
<b>Total</b>	<b>6,599</b>	<b>3,163</b>	<b>-3,684</b>	<b>6,078</b>

<b>2015/2016</b>	<b>Balance at 31 March 2015</b>	<b>Income in the year</b>	<b>Expenditure in the year</b>	<b>Balance at 31 March 2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>General Fund</b>				
Capital	415	420	-116	719
Revenue	6,550	3,482	-4,742	5,290
<b>Legacies</b>	3	0	0	3
<b>Crematorium</b>	596	0	-9	587
<b>Total</b>	<b>7,564</b>	<b>3,902</b>	<b>-4,867</b>	<b>6,599</b>

*Note 9 Continued....*

The following table summarises the Council's revenue earmarked reserves, showing the movement in these reserves during the 2016/2017 financial year.

**Revenue Earmarked Reserves:**

	<b>Balance at 31 March 2016 £000</b>	<b>Income in the year £000</b>	<b>Expenditure in the year £000</b>	<b>Balance at 31 March 2017 £000</b>
Elections	20	40	0	60
Insurance	914	960	-947	927
Pension costs	47	0	0	47
Grants	525	0	0	525
Building renewal fund	184	532	-68	648
Trading account renewal	114	21	-17	118
Job evaluation	177	0	-177	0
Apprenticeship Scheme	962	100	-430	632
Economic Stimulus	351	0	-300	51
Local Plan	38	0	-38	0
Accommodation Review	1,500	0	-164	1,336
Energy Consumption Reductions	296	0	-93	203
Exempt VAT	0	400	0	400
Other funds	162	70	-76	156
<b>Total</b>	<b>5,290</b>	<b>2,123</b>	<b>-2,310</b>	<b>5,103</b>

**Statutory Election Costs** – a fund built up from annual revenue contributions to meet the cost of local elections.

The **Insurance Retained Premiums Fund** – is used to meet any payments falling within the Council's excess of £10,000. It is also used as a holding account to meet expenditure on claims until they are resolved. It is estimated that the value of claims currently outstanding totals £0.5million.

**Restructure Pension Cost Fund** – has been set up to meet the costs of departmental and management restructures resulting from service reviews.

**Grant Changes** – This reserve relates to the possible and uncertain impact of changes to the Housing Benefit and Council Tax Benefit regulations.

The **Building Renewal and Repairs Fund** – is aimed at providing resources to allow planned maintenance of the Council's properties.

**Trading Account Renewal Fund** – is for the replacement of equipment used within the Council Leisure facilities and Engineering depot.

**Job Evaluation** – this reserve has been set up to meet any additional monies required following the nationally agreed Job Evaluation exercise.

**Apprenticeship Scheme Fund** – is for additional apprenticeships within the Council and to support the employment of apprenticeships within local businesses.

**Economic Stimulus / Regeneration Fund** – is for the purposes of providing loans and support to local businesses.

**Local Plan** – This is to support the statutory requirements of producing the Local Plan.

**Accommodation Review** – is for changes required to the Civic Centre buildings

*Note 9 Continued....*

**Exempt VAT** – This is to cover for a possible breach in the Council's partial exemption limit

**Other funds** include smaller reserves which are not significant enough to be shown separately. These reserves are used to cover expenditure on leisure facilities and environmental schemes.

## CAPITAL EARMARKED RESERVES

The following table summarises the Council's capital earmarked reserves, showing the movement in these reserves during the 2016/2017 financial year;

	Balance at 31 March 2016 £000	Income in the year £000	Expenditure in the year £000	Balance at 31 March 2017 £000
<b>Capital</b>				
Capital Fund	65	584	-584	65
Leisure Equipment and Plant	2	0	0	2
Wheeled Bins	278	0	0	278
Shop Mobility	18	0	0	18
Vehicles and Plant	356	456	-753	59
<b>Total</b>	<b>719</b>	<b>1040</b>	<b>-1,337</b>	<b>422</b>

The **Capital Fund** – is used to finance expenditure on the Council's capital programme. This includes £66,000 to meet anticipated 'after-value payments' (repayment of grants as a result of the sale of associated land).

The **Leisure Equipment and Plant** fund is used to finance equipment at the Council's leisure facilities.

**Replacement of Wheeled Bins** – is used to finance the major replacement of bins within the district and towards providing new bins as part of the Council's recycling programme.

The **Shop Mobility Fund** – finances the replacement of scooters for town centre shopping. As well as revenue contributions, this fund also receives donations.

The **Vehicles and Plant Fund** – receives an annual revenue contribution in order to finance the replacement of the Council's vehicles and plant in line with an approved programme.

## 10. OTHER OPERATING EXPENDITURE

The following table contains corporate items of income and expenditure that cannot reasonably be allocated or apportioned to specific services:

	2015/2016 £000	2016/2017 £000
Parish Council precepts	73	75
Payments to the Government Housing Capital Receipts Pool	495	479
(-) Gains/losses on the disposal of non-current assets – General Fund	-285	-115
(-) Gains/losses on the disposal of non-current assets – Housing Revenue Account	-630	-661
<b>Total</b>	<b>-347</b>	<b>-222</b>

**11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

The following table contains corporate items of income and expenditure arising from the Council's involvement in financial instruments and similar transactions involving interest:

	<b>2015/2016</b>	<b>2016/2017</b>
	<b>£000</b>	<b>£000</b>
Interest payable and similar charges	3,399	2,961
Net interest on the net defined benefit liability / (-) asset	3,323	3,257
Interest receivable and similar income	-267	-210
Income and expenditure in relation to investment properties and changes in fair value	-651	-384
<b>Total</b>	<b>5,804</b>	<b>5,624</b>

**12. TAXATION AND NON-SPECIFIC GRANT INCOME**

The following table consolidates all the grants and contributions receivable that cannot be identified to particular service expenditure:

	<b>2015/2016</b>	<b>2016/2017</b>
	<b>£000</b>	<b>£000</b>
Council Tax Payers	-5,324	-5,341
Non-Domestic Rates (NDR)	-2,893	-4,490
NDR S31 Grant	-601	-511
Non-ring fenced government grants	-2,520	-1,859
Council tax freeze	-61	0
New Homes bonus	-1,273	-1,534
Capital grants and contributions	-3,091	-3,694
<b>Total</b>	<b>-15,763</b>	<b>-17,429</b>

**13. PROPERTY PLANT AND EQUIPMENT**

<b>Movements in 2016/2017</b>	<b>Council Dwellings £,000</b>	<b>Other Land and Buildings £,000</b>	<b>Surplus Assets £,000</b>	<b>Vehicles, Plant and Equipment £,000</b>	<b>Infrastructure Assets £,000</b>	<b>Community Assets £,000</b>	<b>Assets Under Construction £,000</b>	<b>Total Property, Plant and Equipment £,000</b>
<b>Cost or Valuation:</b>								
<b>At 1 April 2016</b>	<b>146,929</b>	<b>138,581</b>	<b>0</b>	<b>6,940</b>	<b>2</b>	<b>586</b>	<b>3,626</b>	<b>296,664</b>
Additions	3,402	473	0	1,480	0	8	3,143	8,506
Revaluation increases / (-) decreases recognised in the Revaluation Reserve	7,026	4,180	-15	0	0		0	11,191
Revaluation increases / (-) decreases recognised in the (-) Surplus / Deficit on the provision of services	31,400	-580	0	-28	0		0	30,792
Derecognition – Disposals	-2,050		0	-13	0		0	-2,063
Impairment	-3,402	-473	0	-288	0	-8		-4,171
Reclassification	4,203	-4,898	696		-2		-4,511	-4,512
<b>At 31 March 2017</b>	<b>187,508</b>	<b>137,283</b>	<b>681</b>	<b>8,091</b>	<b>0</b>	<b>586</b>	<b>2,258</b>	<b>336,407</b>
<b>Accumulated Depreciation and Impairment:</b>								
<b>At 1 April 2016</b>	<b>0</b>	<b>-17,953</b>	<b>0</b>	<b>-3,770</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-21,723</b>
Depreciation charge	-3,229	-1,127	0	-590	0	0	0	-4,946
Depreciation written out to the Revaluation Reserve	3,229	1,170	0	0	0	0	0	4,399
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Impairment losses / (-) reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0	0
Derecognition - Disposals	0		0		0	0	0	0
<b>At 31 March 2017</b>	<b>0</b>	<b>-17,910</b>	<b>0</b>	<b>-4,360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-22,270</b>
<b>Net book Value at 31 March 2017</b>	<b>187,508</b>	<b>119,373</b>	<b>681</b>	<b>3,731</b>	<b>0</b>	<b>586</b>	<b>2,258</b>	<b>314,137</b>
<b>At 31 March 2016</b>	<b>146,929</b>	<b>120,628</b>	<b>0</b>	<b>3,170</b>	<b>2</b>	<b>586</b>	<b>3,626</b>	<b>274,941</b>

## Note 13 Property, Plant and Equipment (Continued)

<b>Movements in 2015/2016</b>	<b>Council Dwellings £,000</b>	<b>Other Land and Buildings £,000</b>	<b>Surplus Assets £,000</b>	<b>Vehicles, Plant and Equipment £,000</b>	<b>Infrastructure Assets £,000</b>	<b>Community Assets £,000</b>	<b>Assets Under Construction £,000</b>	<b>Total Property, Plant and Equipment £,000</b>
<b>Cost or Valuation:</b>								
<b>At 1 April 2015</b>	<b>138,358</b>	<b>140,870</b>	<b>0</b>	<b>6,398</b>	<b>2</b>	<b>586</b>	<b>3,683</b>	<b>289,897</b>
Additions	2,728	615	0	1,310	0	44	11,342	16,039
Revaluation increases / (-) decreases recognised in the Revaluation Reserve	6,921	686	0	0	0	0	0	7,607
Revaluation increases / (-) decreases recognised in the (-) Surplus / Deficit on the provision of services	-9,066	-1,418	0	0	0	0	0	-10,484
Derecognition – Disposals	-1,142	-646	0	-550	0	0	0	-2,338
Impairment	-2,728	-615	0	-218	0	-44	-91	-3,696
Reclassification	11,858	-911	0	0	0	0	-11,308	-361
<b>At 31 March 2016</b>	<b>146,929</b>	<b>138,581</b>	<b>0</b>	<b>6,940</b>	<b>2</b>	<b>586</b>	<b>3,626</b>	<b>296,664</b>
<b>Accumulated Depreciation and Impairment:</b>								
<b>At 1 April 2015</b>	<b>0</b>	<b>-15,970</b>	<b>0</b>	<b>-3,791</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-19,761</b>
Depreciation charge	-3,049	-832	0	-519	0	0	0	-4,400
Depreciation written out to the Revaluation Reserve	3,049	285	0	0	0	0	0	3,334
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Impairment losses / (-) reversals recognised in the Revaluation Reserve	0	-1,628	0	0	0	0	0	-1,628
Other movements in depreciation and impairment	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	192	0	540	0	0	0	732
<b>At 31 March 2016</b>	<b>0</b>	<b>-17,953</b>	<b>0</b>	<b>-3,770</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-21,723</b>
<b>Net Book Value At 31 March 2016</b>	<b>146,929</b>	<b>120,628</b>	<b>0</b>	<b>3,170</b>	<b>2</b>	<b>586</b>	<b>3,626</b>	<b>274,941</b>
<b>At 31 March 2015</b>	<b>138,358</b>	<b>124,900</b>	<b>0</b>	<b>2,607</b>	<b>2</b>	<b>586</b>	<b>3,683</b>	<b>270,136</b>

*Note 13 Property, Plant and Equipment (Continued)*

	Council Dwellings £,000	Other Land and Buildings £,000	Surplus Assets £,000	Vehicles, Plant and Equipment £,000	Infrastructure Assets £,000	Community Assets £,000	Assets Under Construction £,000	Total Property, Plant and Equipment £,000
<b>Carried at historical cost</b>	0	0	0	0	0	586	0	586
<b>Valued at fair value as at:</b>								
31 March 2013	0	7,320	0	605	0	0	0	7,925
31 March 2014	0	10,417	0	559	0	0	0	10,976
31 March 2015	0	5,330	0	454	0	0	0	5,784
31 March 2016	0	849	0	921	0	0	0	1,770
31 March 2017	187,508	94,683	681	1,192	0	0	2,258	286,322
<b>Total Cost or Valuation</b>	<b>187,508</b>	<b>118,599</b>	<b>681</b>	<b>3,731</b>	<b>0</b>	<b>586</b>	<b>2,258</b>	<b>313,363</b>

The Council carried out a rolling programme ensuring that all property, plant and equipment required to be measured at current value is re-valued at least every five years. All valuations are commissioned internally but a proportion of the valuations are carried out by external valuers where appropriate. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

**14. HERITAGE ASSETS**

Reconciliation of the carrying value of Heritage Assets held by the Council:

	Civic Regalia £'000	Bandstand £'000	Public Art £'000	Total Assets £'000
<b>Cost or valuation</b>				
<b>1 April 2016</b>	<b>36</b>	<b>191</b>	<b>151</b>	<b>378</b>
Additions, Disposals, Revaluations, Impairment Losses/reversals (-)	0	0	0	0
<b>31 March 2017</b>	<b>36</b>	<b>191</b>	<b>151</b>	<b>378</b>

**Further information on the Council's collections:**

The Council's accounting policy for recognition and measurement of heritage assets is set out in the Accounting Policies, pages 16-28. Descriptions of the Heritage Assets that the Council holds are provided below:

**Public Art**

The Collection of Public Art consists of five pieces of work which have been commissioned by the Council since the 1990's through to 2006. The structures provide landmarks placed at the gateways to Mansfield Town Centre to represent its history and culture. Descriptions of the pieces of art and their contribution towards knowledge and culture are provided below.

- The Mansfield Miner is a bronze structure which was commissioned by the Council in the 1990's to represent the mining industry of Mansfield.
- During 2005 the Council commissioned the creation of the Market Place Fountains which is a water feature that was developed to provide artistic embellishment in the town centre.
- In 2006 three pieces of work were commissioned to be created for the Council, the Feather, the High Heels and the Amphitheatre.
- The Feather which is "A"-spire for Mansfield representing the canaries that were used in the coal mines, a tree for Sherwood Forest and inspirational to the people of Mansfield.
- The High Heels represent the shoe industry and night life in Mansfield.
- The Amphitheatre represents the supporting infrastructure of the town centre.

**Historic Structures**

The Council has a variety of Historic structures which are located throughout the District:

- In the centre of the Market Place is the Grade II\* listed Bentinck Memorial.
- In the Old Market Place there is a Grade II listed Old Market Cross Sundial which was constructed in the 1600's for Mansfield.
- Several historic structures are located in Carr Bank Park, Yeoman Hill Park, The Carr's and Titchfield Park. These structures include war memorials, a grotto, an old bowls pavilion and Thompsons Grave which is located on Berry Hill Lane.
- There are a variety of historic structures at Mansfield Cemetery which include a cemetery chapel, a mausoleum a War Memorial and the Wildman Memorial.

**Culture**

During 2011 the Council constructed a new Band Stand in Carr Bank Park for brass bands to provide performances to the residents of Mansfield. The asset cost £191,000 to construct and has been recognised at cost in the Balance Sheet.



*Note 14 – Heritage Assets, continued....*

**Other**

The Council holds two pieces of Civic Regalia, a Silver Gilt Mace and the Chairman's 9ct gold and enamel chain and pendant which are located at the Civic Centre. These assets were previously held as community assets in the property, plant and equipment at £36,000 but are now recognised as heritage assets.

**Museum's Collections**

The museum holds a variety of collections of which a selection is on display for viewing. The remaining pieces held in storage which can be viewed by appointment only.

**Natural History Collections**

The museum holds an extensive collection of natural history items which includes a Whitaker collection of birds and animals, a Webb collection of birds and collections of foreign birds, birds' eggs, butterflies and moths.

**Porcelain**

An extensive collection of porcelain items are held by the museum which includes a Manners Collection of Lustre ware, a Tagg collection of ceramics and porcelain relating to William Billingsley.

**Fine Art**

The fine arts collection held by the museum consists of collections of watercolours by A.S. Buxton and Seddon-Tyrer and a range of prints, paintings and drawings.

**Social History**

The museum holds a collection of Social History items relating to domestic and personal life, trade and industry, leisure and social life and local government and amenities.

**Photography**

Collections of photographs and negatives of the local area are held by the museum. These items are in storage but can be viewed by appointment only.

**Other**

The museum also holds small quantities of firearms, coins, archaeology, costumes, geography and palaeontology in storage which can be viewed by appointment only.

**15. INVESTMENT PROPERTIES**

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2015/2016 £000	2016/2017 £000
Rental Income from investment property	1,639	1,442
Direct operating expenses arising from investment property	-125	-53
<b>Net gain / (-) loss</b>	<b>1,514</b>	<b>1,389</b>

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

	2015/2016 £000	2016/2017 £000
<b>Balance at 1 April</b>	<b>14,233</b>	<b>26,052</b>
Additions	10,808	3,248
Disposals	0	-98
Impairment	-307	-1,356
Revaluation	957	351
Transfers to/from property, plant and equipment	361	686
Other changes	0	0
<b>Balance at 31 March</b>	<b>26,052</b>	<b>28,883</b>

One investment property was disposed of during 2016/2017 for £115,000. There were no disposals in 2015/2016. During 2016/2017 the Council spent £2.982million acquiring the Heritable interest (Scottish Equivalent of English Freehold) in Plot 3400B Springhill Parkway, Glasgow which is currently let to Volkswagen Group United Kingdom.

**Fair Value Hierarchy**

- **Value of Property:** All investment properties totalling £28.883million were valued at level 2 as at 31 March 2017. All investment properties totalling £26.052 million were valued at level 2 as at 31 March 2016.
- **Transfers between Levels of the Fair Value Hierarchy:** There have been no transfers between levels during 2016/2017
- **Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties:** The fair value for all investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.
- **Highest and Best Use of Investment Properties:** In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.
- **Valuation Techniques:** There has been no change in the valuation techniques used during the year for investment properties.
- **Valuation Process for Investment Properties:** The fair value of the Council's investment property is measured annually at each reporting date. Valuations are carried out by the Council's Property Services section or by external valuers where appropriate, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## 16. INTANGIBLE ASSETS

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. Software licences are held by IT, Payroll, Town Centre and Revenue Services. The cost is being written off over the five year life of the licences on a straight line basis.

	2015/2016	2016/2017
	£000	£000
Certified valuation at 31 March 2016	106	155
Amortisation to 1 April 2016	0	0
<b>Balance at 1 April 2016</b>	<b>106</b>	<b>155</b>
<b>Movement in 2016/2017:</b>		
Additions	76	14
Disposals	0	0
Transfers	0	0
Amortisation	-27	-43
Revaluation	0	0
Impairment	0	-14
Reversal of past impairment	0	0
<b>Balance at 31 March 2017</b>	<b>155</b>	<b>112</b>

## 17. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables (debtors) and trade payables (creditors) and the most complex ones such as derivatives. At Mansfield District Council, the most typical financial instruments include:

<b>Financial Assets:</b>	<b>Financial Liabilities:</b>
<ul style="list-style-type: none"> <li>• Trade receivables (debtors)</li> <li>• Bank deposits</li> <li>• Investments</li> </ul>	<ul style="list-style-type: none"> <li>• Trade payables (creditors)</li> <li>• Borrowings</li> </ul>

Within this note, Financial Instruments are disclosed on the following basis:

**Nominal Cost** – This is the actual amount that the Council has either borrowed or lent.

**Amortised Cost / Carrying Amount** – Financial instruments (whether borrowing or investment) have been valued on an amortised costs basis using the effective interest rate (EIR) method where appropriate. For the Council, the basis of calculating the Amortised Cost / Carrying Amount is:

Base of Effective Interest Rate method applied	
<b>Financial Asset:</b>	
Trade receivables -	Not applicable – valued at nominal amount
Bank deposits -	Not applicable – valued at nominal amount
Investments -	Nominal value of the investment plus any interest still to be paid to the Council relating to the 2016/2017 financial year (calculated on a daily basis)
<b>Financial Liability:</b>	
Trade payables -	Not applicable – valued at actual amount
Borrowings -	Nominal value of the borrowing plus any interest still to be paid by the Council relating to the 2016/2017 financial year (calculated on a daily basis)

**Fair Value** – Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

The Council has complied with the following: -

- it has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Local Authorities 2011
- set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code, which were approved at Council on the 8 March 2016.

### Types of Financial Instruments

The following table shows the different types of financial instruments held by the Council at the 31 March 2017, analysed on an Amortised Costs basis.

	Long-Term		Current	
	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000
<b>Financial liabilities at amortised cost:</b>				
Borrowings	79,179	75,687	7,318	3,572
Other borrowing	0	0	0	0
Trade creditors	0	0	1,338	1,216
<b>Total borrowings</b>	<b>79,179</b>	<b>75,687</b>	<b>8,656</b>	<b>4,788</b>
<b>Financial assets classified as Loans and Receivables:</b>				
Loans and receivables	0	0	25,491	26,545
Trade debtors	0	0	1,495	1,620
<b>Total investments</b>	<b>0</b>	<b>0</b>	<b>26,986</b>	<b>28,165</b>

### Income, Expense, Gains and Losses on Financial Instruments

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

	2015/2016			2016/2017		
	Financial Liabilities: Measured at Amortised Cost	Financial Assets: Loans and Receivables	Total	Financial Liabilities: Measured at Amortised Cost	Financial Assets: Loans and Receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	-3,433	0	-3,433	-2,961	0	-2,961
Losses on de-recognition	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0
<b>Interest payable and similar charges</b>	<b>-3,433</b>	<b>0</b>	<b>-3,433</b>	<b>-2,961</b>	<b>0</b>	<b>-2,961</b>
Interest income	0	220	220	0	210	210
Gains on de-recognition	0	0	0	0	0	0
<b>Interest and investment income</b>	<b>0</b>	<b>220</b>	<b>220</b>	<b>0</b>	<b>210</b>	<b>210</b>
<b>Net gain / (-) loss for the year</b>	<b>-3,433</b>	<b>220</b>	<b>-3,213</b>	<b>-2,961</b>	<b>210</b>	<b>-2,751</b>

**Fair Value of Assets and Liabilities Carried at Amortised Cost**

The fair value of each class of financial assets and liabilities which are carried in the Balance Sheet at amortised cost are disclosed below.

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms. The discount rate used in the Net Present Value calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

The rates quoted in this valuation were obtained by the Council's treasury management consultants from the market on 31 March 2017 using bid prices where applicable.

The calculations are made with the following assumptions:

- for PWLB debt, the discount rate used is the rate for new borrowing as per rate sheet number 126/15
- for other market debt and investments the discount rate used is the rates available for an instrument with the same terms from a comparable lender
- the Council has used interpolation techniques between available rates where the exact maturity period was not available
- no early repayment or impairment is recognised
- the Council has calculated fair values for all instruments in the portfolio, but only disclose those which are materially different from the carrying value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values are calculated as follows:

	31 March 2016		31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
PWLB - maturity	80,592	87,252	74,138	82,642
PWLB - EIP	439	505	380	435
LOBOs	4,607	6,585	4,606	7,229
Short term borrowing	1410	1410	134	134
<b>Financial liabilities</b>	<b>87,048</b>	<b>95,752</b>	<b>79,258</b>	<b>90,440</b>

Fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest below current market rates reduces the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

	31 March 2016		31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Cash	4231	4231	3,331	3,331
Deposits with banks and building societies	24,491	24,513	26,545	26,555
Crematorium	1,000	1,000	0	0
<b>Financial assets</b>	<b>29,722</b>	<b>29,744</b>	<b>29,876</b>	<b>29,886</b>

**18. INVENTORIES**

The following table show the breakdown of inventories carried in the Balance Sheet. The Council holds stocks totalling £307,000 (£317,000 2015/2016).

<b>Location</b>	<b>31 March 2016 £000</b>	<b>Purchases in year £000</b>	<b>Recognised as expense in year £000</b>	<b>Written on/off £000</b>	<b>31 March 2017 £000</b>
Hermitage Lane Depot	72	370	-367	0	75
Vale Road Depot	238	1,225	-1,239	1	225
Museum & Theatre	7	56	-55	-1	7
<b>Total</b>	<b>317</b>	<b>1,651</b>	<b>-1,661</b>	<b>0</b>	<b>307</b>

**19. LONG TERM DEBTORS**

The following table lists, by type, the Council's long term debtors and shows the movement of each during the year:

	<b>Balance at 31 March 2015 £000</b>	<b>Changes in Year £000</b>	<b>Balance at 31 March 2016 £000</b>	<b>Changes in Year £000</b>	<b>Balance at 31 March 2017 £000</b>
Sundry Debtors	1,990	93	2,083	-807	1,276
Car loans	163	19	182	-20	162
NCC transferred debt	427	-30	397	56	453
Council mortgages	42	-9	33	-1	32
Improvement Loans	2	-2	0	0	0
Warsop Parish Council	28	-4	24	-4	20
	<b>2,652</b>	<b>67</b>	<b>2,719</b>	<b>-776</b>	<b>1,943</b>

**Sundry Debtors** – Amounts outstanding from other entities and individuals

**Car Loans to Employees** – Advances to the Council's employees to purchase a vehicle, repayable over a period of up to five years.

**NCC Transferred Debt** – This represents debt incurred by the Council whilst carrying out the functions of refuse disposal, street lighting and major road improvements which transferred to Nottinghamshire County Council as part of the 1974 local government reorganisation. The County Council reimburse Mansfield District Council who still services the debt.

**Council Mortgages** – Amounts outstanding on mortgages issued in respect of Council House Sales.

**Improvement Loans** – Amounts outstanding in respect of improvement loans to private individuals

**Warsop Parish Council** – Amount outstanding in respect of loan to Warsop Parish Council.

**20. DEBTORS**

The following table identifies the breakdown of debtors owing the Council at the 31 March 2016 and 31 March 2017:

	<b>2015/2016</b>	<b>2016/2017</b>
	<b>£000</b>	<b>£000</b>
Central Government Bodies	700	1,684
Other local authorities	1,052	792
<b>Public Corporations and Trading Funds:</b>		
Other public bodies	36	58
Customs and Excise	196	219
<b>Other Entities and Individuals:</b>		
Housing rent arrears	1,061	1,097
Collection Fund	314	165
Lease cars to employees	-5	0
Car loans to employees	94	95
Service prepayments	134	180
Sundry debtors	1,909	2,921
<b>Sub-Total</b>	<b>5,491</b>	<b>7,211</b>
<b>Less provision for bad debt:</b>		
Housing rent arrears	-793	-777
Sundry debtors	-1,083	-1,042
<b>Total</b>	<b>3,615</b>	<b>5,392</b>

**21. CASH AND CASH EQUIVALENTS**

The balance of cash and cash equivalents is made up of the following elements:

	<b>2015/2016</b>	<b>2016/2017</b>
	<b>£000</b>	<b>£000</b>
Cash Equivalents	4,557	4,000
Cash held by the Council	6	6
Joint Cremation Committee	0	881
Bank current accounts	-332	-1,556
<b>Total</b>	<b>4,231</b>	<b>3,331</b>

*An investment was wrongly categorised as a short term investment rather than cash and cash equivalents following a change in Treasury Management strategy. The comparative figures for 2015/2016 have been adjusted to reflect this.*

**22. ASSETS HELD FOR SALE**

During 2016/2017 non-current assets valued at £3.825million were classified as held for sale, as it is the Council's intention to sell these assets during 2017/2018.

	2015/2016 £000	2016/2017 £000
Balance at 1 April	0	0
Assets newly classified as held for sale:		
Property, plant and equipment	0	3,825
<b>Balance at 31 March</b>	<b>0</b>	<b>3,825</b>

**23. CREDITORS**

The following table identifies the breakdown of the Council's creditors:

	2015/2016 £000	2016/2017 £000
Central Government Bodies	-1,188	-829
Other local authorities	-2,136	-936
Public Corporations and Trading Funds	0	-1
<b>Other Entities and Individuals:</b>		
Council tax prepayment	-888	-1,028
Housing rent prepayment	-419	-454
Collection Fund	-230	-3,540
Sundry creditors	-2,689	-2,157
<b>Total</b>	<b>-7,550</b>	<b>-8,945</b>

**24. INSURANCE PROVISIONS**

The balance on the Council's insurance fund for retained premiums stands at £0.99million. There are sufficient resources available to meet the following potential commitments:

- to meet any payments falling within the Council's £10,000 excess and as a holding account to meet expenditure until claims are resolved. It is estimated that the value of claims currently outstanding totals £0.5million. It should be noted that this does not include claims yet to be received e.g. Industrial Disease claims
- to meet the liability for outstanding claims estimated to be £100,000 in respect of the Independent Insurance Company; this ceased to trade in June 2001

The Council's assets are generally insured, however, Council Houses (excluding blocks of flats) are not. This is because the cost of replacing or repairing individual properties when damaged is lower than the cost of the insurance premiums.



**25. PROVISIONS**

The Council has the following provisions:

	Balance at 1 April 2016 £000	Increase in Provision £000	Provision Utilised in Year £000	Reduction in Provision Required £000	Balance at 31 March 2017 £000
Rental bonds	-51	0	0	0	-51
Housing Act deposits	-17	0	0	0	-17
Accumulated Absences	-252	-231	252	0	-231
S31 Funerals	-7	0	5	0	-2
Business Rate Appeals	-1,799	0	106	790	-903
<b>Total</b>	<b>-2,126</b>	<b>-231</b>	<b>363</b>	<b>790</b>	<b>-1,204</b>

**Rental Bonds** – Deposits made with the Council which will be repaid as contractual obligations are completed.

**Housing Act Deposits** – Deposits made with the Council which will be repaid as contractual obligations are completed. This was previously classed as a short term creditor.

**Accumulated Absences** – The Council is required to make a provision for the cost of paid annual leave (or any form of leave, for example time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year.

**S31 Public Health Funerals** – These funds are held by the Council on behalf of Solicitors until the estates' of the deceased have been concluded.

**Business Rate Appeals** – The provision represents the Council's share (40%) of an estimate of anticipated Business Rate refunds from successful appeals up to 31 March 2017. The full liability is approximately £2.3m, with the balance being met by Central Government (50%), Nottinghamshire County Council (9%) and the Fire Authority (1%).

When provisions are no longer required they are released back into the Revenue Account.

**26. USABLE RESERVES**

Movement in the Council's usable reserves are detailed in the Movement in Reserves Statement and are summarised in the table below:

<b>USABLE RESERVES</b>	<b>Movement</b>		
	<b>31.03.16</b>	<b>in year</b>	<b>31.03.17</b>
	£000	£000	£000
<u>Revenue Accounts</u>			
General Fund	10,060	-497	9,563
Housing Revenue Account	23,919	-445	23,474
	<u>33,979</u>	<u>-942</u>	<u>33,037</u>
<u>Earmarked Reserves</u>			
Capital	722	-297	425
Revenue	5,290	-187	5,103
Crematorium	589	-39	550
	<u>6,601</u>	<u>-523</u>	<u>6,078</u>
<u>Other</u>			
Capital Receipts Reserve	1,974	2,199	4,173
Major Repairs Reserve	9,958	2,400	12,358
Capital Grants Unapplied	2,256	630	2,886
	<u>14,188</u>	<u>5,229</u>	<u>19,417</u>
<b>Total Usable Reserves</b>	<b><u>54,768</u></b>	<b><u>3,764</u></b>	<b><u>58,532</u></b>

The Crematorium Reserve is the proportion of the usable reserves of the Joint Crematorium Committee that is attributable to the Council. It is controlled through the Joint Committee

**Earmarked Reserves – for details of the Earmarked reserves, see note 9**

**27. UNUSABLE RESERVES**

The table below shows the unusable reserves held by the Council:

<b>UNUSABLE RESERVES</b>	<b>2015/2016</b>	<b>2016/2017</b>
	£000	£000
Revaluation Reserve	56,531	71,650
Capital Adjustment Account	131,053	163,723
Deferred Capital Receipts Reserve	470	505
Pensions Reserve	-94,815	-118,216
Collection Fund Adjustment Account	-1,617	921
Crematorium Pension Account	-274	-559
Accumulated Absences Account	-252	-231
<b>Total Unusable Reserves</b>	<b>91,096</b>	<b>117,793</b>

*Note 27 Unusable Reserves, continued....***Revaluation Reserve**

The Revaluation Reserve contains the gains by the Council arising from increases in the value of its property, plant and equipment and intangible assets. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

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

During 2016/2017 the upward revaluation of assets totalled £16.632million (this was £10.928million in 2015/2016). Included in this figure is an increase of £10.325million in the value of the Council's Housing Stock and an increase of £6.307million in the value of 83 buildings as a result of the Council's annual valuation programme.

	2015/2016	2016/2017
	£000	£000
<b>REVALUATION RESERVE</b>		
<b>Balance at 1 April</b>	<b>47,558</b>	<b>56,531</b>
Upward revaluations of assets	10,928	16,632
Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision Services	-1,682	-1,100
<b>Surplus / (-) deficit on revaluation on non-current assets not posted to the surplus / (-) deficit on the Provision of Services</b>	<b>9,246</b>	<b>15,532</b>
Difference between fair value depreciation and historical cost depreciation	-246	-265
Accumulated gains on assets sold or scrapped	-27	-148
<b>Amount written off to the Capital Adjustment Account</b>	<b>-273</b>	<b>-413</b>
<b>Balance at 31 March</b>	<b>56,531</b>	<b>71,650</b>

*Note 27 Unusable Reserves, continued....***Capital Adjustment Account**

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

The account contains accumulated gains and losses on Investment Properties.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

<b>CAPITAL ADJUSTMENT ACCOUNT</b>	<b>2015/2016</b>	<b>2016/2017</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>133,200</b>	<b>131,053</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>		
Charges for depreciation and impairment of non-current assets	-15,846	-12,958
Revaluation losses on Property, Plant and Equipment	-3,016	34,730
Movement in the market value of Investment Properties	933	-988
Amortisation of intangible assets	-27	-43
Revenue expenditure funded from capital under statute	-607	-569
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	-1,606	-2,178
	<b>-20,169</b>	<b>17,994</b>
Adjusting amounts written out of the Revaluation Reserve	273	413
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>-19,896</b>	<b>18,407</b>
<b>Capital financing in the year:</b>		
Use of the capital receipts reserve to finance new capital expenditure	8,006	245
Use of the Major Repairs Reserve to finance capital expenditure	4,798	4,316
Capital grants and contributions credited to the CIES that have been applied to capital financing	3,080	3,036
Statutory provision for the financing of capital Investment charged against the General Fund and HRA balances	570	4,815
Capital expenditure charged against the General Fund and HRA balances	1,295	1,851
	<b>17,749</b>	<b>14,263</b>
<b>Balance at 31 March</b>	<b>131,053</b>	<b>163,723</b>

*Note 27 Unusable Reserves, continued....***Pension Reserve**

The Pension 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 when the Council makes employer's contributions to the pension funds, or eventually pay any pensions for which it is directly responsible. Therefore, the debit balance on the Pension Reserve 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.

<b>PENSION RESERVE</b>	<b>2015/2016 £000</b>	<b>2016/2017 £000</b>
<b>Balance at 1 April</b>	<b>-105,241</b>	<b>-94,815</b>
Re-measurements of the net defined benefit liability / (-)asset	14,697	-19,922
Reversal of items relating to retirement benefits debited or credited to the Surplus or deficit on the provision of services in the CIES	-8,050	-7,644
Employer's pensions contributions and direct payments to pensioners payable in the year	4,035	4,125
Other gains / (-) losses	-256	40
<b>Balance at 31 March</b>	<b>-94,815</b>	<b>-118,216</b>

**Deferred Capital Receipts Reserve**

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

<b>DEFERRED CAPITAL RECEIPTS RESERVE</b>	<b>2015/2016 £000</b>	<b>2016/2017 £000</b>
<b>Balance at 1 April</b>	<b>509</b>	<b>470</b>
Capital Receipts from Warsop Parish Council	0	-4
Mortgage receipts in the year	-9	-1
Capital receipts from Nottinghamshire County Council	-30	40
<b>Balance at 31 March</b>	<b>470</b>	<b>505</b>

*Note 27 Unusable Reserves, continued....***Collection Fund Adjustment Account**

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

<b>COLLECTION FUND ADJUSTMENT ACCOUNT</b>	<b>2015/2016 £000</b>	<b>2016/2017 £000</b>
<b>Balance at 1 April</b>	<b>-1,580</b>	<b>-1,617</b>
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	74	-29
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Non-domestic rates income calculated for the year in accordance with statutory requirements	-111	2,567
<b>Balance at 31 March</b>	<b>-1,617</b>	<b>921</b>

**Crematorium Pension Account**

The total assets and liabilities of the Mansfield and District Joint Crematorium Pension Account are apportioned between Mansfield District Council, Ashfield District Council and Newark and Sherwood District Council. The balance held in the Crematorium Pension Account represents Mansfield District Council's proportion of the assets and liabilities of the scheme.

<b>CREMATORIM PENSION RESERVE</b>	<b>2015/2016 £000</b>	<b>2016/2017 £000</b>
<b>Balance at 1 April</b>	<b>-642</b>	<b>-635</b>
Re-measurements of the net defined benefit liability / (-)asset	56	-597
Reversal of items relating to retirement benefits debited or credited to the Surplus or deficit on the provision of services in the CIES	-100	-91
Employer's pensions contributions and direct payments to pensioners payable in the year	51	50
Other gains / (-) losses	0	0
<b>Balance at 31 March</b>	<b>-635</b>	<b>-1,273</b>
<b>Mansfield District Council's proportion</b>	<b>-274</b>	<b>-559</b>

*Note 27 Unusable Reserves, continued....***Accumulated Absences Account**

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

<b>ACCUMULATED ABSENCES ACCOUNT</b>	<b>2015/2016 £000</b>	<b>2016/2017 £000</b>
<b>Balance at 1 April</b>	-233	-252
Settlement or cancellation of accrual made at the end of the preceding year	233	252
Amounts accrued at the end of the current year	-252	-231
Amount by which officers remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-19	21
<b>Balance at 31 March</b>	<b>-252</b>	<b>-231</b>

**28. CASH FLOW STATEMENT - OPERATING ACTIVITIES**

The cash flows for operating activities include the following items:

	<b>2015/2016 £000</b>	<b>2016/2017 £000</b>
<b>* Net Surplus or (-) deficit on the Provision of Service</b>	<b>-7,171</b>	<b>34,859</b>
<b>Adjust net surplus or deficit on the provision of services for non-cash movement</b>		
Depreciation	18,862	4,895
Impairment and downward valuations	0	-26,961
Amortisation	27	43
Increase / decrease in creditors	1,027	-2,142
Increase / decrease in debtors	-420	-953
Increase / decrease in inventories	2	10
Pension liability	4,600	3,756
Contributions to / (-) from provisions	1,799	-902
Carrying amount of non-current assets sold	1,606	2,161
Movement in investment property values	-933	1,356
Accumulated Absences	0	-21
<b>Total</b>	<b>26,570</b>	<b>-18,758</b>
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</b>		
Capital grants credited to surplus or deficit on the provision of services	-3,092	-3,666
Net adjustment from the sale of short term investments	10,725	-1,000
Proceeds from the sale of property plant and equipment, investment property and intangible assets	-2,521	-2,958
<b>Total</b>	<b>5,112</b>	<b>-7,624</b>
<b>Net cash flows from Operating activities</b>	<b>24,511</b>	<b>8,477</b>

\* The surplus on the provision of services and the adjustment to net surplus were misstated in the 2015/2016 statement of accounts which has been corrected. There has been an increase in the surplus and a reduction in the adjustments to the net surplus of £277K in respect of the pension liability of Mansfield and District Joint Crematorium.

**29. CASH FLOW STATEMENT - INVESTING ACTIVITIES**

The cash flows for investing activities include the following items:

	2015/2016	2016/2017
	£000	£000
Purchase of property, plant and equipment, investment properties and intangible assets	-27,016	-11,771
Other payments for investing activities	-28	-101
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,559	2,958
Proceeds from short-term and long-term investments	17	0
Other receipts from investing activities	3,063	3,239
<b>Total</b>	<b>-21,405</b>	<b>-5,675</b>

*The cash and cash equivalents at the beginning and end of 2015/2016 have been restated (see note to Balance Sheet). The net amendment reduces investing activities by £17K*

**30. CASH FLOW STATEMENT - FINANCING ACTIVITIES**

The cash flows for financing activities include the following items:

	2015/2016	2016/2017
	£000	£000
Cash receipts of short and long term borrowing	0	0
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases	0	0
Repayments of short and long term borrowing	-4,570	-7,189
Other payments for financing activities	631	3,487
<b>Net cash flows from financing activities</b>	<b>-3,939</b>	<b>-3,702</b>

**31. AGENCY INCOME AND EXPENDITURE**

Due to a change in accounting policy introduced the SORP 2009, the Council is now deemed to act as an agent for Nottinghamshire County Council, Nottinghamshire Police and Crime Commissioner and Nottinghamshire Fire and Rescue Authority in respect of the collection of Council Tax. In addition, the Council acts as agent for the Government in the collection of Non-Domestic Rates. All relevant disclosures are contained within the notes of the Collection Fund.



**32. MEMBERS ALLOWANCES**

Under the Local Authority (Members Allowances) (England) Regulations 2003, the Council is required to disclose annually the total sum paid to members under the Council's Members Allowances Scheme.

The Council makes payment to Councillors for work undertaken in the course of their duties. Total Allowances (consisting of Basic Allowance and Special Responsibility Allowances, excluding pension costs) during the 2016/2017 financial year amounted to £457,886 (£448,487 in 2015/2016). In addition to this, Members were reimbursed a total of £9,525 (£9,577 in 2015/2016) for expenses incurred on Council business.

**MEMBERS ALLOWANCES**

	<b>2015/2016</b>	<b>2016/2017</b>
	£000	£000
Basic Allowance	230	227
Special Responsibility Allowance	218	230
Pension Contributions	5	0
Travel and Subsistence Allowance	10	10
Other	0	1
<b>Total</b>	<b>463</b>	<b>468</b>

**33. OFFICERS' REMUNERATION AND EXIT PACKAGES****a. Officers' Remuneration**

The remuneration paid to the Council's senior officers in 2015/2016 and 2016/17 was as follows:

Post	Notes	Salary		Expense Allowances		Total Remuneration (Exc. Pensions)		Pension Contributions		Compensation for Loss of Office		Total Remuneration	
		2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000
Managing Director	1	46	0	0	0	46	0	10	0	95	0	151	0
Chief Executive	2	0	99	0	0	0	99	0	23	0	0	0	122
Deputy CEO & Director of Commerce & Customer Services	3	0	73	0	0	0	73	0	16	0	0	0	89
Deputy CEO & Director of Communities	4	0	71	0	0	0	71	0	16	0	0	0	87
Director of Governance & Compliance	5	15	71	0	0	15	71	3	16	0	0	18	87
Director of Place & Well-Being	6	0	68	0	1	0	69	0	15	0	0	0	84
Director of Economic Growth	7	0	68	0	0	0	68	0	15	0	0	0	83
Corporate Director Housing, Property & Operational	8	43	0	0	0	43	0	9	0	91	0	143	0
Corporate Director Customer Services, Community Safety & Regulatory Services	2	86	0	0	0	86	0	19	0	0	0	105	0
Head of Finance & Property Services	3	67	0	0	0	67	0	15	0	0	0	82	0
Head of Regeneration, Leisure & Marketing	7	61	0	0	0	61	0	13	0	0	0	74	0
Head of Neighbourhood Services	9	55	0	1	0	56	0	12	0	72	0	140	0
Head of Housing Services	4	61	0	0	0	61	0	13	0	0	0	74	0
Head of Planning, Community Safety and Regulatory Services	6	61	0	0	0	61	0	13	0	0	0	74	0
<b>Totals</b>		<b>495</b>	<b>450</b>	<b>1</b>	<b>1</b>	<b>496</b>	<b>451</b>	<b>107</b>	<b>101</b>	<b>258</b>	<b>0</b>	<b>861</b>	<b>552</b>

1. Former Managing Director left 02/09/2015

2. Formerly Corporate Director Customer Services, Community Safety & Regulatory Services.

3. Formerly Head of Finance and Property Services

4. Formerly Head of Housing Services

5. Director of Governance & Compliance - Commenced 01/02/16

6. Formerly Head of Planning, Community Safety & Regulatory Services

7. Formerly Head of Regeneration, Leisure & Marketing

8. Former Corporate Director Housing, Property & Operational Services left 16/10/2015

9. Former Head of Neighbourhood Services left 19/02/2016

*Note 33 Officers Remuneration continued....***b. Employees by Remuneration bands**

During the 2016/2017 financial year the number of employees whose taxable remuneration (excluding employers' pension contributions) was £50,000 or more in bands of £5,000 is detailed in the table below. This includes those senior managers detailed in the preceding table.

<b>Remuneration Band</b>	<b>2015/2016</b>	<b>2016/2017</b>
£50,000 - £54,999	1	1
£55,000 - £59,999	0	0
£60,000 - £64,999	3	0
£65,000 - £69,999	1	2
£70,000 - £74,999	0	3
£75,000 - £79,999	0	0
£80,000 - £84,999	0	0
£85,000 - £89,999	1	0
£90,000 - £94,999	0	0
£95,000 - £99,999	0	1
£100,000 - £104,999	0	0
£105,000 - £109,999	0	0
£110,000 - £114,999	0	0
£115,000 - £119,999	0	0
£120,000 - £124,999	0	0
£125,000 - £129,999	1	0
£130,000 - £134,999	1	0
£135,000 - £139,999	0	0
£140,000 - £144,999	1	0

**c. Exit Packages**

The Council terminated the contracts of a number of employees in 2016/2017, incurring liabilities of £56,000 (2015/2016 £755,000).

During 2016/2017 there were 9 voluntary redundancies which incurred liabilities of £52k and 1 compulsory redundancy. The number of exit packages with total cost per band and total cost of the redundancies are set out in the table below:

<b>Exit package cost band (including special payments)</b>	<b>Number of compulsory redundancies</b>		<b>Number of other departures agreed</b>		<b>Total number of exit packages by cost band</b>		<b>Total cost of exit packages in each band £000</b>	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0 -£20,000	0	1	3	9	3	10	20	47
£20,001 - £40,000	0	0	1	0	1	0	29	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	1	0	1	0	65	0
£80,001 - £100,000	0	0	5	0	5	0	452	5
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	1	0	1	0	189	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>11</b>	<b>9</b>	<b>11</b>	<b>10</b>	<b>755</b>	<b>52</b>

**34. EXTERNAL AUDIT COSTS**

The Council incurred the following fees relating external audits and statutory inspections carried out by KPMG:

	2015/2016 £000	2016/2017 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	55	55
Fees payable in respect of other services provided by the external auditors during the year	13	9
<b>Total</b>	<b>68</b>	<b>64</b>

**35. GRANT INCOME**

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement. In accordance with correct accounting practice a number of grants, contributions and donations that have yet to be applied (and there are no conditions attached) have been transferred to Earmarked Reserves.

	2015/2016 £000	2016/2017 £000
<b>Credited to Taxation and Non-specific Grant Income and Expenditure:</b>		
<b>Grants:</b>		
Revenue Support Grant	2,713	1,859
Capital Grants	2,814	3,694
New Homes Bonus	1,273	1,534
Business Rates - Small business rate relief	553	512
<b>Total</b>	<b>7,353</b>	<b>7,599</b>
<b>Credited to Services:</b>		
<b>Grants:</b>		
Housing Benefits and Council Tax Subsidy	33,194	32,513
NDR Cost of Collection	129	130
Department for Works and Pensions (DWP)	151	300
Other Grants	241	335
<b>Contributions:</b>		
Nottinghamshire County Council - Contributions	916	579
Other Contributions	519	2,960
<b>Total</b>	<b>35,150</b>	<b>36,817</b>

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 which will require the monies to be returned to the giver if the conditions are not met. The balance at the year-end is as follows:

<b>LONG TERM LIABILITIES</b>	2015/2016 £000	2016/2017 £000
<b>Grants Receipts in Advance (Capital Grants)</b>		
Developers (Section 106) contributions – revenue	14	8
Developers (Section 106) contributions – capital	759	337
<b>Total</b>	<b>773</b>	<b>345</b>

### 36. RELATED PARTIES

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

**Central Government** has significant control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, providing the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (for example, Housing Benefits).

**Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire and Rescue Service** issue precepts on the Council; these are shown on the face of the Collection Fund Account.

**Members** of the Council have direct control over the Council's financial and operating policies. In accordance with the Elected Members' Code of Conduct, Council Members are obliged to disclose pecuniary and non-pecuniary interests in their Register of Interests form, within 28 days of being elected or the interest arising. In addition Members are required to disclose any transactions with parties related to the Council on an annual basis in their Related Party Transaction forms. The Monitoring Officer has checked each of these forms against the Registers of Interests to ensure that no discrepancies arose. The disclosures were found to be consistent.

**Chief Officers** were also asked to disclose any relevant interests; no matters of undue influence were identified in respect of related party transactions. The Related Party Transaction forms of the Chief Officers were also checked by the Monitoring Officer for any apparent conflicts and none were identified.

#### **Shared Service Arrangements:**

- During 2012/2013 the Council entered into two shared service arrangements with Ashfield District Council; Regeneration took place in May 2012 with Mansfield District Council being the host Council; and Legal Services in November 2012 with Ashfield District Council being the host Council.
- During 2013/2014 the Council entered into a shared service arrangement with Ashfield District Council, for Human Resources in December 2013 with Mansfield District Council being the host Council.
- In April 2014 the Council entered into two shared service arrangements with Bassetlaw District Council; Health and Safety and Procurement.

During 2012/2013 the Council entered into a 10 year contract for the management of the Council's five leisure centres from the 1 May 2012. Serco Leisure is the Managing Agents for the Council's leisure centres to the Mansfield District Leisure Trust. One Councillor from Mansfield District Council is on the Board of Trustees, along with five other independent trustees (who have no relationship to the Council). Mansfield District Council paid Serco Leisure £748,038 for the contract management of the Council's leisure centres during 2015/2016 and £779,893 during 2016/2017.

Since April 2013, the Council has offered the provision of the Green Waste service to residents in the Newark and Sherwood District.

#### **Interest in Subsidiaries or associated companies:**

Mansfield District Council is jointly responsible for the operation of the Mansfield and District Joint Crematorium Committee along with Ashfield District Council and Newark and Sherwood District Council. Note 37 provides additional information as to the amounts relating to the Mansfield and District Joint Crematorium which have been disclosed.

In August 2015, Mansfield District Council set up a Housing Company which will be responsible for building housing within the District. Mansfield District Council is the sole shareholder of this company. The board of the Housing Company will consist of Directors, of which 3 will be made up of appointed elected Members or Officers of Mansfield District Council. During the 2016/2017 financial year, the Housing Company did not trade.

**37. MANSFIELD AND DISTRICT JOINT CREMATORIUM**

The Council, along with Ashfield District Council and Newark and Sherwood District Council, operates the Mansfield and District Joint Crematorium.

The Mansfield and District Crematorium accounts for the year ended 31 March 2017 have been included in the Mansfield District Council's accounts; the basis for this inclusion is on usage. The Balance Sheet figures are based on the average usage over the last five years whilst the Income and Expenditure Statement is based on the usage within the year.

The table below shows the percentages which have been applied in 2016/2017 and 2015/2016 for comparison:

<b>Mansfield and District Joint Crematorium</b>				
	<b>Balance Sheet</b>		<b>Income &amp; Expenditure Statement</b>	
	<b>2015/16</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Mansfield District Council	43.09	44.66	43.71	47.75
Ashfield District Council	45.64	44.32	45.40	40.76
Newark and Sherwood District Council	11.27	11.02	10.89	11.49
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

The figures below show the Council's 'share' of the Mansfield and District Joint Crematorium income and expenditure, assets and liabilities which have been included in the Council's Comprehensive Income and Expenditure Statement and Balance Sheet based on the proportions stated above.

<b>Comprehensive Income and Expenditure Statement</b>					
<b>2015/2016</b>			<b>2016/2017</b>		
<b>Gross Cost</b>	<b>Gross Income</b>	<b>Net Cost</b>	<b>Gross Cost</b>	<b>Gross Income</b>	<b>Net Cost</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
391	-694	-303	501	-842	-341
<b>391</b>	<b>-694</b>	<b>-303</b>	<b>501</b>	<b>-842</b>	<b>-341</b>
<b>Net Cost of Service</b>					
Investment income			-2		
Pension Interest			11		
<b>Surplus/ Deficit on the Provision of Services</b>			<b>-332</b>		
Impairment			-20		
Reverse Depreciation			-51		
Remeasurement of Pension			-20		
<b>Other Income and Expenditure</b>			<b>-91</b>		
<b>Total Income and Expenditure</b>			<b>-423</b>		
Transferred to general reserve			14		
<b>Comprehensive Income and Expenditure</b>			<b>-409</b>		

Note 37 continued....

<b>Mansfield and District Joint Crematorium Committee</b>	
<b>Balance Sheet</b>	
<b>2015/2016</b>	<b>2016/2017</b>
<b>£000</b>	<b>£000</b>
793 Property, Plant and Equipment	774
<b>793 Long Term Assets</b>	<b>774</b>
80 Short term Debtors	99
550 Short Term Investments	0
276 Cash and Cash Equivalents	881
<b>906 Current Assets</b>	<b>980</b>
-370 Creditors	-430
<b>-370 Current Liabilities</b>	<b>-430</b>
-274 Pension	-559
<b>-274 Long Term Liabilities</b>	<b>-559</b>
<b>1,055 Net Assets</b>	<b>765</b>
<b>Financed By:</b>	
523 Capital Fund	472
66 General Reserve	78
-274 Pension Reserve	-559
740 Capital Adjustment Account	728
0 Revaluation Reserve	46
<b>1,055 Total Reserves</b>	<b>765</b>

**38. ANALYSIS OF THE COLLECTION FUND BALANCE**

The total carry forward balance on the Collection Fund has been disaggregated to show the balance belonging to the Council and the amounts owed to / or by the other precepting bodies for whom the Council collects on behalf of. The following table shows the breakdown of the Collection Fund Balance for 2015/2016 and 2016/2017:

	<b>2015/2016</b>	<b>2016/2017</b>
	<b>£000</b>	<b>£000</b>
<b>Debtor</b>		
Central Government	2,367	0
Nottinghamshire County Council	426	0
Police Authority	0	0
Fire and Rescue Service	47	0
<b>Creditor</b>		
Central Government	0	-796
Nottinghamshire County Council	-1,858	-1,865
Police Authority	-263	-241
Fire and Rescue Service	-108	-115
<b>Financing</b>		
Mansfield District Council	1,616	-885
<b>Balance on Collection Fund carried forward</b>	<b>2,227</b>	<b>-3,902</b>

The amount retained by the Council is shown in the Balance Sheet within the Financing section (unusable reserves), whilst the amounts owing to/from the other precepting authorities have been included within the debtor/creditor figures.

**39. TRUST FUNDS AND LEGACIES**

The Council acts as a sole trustee for minor legacies left behind by inhabitants of the District; the current value of these is £3,101.

The Council acts as trustees for three charitable trusts:

- Yeoman Hill Park
- Warsop Vale Miners Welfare Recreation Ground and Institute
- Racecourse Park

With the exception of the Racecourse Park, these charitable trusts have no significant assets at 31 March 2017.

**Racecourse Trust**

The Council acts as sole trustee for the charity known as the Allotment for Exercise in the Ancient Parish of Mansfield. The purpose of the trust is to provide facilities for leisure in the interests of social welfare for the inhabitants of Mansfield.

	<b>2015/2016</b>	<b>2016/2017</b>
	<b>£000</b>	<b>£000</b>
Total expenditure	69	74
Total Income	-4	-5
<b>Total</b>	<b>65</b>	<b>69</b>

The Trust also invests its permanent endowment with the Council. At 31 March 2017 the value of this investment was £133,659 (£133,230 at 31 March 2016).



**40. CAPITAL EXPENDITURE AND CAPITAL FINANCING**

The total amount of capital expenditure incurred in the year is shown below, together with the resources that have been used to finance it.

	<b>2015/2016 £000</b>	<b>2016/2017 £000</b>
<b>Opening Capital Financing Requirement</b>	104,804	114,514
<b>Capital investment</b>		
Property, Plant and Equipment	16,039	8,506
Investment Property	10,808	3,248
Intangible Assets	0	14
Revenue Expenditure Funded from Capital Under Statute	607	569
Other	0	-121
<b>Sourcing of Financing</b>		
Capital Receipts	-8,006	-245
Grants and Other Contributions	-3,935	-3,036
Revenue Contributions	-41	0
Major Repairs Reserve	-4,798	-4,316
Earmarked Reserves	-227	-1,851
Un-earmarked Reserves	-167	0
Minimum Revenue Provision (MRP)	-570	-4,815
<b>Closing Capital Financing Requirement</b>	<b>114,514</b>	<b>112,467</b>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrowing (supported by Government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by Government financial assistance)	10,356	2,768
Less set aside	-570	-4,815
<b>Increase / (-) Decrease in Capital Financing Requirement</b>	<b>9,786</b>	<b>-2,047</b>

**41. LEASES****Assets Held under Finance Lease, the Council as a Lessee**

At 31 March 2017, the Council had no finance leasing arrangements and none at 31 March 2016.

**Assets held under Operating Leases**

The Council has several operating leases for computer equipment. In 2016/2017, the Council paid £93,000 in respect of these leasing arrangements. The Council is also the lessee of the Clumber Street and Walkden Street car parks and units 1 to 8 at Kings Mill Way. During 2016/2017 the Council paid £525,000 in respect of these leasing arrangements.

The following table shows the outstanding commitment in respect of these operating leases held by the Council at 31 March 2017, analysed by maturity of the contract:

	2015/2016 £000	2016/2017 £000
Lease expiring within a year	3	12
Expires between two and five years	313	226
Expires over five years	0	0
<b>Total</b>	<b>316</b>	<b>238</b>

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

	2015/2016 £000	2016/2017 £000
Internal Support Service Accounts	19	18
Housing Revenue Account	71	75

**The Council as a Lessor****Operating Leases**

The Council leases out property and equipment under operating leases for the following purposes:

- for the provision of community services
- for economic development purposes to provide suitable affordable accommodation for local businesses

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

	2015/2016 £000	2015/2016 (Restated) £000	2016/2017 £000
Not later than one year	3,615	4,525	4,544
Later than one year and not later than five years	14,105	16,373	16,434
Later than five years	189,796	255,245	255,249
<b>Total</b>	<b>207,516</b>	<b>276,143</b>	<b>276,227</b>

*The 2015/2016 payments have been restated to include industrial units previously omitted*

**42. IMPAIRMENT LOSSES**

During 2016/2017 and 2015/2016 the Council had not recognised any impairment losses and therefore no disclosure is required.

**43. RETIREMENT BENEFITS**

This note refers to the Council's employees and excludes employees of the Mansfield and District Joint Crematorium Committee

**a. Participation in Pensions Schemes**

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

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

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

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

The latest available membership data is shown in the table below:

	<b>Number</b>	<b>Salaries / Pensions</b>	<b>Average Age</b>
		<b>£000</b>	
Active members	715	14,932	50
Deferred pensioners	922	1,586	46
Pensioners	1004	4,970	72
Unfunded pensioners	260	347	78

*Note 43 – Retirement Benefits – Continued...***b. Transactions Relating to Post-Employment Benefits**

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against council tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	<b>2015/2016</b>	<b>2016/2017</b>
	<b>£000</b>	<b>£000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<u>Cost of Services:</u>		
Current Service cost	4,523	4,359
Past Service costs	211	0
(gain)/loss from settlements	0	0
<u>Financing and Investment Income and Expenditure:</u>		
Net interest expense	3,314	3,246
Administration expenses	2	39
<b>Total charged to the Surplus / Deficit on the Provision of Services</b>	<b>8,050</b>	<b>7,644</b>
<u>Remeasurement of the net defined benefit liability comprising:</u>		
Return on plan assets	-4,393	21,060
Changes in demographic assumptions	0	-818
Changes in financial assumptions	18,987	-45,791
Other gains and (-)losses	103	5,627
<b>Total charged to Other Comprehensive Income and Expenditure</b>	<b>14,697</b>	<b>-19,922</b>
<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>22,747</b>	<b>-12,278</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services	-8,050	-7,644
<b>Actual amount charged against the General Fund Balance for pensions:</b>		
Employers' contributions payable to the Scheme	4,035	4,165

*Note 43 – Retirement Benefits – Continued...***c. Assets and Liabilities in Relation to Post-Employment Benefits**

The following table provides a reconciliation of present values of the schemes liabilities for the Council during the 2015/2016 and 2016/2017 financial year:

<b>Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)</b>		
	<b>2015/2016</b>	<b>2016/2017</b>
	<b>£000</b>	<b>£000</b>
<b>Opening Balance</b>	216,125	203,750
Current service cost	4,523	4,359
Interest cost	6,845	7,031
Contribution from scheme participants	983	996
Re-measurement gain/(-)loss:		
Change in demographic assumptions	0	818
Change in financial assumptions	-18,987	45,791
Experience loss / (-) gain on defined benefit obligation	-103	-5,830
Past service costs, including curtailments	211	0
Liabilities assumed / (-) Extinguished on settlements	0	0
Estimated benefits paid (net of transfer in)	-5,558	-6,476
Unfunded pension payments	-289	-275
<b>Closing Defined Benefit Obligation</b>	<b>203,750</b>	<b>250,164</b>

The following table provides a reconciliation of fair values of the schemes assets during 2015/2016 and 2016/2017 financial years:

<b>Reconciliation of the Movements in the Fair Value of Scheme Assets</b>		
	<b>2015/2016</b>	<b>2016/2017</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of scheme assets	110,884	108,935
Interest income	3,531	3,785
Re-measurement gain/(-)loss:		
Return on assets less interest	-4,393	21,060
Other actuarial gains / (-) losses	0	-203
Administration expenses	-2	-39
Contributions from employer	3,779	4,165
Contributions from employees into the scheme	983	996
Benefits paid	-5,847	-6,751
Other	0	0
<b>Closing fair value of scheme assets</b>	<b>108,935</b>	<b>131,948</b>

The interest income on scheme assets and interest expense on scheme liabilities is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date (31 March 2017). Expected returns on equity investments reflect long term rates of return experienced in the respective markets.

The total return on the fund for the year to 31 March 2017 was £24.845million (2015/2016 being -£0.862million).

*Note 43 – Retirement Benefits – Continued...***d. Scheme History**

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

	<b>2015/2016</b>	<b>2016/2017</b>
	<b>£000</b>	<b>£000</b>
Fair value of plan assets	108,935	131,948
Present value of the defined benefit obligation	-203,750	-250,164
<b>Net liability arising from defined benefit obligation</b>	<b>-94,815</b>	<b>-118,216</b>

The liabilities show the underlying commitments that the Council has in the long run to pay for Post Employment (retirement) benefits. The total liability of £118.216million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy; the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Pension Scheme by the Council in the year to 31 March 2017 are £4.165million (2015/2016 being £4.035million).

**e. Projected Pension Expenditure**

The projected pension expenses for the year to 31 March 2017 are:

	<b>£000</b>
Service Cost	6,324
Interest Cost	3,122
Administration Expenses	47
<b>Total</b>	<b>9,493</b>

Employer Contributions	4,935
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These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31st March 2017. These projections are based on the assumptions as at 31st March 2017, as described in the actuary's report.

*Note 43 – Retirement Benefits – Continued...***f. 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 is dependent on assumptions about mortality rates and salary levels. The Nottinghamshire County Council Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme at 31 March 2013.

Under the projected unit method, the current service cost will increase as the Members of the scheme approach retirement. The main assumptions used by the Actuary in their calculations have been:

	2015/2016 %	2016/2017 %
<b>Mortality assumptions:</b>		
Longevity at 65 for current pensioners:		
Men	22.1	22.5
Women	25.3	25.5
Longevity at 65 for future pensioners:		
Men	24.4	24.7
Women	27.7	27.8
<b>Financial Assumptions:</b>		
Rate of increase in retail price index (RPI)	3.2	3.6
Rate of increase in consumer price index (CPI)	2.3	2.7
Rate of increase in salaries	4.1	4.2
Rate of increase in pensions	2.3	2.7
Rate for discounting scheme liabilities	3.5	2.7

The Fund's assets consist of the following categories, by value and proportion of the total assets held by the Fund attributable to Mansfield District Council:

<b>Asset Share</b>	<b>31 March 2016</b>		<b>31 March 2017</b>	
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Equities	75,841	70	92,284	70
Gilts	3,390	3	4,034	3
Other Bonds	7,451	7	7,961	6
Property	13,760	12	14,671	11
Cash	4,417	4	6,638	5
Inflation - Linked Pooled Fund	3,066	3	3,294	3
Infrastructure	1,010	1	3,066	2
	<b>108,935</b>	<b>100</b>	<b>131,948</b>	<b>100</b>

**Additional Assumptions**

- Members will exchange half of their commutable pension for cash at retirement.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- 10% of active Members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits, which came into effect during the 2014/2015 financial year.

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

#### Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption	Decrease in Assumption
	£000	£000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	245,783	254,628
Rate of increase in salaries (increase or decrease by 0.1%)	250,710	249,622
Rate of increase in pensions (increase or decrease by 0.1%)	254,077	246,321
Adjustment to mortality age (longevity) (increase or decrease in 1 year)	259,679	241,009



#### 44. CONTINGENT ASSETS AND LIABILITIES

The Council has continued to recognise the contingent assets and liabilities disclosed below:

During 2008/2009 the Council asked LAVAT (the Council's VAT advisors) to pursue two VAT cases under 'Fleming' for Bulky Waste VAT and Excess Parking Charges (fines) where the Council believed it has overpaid tax in the past. These claims were settled in favour of the Council during the 2009/2010 financial year. However there is a possibility that compound interest may be payable and as such the Council is currently pursuing this and have instructed DLA Piper to work on behalf of the Council and issue a claim to the High Court. No amounts have been provided for in these Accounts, due to the uncertainty of the outcome of this claim and the value of payment which would be received, if the Council was successful.

Mansfield District Council is a defendant in proceedings brought by a group of Property Search Companies for refunds of fees paid to the Council to access land charges data. The group of Property Search Companies are seeking to claim refunds although no proceedings have yet been issued. The value of claims settled so far, (from June 2012 to 31 March 2016) amounts to £121,160, inclusive of interest and costs. They have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

Southwell Road West - A legal challenge has been launched in 2015/2016 on the basis that the Council's decision to the grant planning permission was flawed. A Judicial review has taken place and the Council is currently awaiting the outcome of the decision.

In February 2015, PSTAX (the Councils VAT advisors), advised the Council of an opportunity to recover VAT from Royal Mail and HMRC. The Council agreed to pursue the claim: On 28 April 2015, following the matter being litigated, it further agreed that Mishcon De Reya, Solicitors, would act on the council's behalf. The Council is one of 285 named Claimants in the Action. The claim against Royal Mail is that postage charges were charged as exempt, which should have been standard rated for recovery of VAT paid over many years. A consequence of this is that the recipients of such supplies have been prevented from reclaiming input VAT that should have been properly included in the charge. There is a potential refund opportunity for recipients of Royal Mail postage services for the VAT that would have been included in the consideration paid on services treated as exempt that should actually have been taxable; and HMRC for the input VAT "embedded" within past payments made for supplies received from the Royal Mail. The Council has paid £8,135.08 plus VAT in various fees to date; The Council's claim, being net of VAT is £2.8m from 1990 to 2015, which covers different VAT rates; it is therefore difficult with any great accuracy to determine the amount the Council might be refunded from Royal Mail (RM) if it wins the Court Case, but a 10% estimate has been placed, namely £280,000.

By way of the latest update received from Mishcon De Reya, advised that in early May, 2017, both Parties agreed to a Consent Order, a timetable for the next steps in the litigation. The Judge requested a Case Management Conference (CMC) which took place on 11 May 2017 to discuss the progress of the case and the proposed next steps. The Judge, noted that he was mindful of cases of this magnitude being drawn out, ordered that Royal Mail file its Defence no later than 28 July 2017, with a reply to it by 29 September 2017.

**45. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

**Credit Risk** - Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers.

It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council also has a policy of limiting deposits with institutions to a maximum of £7million. Each year the Council is required to approve a Treasury Management and Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments; the Treasury Management and Annual Investment Strategy for the 2016/2017 financial year was approved on the 8 March 2016.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

	Amounts as at 31 March £000	Historical experience % of default	Historical experience adjusted for market conditions as at 31 March %	Estimated maximum exposure to default and uncollectability £000
<b>2016/2017</b>				
Deposits with banks and other financial institutions	30,563	0.00	0.00	0
Customers	4,203	9.00	9.00	378
<b>Total</b>	<b>34,766</b>			<b>378</b>
<b>2015/2016</b>				
Deposits with banks and other financial institutions	27,978	0.00	0.00	0
Customers	4,475	9.00	9.00	403
<b>Total</b>	<b>32,453</b>			<b>403</b>

The Council does not generally allow extended credit for customers, but £3.320million of the £4.203million balance relating to 2016/2017 is past its due date for payment. The past due amount can be analysed by age as follows:

	At 31 March 2016 £000	At 31 March 2017 £000
Less than 3 months	528	384
3 to 6 months	334	571
6 months to 1 year	414	237
More than 1 year	2,044	2,034
<b>Total</b>	<b>3,320</b>	<b>3,226</b>

**Liquidity Risk** - The Council has access to a facility to borrow from the Public Works Loans Board (PWLB). As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 20% of loans are due to mature within any financial year and 20% within any rolling five-year period through a combination of prudent planning of new loans taken out and where it is economic to do so, making early repayments.

The maturity structure of financial liabilities is as follows (at nominal value):

	At 31 March 2016 £000	At 31 March 2017 £000
Public Works Loans Board	80,701	74,244
Market Debt	4,500	4,500
Temporary borrowing	1,410	515
<b>Total</b>	<b>86,611</b>	<b>79,259</b>
Less than 1 year	7,867	3,572
Between 1 and 2 years	3,057	1,557
Between 2 and 5 years	11,171	14,171
Between 5 and 10 years	39,343	36,786
More than 10 years	25,173	23,173
<b>Total</b>	<b>86,611</b>	<b>79,259</b>

**Market Risk** - The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments, and the second being the effect of fluctuations in interest rates on the fair value of an instrument.

The current interest rate risk for the authority is summarised below:

- decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Comprehensive Income and Expenditure Statement
- increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Comprehensive Income and Expenditure Statement
- the fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value. It would have a negative effect on the Balance Sheet for those assets held at fair value in the Balance Sheet, which would also be reflected in Comprehensive Income and Expenditure Statement
- the fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities held at amortised cost, but will impact on the disclosure note for fair value

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 20% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the authority's cost of borrowing and provides compensation for a proportion of any higher costs.

The Council's treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

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

	At 31 March 2016 £000	At 31 March 2017 £000
Increase in interest payable on variable rate borrowings	14	14
Increase in interest receivable on fixed rate investments that mature within 12 months	-349	-298
Increase in government grant receivable for financing costs	0	0
<b>Impact on (-) Surplus / Deficit on the Provision of Services</b>	<b>-335</b>	<b>-284</b>
Decrease in fair value of 'available for sale' investment assets	0	0
<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>0</b>	<b>0</b>
Decrease in fair value of fixed rate investment assets (no impact on the surplus / deficit on the Provision of Services or other Comprehensive Income and Expenditure Account)	68	48
Decrease in fair value of fixed rate borrowing liabilities (no impact on the surplus / deficit on the Provision of Services or other Comprehensive Income and Expenditure Account)	6,860	6,593

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

### Foreign Exchange Risk

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

## 46. AUTHORISATION OF ACCOUNTS FOR APPROVAL

The Statement of Accounts for Mansfield District Council was signed by the responsible financial officer on the 2 June 2017.

# **SUPPLEMENTARY FINANCIAL STATEMENTS**

### THE HOUSING REVENUE ACCOUNT (HRA)

The Housing Revenue Account summarises the transactions relating to the provision, maintenance and management of the Council's housing stock. The account has to be self-financing and cannot be subsidised by the General Fund.

The HRA income and expenditure statement below 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.

The Council 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 of which rents are raised, is shown in the Movement on the HRA Statement.

2015/2016 £000	Income and Expenditure Statement	Note	2016/2017 £000
	<b>Income</b>		
-25,737	Dwelling rents	1	-25,865
-461	Non-dwelling rents	2	-553
-1,175	Charges for services and facilities	3	-1,102
-828	Contribution towards expenditure	4,5	-836
<b>-28,201</b>	<b>Total Income</b>		<b>-28,356</b>
	<b>Expenditure</b>		
6,840	Repairs and maintenance		6,744
6,691	Supervision and management		7,269
96	Rents, rates, taxes and other charges		104
15,635	Depreciation, impairment and revaluation losses of non-current assets	8,9	9,934
32	Debt Management costs		32
288	Increase in bad debt provision		307
<b>29,582</b>	<b>Total Expenditure</b>		<b>24,390</b>
<b>1,381</b>	<b>Net cost of HRA Services as included in the Comprehensive Income and Expenditure Statement (CIES)</b>		<b>-3,966</b>
591	HRA services' share of Corporate and Democratic Core		521
<b>1,972</b>	<b>Net Expenditure of HRA Services before exceptional items</b>		<b>-3,445</b>
0	Exceptional item	21	-34,432
<b>1,972</b>	<b>Net Expenditure or (-) Income for HRA Services</b>		<b>-37,877</b>
	<b>HRA share of operating income and expenditure included in the CIES</b>		
-630	(-) Gain / loss on sale of HRA non-current assets	11	-661
3,574	Interest payable and similar charges	12	3,176
-39	Revaluation and impairment of investment property	10	37
-105	Interest and investment income	12	-68
<b>4,772</b>	<b>(-) Surplus / Deficit for the year on HRA Services</b>		<b>-35,393</b>

<b>2015/2016 £000</b>	<b>Movement on the Housing Revenue Account</b>	<b>Note</b>	<b>2016/2017 £000</b>
-18,529	Balance on the HRA at the end of the previous year		-23,919
4,772	(-) Surplus / deficit for the year on the HRA Income and Expenditure		-35,393
-10,162	Adjustments between accounting basis and funding basis under	<b>11</b>	35,838
<b>-5,390</b>	<b>Net (-) increase / decrease before transfers to or from</b>		<b>445</b>
<b>-23,919</b>	<b>Balance on the HRA at the end of the current year</b>		<b>-23,474</b>

**EXPLANATORY NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)****1. DWELLING RENTS**

This represents the total rent due from council tenants excluding any empty properties.

- The average weekly rent during 2016/2017 was £74.74 (£74.39 in 2015/2016).
- Voids (empty properties) accounted for 1.19% of the total stock as at 31 March 2017 (1.15% at the 31 March 2016).

Since August 2014, the Council has managed properties on behalf of the ASRA Housing Association. In 2016/2017 100 properties were managed (100 in 2015/2016). Included in dwelling rents for 2016/2017 is income of £172,000, which under the terms of agreement the Council received a management fee of £150,000 (£150,000 in 2015/2016) and £22,000 which was a 50% share of rents collected by the Council in excess of 90% (£18,000 in 2015/2016).

During 2016/2017 the Council raised rent charges on the ASRA properties totalling £400,000, and collected £403,000 (100.75%). In 2015/2016 the rent charges for ASRA properties were £400,000 and collected £403,000 (100.75%).

**2. NON-DWELLING RENTS**

This represents rent received from the other HRA non-current assets which are not defined dwellings, for example shops and garages.

**3. CHARGES FOR SERVICES AND FACILITIES**

This includes charges for services provided by the Council in connection with the provision of property for occupancy, and comprises:

	2015/2016	2016/2017
	£000	£000
District heating	987	896
Sheltered accommodation / warden aided	36	47
Service charges on leased flats	152	159
<b>Total</b>	<b>1,175</b>	<b>1,102</b>

**4. SUPPORTING PEOPLE**

This represents charges for services to vulnerable people such as homeless provision and care of the elderly. In 2016/2017 £112,000 was charged for providing these services. (In 2015/2016 the charge was £104,000). The figure of £580,000 for Supporting People disclosed in the 2015/2016 Statement of Accounts was overstated by £476,000. This figure represented credits to rent accounts for the supporting people charges which were included in the figure for Dwellings rents therefore understating Dwelling rents by £476,000. Both the comparative figures for Dwelling Rents and Contribution towards expenditure have been restated.

**5. TRANSFERS FROM GENERAL FUND FOR SHARED SERVICES**

This income relates to services provided by the HRA for the General Fund.

	2015/2016	2016/2017
	£000	£000
Tenants and residents participation	12	12
Grass cutting in communal areas	117	117
Warden services	130	130
Homeless and housing advice	465	465
<b>Total</b>	<b>724</b>	<b>724</b>



**6. HOUSING SUBSIDY**

In 2012/2013 the HRA financing system changed from a Subsidy system to a Self-financing system. This resulted in the Council having to make a £52.173m one-off payment in 2011/2012 to Central Government which has been financed through borrowing.

**7. SUMS DIRECTED BY THE SECRETARY OF STATE**

This line in the HRA represents a reserve item which allows account to be taken of any future directions that the Secretary of State might make. During the 2016/2017 financial year there were no directions were given.

**8. DEPRECIATION**

Depreciation calculated for HRA non-current assets during 2016/2017 was:

	2015/2016	2016/2017
	£000	£000
Council Dwellings	3,049	3,229
Non-Current Assets (Other land and buildings)	260	294
Equipment	6	9
Amortisation of intangible assets	15	19
<b>Total</b>	<b>3,330</b>	<b>3,551</b>

**9. IMPAIRMENT**

During 2016/2017 £6.463million was charged to the Housing Revenue Account for impairment and revaluation losses where there had either been a general fall in the value of the asset or whereby the Council incurred spend on assets for which the value of that expenditure did not lead to a pound for pound increase in that asset. A previous revaluation loss on land was reversed of £81,000.

The following table shows how impairment and revaluation losses were split between Council dwellings, assets under construction and other HRA non-current assets.

	2015/2016	2016/2017
	£000	£000
Council dwellings	11,794	6,434
Assets Under Construction	91	0
Non-Current Assets (Other land and buildings)	397	-65
Intangible Assets	23	14
<b>Total</b>	<b>12,305</b>	<b>6,383</b>

Impairment and revaluation losses on HRA assets are charged directly to services within the Net cost of HRA services where there is no balance or an insufficient balance of accumulated gains on the Revaluation Reserve for the relevant assets

**10. REVALUATION AND IMPAIRMENT OF INVESTMENT PROPERTY**

Revaluation gains and losses and impairment specific to investment property is shown on the face of the HRA Income and Expenditure Account separate to depreciation and impairment on council dwellings and other land and buildings (non-current assets).

The following table shows the revaluation and impairment amounts charges to the Income and Expenditure Accounts in respect of investment properties:

	<b>2015/2016</b>	<b>2016/2017</b>
	<b>£000</b>	<b>£000</b>
Revaluation (-) gains / losses	-39	37
Impairment	0	0
<b>Total</b>	<b>-39</b>	<b>37</b>

Revaluation gains and losses and impairment on investment properties are charged under “HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement,” and included within the surplus or deficit on the HRA for the year.

Both the revaluation amounts and impairment are reversed out of the HRA Income and Expenditure Statement through the Movement on the HRA Statement so that it does not impact on the rent chargeable for dwellings.

**11. NOTES TO THE MOVEMENT ON THE HRA STATEMENT**

<b>2015/2016</b>		<b>2016/2017</b>
<b>£000</b>		<b>£000</b>
<b>Items included in the HRA Income and Expenditure Statement but excluded from the movement on HRA Statement for the Year</b>		
-12,546	Difference between any other item of income and expenditure determined in accordance with the SORP and determined in accordance with statutory requirement	27,961
630	Gains / (-) loss on sale of HRA non-current assets	661
-318	Net charges made for retirement benefits in accordance with the Code	-217
<b>-12,234</b>		<b>28,405</b>
<b>Items not included in the HRA Income and Expenditure Statement but included within the movement on HRA Statement for the Year</b>		
0	Voluntary set aside for debt repayment	4,268
2,072	Capital expenditure funded by the HRA	3,165
<b>2,072</b>		<b>7,433</b>
<b>-10,162</b>	<b>Net additional amount required by statute to be debited / (-) credited to the HRA Statement for the year</b>	<b>35,838</b>

**12. CAPITAL CHARGES**

The HRA receives a proportion of the interest received by the Council in respect of its cash management. There is a statutory calculation (Item 8 Credit) which determines the amount received.

Conversely, the HRA also pays a proportion of the interest owed by the Council for loans that have been taken out, which forms part of the Item 8 Debit.

From 1 April 2012, Local Authorities are allowed to determine how they calculate the level of interest charged to the Housing Revenue Account for pooled loans (that is, all loans prior to the Housing Self Financing Reform which were held in the General Fund and for which there was a year-end charge for interest payable). Under the new arrangements, Local Authorities are required to ensure that the methodology for charging the Housing Revenue is fair and equitable. The Council has based the calculation on the average debt interest rate for all pooled loans against the HRA Capital Financing Requirement (loans which have been taken out in the past for HRA capital schemes, which are still outstanding).

	2015/2016 £000	2016/2017 £000
<b>Interest Payable:</b>		
Item 8 Debit	2,187	1,789
Self-financing loan fees	0	0
Self-financing loan interest payable	1,387	1,387
<b>Total</b>	<b>3,574</b>	<b>3,176</b>
<b>Interest Receivable:</b>		
Item 8 Credit	-105	-68

The Council does not hold any premiums or discounts in relation to the rescheduling of HRA debt.

**13. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

During 2016/2017, there was no revenue expenditure funded from capital under statute charged to the HRA (£0 in 2015/2016).

**14. RENT ARREARS**

The arrears outstanding at the 31 March 2017 for rent not paid to the Council are shown in the table below. The figures in respect of rent due are shown separately to the debts outstanding in respect of the charges for the provision of services and facilities.

	31 March 2016 £000	31 March 2017 £000
<b>Rent Arrears</b>		
Former Tenants	257	299
Current Tenants	799	791
<b>Service and Facilities Arrears</b>		
Former Tenants	1	4
Current Tenants	4	4
<b>Total</b>	<b>1,061</b>	<b>1,098</b>
<b>Outstanding debts as a proportion of gross rent due (rent only)</b>		
Former tenants	1.02%	1.16%
Current tenants	3.18%	3.06%

Bad debts written off in the year amounted to £324,000. The total provision in respect of the £1.098million outstanding debts is £455,000. In 2015/2016 bad debts of £279,000 were written off and the total provision in respect of the £1.061million outstanding debts was £422,000.

## 15. CONTRIBUTION TO PENSION RESERVES

In order to reconcile the actual payments made to the Nottinghamshire County Council pension scheme to the reduced charges shown within the Housing Revenue Account in respect of the assessed value of employer's contributions, it is necessary for a contribution to be made from the HRA to the Pensions reserve. In 2016/2017 the contribution was £217,000 (£318,000 in 2015/2016). This cost is reversed out due to statutory regulations and has no effect on the HRA balances.

## 16. HOUSING STOCK

At the 31 March 2017 the Council's housing stock consisted of the following:

Number of Dwellings	Houses	Bungalows	Flats and maisonettes	Total
Bedsits	0	0	49	49
1 bedroom	4	1,285	1,098	2,387
2 bedroom	848	613	606	2,067
3 bedroom	1,870	26	21	1,917
4 or more bedrooms	116	3	1	120
<b>Total Dwellings</b>	<b>2,838</b>	<b>1,927</b>	<b>1,775</b>	<b>6,540</b>
Hostel properties				44
Garages				949
<b>Total</b>				<b>7,533</b>
The movement in housing stock during the year is analysed as follow:				
<b>Stock at 31 March 2016</b>				<b>7,554</b>
Additions to housing stock				35
Sales, demolitions and disposals				-56
<b>Stock at 31 March 2017</b>				<b>7,533</b>

## 17. ASSET VALUES

The value of the non-current assets held by the HRA at the start of the year and at 31 March 2017 is:

	Value at 31 March 2016 £000	Value at 31 March 2017 £000
Council Dwellings*	146,929	187,508
Operational land and buildings	15,820	13,626
Investment Properties	640	1,290
Assets Under Construction	3,626	2,258
Surplus Assets	0	681
Equipment	24	18
Community Assets	252	252
<b>Closing Balance</b>	<b>167,291</b>	<b>205,633</b>

\* The value of Council Dwellings assuming vacant possession is £447,527,364 at 1 April 2016 (£432,143,863 at 1 April 2015). This is reduced by 58% in 2016/2017 (66% in 2015/2016) to reflect the economic cost to Government of providing council housing as dwellings are tenanted and therefore are valued at less than open market value. Included in this figure are 13 dwellings with a total market value of £1.080million which are expected to be sold in 2017/2018 under the right to buy scheme.

**18. MAJOR REPAIRS RESERVE**

The following table shows the movement on the Major Repairs Reserve during the 2016/2017 financial year:

	2015/2016 £000	2016/2017 £000
<b>Opening Balance</b>	-9,635	-9,958
Depreciation charged to HRA	-3,049	-3,551
Revenue contribution to Capital	-2,072	-3,165
Financing of capital expenditure	4,798	4,316
<b>Closing Balance</b>	<b>-9,958</b>	<b>-12,358</b>

**19. CAPITAL EXPENDITURE AND FINANCING OF HRA NON-CURRENT ASSETS**

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it:

	2015/2016 £000	2016/2017 £000
<b>Expenditure:</b>		
Land and other property	11,488	0
Council Dwellings	2,728	6,545
Intangible asset	23	14
Equipment	35	0
<b>Financed By:</b>		
Capital Receipts	-7,287	-39
Major Repairs Reserve	-4,612	-4,316
Revenue contribution to Capital	-186	0
Grants and contributions	-2,189	-2,204
Borrowing	0	0
Earmarked reserves	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**19. CAPITAL RECEIPTS**

Capital Receipts received from the sale of HRA non-current assets were as follows:

	2015/2016 £000	2016/2017 £000
Sale of council dwellings*	1,763	2,608
Repayment of mortgages	9	1
Disposal of land and other property	0	102
<b>Total</b>	<b>1,772</b>	<b>2,711</b>

\* Not all of these receipts are available for use by the Council; in 2016/2017 £479,000 (£495,000 in 2015/2016) was paid across to the Government in respect of HRA capital receipts.

## **20. EXCEPTIONAL ITEMS**

There has been an exceptional item in 2016/2017. The Council's Housing Stock are valued at Existing Use Value Social Housing (EUV-SH) this is arrived at by first measuring the Council dwellings at Market Value and then applying a reduction factor stipulated by the Department for Communities and Local Government (DCLG). The reduction factor in 2016/2017 was 58% (66% in 2015/2016). The reduction factor is to reflect the economic cost of providing Council Housing. The change in the reduction factor from 66% to 58% has resulted in an increase in the value of Council dwellings by £44.687million. This gain reverses a previous revaluation loss of £34.432million which occurred in 2010/2011 (when the factor was reduced from 50% to 34%). The exceptional item has no effect on the HRA balance as at 31 March 2017 due to statutory regulations requiring this gain to be reversed out. The remaining gain of £10.255million has been taken to the Revaluation Reserve. There were no exceptional items in 2015/2016.

## **21. PRIOR PERIOD ADJUSTMENTS**

No prior period adjustments have been made in the Housing Revenue Account.

## **THE COLLECTION FUND**

### **EXPLANATORY NOTES TO THE COLLECTION FUND**

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

The Council has a statutory requirement to operate a Collection fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and Non-Domestic Business Rates. The administration costs associated with the collection process are charged to the General Fund.

With effect from 1 April 2013, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the District. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

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

The new arrangements provide a direct link between business rates growth and the amount of money local authorities have to spend on services. Local authorities can keep a proportion of their NDR collected in their area after certain contributions to (levy payments) and from (safety net payments) the Government have been made. The Council's share is 40% with the remainder paid to precepting bodies. For Mansfield District Council the NDR precepting bodies are Central Government (50% share), Nottinghamshire County Council (9% share) and Nottinghamshire Fire Authority (1% share).

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet. The balance of the Collection Fund is disaggregated at the year-end to attribute relevant amounts to the precepting authorities (shown as debtors or creditors in the Balance Sheet) and the billing Council (Mansfield District Council).

## COLLECTION FUND STATEMENT

2015/16			COLLECTION FUND	2016/17		
Business Council				Business Council		
Rates £000	Tax £000	Total £000		Rates £000	Tax £000	Total £000
			<b>INCOME</b>			
0	-47,928	-47,928	Council Tax Receivable	0	-50,090	-50,090
-28,810	0	-28,810	Business Rates Receivable	-29,600	0	-29,600
<b>-28,810</b>	<b>-47,928</b>	<b>-76,738</b>		<b>-29,600</b>	<b>-50,090</b>	<b>-79,690</b>
			<b>EXPENDITURE</b>			
			Apportionment of Previous Year Surplus or (Deficit):			
-1,268	0	-1,268	Central Government	-1,220	0	-1,220
-1,014	50	-964	Mansfield District Council	-976	73	-903
-228	327	99	Nottinghamshire County Council	-220	487	267
-25	19	-6	Nottinghamshire Fire and Rescue Service	-24	28	4
0	47	47	Nottinghamshire Police Authority	0	70	70
<b>-2,535</b>	<b>443</b>	<b>-2,092</b>		<b>-2,440</b>	<b>658</b>	<b>-1,782</b>
			<b>PRECEPTS, DEMANDS AND SHARES</b>			
14,482	0	14,482	Central Government	13,810	0	13,810
11,586	5,126	16,712	Mansfield District Council	11,048	5,222	16,270
2,607	34,443	37,050	Nottinghamshire County Council	2,486	36,490	38,976
290	2,010	2,300	Nottinghamshire Fire and Rescue Service	276	2,088	2,364
0	4,895	4,895	Nottinghamshire Police Authority	0	5,086	5,086
0	73	73	Warsop Parish Council	0	75	75
<b>28,965</b>	<b>46,547</b>	<b>75,512</b>		<b>27,620</b>	<b>48,961</b>	<b>76,581</b>
			<b>CHARGES TO COLLECTION FUND</b>			
365	231	596	Write offs of uncollectable amounts	0	0	0
-23	0	-23	Increase/(-) Decrease in Bad Debt Provision	154	409	563
2,199	0	2,199	Increase/(-) Decrease in Provision for Appeals	-2,241	0	-2,241
0	0	0	Hardship relief	0	-7	-7
0	0	0	DWP benefit adjustment	0	268	268
0	0	0	Renewable energy	36	0	36
129	0	129	Cost of Collection	128	0	128
-7	0	-7	Transitional Protection Payments	15	0	15
<b>2,663</b>	<b>231</b>	<b>2,894</b>		<b>-1,908</b>	<b>670</b>	<b>-1,238</b>
<b>283</b>	<b>-707</b>	<b>-424</b>	<b>(-) Surplus or Deficit in year</b>	<b>-6,328</b>	<b>199</b>	<b>-6,129</b>
4,453	-1,802	2,651	(-) Surplus or Deficit balance brought forward	4,736	-2,509	2,227
<b>4,736</b>	<b>-2,509</b>	<b>2,227</b>	(-) Surplus or Deficit balance carried forward	<b>-1,592</b>	<b>-2,310</b>	<b>-3,902</b>



**INCOME FROM BUSINESS RATEPAYERS**

Non-Domestic Rates (NDR) or Business Rates are paid by businesses. Central Government specifies an annual rate in the pound 49.7p in 2016/2017 (49.3p in 2015/2016) and local businesses pay an annual bill calculated by multiplying the rateable value of their premises by this annual rate; there are a number of reliefs available, for example to small businesses and charities.

The Council collects and distributes business rates from to the main preceptors and central government. Previously the government received all of the income due under Non Domestic Rates (NDR) and distributed this back to authorities by mainstream funding through the formula grant system.

The NDR income collectable in 2016/2017 after reliefs was £29.6million (£28.8million in 2015/2016). The Council receives an allowance from the Collection Fund towards the collection of Business Rates, for 2016/2017 this was £128,223 (£128,720 in 2015/2016).

	<b>As at 31 March 2016</b>	<b>As at 31 March 2017</b>
Total Rateable Value (£000)	71,043	71,434
Non Domestic Rating Multiplier	49.3p	49.7p
Small Business Multiplier	48.0p	48.4p

As a result of being in the Nottinghamshire pool, for 2016/2017 the Council is forecasted to receive a returned levy of £249,805 (2015/2016 £28,000).

The surplus in Business Rates of £1.592million (Deficit of £4.736million as at 31 March 2016) will be carried forward into the 2017/2018 financial year to be recovered by Central Government and the major preceptors.

**Business Rates Appeals (NDR – Non-Domestic Rates)**

Under the Business Rates Retention Scheme, local authorities are required to provide for the potential loss of business rates as a result of businesses successfully appealing against the rateable valuation of property occupied. The provision is funded from the Collection Fund and the cost shared between the Members of the Business Rates pool. The total of the appeals provisions is £2.3million (2015/2016 £4.5million) with the Council being responsible for £0.9million (2015/2016 £1.8million).

The £0.9million provision for appeals is included within the Council's disaggregated share of the collection fund balances held in the consolidated balance sheet.

**COUNCIL TAX**

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A-H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent number of band D dwellings).

The Council Tax Base for the 2016/2017 financial year was 28,272 and was calculated as shown below:

<b>Band</b>	<b>Number of Chargeable Properties</b>	<b>Ratio to Band D</b>	<b>Number of Band D Equivalents</b>
A*	50.70	5/9	28
A	17408.00	6/9	11,605
B	7978.10	7/9	6,205
C	5696.90	8/9	5,064
D	3385.90	9/9	3,386
E	1305.00	11/9	1,595
F	361.70	13/9	522
G	164.90	15/9	275
H	11.00	18/9	22
<b>Totals</b>	<b>36,362.20</b>		<b>28,702</b>
Less adjustment for collection rate			-430
<b>Council Tax Base 2016/2017</b>			<b>28,272</b>

The basic amount of Council Tax for a Band D property was £1,729.14 in 2016/2017. (£1,674.70 in 2015/2016).

## ANNUAL GOVERNANCE STATEMENT (AGS) 2016/2017

### 1. **Scope of Responsibility**

- 1.1 Mansfield District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Mansfield 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.
- 1.2 In discharging this overall responsibility, Mansfield District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 Mansfield District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016 Edition*. A copy of the code is on our website or can be obtained from the Civic Centre, Chesterfield Road South, Mansfield, NG19 7BH. This statement explains how Mansfield District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, Regulation 6(1) which requires all relevant bodies to prepare an AGS.

### 2. **The Purpose of the Governance Framework**

- 2.1 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 its communities. 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 services and value for money.
- 2.2 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 Mansfield District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Mansfield District Council for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

### 3. **Statement of Overall Opinion**

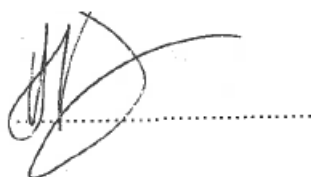
- 3.1 It is our opinion, based upon the content of this AGS, that the Council's governance framework is robust and that the governance arrangements have proved to be highly effective during 2016/2017.
- 3.2 The Audit Committee is satisfied that the Corporate Governance Action Plan enclosed as Table 2 in Section 5 of this AGS includes all the improvements identified from the effectiveness reviews carried out of the Council's governance arrangements and that the actions to address them are adequate.
- 3.3 The Council is committed to fully implement, during 2017/2018, the improvements detailed in the Corporate Governance Action Plan, with the Audit Committee being responsible for monitoring implementation.

Executive Mayor



Date: 16 July 2017

Interim Chief Executive



Date 16 July 2017

#### 4. **Implementation of Corporate Governance Action Plan – 2015/2016**

4.1 Table 1 below provides the position in respect of implementing the actions from the effectiveness reviews carried out to inform the 2015/2016 AGS:  
Table 1 - Corporate Governance 2015/2016 Action Plan – Position Statement as at 31 March 2017

Ref	Action	Lead officer	Target Completion Date	Position as at 31 March 2017
1	To deliver briefings to all elected members on the Protocol of Member/Employee/Partner Relations	Jacqueline Collins	31 August 2016	Implemented
2	To fully implement the action plan in respect of issues identified from Internal Audit's review of the Council's client management arrangements in respect of the Health & Safety, Legal and Procurement shared services Report progress on implementation to CLT and the Audit Committee	As stated in action plan Adrian Pullen	31 July 2016 30 September 2016	Implemented Implemented
3	To successfully complete the Overview and Scrutiny Task & Finish group review of the Council's procurement arrangements Implement any agreed recommendations for improvement	OSC 3 Chairman Mick Andrews	31 July 2016 31 October 2016	Implemented Action Plan has been agreed for full implementation by 30 June 2017 – Included in Table 2 Action Plan below
4	To fully implement the action plans from Internal Audit reviews that have achieved an "Unsatisfactory" assurance level Report progress on implementation to CLT and the Audit Committee	As stated in action plans Adrian Pullen	31 July 2016 30 September 2016	Implemented Implemented
5	To implement the Council's revised community engagement strategy for key stakeholders	Jeanette Marples	31 October 2016	It has been decided to now develop and implement a Community Involvement Strategy during 2017/2018 Included in Table 2 Action Plan below
6	To present an annual report to Council detailing the effectiveness of the Audit Committee in delivering its areas of responsibility	Chairman of the Audit Committee	26 July 2016	Implemented
7	To complete a corporate assurance mapping exercise linked to the Council's strategic risks	Adrian Pullen	30 September 2016	Implemented
8	To provide the Audit Committee with assurance as to the effectiveness of the governance arrangements in respect of the Council's major projects	Adrian Pullen	31 October 2016	Implemented
9	To finalise the Council's revised strategic risk and opportunity register and evaluation methodology To deliver training workshops to Members on the Council's revised risk and opportunity management arrangements	Adrian Pullen Adrian Pullen	31 July 2016 31 August 2016	Implemented Implemented

## 5. **Significant Governance Issues / Areas for Improvement – 2016/2017**

5.1 No significant governance issues have been identified during 2016/2017

5.2 Table 2 below details the actions required to deliver the improvements identified from the reviews carried out during 2016/2017 of the effectiveness of the Council's governance arrangements:

Table 2 – Corporate Governance Action Plan – 2016/2017

Ref	Source	Action	Lead officer	Target Completion Date
1	Corporate Governance Action Plan – 2015/2016	To fully implement the agreed actions from the OSC3 Task & Finish group review of the Council's procurement arrangements	David Ashcroft	30 June 2017
2	Review of the Council's Counter Fraud Arrangements	To introduce an e-learning counter fraud awareness solution	Adrian Pullen	30 September 2017
3	Review of the Council's Counter Fraud Arrangements	To consider using the CIFAS Internal Fraud Database	Adrian Pullen	31 July 2017
4	Corporate Governance Review	To fully implement the Community Involvement Strategy action plan for 2017/2018	Jeanette Marples	31 March 2018
5	Corporate Governance Review	To introduce formal budgeting guidance and related protocols	David Ashcroft	31 August 2017
6	Corporate Governance Review	To fully implement the Corporate Risk & Opportunity Management Strategy action plan for 2017/2018	Adrian Pullen	31 March 2018
7	Review of Effectiveness of Audit Committee	To develop a programme for the Audit Committee to enable it to effectively deliver its responsibilities in respect of the Council's risk and opportunity management arrangements To implement the agreed programme	Adrian Pullen	31 July 2017
			Adrian Pullen	31 March 2018
8	Review of Effectiveness of Audit Committee	To deliver a comprehensive training programme to the Audit Committee during 2017/2018	Adrian Pullen	31 March 2018
9	Review of Effectiveness of Audit Committee	To provide the Audit Committee with greater assurance in respect of the governance arrangements of the Council's major projects by more active and consistent involvement of Internal Audit in individual projects	CLT	2017/2018

### 3. The Governance Framework

#### Vision and Priorities

- 3.1 The Council's vision and priorities are contained in its Corporate Plan. All departments have service delivery plans which link to the Corporate Plan and are monitored on a regular basis.

The vision of Mansfield District Council as stated in its Corporate Plan and Annual Performance Report 2016 is to:

***“maintain a safe and caring district where everybody can succeed”***

The Council's vision will be realised through a set of priority areas around economic prosperity, quality of life and community safety. The Council's key priorities until 2019 are:

- A thriving, vibrant and sustainable district
- Strong, safe and resilient communities
- Clean and welcoming environment

- 3.2 The Council's Corporate Values of Excellence, Integrity, Teamwork, Empower and Involve, and Passion and Pride summarise its way of thinking to deliver positive outcomes for its customers. Underpinning the Corporate Values is its commitment to equality as it aims to treat everyone fairly and strives to achieve equality for its diverse communities.

- 3.3 The Council's Medium Term Financial Strategy (MTFS) for 2017/2018 to 2020/2021 supports the Corporate Plan and identifies its financial implications. It shows the approach the Council will take in order to deliver its services and priorities within its financial constraints and in doing so how it will look to provide value for money

#### Quality of Services

- 3.4 All aspects of customer feedback are used to shape strategy and service delivery including focus groups, customer experience feedback and more formal questionnaires. The Council has an ongoing commitment to community engagement and empowerment.
- 3.5 The Council has a performance management software package which brings together all the Council's performance data in one place and enables effective monitoring of performance in respect of key indicators.
- 3.6 The Council has in place a corporate complaints system which ensures effective monitoring and action is taken where appropriate.

#### Constitutional Matters

- 3.7 The 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
- 3.8 The facilitation of policy and decision making is through the Executive Mayor and Cabinet. Meetings are open to the public except where exempt or confidential matters are being discussed. In addition portfolio holders and senior officers can make decisions under delegated powers. The Council publishes a “Notice of Key Decisions” which contains details of all key decisions to be made by the Council.
- 3.9 The Chief Executive as Head of Paid Service has a duty to monitor and review the operation of the Council's Constitution to ensure its aims and principles are given full effect.

#### Codes of Conduct

- 3.10 The Council has adopted codes of conduct for both members and employees and also has a protocol for member/employee/partner relations. The codes include reference to the need to declare any interest which may conflict with the individual's role at the Council, with registers maintained for any such interest to be recorded and monitored.
- 3.11 Compliance with the member and employee codes of conduct is monitored by the Council's Standards and Personnel Committees respectively.

- 3.12 The Council has in place a whistle-blowing code which ensures that any referrals under the code are fully investigated, with findings reported to the Statutory Officers, senior managers and the Audit Committee.

**Policies, Procedures, Laws and Regulations**

- 3.13 The Director of Governance is designated as the Council's Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations.
- 3.14 The financial management of the authority is conducted in accordance with the relevant provisions of the Constitution and the Council's Financial Regulations. The Council has designated the Director of Commerce and Customer Services as the Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972.
- 3.15 The Council's Local Code of Corporate Governance fully conforms with the governance requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government*.
- 3.16 The Council maintains an Internal Audit Service, which operates in accordance with the Accounts and Audit Regulations 2015, the Public Sector Internal Audit Standards (PSIAS) and CIPFA's Local Government Application Note.
- 3.17 The Council has robust policies and procedures relating to the use of resources and the corporate governance framework, including Financial Regulations and Contract Procedure Rules, Scheme of Delegation, IT Strategy, Anti-Fraud Strategy and Whistle-blowing Code.

**Risk and Opportunity Management**

- 3.18 The Council has a Risk and Opportunity Monitoring Group which has defined terms of reference to monitor the effective delivery of the Council's Corporate Risk and Opportunity Management Strategy across the authority. In addition the Council's Audit Committee is responsible for monitoring the effective development and operation of risk management.

**Audit Committee**

- 3.19 The Council has an Audit Committee which is fully compliant with the guidance provided in CIPFA's *Audit Committees – Practical Guidance for Local Authorities 2013 edition*.

**Development and Training Needs**

- 3.20 There is an induction programme in place for newly appointed officers and members, with their ongoing training needs being determined by means of one to one discussions with members and annual interviews of employees in accordance with the Council's personal development scheme.
- 3.21 There are opportunities for members and officers to update their knowledge on a regular basis by using the Council's training and development programme, which includes training on corporate governance.
- 3.22 In accordance with the Member Development Charter for the East Midlands, the Council has a comprehensive member development programme in place.

**4. Review of Effectiveness**

- 4.1 Mansfield District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit and Assurance Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 The process that has been applied in reviewing the effectiveness of the Council's governance framework includes:

- The Council has carried out a self assessment of its compliance with the CIPFA Statement on the *Role of the Head of Internal Audit in Local Government* as part of the annual effectiveness review of the system of internal audit with no areas of non-compliance being identified
- The Audit and Assurance Manager's review of the Council's level of compliance with its adopted Local Code of Corporate Governance concluded that the overall level of compliance is high, although areas were identified where it was considered that there was an opportunity for further improvement.
- The Audit and Assurance Manager has completed a review of the Council's ethical governance arrangements with an overall excellent assurance level being achieved
- The Standards Committee monitors members' compliance with the Code of Conduct and considers any action required from this monitoring. No significant issues have been identified
- The Council's Procurement Strategy and Contract Procedure Rules have been reviewed during 2016/2017 and an Overview and Scrutiny 3 Task and Finish group reviewed the effectiveness of the Council's procurement arrangements and made recommendations for improvement which have been implemented
- The Council's counter fraud and corruption arrangements have been reviewed during 2016/2017 to ensure that they continue to be effective and are fully compliant with both the Local Government Counter Fraud and Corruption strategy 2016-2019 and CIPFA's Code of Practice on "managing the risk of fraud and corruption".
- The Council's Corporate Risk and Opportunity Management Strategy has been revised during 2016/2017 in order to clarify roles and responsibilities and include the new methodology for evaluating the effectiveness of the key mitigating controls and enablers
- The Council has a number of Overview and Scrutiny Committees which provide an overview and scrutiny role. They can "call in" a decision which has been made by the Executive or an officer (where the decision is a key decision) but not yet implemented, to enable them to consider whether they consider the decision is appropriate. They also enquire into issues which are of local concern
- The Audit Committee received a variety of reports during 2016/2017 both from internal assurance providers and from external audit in accordance with its terms of reference as detailed in the Council's constitution.
- Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control in line with its Charter. It has undertaken planned reviews of internal control procedures across all departments and across a range of functions in the Council. The reporting process for Internal Audit requires the findings and recommendations from each review, along with the agreed action plan to be reported to senior officers and members and to the Audit Committee. The process includes quarterly reviews of the agreed actions to ensure that they have been implemented
- The Audit and Assurance Manager's Annual Report for 2016/2017 concluded that the internal control environment was both robust and effective and therefore an unqualified opinion was given. It also concluded that, based upon the results of the approved Quality Assurance and Improvement Programme (QAIP), the Internal Audit Service had conformed to the PSIAS and its Charter
- External Audit's Annual Governance report, which summarises the findings from their 2015/2016 audit work gave an unqualified opinion on the financial statements and did not identify any material weaknesses in the design or operation of internal control



## **Glossary of Financial and Accounting Terms**

**PLEASE NOTE:** *This glossary provides an explanation of terms, not precise definitions. It should not be used as a substitute for the more detailed and specific definitions given in statute, codes of practice and technical guidance. It should be used in conjunction with explanations provided within and supporting the accounting statements.*

**ACCOUNTING PERIOD** – the period of time covered by the accounts. Normally 12 months commencing on 1 April and finishing on 31 March the following year. The end of the accounting period is the Balance Sheet date.

**ACCRUAL** – an amount included in the accounts to cover income or expenditure relating to an accounting period but for which payment has not been received or made. This means that income and expenditure is recognised in the accounts when they are earned or incurred, not when money is exchanged.

**AGENCY SERVICES** – services, which are performed by a local authority, where the authority legally responsible for the service reimburses the agent (the authority doing the work) for the cost of the work, carried out. During 2014/2015, the Council acted as an agent for Nottinghamshire County Council for the maintenance of highways within the District.

**BALANCE SHEET** – a statement of the recorded assets, liabilities and other balances as they stand in monetary terms, at the end of an accounting period.

**BILLING AUTHORITY** – a local authority responsible for collecting the council tax and business rates from within its district boundaries (Mansfield is a billing authority).

**BUDGET** – a statement defining the Council's policies over a specified period of time (usually an accounting period) in terms of finance.

**BUSINESS RATES** – New arrangements from 1 April 2014, the business rate retention scheme was introduced. These arrangements provide a direct link between business rates growth and the amount of money local authorities have to spend on services. Local authorities can keep a proportion of their business rates collected in their area after certain contributions to and from the Government have been made.

**CAPITAL RECEIPTS** – the proceeds from the sale of council houses, buildings, land and other assets. Capital receipts can be used to finance new capital expenditure, within rules set down by central government, but they cannot be used to finance revenue expenditure.

**CAPITAL EXPENDITURE** – this includes expenditure on the acquisition of, or major enhancement of fixed assets such as land, property and other structures.

**COMMUNITY ASSETS** – assets that a local council holds which may have restrictions on their use and disposal. Examples include playing fields and parks.

**COUNCIL TAX** – the main source of local taxation to councils. It is levied on households within its area by the billing authority and distributed to the County Council, Police and Fire Authorities, and to meet the cost of its own general fund services.

**COUNCIL TAX BANDS** – each property in a local authority's area is valued by Central Government's Valuation Office Agency, and placed in one of 8 bands ranging from A to H. Each Band is averaged out in relation to **Band D**, bands A to C paying less, and bands E to H paying more on an increasing scale.

**COUNCIL TAX BENEFIT** – assistance provided by billing authorities to adults on low incomes to help them pay their council tax bill. The cost to authorities of council tax benefit is largely met by a government subsidy.

**CREDITORS** – an amount owed by a council for work done, goods received or services rendered relating to the accounting period, but for which payment has not yet been made.

**CURRENT ASSETS** – an amount held at the balance sheet date, which will be used within the following accounting period; for example, stock, cash and debtors.

**CURRENT LIABILITY** – an amount owing at the balance sheet date, which will be paid in the next accounting period; for example, creditors, cash and loan repayments.

**DEBTORS** – an amount owing to a council relating to the accounting period, but for which money has not yet been received.

**DEPRECIATION** – the reduction in value of a fixed asset due to age or deterioration through usage.

**EARMARKED RESERVES** – amounts put aside to meet specific liabilities in the future. The main Council reserves are its Capital and Insurance Funds.

**FINANCE LEASE** – a form of borrowing, usually for land and buildings, where the ownership of the fixed asset eventually passes over to the Council.

**GENERAL FUND** – the main revenue fund of the Council. Day-to-day spending on services is met from this fund. Mansfield's general fund is split between its main service such as Leisure and Regulatory Services. Expenditure on the provision of Housing, however, must be charged to a separate Housing Revenue Account (HRA).

**GENERAL RESERVES** – amounts put aside, but not allocated to meet, any future spending commitments. The Council's main general reserves are its General Fund and Housing Revenue Account Balances.

**HERITAGE ASSETS** – assets that are a distinct class of asset which is reported separately from property, plant and equipment and from intangible assets. A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained for its contribution to knowledge and culture.

**HOUSING BENEFIT** – an allowance to persons on low income to meet, in whole or part, their rent. Local authorities pay benefit but central government refunds most of the cost of the benefits and of the running costs of administering the service. Benefit paid to the authority's own tenants is known as **rent rebate** and that paid to private sector tenants as **rent allowance**.

**HOUSING SUBSIDY** – a government grant paid to housing authorities towards the cost of providing, managing and maintaining council dwellings.

**IMPAIRMENT** – this reflects a REDUCTION in the market value of a fixed asset due to significant changes in the market (i.e. introduction of new technology), obsolescence, or damage, etc.

**MINIMUM REVENUE PROVISION** – the minimum amount that must be charged against the Council's revenue accounts each year, as a provision to repay borrowing and finance leases.

**NET BOOK VALUE** – the amount at which fixed assets are included (valued) in the balance sheet, i.e. their historic value or current valuation less depreciation.

**NET CURRENT REPLACEMENT COST** – the cost of replacing or recreating a fixed asset in its existing condition or existing use.

**NET REALISABLE VALUE** – the open market value of the asset in its existing use.

**NON-CURRENT ASSETS** – an asset, which has a value (usually large) to the Council over a number of years; for example, land, buildings and equipment. Such assets result from capital expenditure.

**OPERATING LEASE** – a type of rental agreement, usually for computer equipment, office furniture and equipment, where the Council never owns the asset.

**PRECEPT** – the levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf, for services they provide in the billing authorities area.

**PRECEPTING AUTHORITIES** – those authorities who are not billing authorities, e.g. “major” authorities such as the County Council and Police and Fire Authorities and “local precepting authorities” such as Parish, Town or Community Councils.

**PROVISIONS** – pre-determined amounts put aside in the accounts for liabilities or losses which are certain or very likely to occur, but the amounts involved or the date when they need to be settled are uncertain.

**PUBLIC WORKS LOAN BOARD** – a central government agency, which provides loans to local authorities.

**REVENUE EXPENDITURE** – running costs of services, which include employees, premises, transport, interest, supplies and services.

**REVENUE SUPPORT GRANT** – the main general grant paid by central government to aid general fund services.

**WORK IN PROGRESS** – the cost of work done on an uncompleted project at the balance sheet date.

## INDEPENDENT AUDITORS REPORT

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### **Independent auditor's report to the members of Mansfield District Council**

We have audited the financial statements of Mansfield District Council for the year ended 31 March 2017 on pages 16 to 105. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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

#### **Respective responsibilities of the Deputy Chief Executive Officer and auditor**

As explained more fully in the Statement of the Deputy Chief Executive Officer's Responsibilities, the Deputy Chief Executive 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 circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Deputy Chief Executive Officer; and the overall presentation of the financial statements.

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

#### **Opinion on financial statements**

In our opinion the financial statements:

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

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

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

- the Annual Governance Statement set out on pages 106 to 111 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' (CIPFA/SOLACE 2016 Edition); or
- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

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

### **Authority's responsibilities**

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

### **Auditor's responsibilities**

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2016, as to whether Mansfield 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 Mansfield District Council had put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

### Conclusion

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

### Certificate

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

A handwritten signature in blue ink, appearing to read 'Jon Gorrie', is positioned above a faint, light blue rectangular stamp.

Jon Gorrie

For and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham B4 6GH

31 July 2017

## HOW TO CONTACT US

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If you need any help communicating with us or require any further explanation of any aspect of the Statement of Accounts please contact the Council's Finance department either by:



Telephone 01623 463145



e-mail [ASAccountancy@mansfield.gov.uk](mailto:ASAccountancy@mansfield.gov.uk)



Visit our Web Site [www.mansfield.gov.uk](http://www.mansfield.gov.uk).



Or by writing to:

Deputy Chief Executive Officer and  
Director of Commerce and Customer Services  
**Mansfield District Council**  
Civic Centre  
Chesterfield Road South  
Mansfield  
Nottinghamshire  
NG19 7BH

Although the Statement of Accounts must contain statutory information, the Council would be pleased to receive any comments or suggestions for improvement.

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Please contact us to arrange for a copy of this document in large print.