

Mansfield District Council

Statement of Accounts 2015/2016

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Mansfield
District Council

Mansfield District Council
Annual Statement of Accounts 2015/2016

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NARRATIVE REPORT

1. INTRODUCTION

The Statement of Accounts for the year ended 31 March 2016 has been prepared in accordance with the requirements of the Accounts and Audit Regulations 2015. The format reflects the requirements of the Code of Practice in Local Authority Accounting in the United Kingdom 2015/2016 and the Service Accounting Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by the International Financial Reporting Standards (IFRS).

The Statement of Accounts aims to provide Members of the public, including electors and residents of Mansfield District, Council elected Members, partners, stakeholders and other interested parties clear information about the Council's finances. The Statement should answer such questions as:

- What did the Council's services cost during the financial year?
- Where did the money come from?
- What were the Council's assets and liabilities at the end of the financial year?

This Narrative Report aims to provide an overview of the most significant matters reported in the accounts, an explanation of the financial position and assist in the interpretation of the financial statements.

This Narrative Report is structured as follows:

- An introduction to Mansfield and District
- An introduction to Mansfield District Council
- The Council's Vision, Priorities and Outcomes in 2015/2016
- The Financial Performance in 2015/2016
- Looking Forward – Budget pressures and efficiency plans for the future
- Explanation of the Financial Statements

2. AN INTRODUCTION TO MANSFIELD AND DISTRICT

The District of Mansfield is a largely urban area situated in the north-west of Nottinghamshire. Adjacent to the urban area of Sutton-in-Ashfield, 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.

Key Facts and information about Mansfield District based on mid-year estimates 2014

Gender	Female %	Male %
Mansfield	50.84%	49.16%
Nottinghamshire	50.79%	49.21%
East Midlands	50.66%	49.34%
England	50.71%	49.29%

Age	Mansfield	Notts. County	East Midlands	England
0 to 19	22.79%	22.59%	23.43%	23.76%
20 to 64	58.78%	57.65%	58.05%	58.68%
65 to 89	17.62%	18.89%	17.66%	16.69%
90 and over	0.81%	0.87%	0.86%	0.87%

Life expectancy in Mansfield is lower than the National averages, but it is improving: 78 years for men and 82 years for women compared to the National averages of 79 and 83 respectively.

The ethnic make-up of the District (2011) was predominately White British at 93.2%. The ethnic diversity of Mansfield has increased since 2001, when White British ethnicity represented 95.3% of the population, but there is still low diversity present in the District.

3. AN INTRODUCTION TO MANSFIELD DISTRICT 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 Warsop.

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 16 Labour Group Councillors. Currently there is one vacancy for which a by-election will be held in September 2016.

Mansfield 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. Since 2008 Mansfield has also elected a Youth Mayor.

The Elected Mayor has appointed an Executive of seven Councillors; each of which has been allocated a specific Portfolio, which are: Resources, Corporate issues, Regeneration, Public Protection, the Environment, Housing, Cultural Services, Town and District Centres.

Following the 2015 elections a comprehensive Member development programme was implemented which covered all areas of the Council's work. The Council has been awarded the East Midlands Councils Member development Charter in 2010 and 2013 and will seek re-accreditation in November 2016.

Management Structure and workforce

The Council's management structure is documented within the Constitution and the senior management structure chart. Corporate management is provided by the Strategic Leadership Team (SLT) which is responsible for implementing the strategic goals of the Council as decided by Members.

A senior management restructure took place in early 2016; this resulted in the appointment of a Chief Executive Officer and five Directors. A key element was the inclusion of the post of Director of Governance and Monitoring Officer with the aim of raising the profile of governance within the authority and also leading on delivering further improvements to the Council's existing arrangements. The overarching aims of the new structure are to provide the leadership capacity to address the Council's overall strategic priorities, drive change and to introduce a more streamlined approach to the management of the Council.

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, Chesterfield Road, Mansfield. However, the Council also owns other sites such as; the Palace Theatre, Town Hall, Museum, Neighbourhood Services Depot at Hermitage Lane and a Housing Repairs Depot at Vale Road, Mansfield Woodhouse.

Services Provided by the Council

The Council provides services to a population of 105,893 residents and to 47,919 domestic households. The services provided include:

- Landlord services for approximately 6,500 social rented properties; collecting rents and providing a repairs and maintenance service for all our properties
- Collecting waste and recycling and keeping streets free of litter, 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 and providing building control
- Compiling and maintaining the electoral register and administering elections
- Providing advice on environmental health and pest control services
- Inspecting food and drink premises to make sure they are safe and hygienic
- Providing support for people who are homeless and home adaptations to help people live independently
- Working in partnership to promote community safety
- Encouraging economic regeneration and creating plans for the future development of the District, for example the Local Plan

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

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 is to: ***“Create a positive image of Mansfield which supports people, businesses and investment in the area and improves confidence, pride and dignity, so that everyone can enjoy a good quality of life in their neighbourhood”.***

The Council has launched its new Corporate Values during 2015/2016 of: Excellence, Integrity, Teamwork, Empower & Involve, Passion & Pride and has held briefing sessions on these with all employees and elected Members. Underpinning its values is the Council's commitment to equality which is exemplified by attaining the “Achieving” level of the Equality Framework.

For 2015/2016 the Council's 5 main priorities focussed on improving the lives of people in Mansfield, these are:

- **Regeneration and employment:** Revitalising the District, encouraging inward investment and creating a climate for job creation and growth.
- **Reducing crime and disorder:** Making the District a safer place to live, work and visit.
- **Vulnerable people:** Supporting the most vulnerable people with in our District to help them live independent and fulfilled lives.
- **Housing:** Ensuring there is an adequate supply of good quality, well managed housing which is accessible and affordable to those who need it.
- **Protecting the environment:** Delivering a local plan for the provision of housing, parks, green spaces and commercial and retail development.

The main outcomes for 2015/2016 are highlighted below:

Regeneration and Employment

- The occupancy levels in the Council's commercial property increased from 88% in 2014/2015 to 90%.
- The unemployment rate (% of people claiming Job Seekers Allowance) in the District reduced from 2.6% in 2014/2015 to 2.1%.
- Town centre retail vacancy rate reduced from 14.36% in 2014/2015 to 12.62%.
- The time taken to process planning applications within required timeframes increased for major (90.5% in 2014/15 to 93.3%), minor (76.0% in 2014/15 to 96.6%) and other (87.4% in 2014/15 to 97.7%) planning applications.

Reducing Crime and Disorder

- The number of reported incidents of antisocial behaviour reduced from 3,746 in 2014/2015 to 3,580.
- The number of reported incidents of criminal damage reduced from 1,264 in 2014/2015 to 1,112.
- Number of reported incidents of violence against the person with injury reduced from 441 in 2014/2015 to 421.

Vulnerable People

- The number of households living in temporary accommodation reduced from 25 in 2014/2015 to 23.

- The percentage of vulnerable people supported to achieve independent living was 99.84% - an improvement from 99.51% in 2014/2015.
- The percentage of clients prevented from becoming homeless increased from 60.89% in 2014/2015 to 63.14%.

Housing

- The average time taken to re-let a Council property was 21.90 days. This achieved the target set and represented an improvement from 22.00 days in 2014/2016.
- 21 private sector properties that had been empty for more than five years were brought back to use.

Protecting the Environment

- The number of food establishments assessed as broadly compliant with food hygiene law increased from 87.88% in 2014/2015 to 95%.
- The percentage of streets assessed as meeting acceptable standards of cleanliness for litter was 92%; 93% for detritus; 99% for graffiti; and 100% for fly-posting.
- The amount of domestic waste collected reduced from 519.30 kg per household in 2014/2015 to 516.83 kg.

Other

- The percentage of calls answered in the Contact Centre increased from 89.98% in 2014/2015 to 90.56%.
- The time taken to process benefit applications reduced from 10 days in 2014/2015 to 8 days.
- The average number of days lost due to employee sickness reduced from 10.68 days in 2014/2015 to 8.96 days.
- The percentage of undisputed invoice paid within ten days increased from 69.06% in 2014/2015 to 72.58%.

In 2015/16 the Council delivered discrete projects to target localised issues, below are three examples of departmental campaigns:

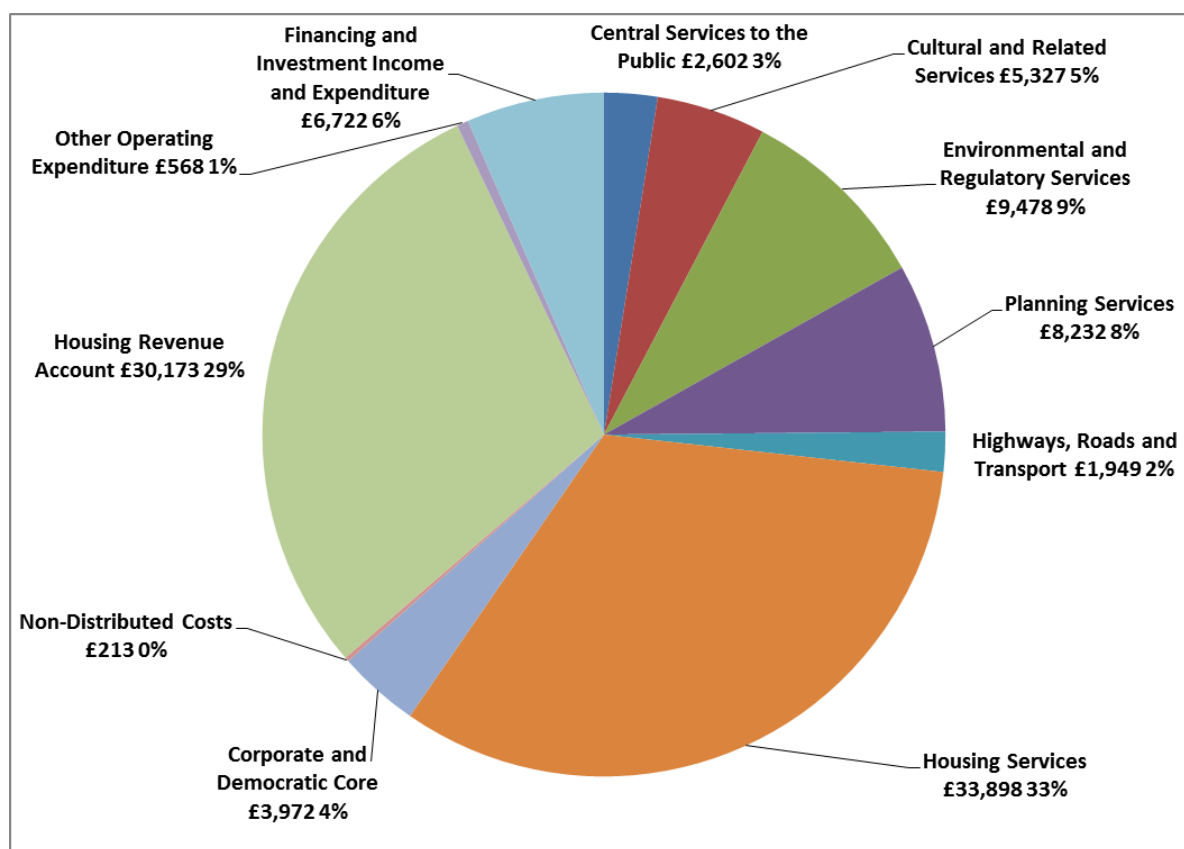
- The hospital early discharge scheme delivered through the Council's ASSIST project helped patients return home quicker from hospital. The project also prevented homelessness by making adaptations and putting additional care into place. The scheme has saved the NHS 5,078 bed days which equates to a saving of £1.37million and is acknowledged by the Social Care Institute of Excellence.
- The Environmental Health team launched a social media campaign to help re-home lost and stray dogs using the popular Facebook platform. The aim was to increase reach to audiences, raise the profile of the statutory service and help reunite more animals with their owners. Since the launch of the campaign in 2015 more than 760,000 people have been reached through this campaign. There was no revenue spend on this campaign.
- "*Tidy Together*" was a four week pilot project ran by the Neighbourhood Wardens in the Forest Town area of Mansfield. It targeted the localised issue of litter dropping on the popular retail park off Fulmar Close. The aims were to engage with local food businesses, raise awareness of their responsibility to dispose of waste correctly, to increase public awareness of the issuing of Fixed Penalty Notices (FPNs) for dropping litter and to improve the environment in Forest Town. There was a 3:1 Return on Investment on this project, which resulted in nearly £6,200 of media coverage, a reach of 5,000 through social media, the issuing of 25 FPNs and eight 'shop a dropper' reports.

4. FINANCIAL SUMMARY

Revenue spending is generally on items that are consumed within a year and is financed from Government Grants, Council Tax and other income (for example, charges to service users).

The Comprehensive Income and Expenditure Statement (page 46) shows how much was spent during 2015/2016 and where the money came from. Gross revenue spending on services in the year was **£103.134million** (£97.034million in 2014/2015). The following chart shows the services in which the money was spent.

GROSS COST OF SERVICES (£000) Total £103.134million



Gross revenue income generated by services during the year was **£95.963million** (£94.522million in 2014/2015). The table below shows where the money came from:

GROSS INCOME OF SERVICES	£000	%
Government Grants	35,687	37%
Council Dwellings Rents	25,261	26%
Fees and Charges	12,457	13%
Other Grants and Contributions	11,460	12%
Council Tax	5,324	6%
Business Rates	3,494	4%
Other Income	2,280	2%
Total:	95,963	100%

General Fund Revenue Account

The information 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 2016.

Table 1

2015/2016 General Fund Revenue Budget Statement			
	Revised Budget	Actual	Variance Overspend (+) / Underspend (-)
	£000	£000	£000
Corporate Administration	1,232	1,373	141
Corporate Management	711	1,190	479
Finance, Property and Revenue Services	-18,083	-19,015	-932
Housing Services	1,428	1,454	26
Neighbourhood Services	5,530	4,898	-632
Planning, Community Safety and Regulatory Services	2,987	3,198	211
Regeneration, Leisure and Marketing	5,783	6,014	231
	-412	-888	-476

Outturn

The outturn shows a favourable position against the revised budget of £0.888million which has contributed to the General Fund Balances. Further information relating to the outturn position can be found in Note 9 (page 61), which analyses the income and expenditure over more headings.

Variances

The net variance on service budgets mainly relates to the following areas:

There were overspends of:

- £163,000 in Senior Corporate Management on salaries, redundancy payments and advertising costs following a restructure,
- £152,000 in Industrial Development, primarily due to reduced income,
- £116,000 in Cemeteries also due to reduced income and
- £144,000 in Planning Policy on salaries and redundancy payments following a restructure.

There were however underspends of:

- £352,000 for Investment Properties where the purchase of a property earlier than anticipated resulted in additional income,
- £260,000 in Domestic Refuse from a reduction in charges for fleet and fuel and additional income,
- £117,000 in Street Cleansing through staff savings and reduction in support service recharges and
- A number of further underspends, for example vacancy savings and additional income has contributed to the overall surplus.

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. Maintaining properties to both the Decent Homes and Mansfield Standards is an ongoing process which requires continuous development.

The information below shows the revised budget compared to the actual income and expenditure of the HRA at 31 March 2016.

Table 2

2015/2016 HRA Revenue Statement	Revised Budget	Actual	Variance Overspend / Underspend (-)
	£000	£000	£000
Supervision and Management	2,400	2,714	314
Housing Repairs	6,727	6,845	118
Services	5,140	4,869	-271
Housing Self Financing Reform	3,622	926	-2,696
Other Expenditure (including impairment, depreciation and bad debt provision)	9,662	7,649	-2,013
Total Expenditure	27,551	23,003	-4,548
Dwelling Rents	-24,162	-24,973	-811
Rents from Land and Buildings	-640	-538	102
Supporting People	-204	-580	-376
General Fund Contributions	-739	-724	15
Other Income	-1,394	-1,578	-184
Total Income	-27,139	-28,393	-1,254
(-) Surplus for the year	412	-5,390	-5,802

Outturn

The outturn for the HRA shows an in year surplus of £5.390million. (£5.762million at 31 March 2015). However, there is an annual provision within the HRA budget for the repayment of the Self Financing loans taken out in 2012. At the end of the financial year this budget is moved into allocated HRA balances to ensure resources are available to repay the outstanding loan when it matures. For 2015/2016 this provision was £3.3million.

Variations

£811,000 additional dwelling rental income was received during the year based on the assumptions made during the budget setting process for 2015/2016. Other rents from properties and shops resulted in a shortfall of £102,000 this was primarily due to vacant properties and increases in business rates of £50,000. A higher than anticipated take up of the services of supporting people resulted in additional income of £376,000.

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 current economic climate has continued to have an impact on the financial position during the 2015/2016 financial year. Income raised through fees and charges continues to be lower than in previous years, especially in the areas of property rents, markets and car parking. The budgets for these areas were reviewed again as part of the Council's budget setting process for the 2015/2016 financial year and were reduced down to anticipated levels; however income received in the financial year continued to fall.

Investment income levels remained low in 2015.2016 as the Bank of England kept interest rates at 0.5%. Actual investment income received the Council amounted to £220,000 compared to £251,000 in 2014/2015.

The General Fund and Housing Revenue Account Outturn Report 2015/2016 provides further explanations as to variances between actual spend and budget. This report will be submitted to Council on 19 July 2016.

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 2015/2016 totalled £27.530million an increase of £15.309million compared to 2014/2015. This represents a lower than estimated level of spend of £4.331million against the final approved programme of £31.861million. This is due to slippage of schemes with expenditure expected to now be incurred during the 2016/2017 financial year.

The table below shows the significant schemes undertaken in 2015/2016 and the outturn position compared to the revised budget:

Table 3

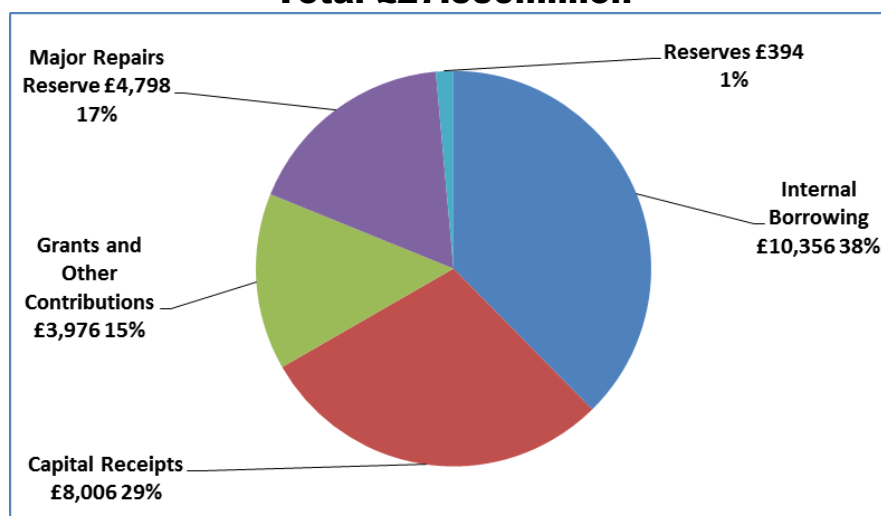
	Revised budget	Actual	Variance (-) Underspend /Overspend
2015/2016 Capital Schemes	£000	£000	£000
New Housing Schemes	6,888	5,970	-918
Clapham Property Acquisition	6,179	5,938	-241
Poppy Fields Extra Care Scheme	5,675	5,109	-566
Doncaster Travelodge Acquisition	5,127	4,870	-257
Council Houses - Kitchen replacements	844	710	-134
Fleet Renewal	573	564	-9
Other schemes	6,575	4,369	-2,206
Total	31,861	27,530	-4,331

Capital Financing

The capital expenditure incurred during 2015/2016 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 Capital Programme was financed during 2015/2016:

METHODS OF FINANCING THE CAPITAL PROGRAMME (£000) **Total £27.530million**



The Council has internally borrowed £10.356million. 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 during the financial year, due to the impairment or revaluation of Council debtors. 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 £1.250million which is included within the Council's net cost of service line in the Comprehensive Income and Expenditure Statement. These adjustments represent technical accounting entries and are reversed out through the adjustment between accounting basis and funding basis under regulation so that there is no overall impact. Any material or unusual credits or charges have been disclosed on the face of the accounts where applicable.

The Balance Sheet shows the assets and liabilities held by the Council as at the 31 March 2016. 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 £16.740million, from £287.505million to £304.245million. The main increase relates to two additional investment property purchases; a leasehold property known as Travelodge Doncaster (£4.870m) and a property in Clapham, London (£5.938m) which consists of commercial offices and residential units.

Current Assets - The Council's Short Term Investments have reduced in year by £10.953million. This represents the financing of the investment properties.

Borrowing Liability - The Council borrows and lends money on a daily basis in order to finance its operations. During 2015/2016 the Council did not borrow externally, but has borrowed £10.356million internally (between the General Fund and the HRA). Repayment of loans amounted to £4.500million; this has reduced the Council's loans portfolio from £91.067million to £87.048million.

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 showed an improved position during the year; reducing from £105.241million to £94.815million. An adjustment of £10.426million is therefore reflected in the accounts. (Further information relating to the Pension Scheme is provided in Note 50).

Net Assets - The net assets of the Council (assets less liabilities) have increased by £16.770million during the year to 31 March 2016, from £129.096million to £145.864million. The increase in net assets is mainly the result of the Council purchasing two new investment properties. The net assets of the Council are matched by the reserves held by the Council.

Reserves

Reserves can be split between those that are usable and those that are accounting reserves and not available to support expenditure.

General Fund Revenue Reserves

The General Fund Revenue Reserves are at a level which provides a stable platform to enable quality services to be delivered in future years. The Council made a surplus on its Revenue Account of £0.888million, which has increased the General Fund Revenue Reserves from £9.174million to £10.062million. These reserves are split between resources which have been set aside for future planned expenditure (allocated) and balances which are unallocated. This is summarised below:

Table 4

General Fund Revenue Reserves	£000
Balance at 1 April 2015	9,174
2015/2016 Outturn surplus / (-) deficit	888
Balance at 31 March 2016	10,062
Existing and new allocated balances	7,626
Unallocated balances at 31 March 2016	2,436
Total	10,062

From the table above this leaves an initial unallocated balance of £2.436million, which is above the minimum level specified in the 2016/2017 budget report for the financial years 2016/2017 to 2018/2019 approved at Council on 20 January 2016 which was set at £1.684million.

Some of the earmarked amounts have been utilised during the 2015/2016 financial year to meet planned expenditure and further amounts have been set aside to be used during 2016/2017.

The table below summarises the existing and new allocated balances which total £7.626million.

Table 5

Summary of Allocated Reserves in General Fund Balances				
	Opening Balance 2015/2016	Utilised in 2015/2016	Earmark for 2016/2017	Balance to carry forward
	£000	£000	£000	£000
Future Budget Allocation	2,759	-2,839	4,335	4,255
Business Rates	1,782	0	111	1,893
Grant Carry Forward	394	-394	419	419
Interest Only Loan	100	0	-100	0
Leisure Options Appraisal	13	0	-13	0
Feasibility Study	36	0	-36	0
Energy Efficiency	508	-508	0	0
Economic Stimulus	363	-363	0	0
<u>Re-stated from 2014/2015</u>				
Grant Clawback	180	0	0	180
Property acquisition	379	0	0	379
On-going enquiry	500	0	0	500
Total	7,014	-4,104	4,716	7,626

Housing Revenue Account Reserves

The Housing Revenue Account balances are healthy. However, the Council faces an on-going 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 ensure that sufficient resources are available to repay the HRA loans as scheduled in the HRA Business plan.

The Housing Revenue Account reserves have increased by £5.390million from £18.529million to £23.919million. These reserves are split between resources which have been set aside for future planned expenditure (allocated) and balances which are unallocated.

This is summarised below:

Table 6

Housing Revenue Account Reserves	£000
Balance at 1 April 2015	18,529
2015/2016 Outturn surplus / (-) deficit	5,390
Balance at 31 March 2016	23,919
Existing and new allocated balances	18,356
Unallocated balances at 31 March 2016	5,563
Total	23,919

From the table above this leaves an initial unallocated balance of £5.563million, which is above the minimum level specified in the 2016/2017 budget report for the financial years 2016/2017 to 2018/2019 approved at Council on 20 January 2016 which was set at £1.750million.

The table below shows the allocated balances in the Housing Revenue Account which total £18.356million:

Table 7

Summary of Allocated Reserves in HRA Balances	£000
To repay future borrowing HRA loans	14,074
Capital Scheme carry forward into 2016/2017	3,942
Grant carry forward into 2016/2017	298
Budget carry forwards to 2016/2017	42
Total	18,356

5. LOOKING FORWARD:

The Council remains susceptible to, but vigilant for 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 2017/2018 will be presented to Council in September 2016 and the Council's draft budget will be presented to Cabinet in October 2016 for scrutiny by the Council's Overview and Scrutiny Group 3 (for Corporate Issues), before final approval in January 2017.

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 agenda programme, "**Change for the Future**". The programme will ensure that it has the necessary resources to deliver the Council's priorities over the period of the MTFS.

This will involve a review of all Council services to determine the best method of delivery and to ensure that processes and procedures are streamlined so that services are delivered efficiently and effectively. The programme will include:

- 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 2016/2017 to 2019/2020 budget report, presented to Council on 20 January 2016 shows significant deficits for 2017/2018 of £3.037million rising up to £4.564million by 2019/2020.

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.

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

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 2016/2017 to 2019/2020 budget report, presented to Council on 20 January 2016 shows significant deficits for the 2017/2018 of £1.647million rising up to £2.143million by 2019/2020.

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

Government requirement to reduce housing rents

From 2016/2017 Central Government have instructed local authorities to reduce their current rent levels by 1% each year. At this point it is uncertain as to how long this reduction will be in place. 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.

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.

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

6. EXPLANATION OF THE ACCOUNTING STATEMENTS

The Statement of Accounts sets out the Council's income and expenditure for the year and its financial position at 31 March 2016. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2015/2016, which in turn is underpinned by International Reporting Standards.

There have been no changes in the statutory functions carried out by the Council during the year.

The Core Financials Statements are:

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

Comprehensive Income and Expenditure Statement (CIES) - This records all of the Council's income and expenditure for the year. The top half of the statement provides analysis by service area. This is a standard analysis provided by CIPFA so that local authority accounts and spending can be compared. 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.

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, subsidy and other income.

The Collection Fund - Amounts in respect of Business Rates and Council Tax are shown, together with how these have been distributed to precepting authorities, the Council's General Fund and Government.

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 Deputy Chief Executive Officer and 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 2015/2016 (the CODE).

In preparing this Statement of Accounts, the Deputy Chief Executive Officer and 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 Deputy Chief Executive Officer and Director of Commerce and Customer Services have 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 Statement of Accounts 2015/2016 presents a true and fair view of the financial position of Mansfield District Council and its income and expenditure for the year ended 31 March 2016.

Signed: 

M. Andrews CPFA
Deputy Chief Executive and Director of Commerce and Customer Services

Date: 28/9/16

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 Deputy Chief Executive Officer and Director of Commerce and Customer Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

CERTIFICATE

The Statement of Accounts for the year 1 April 2015 to 31 March 2016 has been prepared and I confirm that these accounts were approved by Mansfield District Council at the meeting held on 23 September 2016



Signed:

S. Harvey
Mansfield District Council
Vice Chairman of the Audit Committee
Date: 23 September 2016

INDEPENDENT AUDITOR'S REPORT

The Independent auditor's governance report to the Members of Mansfield District Council can be found at the end of the Statement of Accounts.

**STATEMENT
OF
ACCOUNTING POLICIES**

STATEMENT OF ACCOUNTING POLICIES

1) General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/2016 financial year and its position at the year end of 31 March 2016.

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 primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2015/2016 and the Service Reporting Code of Practice (SeRCOP) 2015/2016, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Local Government Act.

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.

2) Accruals of Income and Expenditure

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

- 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.
- Interest payable on borrowings and interest receivable on investments is accounted for respectively as income and expenditure 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 the debtor is written down and a charge made to revenue for the income that might not be collected.
- 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.

Creditors

- Payments to creditors are included in the accounts where the payment relates to goods and/or services received prior to 1 April 2016. Any payments in advance (before 1 April 2016), 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 2016. Any income received before 1 April 2016, which relates to the 2016/2017 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.
- Debtor invoices which have not been paid within 12 months of the invoice date are included as long term debtors within the Council's balance sheet.

Recognition of Revenues – Council Tax and Non-Domestic Rates

Accounting for Council Tax

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors. The amount credited to the General Fund under statute is a Council's precept or demand for the year, plus or minus the Council's share of the surplus/deficit on the Collection Fund for the previous year.

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves statement.

The cash collected by the Council from Council Tax payers belongs proportionally to the billing authority and the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

Accounting for Non-Domestic Rates (NDR)

The NDR income for the year credited to the Collection Fund is the accrued income for the year; regulations determine when it should be released from the Collection Fund and paid out to major preceptors and the Government. The amount credited to the General Fund under statute is the Council's estimated share of NDR for the year from the National Non Domestic Rates (NNDR) 1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year from the NNDR 3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from NDR payers belongs proportionately to all the partners of the pool (Central Government, Nottinghamshire County Council and Nottinghamshire Fire Authority). The difference between the amounts collected and the payments made to them is reflected as a debtor or creditor balance as appropriate.

Business Rates Appeals (NDR – non-domestic rates)

Under the Business Rates Retention Scheme which came into effect on 1 April 2013 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. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2016

3) 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.

4) 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.

5) 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 fixed assets during the year:

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

The Council is not required to raise Council Tax to fund 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

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 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 or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement 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 projected 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.

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.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years.

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 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.

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 acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the 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 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.

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. In relation to its interest in a joint operation, the Council recognises on its Balance Sheet its share of the assets and liabilities and the debits and credits on the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns based on the year's activity.

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.

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).

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from 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 (for example 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 cost of support services and overheads are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP) 2015/2016. Allocation is based on either internally agreed Service Level Contracts or on a pro rata basis for items such as shared costs of buildings.

There are two exceptions to this:

- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale
- Corporate and Democratic Core which relate to the Council's status as a multi-functional, democratic organisation

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

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. Assets are then carried on the Balance Sheet on the following measurement basis:

Asset Category	Basis of Valuation
Council dwellings	Existing use value for social housing less depreciation
Property, Plant and Equipment	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
Investment Properties	Fair value
Vehicles, plant and equipment	The lower of net current replacement cost or net realisable value in existing use
Assets acquired under finance leases	Fair value of outstanding obligation
Assets acquired for other than a cash consideration	Appropriate fair value

Assets included in the Balance Sheet at fair value are revalued on a regular basis to ensure that their carrying amount is not materially different from their fair 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 Comprehensive Income and Expenditure Statement 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

The values of each category of assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- 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)
- 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:

	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 Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement 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). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. 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 receipts relating to housing disposals based on completion of a quarterly statutory return (*Note 20 to the HRA provides further information on this*) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the 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.

Receipts Arising from the Sale of Fixed Assets

Income from the disposal of fixed assets is shown in the Balance Sheet as a usable capital receipt. A proportion of some of the capital receipts received for the disposal of housing assets has to be paid across to Central Government. This is included in the Net Operating Expenditure section of the Comprehensive Income and Expenditure Statement.

Receipts from the sale of assets which are less than £10,000 (the Council's de minimus level) are credited to the Comprehensive Income and Expenditure 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 set up in the Balance Sheet. Estimated settlements are reviewed at the end of the financial year, where it becomes more likely than not that a transfer of economic benefit will not be required (or lower settlement anticipated) 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 met by 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 appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account 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 Balance in the Movement in Reserve Statement so that there is no net charge against council tax for the expenditure.

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

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 revenue account 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) 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 9 to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

23) 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

Movement in Reserves Statement (MiRS)

This statement shows the movement in the year on the different reserves held by the Council, analysed into “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation, such as Council Tax) and other reserves.

- The surplus or (-) deficit on the Provision of Services line shows the true economic cost of providing the Council’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.
- The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.
- The movement in reserves statement for 2015/2016 is set out below:

Movement in Reserves Statement (MiRS)

2015/2016	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Council's Total Reserves £000
Balance at 31 March 2015	9,174	7,564	18,529	7,984	9,635	2,272	55,158	*73,936	129,094
Movement in reserves during 2015/2016:									
Surplus / (-) Deficit on the Provision of Services	-2,399	0	-4,772	0	0	0	-7,171	0	-7,171
Other Comprehensive Income and Expenditure	-2	0	0	0	0	0	-2	23,943	23,941
Total Comprehensive Income and Expenditure	-2,401	0	-4,772	0	0	0	-7,173	23,943	16,770
Adjustments between accounting basis and funding basis under regulations (see Note 7)	2,324	0	10,162	-6,010	323	-16	6,783	-6,783	0
Net increase / (-) decrease before transfers to Earmarked Reserves	-77	0	5,390	-6,010	323	-16	-390	17,160	16,770
Transfers to / from Earmarked Reserves (see Note 8)	965	-965	0	0	0	0	0	0	0
Increase / (-) Decrease in 2015/2016	888	-965	5,390	-6,010	323	-16	-390	17,160	16,770
Balance at 31 March 2016 carried forward	10,062	6,599	23,919	1,974	9,958	2,256	54,768	91,096	145,864

* Note - The opening Unusable reserves balance has been reduced by £0.277m (from £74.213m to £73.936) in line with the Balance Sheet restatement adjustment which refers to the Mansfield and District Joint Crematorium pension scheme valuation. Further details are provided in Note 41.

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Movement in Reserves Statement (continued)

The movement of reserves for 2014/2015 for comparison purposes is set out below:

2014/2015	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Council's Total Reserves £000
Balance at 31 March 2014	9,149	9,202	12,767	9,644	8,978	2,263	52,003	81,853	133,856
Movement in reserves during 2014/2015:									
Surplus / (-) Deficit on the Provision of Services	-6,599	0	4,087	0	0	0	-2,512	0	-2,512
Other Comprehensive Income and Expenditure	212	0	0	0	0	0	212	-2,185	-1,973
Total Comprehensive Income and Expenditure	-6,387	0	4,087	0	0	0	-2,300	-2,185	-4,485
Adjustments between accounting basis and funding basis under regulations (see Note 7)	4,751	23	1,675	-1,660	657	9	5,455	-5,455	0
Net increase / (-) decrease before transfers to Earmarked Reserves	-1,636	23	5,762	-1,660	657	9	3,155	-7,640	-4,485
Transfers to / from Earmarked Reserves (see Note 8)	1,661	-1,661	0	0	0	0	0	0	0
Increase / (-) Decrease in 2014/2015	25	-1,638	5,762	-1,660	657	9	3,155	-7,640	-4,485
Balance at 31 March 2015 carried forward	9,174	7,564	18,529	7,984	9,635	2,272	55,158	74,213	129,371

Comprehensive Income and Expenditure Statement (CIES)

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

2014/2015				Note	2015/2016		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
			General Fund continuing operations	9			
3,728	-2,007	1,721	Central Services to the Public		2,602	-1,851	751
6,719	-1,517	5,202	Cultural and Related Services		5,327	-1,204	4,123
9,464	-3,729	5,735	Environmental and Regulatory Services		9,478	-3,728	5,750
6,722	-7,056	-334	Planning Services		8,232	-7,646	586
1,876	-1,662	214	Highways, Roads and Transport		1,949	-1,660	289
36,081	-32,987	3,094	Housing Services		33,898	-32,475	1,423
3,568	-1,076	2,492	Corporate and Democratic Core		3,972	-1,602	2,370
188	0	188	Non-Distributed Costs		213	0	213
20,741	-27,852	-7,111	Housing Revenue Account		30,173	-28,201	1,972
0	0	0	Exceptional Items		0	0	0
89,087	-77,886	11,201	Cost of Services		95,844	-78,367	17,477
596	-491	105	Other Operating Expenditure	10	568	-915	-347
7,351	-260	7,091	Financing and Investment Income and Expenditure	11	6,722	-918	5,804
0	-15,885	-15,885	Taxation and Non-Specific Grant Income	12	0	-15,763	-15,763
97,034	-94,522	2,512	(-) Surplus / Deficit on Provision of Services		103,134	-95,963	7,171
		-18,182	(-) Surplus / Deficit on revaluation of non-current assets	26			-9,246
		20,374	Re-measurement on Pension assets and liabilities	50			-14,697
		-219	Other				2
		1,973	Other Comprehensive Income and Expenditure				-23,941
		4,485	Total Comprehensive Income and Expenditure				-16,770

Balance Sheet as at 31 March 2016

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 2016 is presented below:

Balance Sheet as at 31 March 2016

2014/2015 £000		Note	2015/2016 £000
270,136	Property, Plant and Equipment	13	274,941
378	Heritage Assets	14	378
14,233	Investment Property	15	26,052
106	Intangible Assets	16	155
2,652	Long Term Debtors	54	2,719
287,505	Long Term Assets		304,245
40,788	Short Term Investments	17	30,048
319	Inventories	18	317
3,308	Short Term Debtors	20	3,615
524	Cash and Cash Equivalents	21	6
44,939	Current Assets		33,986
0	Cash and Cash Equivalents	21	-332
-5,931	Short Term Borrowing	17	-7,318
-5,616	Short Term Creditors	23	-7,550
-327	Provisions	25	-2,126
-11,874	Current Liabilities		-17,326
-85,136	Long Term Borrowing	17	-79,179
-105,241	Pensions Liability	50d	-94,815
-277 *	Other Long Term Liabilities	41	-274
-20	Revenue Grants Receipts in Advance	39	-14
-802	Capital Grants Receipts in Advance	39	-759
-191,476	Long Term Liabilities		-175,041
129,094	Net Assets		145,864
55,158	Usable Reserves		54,768
73,936 *	Unusable Reserves	26	91,096
129,094	Total Reserves		145,864

* 2015/2016 is the first year the Mansfield and District Crematorium has had a Pension Scheme Valuation. The Balance Sheet has been restated for comparative purposes to show the value had this been carried out in 2014/2015. Further details are provided in Note 41.

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 (i.e. borrowing) to the Council.

2014/2015 £000	Cash Flow Statement	Note	2015/2016 £000
-2,512	Net surplus or (-) deficit on the provision of services		-7,448
17,013	Adjustments to net surplus / (-) deficit on the provision of services for non-cash movements		26,847
-2,967	Adjustments for items in the net surplus / (-) deficit on the provision of services that are investing and financing activities		5,112
11,534	Net cash flows from Operating Activities	27	24,511
-7,248	Investing Activities	28	-21,422
-2,776	Financing Activities	29	-3,939
1,510	Net Increase / (-) decrease in cash and cash equivalents		-850
-986	Cash and cash equivalents at the beginning of the reporting period		524
524	Cash and cash equivalents at the end of the reporting period	21	-326

**NOTES TO THE
CORE FINANCIAL
STATEMENTS**

1. ACCOUNTING POLICIES

Please refer to the full Statement of Accounting policies, which can be found on pages 24 to 41.

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

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet been adopted by the Code. This applies to the adoption of the following new or amended standards within the 2015/2016 Code:

- International Accounting Standard (IAS) 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The “Telling the Story” presentation of the Local Authority Financial Statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/2017. The format of the Comprehensive Income and Expenditure Account and Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.
- Other changes are due to Annual improvement to International Financial Reporting Standards (IFRS) cycles; IFRS 11 Joint Arrangements; IAS 16 Property, Plant and Equipment; IAS 38 Intangible Assets; IAS19 Employee Benefits. These changes are minor and are not expected to have a material effect on the Council's Statement of Accounts.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/2016 Statement of Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the Accounting Policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- 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
- The impact of economic uncertainty as a result of issues in the Eurozone and the results of the outcome of the UK referendum to leave the European Union.

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

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

The items in the Council's Balance Sheet at 31 March 2016 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	<p>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.</p> <p>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.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £30,000 for every year that useful lives had to be reduced.</p>
Council dwellings	<p>The valuation for Council dwellings is based on a percentage obtained from the land registry and the uplift is applied to calculate the valuation.</p>	<p>If the uplift in the valuation percentage is reduced by 1% this would reduce the valuation of Council dwellings by £1.144million</p>
Business Rate Appeals	<p>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).</p> <p>A provision has been recognised as the best estimate of the amount that businesses have been overcharged up to 31 March 2016. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date.</p> <p>Total Rateable value of appeals outstanding at 31 March 2016 = £53.8m Total Provision - £4.5m Provision as % of appeals outstanding = 8.3%</p> <p>The Council's 40% proportion of the provision is £1.8m</p>	<p>Each 1% increase in the total estimated appeals would increase the provision by £538,000.</p> <p>The Council's share of this increase at 40% would be £215,200</p>

5. MATERIAL ITEMS OF INCOME AND EXPENSE

There are no material amounts of income or expenditure during the year that requires further explanation.

6. MATERIAL EVENTS AFTER THE REPORTING DATE

The reporting date for the 2015/2016 Statement of Accounts was 30 June 2016, the date on which the Council's Chief Finance Officer; the Deputy Chief Executive Officer and Director of Commerce and Customer Services signed the Accounts for issue. Any events occurring after this date which have a material impact on the figures contained within the Statement of Accounts have been added as appropriate.

7. 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 into which all the receipts of the Council are required to be paid into and which all liabilities of the Council are to be met from, 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.

The Council still has its own housing stock. However, the balance is not available to be applied to funding HRA 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 recovered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve this is being applied to new capital investment in the Housing Revenue Account (HRA) assets or the financing of historical capital expenditure by the HRA.

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.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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Note 7 continued...

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2015/2016	General Fund Balance £000	Earmarked reserves £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserve £000
Adjustments primarily involving the Major Repairs Reserve:							
Reversal of Major Repairs Allowance credited to the HRA	0	0	0	0	0	0	0
Use of the Major Repairs Allowance to finance new capital expenditure	0	0	0	0	4,798	0	-4,798
Adjustments primarily involving the Pension Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-8,050	0	0	0	0	0	8,050
Employer's pensions contributions and direct payments to pensioners payable in the year	4,035	0	-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	0	22
Adjustments primarily involving the Collection Fund Adjustment Account:							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	74	0	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	0	111
Adjustment primarily involving the Accumulated Absences Account:							
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	0	19
Total Adjustments	-2,324	0	-10,162	6,010	-323	16	6,783

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Note 7 continued...

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2014/2015	General Fund Balance £000	Earmarked reserves £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserve £000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non-current assets	-3,579	0	-3,030	0	-2,931	0	9,540
Revaluation losses on Property, Plant and Equipment	-1,555	0	-556	0	0	0	2,111
Amortisation of intangible assets	-10	0	-13	0	0	0	23
Movement in the market value of Investment Properties	-24	0	-22	0	0	0	46
Capital grants and contributions applied	2,578	0	0	0	0	-2,578	0
Revenue expenditure funded from capital under statute	-647	0	0	0	0	0	647
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	594	0	0	0	0	0	-594
Voluntary provision for the repayment of debt	4	0	0	0	0	0	-4
Capital expenditure charged against the General Fund and HRA balances	2,590	0	1,684	0	-1,360	0	-2,914
Adjustments primarily involving the Capital Grants Unapplied Account:							
Application of grants to capital financing transferred to the Capital Adjustment Account	212	0	0	0	0	2,569	-2,781
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-96	-23	491	-1,644	0	0	1,272
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	2,878	0	0	-2,878
Contributions from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-426	0	0	426	0	0	0

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Note 7 continued...

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2014/2015	General Fund Balance £000	Earmarked reserves £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserve £000
Adjustments primarily involving the Major Repairs Reserve:							
Reversal of Major Repairs Allowance credited to the HRA	0	0	0	0	0	0	0
Use of the Major Repairs Allowance to finance new capital expenditure	0	0	0	0	3,634	0	-3,634
Adjustments primarily involving the Pension Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-7,848	0	0	0	0	0	7,848
Employer's pensions contributions and direct payments to pensioners payable in the year	3,844	0	-229	0	0	0	-3,615
Adjustments primarily involving the Collection Fund Adjustment Account:							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	136	0	0	0	0	0	-136
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	-529	0	0	0	0	0	529
Adjustment primarily involving the Accumulated Absences Account:							
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	5	0	0	0	0	0	-5
Total Adjustments	-4,751	-23	-1,675	1,660	-657	-9	5,455

8. TRANSFERS TO / (-) FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and Housing Revenue Account (HRA) balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA 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, likewise if the level held in a reserve is deemed to be higher than necessary.

Below is a summary of the Revenue and Capital Reserves split between General Fund and HRA.

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

2014/2015	Balance at 31 March 2014 £000	Income in the year £000	Expenditure in the year £000	Balance at 31 March 2015 £000
General Fund				
Capital	1,993	30	-1,608	415
Revenue	6,610	3,509	-3,569	6,550
HRA				
Capital	0	0	0	0
Revenue	0	0	0	0
Legacies	3	0	0	3
Crematorium	596	0	0	596
Total	9,202	3,539	-5,177	7,564

Note 8 continued...

The following table summarises the Council's revenue earmarked reserves, showing the movement in these reserves during the 2015/2016 financial year.

Revenue Earmarked Reserves

	Balance at 31 March 2015 £000	Income in the year £000	Expenditure in the year £000	Balance at 31 March 2016 £000
Elections	159	40	-179	20
Insurance	986	957	-1,029	914
Pension costs	47	0	0	47
Grants	525	0	0	525
Building renewal fund	494	868	-1,178	184
Trading account renewal	214	48	-148	114
Job evaluation	637	0	-460	177
Apprenticeship Scheme	338	890	-266	962
Economic Stimulus	568	351	-568	351
Local Plan	77	0	-39	38
New Homes Bonus	855	0	-855	0
Accommodation Review	1,500	0	0	1,500
Energy Consumption Reductions	0	296	0	296
Other funds	150	32	-20	162
Total	6,550	3,482	-4,742	5,290

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

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 £0.4million.

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.

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.

New Homes Bonus – Earmarked towards the capital programme for future capital schemes.

Accommodation Review – is for changes required to the Civic Centre as part of the Accommodation Review

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.

The following table summarises the Council's capital earmarked reserves, showing the movement in these reserves during the 2015/2016 financial year;

Capital Earmarked Reserves

	Balance at 31 March 2015 £000	Income in the year £000	Expenditure in the year £000	Balance at 31 March 2016 £000
Capital				
Capital Fund	53	48	-36	65
Leisure Equipment and Plant	35	0	-33	2
Wheeled Bins	278	0	0	278
Shop Mobility Vehicles and Plant	18	0	0	18
	31	372	-47	356
Total	415	420	-116	719

Capital Fund – is used to finance expenditure on the Council's capital programme.

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

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.

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

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

9. SERVICE EXPENDITURE ANALYSIS

The table below shows the net cost to the Council of providing its services; the information has been presented based on the requirements of the Service Reporting Code of Practice (SeRCOP).

2014/2015			2015/2016			
Gross Cost £000	Gross Income £000	Net Cost £000		Gross Cost £000	Gross Income £000	Net Cost £000
Central Services to the Public						
2,575	-1,747	828	Local Tax Collection	2,432	-1,573	859
274	-67	207	Elections	502	-35	467
91	-88	3	Local Land Charges	134	-209	-75
126	0	126	General Grants and Bequests	128	0	128
-8	-105	-113	Council Tax Benefit Payments	-40	-34	-74
380	0	380	Contribution to Bad Debts	-568	0	-568
43	0	43	Support Services Charged to Capital	53	0	53
247	0	247	Balance on Internal Support Services	-39	0	-39
3,728	-2,007	1,721		2,602	-1,851	751
Cultural and Related Services						
2,657	-1,098	1,559	Cultural and Heritage	1,786	-945	841
2,445	-194	2,251	Recreation and Sport	2,028	-179	1,849
1,617	-225	1,392	Open Spaces	1,513	-80	1,433
6,719	-1,517	5,202		5,327	-1,204	4,123
Environmental and Regulatory Services						
772	-1046	-274	Cemetery and Cremation Services	751	-1022	-271
1,539	-298	1,241	Regulatory Services	1,508	-308	1,200
1,785	-572	1,213	Community Safety	1,691	-419	1,272
3,536	-1,768	1,768	Waste Collection	3,681	-1,868	1,813
1,803	-45	1,758	Street Cleansing	1,810	-111	1,699
25	0	25	Climate Change Costs	36	0	36
4	0	4	Flood Defence / Land drainage	1	0	1
9,464	-3,729	5,735		9,478	-3,728	5,750
Planning Services						
505	-325	180	Building Control	573	-388	185
793	-538	255	Development Control	866	-615	251
428	-5	423	Planning Policy	627	0	627
0	0	0	Environmental Initiatives	0	0	0
2,310	-837	1,473	Economic Development	3,060	-651	2,409
2,686	-5,351	-2,665	Business Support	3,106	-5,992	-2,886
6,722	-7,056	-334		8,232	-7,646	586
Highways, Roads and Transport						
0	0	0	Maintenance of Roads	0	0	0
1,691	-1,636	55	Parking Services	1,811	-1,643	168
179	-25	154	Contribution to Public Transport	132	-15	117
6	-1	5	Traffic Management	6	-2	4
1,876	-1,662	214		1,949	-1,660	289

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Note 9 – Service Expenditure Analysis Continued...

2014/2015			2015/2016			
Gross Cost £000	Gross Income £000	Net Cost £000		Gross Cost £000	Gross Income £000	Net Cost £000
			Housing Services			
11	-4	7	Mortgages and Improvement Grant Admin	13	-3	10
2,738	-26	2712	Private Sector Housing Renewal	2	-2	0
32,594	-32,957	-363	Housing (Rent Allowance) Payments	32,380	-32,410	-30
738	0	738	Contribution to the HRA for Shared Services	1,503	-60	1,443
36,081	-32,987	3,094		33,898	-32,475	1,423
			Corporate and Democratic Core			
1,281	-274	1,007	Democratic Representation	1,219	-258	961
2,287	-802	1,485	Corporate Management	2,753	-1,344	1,409
3,568	-1,076	2,492		3,972	-1,602	2,370
188	0	188	Non-Distributed Costs	213	0	213
68,346	-50,034	18,312	General Fund Continuing Operations	65,671	-50,166	15,505
20,741	-27,852	-7,111	HRA	30,173	-28,201	1,972

Exceptional Items

There are no exceptional items to report in either 2014/2015 or 2015/2016.

10. OTHER OPERATING EXPENDITURE

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

	2014/2015 £000	2015/2016 £000
Parish Council precepts	73	73
Payments to the Government Housing Capital Receipts Pool	427	495
(-) Gains / losses on the disposal of non-current assets – General Fund	96	-285
(-) Gains / losses on the disposal of non-current assets – Housing Revenue Account	-491	-630
Total	105	-347

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:

	2014/2015	2015/2016
	£000	£000
Interest payable and similar charges	3,855	3,399
Net interest on the net defined benefit liability / (-) asset	3,496	3,323
Interest receivable and similar income	-306	-267
Income and expenditure in relation to investment properties and changes in fair value	46	-651
Total	7,091	5,804

The Council does not have any trading operations in 2015/2016 or 2014/2015.

12. TAXATION AND NON-SPECIFIC GRANT INCOME

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

	2014/2015	2015/2016
	£000	£000
Council tax income	-5,187	-5,324
Distribution from non-domestic rate pool	0	0
Non-domestic rates income and expenditure	-3,533	-3,494
Non-ring fenced government grants	-3,644	-2,520
Council tax freeze	-59	-61
New homes bonus	-876	-1,273
Capital grants and contributions	-2,586	-3,091
Total	-15,885	-15,763

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13. PROPERTY, PLANT AND EQUIPMENT

Movements in 2015/2016	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
Cost or Valuation:								
At 1 April 2015	*138,358	140,870	0	6,398	2	586	3,683	289,897
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
At 31 March 2016	146,929	138,581	0	6,940	2	586	3,626	296,664
Accumulated Depreciation and Impairment:								
At 1 April 2015	0	-15,970	0	-3,791	0	0	0	-19,761
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
Impairment losses / (-) reversals recognised in the Revaluation Reserve	0	-1,628	0	0	0	0	0	-1,628
Derecognition - Disposals	0	192	0	540	0	0	0	732
At 31 March 2016	0	-17,953	0	-3,770	0	0	0	-21,723
Net book Value								
At 31 March 2016	146,929	120,628	0	3,170	2	586	3,626	274,941
At 31 March 2015	138,358	124,900	0	2,607	2	586	3,683	270,136

***Note:** In accordance with CIPFA Code guidance; The Council Dwellings opening balance at 1 April 2015 (£138,358m) is the valuation amount bought forward from 2014/2015 after the accumulated depreciation of £88,682m has been removed. This restatement has no impact on the Council's Revaluation Reserve, Balance Sheet or Comprehensive Income and Expenditure Statement.

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Note 13 Continued

Movements in 2014/2015	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
Cost or Valuation:								
At 1 April 2014	218,356	130,786	0	6,125	2	586	0	355,855
Additions	2,351	3,124	0	699	0	17	3,704	9,895
Revaluation increases / (-) decreases recognised in the Revaluation Reserve	9,358	12,439	0	0	0	0	0	21,797
Revaluation increases / (-) decreases recognised in the (-) surplus/deficit on the provision of services	0	-2,111	0	0	0	0	0	-2,111
Derecognition – Disposals	-693	-634	0	-328	0	0	0	-1,655
Impairment	-2,351	-2,715	0	-98	0	-17	-21	-5,202
Reclassification	19	-19	0	0	0	0	0	0
At 31 March 2015	227,040	140,870	0	6,398	2	586	3,683	378,579
Accumulated Depreciation and Impairment:								
At 1 April 2014	-85,751	-11,644	0	-3,546	0	0	0	-100,941
Depreciation charge	-2,931	-838	0	-568	0	0	0	-4,337
Depreciation written out to Revaluation Reserve	0	228	0	0	0	0	0	228
Impairment losses / (-) reversals recognised in the Revaluation Reserve	0	-3,844	0	0	0	0	0	-3,844
Derecognition - Disposals	0	128	0	323	0	0	0	451
At 31 March 2015	-88,682	-15,970	0	-3,791	0	0	0	-108,443
Net book Value								
At 31 March 2015	138,358	124,900	0	2,607	2	586	3,683	270,136
At 31 March 2014	132,605	119,142	0	2,579	2	586	0	254,914

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Note 13 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
Carried at historical cost	0	0	0	0	0	586	0	586
Valued at fair value as at:								
31 March 2012	0	7,084	0	445	0	0	0	7,529
31 March 2013	0	8,717	0	420	2	0	0	9,139
31 March 2014	0	10,705	0	686	0	0	0	11,391
31 March 2015	0	6,718	0	527	0	0	0	7,245
31 March 2016	146,929	87,404	0	1,092	0	0	3,626	239,051
Total Cost or Valuation	146,929	120,628	0	3,170	2	586	3,626	274,941

The Council carried out a rolling programme ensuring that all property, plant and equipment required to be measured at fair value is re-valued at least every five years. All valuations were carried out internally. 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
Cost or valuation				
1 April 2015	36	191	151	378
Additions, Disposals, Revaluations, Impairment Losses/reversals (-)	0	0	0	0
31 March 2016	36	191	151	378

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 (Note 1).

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.

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 Comprehensive Income and Expenditure Statement:

	2014/2015 £000	2015/2016 £000
Rental Income from investment property	885	1,639
Direct operating expenses arising from investment property	-101	-125
Net gain / (-) loss	784	1,514

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

	2014/2015 £000	2015/2016 £000
Balance at 1 April	12,694	14,233
Additions	1,652	10,808
Disposals	-32	0
Impairment	-167	-307
Revaluation	86	957
Transfers to/from property, plant and equipment	0	361
Other changes	0	0
Balance at 31 March	14,233	26,052

No investment properties were disposed of in 2015/2016. The disposal of investment properties resulted in a profit on disposal of £36,000 in 2014/2015.

During 2015/2016 the Council spent £4.870million acquiring a leasehold property known as Travelodge Doncaster Lakeside. This property is currently let to Travelodge and Subway. The Council also spent £5.938million on the purchase of a property at Bedford Road, Clapham which consists of commercial offices and residential units'.

16. INTANGIBLE ASSETS

The intangible assets shown in the Balance Sheet relate to software and software licences. 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.

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

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.

The most typical financial instruments at the Council include:

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

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.

The Council's basis of calculating the Amortised Cost / Carrying Amount is:

Basis of Effective Interest Rate method applied	
Financial Asset:	
<ul style="list-style-type: none"> • Trade receivables (debtors) 	Not applicable – valued at nominal amount
<ul style="list-style-type: none"> • Bank deposits 	Not applicable – valued at nominal amount
<ul style="list-style-type: none"> • Investments 	Nominal value of the investment, plus any interest still to be paid to the Council relating to the 2015/2016 financial year (calculated on a daily basis)
Financial Liability:	
<ul style="list-style-type: none"> • Trade Payables (creditors) 	Not applicable – valued at actual amount
<ul style="list-style-type: none"> • Borrowings 	Nominal value of the borrowing, plus any interest still to be paid by the Council relating to the 2015/2016 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.

Mansfield District 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 2009
- set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code, which were approved at Council on the 10 March 2015

Types of Financial Instruments

The following table shows the different types of financial instruments held by the Council at the 31 March 2016, analysed on an Amortised Costs basis.

	Long-Term		Current	
	At 31 March 2015 £000	At 31 March 2016 £000	At 31 March 2015 £000	At 31 March 2016 £000
Financial liabilities at amortised cost:				
Borrowings	85,136	79,179	5,931	7,318
Other borrowing	0	0	0	0
Trade creditors	0	0	2,201	1,338
Total borrowings	85,136	79,179	8,132	8,656
Financial assets classified as Loans and Receivables:				
Loans and receivables	0	0	41,312	29,722
Trade debtors	0	0	1,359	1,495
Total investments	0	0	42,671	31,217

Note 17 Continued...

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:

	2014/2015			2015/2016		
	Financial Liabilities: Measured At Amortised Cost £000	Financial Assets: Loans and Receivables £000	Total £000	Financial Liabilities: Measured At Amortised Cost £000	Financial Assets: Loans and Receivables £000	Total £000
Interest expense	-3,875	0	-3,875	-3,433	0	-3,433
Losses on de-recognition	0	0	0		0	0
Impairment losses	0	0	0		0	0
Interest payable and similar charges	-3,875	0	-3,875	-3,433	0	-3,433
Interest income	0	251	251	0	220	220
Gains on de-recognition	0	0	0			0
Interest and investment income	0	251	251	0	220	220
Gains on revaluation	0	0	0	0	0	0
Losses on revaluation	0	0	0	0	0	0
Surplus arising on revaluation of financial assets	0	0	0	0	0	0
Net gain/ (-) loss for the year	-3,875	251	-3,624	-3,433	220	-3,213

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.

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The rates quoted in this valuation were obtained by the Council's treasury management consultants from the market on 31 March 2016 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 2015		31 March 2016	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB - maturity	85,092	91,472	80,592	87,252
PWLB - EIP	497	576	439	505
LOBOs	4,606	6,606	4,607	6,585
Short term borrowing	872	872	1,410	1,410
Financial liabilities	91,067	99,526	87,048	95,752

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 2015		31 March 2016	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Cash	524	524	-326	-326
Deposits with banks and building societies	40,788	40,804	29,048	29,070
Crematorium	0	0	1,000	1,000
Financial assets	41,312	41,328	29,722	29,744

The carrying value includes £1m relating to the Crematorium investment with MDC. The fair value is £22,000 higher than the carrying amount excluding the Crematorium because the Council's portfolio of investments includes a number of fixed rate deposits where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date.

18. INVENTORIES

The following table show the breakdown of inventories (stock) carried in the Balance Sheet. The Council holds stocks totalling £317,000 (£319,000 2014/2015).

Location	31 March 2015	Purchases in year	Recognised as expense in year	Written on / (-)off balances	31 March 2016
	£000	£000	£000	£000	£000
Hermitage Lane Depot	79	351	-357	-1	72
Vale Road Depot	230	1,417	-1,409	0	238
Museum & Theatre	10	49	-51	-1	7
Total	319	1,817	-1,817	-2	317

19. CONSTRUCTION CONTRACTS

The Council has not entered into any construction contracts during 2015/2016.

20. DEBTORS

The following table identifies the breakdown of debtors owing to the Council at the 31 March 2015 and 31 March 2016:

Debtors	2014/2015	2015/2016
	£000	£000
Central Government Bodies:		
Government departments and agencies	210	700
Other Local Authorities:		
Other Local Authorities	1,174	1,052
Public Corporations and Trading Funds:		
Other Public Bodies	25	36
Customs and Excise	355	196
Other Entities and Individuals:		
Housing rent arrears	1,041	1,061
Collection Fund	-389	314
Lease cars to employees	-5	-5
Car loans to employees	92	94
Service prepayments	759	134
Sundry debtors	2,594	1,909
Total	5,856	5,491
Less provision for bad debt:		
Housing rent arrears	-784	-793
Sundry debtors	-1,764	-1,083
Total	3,308	3,615

21. CASH AND CASH EQUIVALENTS/BANK OVERDRAFT

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

	2014/2015 £000	2015/2016 £000
Cash held by the Council	5	6
Bank current accounts	519	-332
Total	524	-326

22. ASSETS HELD FOR SALE

The Council has no assets held for sale at the 31 March 2016 or 31 March 2015.

23. CREDITORS

The following table identifies the breakdown of the Council's creditors at the 31 March 2016 and 31 March 2015:

Creditors	2014/2015 £000	2015/2016 £000
Central Government Bodies:		
Government departments and agencies	-733	-1,188
Other Local Authorities:		
Other Local Authorities	-822	-2,136
Public Corporation and Trading Funds:		
Other Public Bodies	-2	0
Other Entities and Individuals:		
Council tax prepayment	-447	-888
Housing rent prepayment	-375	-419
Collection Fund	-354	-230
Sundry creditors	-2,883	-2,689
Total	-5,616	-7,550

24. INSURANCE PROVISIONS

The balance on the Council's insurance fund for retained premiums stands at £1.13million. 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 £0.4million. 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. MOVEMENT IN PROVISIONS

The Council has the following provisions:

	Balance at 1 April 2015	Increase in Provision	Expenditure in year	Reduction in Provision Required	Balance at 31 March 2016
	£000	£000	£000	£000	£000
Rental bonds	-51	0	0	0	-51
Neighbourhood Renewal	35	0	0	-35	0
Single Regeneration	40	0	0	-40	0
Housing Act deposits	-17	0	0	0	-17
Grant Repayment	-41	0	0	41	0
Accumulated Absences	-233	-19	0	0	-252
S31 Funerals	0	-7	0	0	-7
Business Rate Appeals	0	-1,799	0	0	-1,799
Park Hall Public Inquiry	-60	-28	88	0	0
Total	-327	-1,853	88	-34	-2,126

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

Neighbourhood Renewal Fund – Provision to meet payments for which grant is to be reclaimed from funded bodies. This has been taken back into the General Fund during 2015/2016.

Single Regeneration Budget – Provision to meet payments for which grant is to be reclaimed from funded bodies. This has been taken back into the General Fund during 2015/2016.

Housing Act Deposits – Deposits made with the Council which will be repaid as contractual obligations are completed.

Grant Repayment – The Council has in the past received grant funding to deliver schemes. The terms and conditions of the grant are currently under review, as the Council may not be fully compliant with the grant requirements. This has now been fully settled during 2015/2016.

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 2016. The full liability is approximately £4.5m, with the balance being met by Central Government (50%), Nottinghamshire County Council (9%) and the Fire Authority (1%).

Park Hall Public Inquiry – provision made to meet the potential costs of the inquest. This has been fully settled during 2015/2016.

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

26. UNUSABLE RESERVES

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

UNUSABLE RESERVES	2014/2015	2015/2016
	£000	£000
Revaluation Reserve	47,558	56,531
Capital Adjustment Account	133,200	131,053
Deferred Capital Receipts Reserve	509	470
Pensions Reserve	-105,241	-94,815
Collection Fund Adjustment Account	-1,580	-1,617
Crematorium Pension Account	-277	-274
Accumulated Absences Account	-233	-252
Total Unusable Reserves	73,936	91,096

Note 26 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 2015/2016 the upward revaluation of assets totalled £10.928million (this was £22.026million in 2014/2015). Included in this figure is an increase of £9.970million in the value of the Council's Housing Stock and an increase of £0.958million in the value of seven buildings as a result of the Council's annual valuation programme.

REVALUATION RESERVE	2014/2015	2015/2016
	£000	£000
Balance at 1 April	29,618	47,558
Upward revaluations of assets	22,026	10,928
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision Services	-3,844	-1,682
Surplus / (-) deficit on revaluation on non-current assets not posted to the surplus / (-) deficit on the Provision of Services	18,182	9,246
Difference between fair value depreciation and historical cost depreciation	-228	-246
Accumulated gains on assets sold or scrapped	-14	-27
Amount written off to the Capital Adjustment Account	-242	-273
Balance at 31 March	47,558	56,531

Note 26 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 since before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

CAPITAL ADJUSTMENT ACCOUNT	2014/2015	2015/2016
	£000	£000
Balance at 1 April	133,796	133,200
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES)		
Charges for depreciation and impairment of non-current assets	-9,540	-15,846
Revaluation losses on Property, Plant and Equipment	-2,111	-3,016
Movement in the market value of Investment Properties	-46	933
Amortisation of intangible assets	-23	-27
Revenue expenditure funded from capital under statute	-647	-607
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	-1,272	-1,606
	-13,639	-20,169
Adjusting amounts written out of the Revaluation Reserve	242	273
Net written out amount of the cost of non-current assets consumed in the year	-13,397	-19,896
Capital financing in the year:		
Use of the capital receipts reserve to finance new capital expenditure	2,878	8,006
Use of the Major Repairs Reserve to finance capital expenditure	3,634	4,798
Capital grants and contributions credited to the CIES that have been applied to capital financing	2,781	3,080
Application of grants to capital financing from capital grants unapplied account	0	0
Statutory provision for the financing of capital Investment charged against the General Fund and HRA balances	594	570
Capital expenditure charged against the General Fund and HRA balances	2,914	1,295
	12,801	17,749
Balance at 31 March	133,200	131,053

Note 26 Continued...

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

The balance of the Financial Instruments Adjustment Account at 31 March 2016 and 31 March 2015 was nil.

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.

PENSION RESERVE	2014/2015	2015/2016
	£000	£000
Balance at 1 April	-80,679	-105,241
Re-measurements of the net defined benefit liability / (-)asset	-20,374	14,697
Reversal of items relating to retirement benefits debited or credited to the Surplus or deficit on the provision of services in the CIES	-7,848	-8,050
Employer's pensions contributions and direct payments to pensioners payable in the year	3,844	4,035
Other gains / (-) losses	-184	-256
Balance at 31 March	-105,241	-94,815

Note 26 Continued...

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.

DEFERRED CAPITAL RECEIPTS RESERVE	2014/2015	2015/2016
	£000	£000
Balance at 1 April	543	509
Loan advance to Warsop Parish Council	0	0
Mortgage receipts in the year	-5	-9
Capital receipts from Nottinghamshire County Council	-29	-30
Balance at 31 March	509	470

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.

COLLECTION FUND ADJUSTMENT ACCOUNT	2014/2015	2015/2016
	£000	£000
Balance at 1 April	-1,187	-1,580
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	136	74
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	-529	-111
Balance at 31 March	-1,580	-1,617

Note 26 Continued...

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 Councils' proportion of the assets and liabilities of the scheme.

CREMATORIUM PENSION RESERVE	2014/2015	2015/2016
	£000	£000
Present value of liabilities	-1,492	-1,470
Fair Value of assets	850	835
Crematorium Total Surplus/ (-) Deficit	-642	-635
Mansfield District Council's proportion	-277	-274

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.

ACCUMULATED ABSENCES ACCOUNT	2014/2015	2015/2016
	£000	£000
Balance at 1 April	-238	-233
Settlement or cancellation of accrual made at the end of the preceding year	0	0
Amounts accrued at the end of the current year	5	-19
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	0	0
Balance at 31 March	-233	-252

27. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2014/2015 £000		2015/2016 £000
-2,512	Net Surplus or (-) deficit on the Provision of Service	-7,448
	Adjust net surplus or deficit on the provision of services for non-cash movement	
11,651	Depreciation	18,862
-242	Impairment and downward valuations	
23	Amortisation	27
-10	Increase / decrease in interest creditors	0
189	Increase / decrease in creditors	1,304
67	Increase / decrease in interest debtors	15
-287	Increase / decrease in debtors	-435
16	Increase / decrease in inventories	2
4,233	Pension liability	4,600
55	Contributions to / (-) from provisions	1,799
1,272	Carrying amount of non-current assets sold	1,606
46	Movement in investment property values	-933
17,013	Total	26,847
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
-2,838	Capital grants credited to surplus or deficit on the provision of services	-3,092
1,500	Net adjustment from the sale of short term investments	10,725
-1,629	Proceeds from the sale of property plant and equipment, investment property and intangible assets	-2,521
-2,967	Total	5,112
11,534	Net cash flows from operating activities	24,511

28. CASH FLOW STATEMENT - INVESTING ACTIVITIES

The cash flows for investing activities include the following items:

2014/2015		2015/2016
£000		£000
-11,752	Purchase of property, plant and equipment, investment properties and intangible assets	-27,016
-278	Other payments for investing activities	-28
1,665	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,559
3,117	Other receipts from investing activities	3,063
-7,248	Total	-21,422

29. CASH FLOW STATEMENT - FINANCING ACTIVITIES

The cash flows for financing activities include the following items:

2014/2015		2015/2016
£000		£000
1,176	Cash receipts of short and long term borrowing	0
1,107	Repayments of short and long term borrowing	-4,570
-5,059	Other payments for financing activities	631
-2,776	Net cash flows from financing activities	-3,939

30. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by the Council on the basis of budget reports analysed across Heads of Service. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- The cost of retirement benefits is based on cash flows (payments of employer's pension contributions) rather than current services costs of benefits accrued in the year

The income and expenditure of the Council's Heads of Service analysis per the recording in the budget reports for the year is as follows:

30. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

2015/2016	Corporate Administration £000	Corporate Management £000	Finance, Property and Revenue Services £000	Housing £000	Neighbourhood Services £000	Planning, Community Safety and Regulatory Services £000	Regeneration, Leisure and Marketing £000	HRA £000	Total £000
Fees, charges and other service income	0	-274	-6,969	-125	-3,382	-1,861	-4,003	-31,714	-48,328
Government grants	0	-32	-33,318	-35	0	-124	-43	-136	-33,688
Support service recharges	0	-1,746	-4,236	0	-6,279	-730	-1,511	0	-14,502
Total Income	0	-2,052	-44,523	-160	-9,661	-2,715	-5,557	-31,850	-96,518
Employee expenses	0	466	1,613	250	2,497	2,503	1,452	5,679	14,460
Other operating expenses	0	1,398	36,185	813	5,678	2,017	6,171	11,196	63,458
Support service recharges	0	1,766	4,037	0	5,623	732	1,511	0	13,669
Total Expenditure	0	3,630	41,835	1,063	13,798	5,252	9,134	16,875	91,587
Net Cost of Service	0	1,578	-2,688	903	4,137	2,537	3,577	-14,975	-4,931

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement	£000
Cost of Services in Service Analysis	-4,931
Add services not included in main analysis	0
Add amounts not reported to management	22,408
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	0
Net Cost of Services in Comprehensive Income and Expenditure Statement	17,477

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Note 30 Continued...

Reconciliation to Subjective Analysis 2015/2016	Service Analysis £000	Service Not in Analysis £000	Not Reported to Management £000	Not Included In Income And Expenditure £000	Allocation of Recharges £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	-48,328	0	0	0	0	-48,328	0	-48,328
Interest and investment income	0	0	0	0	0	0	-272	-272
Income from NNDR	0	0	0	0	0	0	-3,494	-3,494
Income from council tax	0	0	0	0	0	0	-5,323	-5,323
Support Services recharges	-14,502	0	0	0	18,151	3,649	0	3,649
Government grants and contributions	-33,688	0	0	0	0	-33,688	-6,668	-40,356
Total Income	-96,518	0	0	0	18151	-78,367	-15,757	-94,124
Employee expenses	14,460	0	3,192	0	0	17,652	3,323	20,975
Other service expenses	63,458	0	0	0	0	63,458	0	63,458
Support Services recharges	13,669	0	0	0	-18,151	-4,482	0	-4,482
Depreciation, amortisation and impairment	0	0	19,216	0	0	19,216	0	19,216
Interest payments	0	0	0	0	0	0	3,403	3,403
Precepts and Levies	0	0	0	0	0	0	73	73
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	495	495
Income and expenditure in relation to investment properties and changes in fair value	0	0	0	0	0	0	-651	-651
Gain or (-) loss on Disposal of Fixed Assets	0	0	0	0	0	0	-915	-915
Total operating expenses	91,587	0	22,408	0	-18,151	95,844	5,728	101,572
Surplus or deficit on the provision of services	-4,931	0	22,408	0	0	17,477	-10,029	7,448

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Note 30 continued..

2014/2015	Corporate Administration £000	Corporate Management £000	Finance, Property and Revenue Services £000	Housing £000	Neighbourhood Services £000	Planning, Community Safety and Regulatory Services £000	Regeneration, Leisure and Marketing £000	HRA £000	Total £000
Fees, charges and other service income	0	-400	-6,200	-118	-3,234	-1,851	-4,181	-30,735	-46,719
Government grants	0	-46	-33,867	0	-3	-5	-130	-134	-34,185
Support service recharges	0	-1,418	-4,051	0	-6,045	-712	-1,419	0	-13,645
Total Income	0	-1,864	-44,118	-118	-9,282	-2,568	-5,730	-30,869	-94,549
Employee expenses	0	487	1,686	255	2,295	2,338	1,892	5,511	14,464
Other operating expenses	0	1,204	37,303	832	5,148	2,005	5,796	10,591	62,879
Support service recharges	0	1,428	3,919	0	5,692	715	1,439	0	13,193
Total Expenditure	0	3,119	42,908	1,087	13,135	5,058	9,127	16,102	90,536
Net Cost of Service	0	1,255	-1,210	969	3,853	2,490	3,397	-14,767	-4,013

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement	£000
Cost of Services in Service Analysis	-4,013
Add services not included in main analysis	0
Add amounts not reported to management	15,214
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	0
Net Cost of Services in Comprehensive Income and Expenditure Statement	11,201

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Note 30 continued..

Reconciliation to Subjective Analysis 2014/2015	Service Analysis £000	Service Not in Analysis £000	Not Reported to Management £000	Not Included In Income And Expenditure £000	Allocation of Recharges £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	-46,719	0	0	0	0	-46,719	0	-46,719
Interest and investment income	0	0	0	0	0	0	-306	-306
Income from NNDR	0	0	0	0	0	0	-3,533	-3,533
Income from council tax	0	0	0	0	0	0	-5,187	-5,187
Support Services recharges	-13,645	0	0	0	16,663	3,018	0	3,018
Government grants and contributions	-34,185	0	0	0	0	-34,185	-7,142	-41,327
Total Income	-94,549	0	0	0	16,663	-77,886	-16,168	-94,054
Employee expenses	14,464	0	2,893	0	0	17,357	3,496	20,853
Other service expenses	62,879	0	0	0	0	62,879	0	62,879
Support Services recharges	13,193	0	0	0	-16,663	-3,470	0	-3,470
Depreciation, amortisation and impairment	0	0	12,321	0	0	12,321	0	12,321
Interest payments	0	0	0	0	0	0	3,855	3,855
Precepts and Levies	0	0	0	0	0	0	73	73
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	426	426
Income and expenditure in relation to investment properties and changes in fair value	0	0	0	0	0	0	46	46
Gain or (-) loss on Disposal of Fixed Assets	0	0	0	0	0	0	-364	-364
Total operating expenses	90,536	0	15,214	0	-16,663	89,087	7,532	96,619
Surplus or deficit on the provision of services	-4,013	0	15,214	0	0	11,201	-8,636	2,565

Note 30 for 2014/2015 has been restated so that the total income and total operating expenses are consistent with the CIES. In addition the amount not reported to management has been increased by £0.700m and the amount in support services has been reduced by £0.700m. The overall values have not changed.

31. ACQUIRED AND DISCONTINUED OPERATIONS

Acquired Operations

The Council did not acquire any new operations during the accounting period 1 April 2015 to 31 March 2016 either through the re-organisation of local government or new statutory responsibilities transferred from another entity.

Discontinued Operations and Outstanding Liabilities

The Council did not have any discontinued operations in 2014/2015 or 2015/2016.

On 17 April 2012, the Council confirmed that Serco Leisure would be managing the Council's leisure centres as Managing Agents to the Mansfield District Leisure Trust. The ten year contract to manage the Council's five leisure centres came into effect from 1 May 2012.

Under current arrangements, which date back to Local Government Re-organisation in 1974, work was carried out by the District Council on behalf of the County Council. The cost to Mansfield District Council of carrying out this work was then recharged to the County Council.

32. TRADING OPERATIONS

Trading Accounts are separately identified within the Comprehensive Income and Expenditure Statement within the financing and investment income and expenditure. The Council did not have any trading operations in 2014/2015 or 2015/2016.

33. 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.

34. SCHEMES UNDER THE TRANSPORT ACT 2000

This note covers the responsibility that Councils have under Schedule 12 of the Transport Act 2000 to include within their Statement of Accounts details in relation to any road charging schemes and workplace charging levies.

For the financial year 1 April 2015 to 31 March 2016 there were no such schemes in place within the Mansfield District boundary.

35. POOLED BUDGETS

Section 31 of the Health Act 1999 and the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 enables establishment of joint working arrangements between NHS bodies and local Councils. Under such arrangements, health bodies and local Councils can pool funds which allow the 'partnership' to work collaboratively to address specific local health issues.

During 2014/2015 and 2015/2016 there were no pooled budgets.

36. MEMBERS' ALLOWANCES

Note: Where the term "Member" is used it applies to Councillors and the Executive Mayor.

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 Members for work undertaken in the course of their duties. Total Allowances (consisting of Basic Allowance and Special Responsibility Allowances, excluding pension costs) during the 2015/2016 financial year amounted to £453,518 (£478,950 in 2014/2015). In addition to this, Members were reimbursed a total of £9,577 (£12,182 in 2014/2015) for expenses incurred on Council business.

	2014/2015	2015/2016
	£000	£000
Basic Allowance	223,009	230,099
Special Responsibility Allowance	213,532	218,388
Pension Contributions	42,409	5,031
Travel and Subsistence Allowance	9,976	9,577
Other	2,206	0
Total	491,132	463,095

37. OFFICERS' REMUNERATION AND EXIT PACKAGES

a. Officers' Remuneration

The remuneration paid to the Council's senior officers in 2014/15 and 2015/16 was as follows:

Post	Notes	Salary		Expense Allowances		Total Remuneration (Exc. Pensions)		Pension Contributions		Compensation for Loss of Office		Total Remuneration	
		2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000
Managing Director	1	108	46	1	0	109	46	22	10	0	95	131	151
Corporate Director of Housing, Property and Operational Services	2	78	43	0	0	78	43	16	9	0	91	94	143
Corporate Director of Customer Services, Community Safety and Regulatory Services	3	78	86	0	0	78	86	16	19	0	0	94	105
Head of Finance, Property and Revenue Services		65	67	0	0	65	67	14	15	0	0	79	82
Head of Regeneration, Leisure and Marketing		59	61	0	0	59	61	12	13	0	0	71	74
Head of Neighbourhood Services	4	59	55	0	1	59	56	12	12	0	72	71	140
Head of Housing Services		59	61	0	0	59	61	12	13	0	0	71	74
Head of Planning, Community Safety and Regulatory Services		59	61	1	0	60	61	12	13	0	0	72	74
Director of Governance	5	0	15	0	0	0	15	0	3	0	0	0	18

Notes:

1. The Managing Director left the Council 2 September 2015
2. The Corporate Director of Housing, Property and Operational Services left the Council 16 October 2015
3. The Corporate Director of Customer Services, Community Safety and Regulatory Services includes interim cover for the Managing Director
4. The Head of Neighbourhood Services left the Council 19 February 2016
5. The Director of Governance commenced with the Council 1 February 2016

37 a. Officers' Remuneration (continued)

During the 2015/2016 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.

Remuneration Band	2014/2015	2015/2016
£50,000 - £54,999	0	1
£55,000 - £59,999	4	0
£60,000 - £64,999	0	3
£65,000 - £69,999	1	1
£70,000 - £74,999	0	0
£75,000 - £79,999	2	0
£80,000 - £84,999	0	0
£85,000 - £89,999	0	1
£90,000 - £94,999	0	0
£95,000 - £99,999	0	0
£100,000 - £104,999	0	0
£105,000 - £109,999	1	0
£110,000 - £114,999	0	0
£115,000 - £119,999	0	0
£120,000 - £124,999	0	0
£125,000 - £129,999	0	1
£130,000 - £134,999	0	1
£135,000 - £139,999	0	0
£140,000 - £144,999	0	1

37 b. Exit Packages

During 2015/2016 there were 11 voluntary redundancies which incurred liabilities of £0.75million and no compulsory redundancies.

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £000	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
£0 -£20,000	0	0	11	3	11	3	43	20
£20,001 - £40,000	0	0	2	1	2	1	76	29
£40,001 - £60,000	0	0	1	0	1	0	55	0
£60,001 - £80,000	0	0	0	1	0	1	0	65
£80,001 - £100,000	0	0	0	5	0	5	0	452
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	1	0	1	0	189
Total	0	0	14	11	14	11	174	755

38. EXTERNAL AUDIT COSTS

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

	2014/2015	2015/2016
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	72	55
Fees payable in respect of statutory inspection	0	0
Fees payable for the certification of grant claims and returns	8	13
Fees payable in respect of other services	0	0
Total	80	68

39. 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.

	2014/2015	2015/2016
	£000	£000
Credited to Taxation and Non-specific Grant Income and Expenditure		
Grants:		
Revenue Support Grant	3,837	2,713
Capital Grants	2,587	2,814
New Homes Bonus	876	1,273
Business Rates - Small business rate relief	576	553
Total	7,876	7,353
Credited to Services		
Grants:		
Housing Benefits and Council Tax Subsidy	33,937	33,194
NDR Cost of Collection	128	129
Department for Works and Pensions (DWP)	8	151
Other Grants	190	241
Contributions:		
Nottinghamshire County Council - Contributions	1,066	916
Other Contributions	733	519
Total	36,062	35,150

Note 39 Grant Income continued.....

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

LONG TERM LIABILITIES	2014/2015	2015/2016
	£000	£000
Grants Receipts in Advance (Capital Grants)		
Developers (Section 106) contributions – revenue	20	14
Developers (Section 106) contributions – capital	802	759
Total	822	773

40. 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). Grants received from government departments are set out in the subjective analysis in Note 30 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2015 are shown in Note 39.

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 £883,345 for the contract management of the Council's leisure centres during 2014/2015 and £660,258 during 2015/2016.

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 41 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 2015/2016 financial year, the Housing Company did not trade.

41. 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 2016 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 2015/2016 and 2014/2015 for comparison:

Mansfield and District Joint Crematorium				
	Balance Sheet		Income & Expenditure Statement	
	2014/15	2015/16	2014/15	2015/16
	%	%	%	%
Mansfield District Council	42.81	43.09	44.12	43.71
Ashfield District Council	45.85	45.64	45.41	45.40
Newark and Sherwood District Council	11.34	11.27	10.47	10.89
	100.00	100.00	100.00	100.00

The figures below show Mansfield District Council '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.

Comprehensive Income and Expenditure Statement						
2014/2015				2015/2016		
Gross Cost	Gross Income	Net Cost		Gross Cost	Gross Income	Net Cost
£000	£000	£000		£000	£000	£000
376	-742	-366	General Fund continuing operations	391	-694	-303
376	-742	-366	Net Cost of Service	391	-694	-303
		-2	Financing and Investment Income and Expenditure			-2
		-368	(-) Surplus / Deficit on Provision of Service			-305
		0	Re-measurement of the Net Pension Asset / Liability			-12
		-368	Total Comprehensive Income and Expenditure			-317

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Note 41 Continued...

Mansfield and District Joint Crematorium

Balance Sheet		
2014/2015	2015/2016	
£000	£000	
780	Property, Plant and Equipment	793
780	Long Term Assets	793
82	Short term Debtors	80
554	Short Term Investments	550
313	Cash and Cash Equivalents	276
949	Current Assets	906
-400	Creditors	-370
-400	Current Liabilities	-370
-277	Pension	-274
-277	Long Term Liabilities	-274
1,052	Net Assets	1,055
Financed By:		
530	Capital Fund	523
66	General Reserve	66
-277	Pension Reserve	-274
733	Capital Adjustment Account	740
1,052	Total Reserves	1,055

Note: Mansfield and District Joint Crematorium is a member of the Nottinghamshire County Council pension fund. 2015/2016 is the first year the assets and liabilities of the fund have been evaluated by an independent actuary. For comparison the balance sheet has been re-stated to show the values had this been carried out in 2014/2015.

42. ANALYSIS OF THE COLLECTION FUND BALANCE

The total carry forward balance on the Collection Fund (please see the Collection Fund Account) has been disaggregated to show the balance belonging to Mansfield District Council and the amounts owed by the other precepting bodies for whom Mansfield District Council collects on behalf of.

The following tables show the breakdown of the Collection Fund Balance for 2014/2015 and 2015/2016:

	2014/2015 £000	2015/2016 £000
Debtor		
Nottinghamshire County Council	0	0
Police Authority	0	0
Fire and Rescue Service	0	0
Creditor		
Nottinghamshire County Council	1,332	1,858
Police Authority	189	263
Fire and Rescue Service	77	108
Financing		
Mansfield District Council	204	278
Balance on Collection Fund carried forward	1,802	2,507

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.

43. 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 2016.

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.

	2014/2015	2015/2016
	£000	£000
Total expenditure	86	69
Total Income	-5	-4
Total	81	65

The Trust also invests its permanent endowment with the Council. At 31 March 2016 the value of this investment was £133,230 (£132,583 at 31 March 2015).

44. 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.

	2014/2015	2015/2016
	£000	£000
Opening Capital Financing Requirement	105,386	104,804
Capital investment		
Revenue Expenditure Funded from Capital Under Statute	647	607
Property, Plant and Equipment	9,895	16,039
Investment Property	1,652	10,808
Intangible Assets	27	0
Sourcing of financing		
Capital Receipts	-2,878	-8,006
Grants and Other Contributions	-2,970	-3,935
Revenue Contributions	-3,859	-41
Major Repairs Reserve	-496	-4,798
Earmarked Reserves	-1,528	-227
Un-earmarked Reserves	-478	-167
Minimum Revenue Provision (MRP)	-594	-570
Closing Capital Financing Requirement	104,804	114,514
Explanation of movements in year		
Increase in underlying need to borrowing (supported by Government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by Government financial assistance)	12	10,356
Less set aside	-594	-570
Increase / (-) Decrease in Capital Financing Requirement	-582	9,786

45. LEASES

Assets Held under Finance Lease, the Council as a Lessee

At 31 March 2016, the Council had no finance leasing arrangements and none at 31 March 2015.

Assets held under Operating Leases

The Council has several operating leases for computer equipment. In 2015/2016, the Council paid £90,000 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 2015/2016 the Council paid £475,000 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 2016, analysed by maturity of the contract:

	2014/2015	2015/2016
	£000	£000
Lease expiring within a year	0	3
Expires between two and five years	408	313
Expires over five years	0	0
Total	408	316

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

	2014/2015	2015/2016
	£000	£000
Internal Support Service Accounts	18	19
Housing Revenue Account	71	71

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:

	2014/2015	2015/2016
	£000	£000
Not later than one year	2,936	3,615
Later than one year and not later than five years	179,618	14,105
Later than five years	12,349	189,796
Total	194,903	207,516

46. PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

The Council has not entered into any PFI arrangements to date and therefore has no such assets to disclose.

47. IMPAIRMENT LOSSES

During 2014/2015 and 2015/2016 the Council had not recognised any impairment losses.

48. CAPITALISATION OF BORROWING COSTS

The Council has not capitalised borrowing costs during the year.

49. TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2015/2016, incurring liabilities of £755,000 (2014/2015 £174,000), see Note 37 for the number of exit packages and total cost per band.

50. RETIREMENT BENEFITS

a. Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers, the 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 and currently provides benefits based on career average revalued salary and length of service on retirement. This means 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 Actuary, Barnett Waddingham is instructed by Nottinghamshire County Council to undertake pension expense calculations and have prepared their figures in accordance with their understanding of the International Accounting Standard IAS19 (2011). The principal risks to the Council 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.

Further information can be found in the Annual Report of the County Council Pension Fund, which is available upon request from Nottinghamshire County Council, County Hall, West Bridgford, Nottingham, NG2 7QP.

The latest available Membership data is shown in the table below

	Number	Salaries / Pensions £000	Average Age
Active Members	701	13,602	47
Deferred pensioners	823	1,260	45
Pensioners	952	4,622	71
Unfunded pensioners	260	347	78

Note 50 – 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:

Comprehensive Income and Expenditure Statement		
	2014/2015	2015/2016
	£000	£000
Cost of Services:		
Current Service cost	4,164	4,523
Past Service cost	170	211
Administration expenses	18	2
Financing and Investment Income and Expenditure:		
Net interest on the defined liability / (-) asset	3,496	3,314
Total Post Employment Benefit		
Charged to the Surplus / Deficit on the Provision of Services	7,848	8,050
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Actuarial gains and (-) losses	-20,374	14,697
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
	-12,526	22,747
Movement in Reserves Statement		
Reversal of net charges made to the Surplus / Deficit for the Provision of Services for post-benefits in accordance with the Code	-7,848	-8,050
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contribution payable to the Scheme	3,844	4,035

Note 50 – 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 Mansfield District Council during the 2014/2015 and 2015/2016 financial year:

	At 31 March 2015 £000	At 31 March 2016 £000
Opening Defined Benefit Obligation	181,184	216,125
Current service cost	3,825	4,523
Interest cost	7,929	6,845
Change in demographic assumptions	0	0
Change in financial assumptions	27,136	-18,987
Experience loss / (-) gain on defined benefit obligation	0	-103
Liabilities assumed / (-) Extinguished on settlements	1,089	0
Estimated benefits paid (net of transfer in)	-5,903	-5,558
Past service costs, including curtailments	170	211
Contribution by scheme participants	992	983
Unfunded pension payments	-297	-289
Closing Defined Benefit Obligation	216,125	203,750

The following table provides a reconciliation of fair values of the schemes assets for Mansfield District Council during the 2014/2015 and 2015/2016 financial years:

	At 31 March 2015 £000	At 31 March 2016 £000
Opening fair value of scheme assets	100,505	110,884
Expected return on scheme assets	0	0
Interest on assets	4,433	3,531
Return on assets less interest	6,762	-4,393
Other actuarial gains / (-) losses	0	0
Administration expenses	-18	-2
Contribution by employer including unfunded benefits	3,660	3,779
Contribution by scheme participants	992	983
Estimated benefits paid including unfunded benefits	-6,200	-5,847
Settlement prices received / (-) paid	750	0
Closing fair value of scheme assets	110,884	108,935

Note 50c – Retirement Benefits – Continued...

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 2016). 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 2016 was -£0.862million (2014/2015 being £11.195million).

d. Scheme History

	2013/2014	2014/2015	2015/2016
	£000	£000	£000
Present value of liabilities	-181,184	-216,125	-203,750
Fair Value of assets	100,505	110,884	108,935
Surplus/ (-) Deficit	-80,679	-105,241	-94,815

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 £94.815million 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 2016 are £4.035million (2014/2015 being £3.844million).

e. Projected Pension Expenditure

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

	£000
Service Cost	4,187
Interest Cost	3,257
Administration Expenses	2
Total	7,446

Employer Contributions 3,542

These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31st March 2016. These projections are based on the assumptions as at 31st March 2016, as described in the actuary's report.

Note 50 – 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:

	2014/2015 %	2015/2016 %
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.1	22.1
Women	25.2	25.3
Longevity at 65 for future pensioners:		
Men	24.2	24.4
Women	27.6	27.7
Financial Assumptions:		
Rate of increase in retail price index (RPI)	3.1	3.2
Rate of increase in consumer price index (CPI)	2.3	2.3
Rate of increase in salaries	4.1	4.1
Rate of increase in pensions	2.3	2.3
Rate for discounting scheme Liabilities	3.2	3.5

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:

Asset Share	31 March 2015		31 March 2016	
	£000	%	£000	%
Equities	78,166	70	75,841	70
Gilts	3,465	3	3,390	3
Other Bonds	7,826	7	7,451	7
Property	12,942	12	13,760	12
Cash	5,392	5	4,417	4
Inflation - Linked Pooled Fund	3093	3	3,066	3
Infrastructure	0	0	1,010	1
	110,884	100	108,935	100

Note 50 – Retirement Benefits – Continued...

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 £000	Decrease in Assumption £000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	200,341	207,220
Rate of increase in salaries (increase or decrease by 0.1%)	204,169	203,333
Rate of increase in pensions (increase or decrease by 0.1%)	206,838	200,715
Adjustment to mortality age (longevity) (increase or decrease in 1 year)	209,974	197,716

51. CONTINGENT ASSETS AND LIABILITIES

The Council has continued to recognise the contingent 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.

The Lindhurst Development - A legal challenge had been launched in 2014/2015 on the basis that Mansfield District Council's decision to grant planning permission had been illegal. The Claimants had appealed to the Supreme Court. The Supreme Court decided in 2015/2016 that no further action is to be taken.

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.

52. 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 2015/2016 financial year was approved on the 10 March 2015.

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 2015 £000	Historical experience of default %	Historical experience adjusted for market conditions as at 31 March 2015 %	Estimated maximum exposure to default and uncollectability £000
2015/2016				
Deposits with banks and other financial institutions	27,978	0.00	0.00	0
Customers	4,475	9.00	9.00	403
Total	32,453			403
2014/2015				
Deposits with banks and other financial institutions	41,304	0.00	0.00	0
Customers	4,181	10.52	10.52	440
Total	45,485			440

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Note 52 – Continued...

The Council does not generally allow extended credit for customers, but £3.320million of the £4.475million balance relating to 2015/2016 is past its due date for payment. The past due amount can be analysed by age as follows:

	At 31 March 2015	At 31 March 2016
	£000	£000
Less than 3 months	384	528
3 to 6 months	156	334
6 months to 1 year	276	414
More than 1 year	1,989	2,044
Total	2,805	3,320

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 2015	At 31 March 2016
	£000	£000
Public Works Loans Board	85,258	80,701
Market Debt	4,500	4,500
Temporary borrowing	1,127	1,410
Total	90,885	86,611
Less than 1 year	5,521	7,867
Between 1 and 2 years	6,526	3,057
Between 2 and 5 years	8,265	11,171
Between 5 and 10 years	35,900	39,343
More than 10 years	34,673	25,173
Total	90,885	86,611

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.

Note 52 – Continued...

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 2016, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	At 31 March 2015 £000	At 31 March 2016 £000
Increase in interest payable on variable rate borrowings	14	14
Increase in interest receivable on fixed rate investments that mature within 12 months	-415	-349
Increase in government grant receivable for financing costs	0	0
Impact on (-) Surplus / Deficit on the Provision of Services	-401	-335
Share of overall impact debited to the HRA	-80	0
Decrease in fair value of 'available for sale' investment assets	0	0
Impact on Other Comprehensive Income and Expenditure	0	0
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)	108	68
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)	7,435	6,860

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

Note 52 – Continued...

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.

53. AUTHORISATION OF ACCOUNTS FOR APPROVAL

The Statement of Accounts for Mansfield District Council was signed by the responsible financial officer on the 30 June 2016.

54. LONG TERM DEBTORS

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

	Balance At 31 March 2015 £000	Expenditure Incurred 2015/2016 £000	Income Received 2015/2016 £000	Balance At 31 March 2016 £000
Sundry Debtors	1,990	93	0	2,083
Car loans	163	146	-127	182
NCC transferred debt	427	0	-30	397
Council mortgages	42	0	-9	33
Improvement loans	2	0	-2	0
Warsop Parish Council	28	0	-4	24
	2,652	239	-172	2,719

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.

**SUPPLEMENTARY
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STATEMENTS**

THE HOUSING REVENUE ACCOUNT (HRA)

2014/2015		Note	2015/2016
£000	Income and Expenditure Statement		£000
	Income		
-24,774	Dwelling rents	1	-25,261
-493	Non-dwelling rents	2	-461
-1,242	Charges for services and facilities	3	-1,175
-1,343	Contribution towards expenditure	4,5	-1,304
0	Sums directed by the Secretary of State that are income in accordance with proper practices	7	0
-27,852	Total Income		-28,201
	Expenditure		
6,721	Repairs and maintenance		6,840
6,607	Supervision and management		6,691
86	Rents, rates, taxes and other charges		96
0	Negative HRA subsidy payable	6	0
0	Revenue Expenditure Funded from Capital Under Statute	13	0
6,518	Depreciation, impairment and revaluation losses of non-current assets	8,9	15,635
37	Debt Management costs		32
505	Increase in bad debt provision		288
0	Sums directed by the Secretary of State that are expenditure in accordance with the Code	7	0
20,474	Total Expenditure		29,582
-7,378	Net Expenditure or (-) Income of HRA Services as included in the Comprehensive Income and Expenditure Statement (CIES)		1,381
267	HRA services' share of Corporate and Democratic Core		591
-7,111	Net Expenditure of HRA Services before exceptional items		1,972
0	Exceptional item		0
-7,111	Net Expenditure or (-) Income for HRA Services		1,972
	HRA share of operating income and expenditure included in the CIES		
-491	(-) Gain / loss on sale of HRA non-current assets		-630
3,576	Interest payable and similar charges	12	3,574
22	Revaluation and impairment of investment property	10	-39
-83	Interest and investment income	12	-105
0	Net interest on the net defined benefit liability / asset		0
0	Capital grants and contributions receivable		0
-4,087	(-) Surplus / Deficit for the year on HRA Services		4,772

THE HOUSING REVENUE ACCOUNT

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.

2014/2015 £000	Movement on the Housing Revenue Account	Note	2015/2016 £000
-12,767	Balance on the HRA at the end of the previous year		-18,529
-4,087	(-) Surplus / deficit for the year on the HRA Income and Expenditure Statement		4,772
-1,675	Adjustments between accounting basis and funding basis under regulations	11	-10,162
-5,762	Net (-) increase / decrease before transfers to or from reserves		-5,390
0	Transfer to / from reserves		0
-5,762	(-) Increase / decrease in year on the HRA		-5,390
-18,529	Balance on the HRA at the end of the current year		-23,919

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 2015/2016 was £74.39 (£72.67 in 2014/2015).
- Voids (empty properties) accounted for 1.15% of the total stock as at 31 March 2016 (1.56% at the 31 March 2015).

Since August 2014, the Council has managed properties on behalf of the ASRA Housing Association. In 2015/2016 100 properties were managed (30 in 2014/2015). Included in dwelling rents for 2015/2016 is income of £168,000, which under the terms of agreement the Council received a management fee of £150,000 (£100,000 in 2014/2015) and £18,000 which was a 50% share of rents collected by the Council in excess of 90% (£11,000 in 2014/2015).

During 2015/2016 the Council raised rent charges on the ASRA properties totalling £400,000, and collected £403,000 (100.75%). In 2014/2015 the rent charges for ASRA properties were £250,000 and collected £247,000 (98.71%).

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:

	2014/2015	2015/2016
	£000	£000
District heating	1,052	987
Sheltered accommodation / warden aided	155	36
Service charges on leased flats	35	152
Total	1,242	1,175

4. SUPPORTING PEOPLE

This represents charges for services to vulnerable people such as homeless provision and care of the elderly. In 2015/2016 £580,000 was charged for providing these services. (In 2014/2015 the charge was £135,000). A grant is no longer provided from the Government to finance these services. A grant of £469,000 was received in 2014/2015.

5. TRANSFERS FROM GENERAL FUND FOR SHARED SERVICES

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

	2014/2015	2015/2016
	£000	£000
Tenants and residents participation	12	12
Grass cutting in communal areas	117	117
Warden services	130	130
Homeless and housing advice	480	465
Total	739	724

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 2015/2016 financial year there were no directions were given.

8. DEPRECIATION

Depreciation calculated for HRA non-current assets during 2015/2016 was:

	2014/2015	2015/2016
	£000	£000
Council Dwellings	2,931	3,049
Non-Current Assets (Other land and buildings)	274	260
Equipment	0	6
Amortisation of intangible assets	2	15
Total	3,207	3,330

9. IMPAIRMENT AND REVALUATION LOSSES OF NON-CURRENT ASSETS

During 2015/2016 £12.305million 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.

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

	2014/2015	2015/2016
	£000	£000
Council dwellings	2,755	11,794
Assets Under Construction	0	91
Non-Current Assets (Other land and buildings)	556	397
Intangible Assets	0	23
Total	3,311	12,305

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:

	2014/2015	2015/2016
	£000	£000
Revaluation (-) gains / losses	-2	-39
Impairment	24	0
Total	22	-39

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. NOTE TO THE MOVEMENT ON THE HRA STATEMENT

2014/2015 £000		2015/2016 £000
Items included in the HRA Income and Expenditure Statement but excluded from the movement on HRA Statement for the Year		
0	Difference between amounts charged to income and expenditure for amortisation of premiums and discounts and the charge or the year determined in accordance with statute	0
-3,621	Difference between any other item of income and expenditure determined in accordance with the SORP and determined in accordance with statutory requirement	-12,546
491	Gains / (-) loss on sale of HRA non-current assets	630
-229	Net charges made for retirement benefits in accordance with the Code	-318
0	Sums directed by the Secretary of State to be debited or credited to the HRA that are not income or expenditure in accordance with the Code	0
-3,359		-12,234
Items not included in the HRA Income and Expenditure Statement but included within the movement on HRA Statement for the Year		
0	Transfer to / (from) Major Repairs reserve	0
0	Transfer to / (from) Housing Repairs Account	0
0	Employer's contribution payable to the County Council's pension and retirement benefits payable direct to pensioners	0
0	Government Grants	0
0	Amounts treated as revenue expenditure in accordance with the SORP but which are classified expenditure by statute	0
0	Voluntary set aside for debt repayment	0
1,684	Capital expenditure funded by the HRA	2,072
1,684		2,072
-1,675	Net additional amount required by statute to be debited / (-) credited to the HRA Statement for the year	-10,162

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 their 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).

	2014/2015	2015/2016
	£000	£000
Interest Payable:		
Item 8 Debit	2,189	2,187
Self-financing loan fees	0	0
Self-financing loan interest payable	1,387	1,387
Total	3,576	3,574
Interest Receivable:		
Item 8 Credit	-83	-105

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 2015/2016, there was no revenue expenditure funded from capital under statute charged to the HRA (nil in 2014/2015).

14. RENT ARREARS

The arrears outstanding at the 31 March 2016 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.

	At 31 March 2015 £000	At 31 March 2016 £000
Rent Arrears		
Former Tenants	298	257
Current Tenants	724	799
Service and Facilities Arrears		
Former Tenants	11	1
Current Tenants	6	4
Total	1,039	1,061
Outstanding debts as a proportion of gross rent due (rent only)		
Former tenants	1.23%	1.02%
Current tenants	2.99%	3.18%

Bad debts written off in the year amounted to £279,000. The total provision in respect of the £1.061million outstanding debts is £422,000. In 2014/2015 bad debts of £178,000 were written off and the total provision in respect of the £1.039million outstanding debts was £429,000.

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.

16. HOUSING STOCK

At the 31 March 2016, the Council's housing stock consisted of the following:

Number of Dwellings	Houses	Bungalows	Flats and maisonettes	Total
Bedsits	0	0	64	64
1 bedroom	4	1,285	1,096	2,385
2 bedroom	851	599	594	2,044
3 bedroom	1,898	27	21	1,946
4 or more bedrooms	119	2	1	122
Total Dwellings	2,872	1,913	1,776	6,561
Hostel properties				44
Garages				949
Total				7,554

HRA Note 16 Continued...

The movement in housing stock during the year is analysed as follow:

Stock at 31 March 2015	7,562
Additions to housing stock	88
Sales, demolitions and disposals	-96
Stock at 31 March 2016	7,554

17. ASSET VALUES

The value of the non-current assets held by the HRA at the start of the year and at 31 March 2016 is:

	Value at 31 March 2015 £000	Value at 31 March 2016 £000
Council Dwellings*	138,357	146,929
Operational land and buildings	18,029	15,820
Investment Properties	578	640
Assets Under Construction	3,683	3,626
Equipment	32	24
Non-operational land and buildings	0	0
Closing Balance	160,679	167,039

* The value of Council Dwellings assuming vacant possession is £432,143,863 at 1 April 2015 (£406,933,547 at 1 April 2014). This is reduced by 66% in 2015/2016 (66% in 2014/2015) 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.

18. MAJOR REPAIRS RESERVE

The following table shows the movement on the Major Repairs Reserve during the 2015/2016 financial year:

	2014/2015 £000	2015/2016 £000
Opening Balance at 1 April 2014	-8,978	-9,635
Depreciation charged to HRA	-2,931	-3,049
Revenue contribution to Capital	-1,360	-2,072
Financing of capital expenditure	3,634	4,798
Closing Balance	-9,635	-9,958

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:

	2014/2015	2015/2016
	£000	£000
Expenditure:		
Land and other property	4,274	11,488
Council Dwellings	2,351	2,728
Intangible asset	8	23
Equipment	122	35
Financed By:		
Capital Receipts	-705	-7,287
Major Repairs Reserve	-496	-4,612
Revenue contribution to Capital	-3,140	-186
Grants and contributions	-2,090	-2,189
Borrowing	0	0
Earmarked reserves	-324	0
Total	0	0

20. CAPITAL RECEIPTS

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

	2014/2015	2015/2016
	£000	£000
Sale of council dwellings*	927	1,763
Repayment of mortgages	5	9
Disposal of land and other property	475	0
Total	1,407	1,772

* Not all of these receipts are available for use by the Council; in 2015/2016, £495,000 (£426,000 in 2014/2015) was paid across to the Government in respect of HRA capital receipts.

21. EXCEPTIONAL ITEMS

There were no exceptional items in 2014/15 and 2015/16.

22. PRIOR PERIOD ADJUSTMENTS

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

EXPLANATORY NOTES TO THE COLLECTION FUND

1. GENERAL

The Collection Fund is an agent's statement that reflects the statutory obligation for 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 purpose of the Collection Fund 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

2014/15			COLLECTION FUND	2015/16		
Business Rates £000	Council Tax £000	Total £000		Business Rates £000	Council Tax £000	Total £000
INCOME						
0	-45,803	-45,803	Council Tax Receivable	0	-47,928	-47,928
-27,775	0	-27,775	Business Rates Receivable	-28,810	0	-28,810
-27,775	-45,803	-73,578		-28,810	-47,928	-76,738
EXPENDITURE						
			Apportionment of Previous Year Surplus			
-746	0	-746	Central Government	-1,268	0	-1,268
-597	0	-597	Mansfield District Council (Billing Authority)	-1,014	50	-964
-134	0	-134	Nottinghamshire County Council	-228	327	99
-15	0	-15	Nottinghamshire Fire and Rescue Service	-25	19	-6
0	0	0	Nottinghamshire Police Authority	0	47	47
-1,492	0	-1,492		-2,535	443	-2,092
PRECEPTS, DEMANDS AND SHARES						
14,351	0	14,351	Central Government	14,482	0	14,482
11,481	4,977	16,458	Mansfield District Council (Billing Authority)	11,586	5,126	16,712
2,583	32,789	35,372	Nottinghamshire County Council	2,607	34,443	37,050
287	1,914	2,201	Nottinghamshire Fire and Rescue Service	290	2,010	2,300
0	4,661	4,661	Nottinghamshire Police Authority	0	4,895	4,895
0	73	73	Warsop Parish Council	0	73	73
28,702	44,414	73,116		28,965	46,547	75,512
CHARGES TO COLLECTION FUND						
157	167	324	Write offs of uncollectable amounts	365	231	596
148	0	148	Increase / (-) Decrease in Bad Debt Provision	-23	0	-23
928	0	928	Increase / (-) Decrease in Provision for Appeals	2,199	0	2,199
128	0	128	Cost of Collection	129	0	129
525	0	525	Transitional Protection Payments	-7	0	-7
1,886	167	2,053		2,663	231	2,894
1,321	-1,222	99	(-) Surplus / Deficit arising during the year	283	-707	-424
3,132	-580	2,552	(-) Surplus / Deficit balance brought forward	4,453	-1,802	2,651
4,453	-1,802	2,651	(-) Surplus / Deficit balance carried forward	4,736	-2,509	2,227

Note: The 2014/2015 Business Rates apportionment of previous year's surplus amounts have been restated, as these had been included in the Precepts, Demands and Shares.

2. INCOME FROM BUSINESS RATEPAYERS

Non-Domestic Rates (NDR) or Business Rates are paid by businesses. Central Government specifies an annual rate in the pound 49.3p in 2015/2016 (48.2p in 2014/2015) 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 2015/2016 after reliefs was £28.8million (£27.8million in 2014/2015).
- The Council receives an allowance from the Collection Fund towards the collection of Business Rates, for 2015/2016 this was £128,720 (£128,000 in 2014/2015).

	As at 31 March 2015	As at 31 March 2016
Total Rateable Value (£000)	71,094	71,043
Non Domestic Rating Multiplier	48.2p	49.3p
Small Business Multiplier	47.1p	48.0p

- As a result of being in the Nottinghamshire pool, for 2015/2016 the Council is forecasted to receive a returned levy of £28,000 (2014/2015 £73,000).
- The deficit in Business Rates **of £4.736million** (Deficit of £4.453million as at 31 March 2015) will be carried forward into the 2016/2017 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 £4.5million (2014/2015 £2.29million) with the Council being responsible for £1.8million (2014/2015 £919,000).

The £1.8million provision for appeals is included within the Council's disaggregated share of the collection fund balances held in the consolidated balance sheet.

3. 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 2015/2016 financial year was 27,751.46 and was calculated as shown below:

Band	Number of Chargeable Properties	Ratio to Band D	Number of Band D Equivalents
A*	56.20	5/9	31.22
A	17002.65	6/9	11335.10
B	7853.55	7/9	6108.32
C	5620.95	8/9	4996.40
D	3327.25	9/9	3327.25
E	1286.10	11/9	1571.90
F	350.05	13/9	505.63
G	166.35	15/9	277.25
H	10.50	18/9	21.00
Totals	35,673.60		28,174.07
Less adjustment for collection rate			-422.61
Council Tax Base 2015/2016			27,751.46

The basic amount of Council Tax for a Band D property was £1,674.70 in 2015/2016. (£1,645.67 in 2014/2015).

ANNUAL GOVERNANCE STATEMENT 2015/2016

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*. 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 annual governance statement.

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 2016 and up to the date of approval of the statement of accounts.

3. The Governance Framework

Vision and Priorities

- 3.1 The Council's vision and priorities are contained in 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 vision of Mansfield District Council as stated in its Corporate Plan and Annual Performance Report 2015 is to:

“Create a positive image of Mansfield which supports people, businesses and investment in the area, and improves confidence, pride and dignity, so that everyone can enjoy a good quality of life in their neighbourhood”.

The Council's vision defines its priorities and what it is trying to achieve.

The Council has launched its new Corporate Values during 2015/2016 of “Excellence”, “Integrity”, “Teamwork”, “Empower & Involve”, “Passion & Pride” and has held briefing sessions on these with all employees and Elected Members.

Underpinning its values is the Council's commitment to equality which is exemplified by attaining the “Achieving” level of the Equality Framework.

The priorities for 2015/2016 are:

- Regeneration and employment: Revitalising our District, town centres and neighbourhoods, encouraging inward investment and creating a climate for job creation and growth.
 - Reducing crime and disorder: Making the District a safer place to live, work and visit by working with partners to reduce crime and antisocial behaviour.
 - Vulnerable people: Supporting the most vulnerable people with in our District to help them live independent and fulfilled lives.
 - Housing: Ensuring there is an adequate supply of good quality, well managed housing which is accessible and affordable to those who need it.
 - Protecting the environment: Delivering a local plan for the provision of housing, parks, green spaces and commercial and retail development and ensuring a high quality and sustainable environment and promotes active lifestyles.
- 3.2 The Council's Medium Term Financial Strategy (MTFS) for 2016/2017 to 2019/2020 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.
- 3.3 A key element of the Council's senior management re-structure that was completed during 2015/2016 was the inclusion of the post of Director of Governance and Monitoring Officer with the aim of raising the profile of governance within the authority and also leading on delivering further improvements to the Council's existing arrangements.

- 3.4 The Council is currently undertaking a transformation exercise called the “Change for the Future programme” to ensure that it has the necessary resources to deliver its priorities over the period of the MTF5. This will involve a review of all Council services to determine the best method of delivery and to ensure that processes and procedures are streamlined so that services are delivered efficiently and effectively.

Quality of Services

- 3.5 The Council has invested in establishing feedback mechanisms for service users. These take various forms including e-consultation which is used to measure satisfaction. 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.
- 3.6 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.
- 3.7 The Council’s “Change for the Future programme” which has the principal objective of supporting, across the whole Council, excellent value for money, customer satisfaction and outcome based performance underpinned by customer focused services.
- 3.8 The Council’s Procurement Strategy aims to promote effective procurement across the whole organisation and ensures that procurement planning supports the Council’s Corporate Plan. The Corporate Contracts Register assists in ensuring efficient contract management and contributes to the effective monitoring of Council spending and the delivery of value for money.
- 3.9 The Council has in place a corporate complaints system which ensures effective monitoring and action is taken where appropriate.

Constitutional Matters

- 3.10 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.
- 3.11 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.
- 3.12 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.
- 3.13 The Council is currently undertaking a comprehensive review of the Constitution, with the aim of making it more streamlined, readily understandable and supporting smoother and quicker decision-making. Parts One and Two have been redrafted and approved by Council. Work is being done on the Scheme of Delegation and this will be followed by a review of the supporting Codes, Protocols and Regulations.

Codes of Conduct

- 3.14 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.
- 3.15 Compliance with the Member and employee codes of conduct is monitored by the Council's Standards and Personnel Committees respectively.
- 3.16 The Director of Governance and Monitoring Officer has provided training to all managers on the Protocol of Member, Partner and Officer Relations and this is also to be delivered to all Members.
- 3.17 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

- 3.18 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. After consulting with the Head of Paid Service and Chief Finance Officer, the Monitoring Officer will report to Full Council if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.
- 3.19 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.
- 3.20 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*.
- 3.21 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. The Internal Audit Charter defines the Internal Audit Service's role within the Council with an overall aim of delivering a risk based audit plan in a professional, independent manner to provide the authority with an opinion on the level of assurance it can place upon the internal control environment and to make recommendations to improve it. One of its key objectives is to promote good corporate governance by raising awareness of best practice in respect of internal controls and the requirements of relevant Council strategies and regulations such as financial and contract regulations, anti-fraud strategy and whistle-blowing code.
- 3.22 The Council has robust and effective 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. There is a mechanism in place for

measuring the effectiveness of the Anti-Fraud Strategy with an annual report being presented to the Audit Committee.

Risk and Opportunity Management

- 3.23 The Council recognises that it has a responsibility to identify, evaluate and manage risks whilst still creating a fertile climate for innovation. It therefore supports a structured approach through the implementation of its risk and opportunity management strategy.
- 3.24 The Council has in the main an overall well informed and proportionate appetite for taking significant risk to achieve the priorities identified within its Corporate Plan and for providing services in support of this.
- 3.25 The Council has a Risk and Opportunity Monitoring Group which has defined terms of reference to monitor the effective delivery of the 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

- 3.26 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*.

The Constitution states that:

“The purpose of the Audit Committee as a Sub-Committee of the Council is to provide independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of the authority's financial and non-financial performance to the extent that it affects the authority's governance, risk management and control frameworks, and oversees the financial reporting and annual governance processes. It also oversees internal and external audit, helping to ensure efficient and effective assurance arrangements and reviews the Council's arrangements for achieving value for money”.

Development and Training Needs

- 3.27 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.
- 3.28 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.
- 3.29 The Council also has a peer coaching and mentoring programme for Members and has a management development programme for officers based upon the Council's management competencies.
- 3.30 In accordance with the Member Development Charter for the East Midlands, the Council has a comprehensive Member development programme in place. The Member Development Group meets regularly to support and review Member

development and has recently approved seeking re-accreditation for the Member Development Charter.

- 3.31 The Council's Employee Charter gives a commitment to embrace national training initiatives and details the rights and responsibilities of staff in relation to training and development.

Partnerships

- 3.32 The Council's Partnership Protocol states that all Members of any partnership should be responsible for ensuring that they meet the highest standards of governance and lists the key governance requirements that they should meet.
- 3.33 The Council has records of its involvement in partnership working, demonstrating the linkage to Corporate Plan activities.

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 Information 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 Information Assurance Manager's review of the Council's level of compliance with its adopted Local Code of Corporate Governance, which is to be reported to the Audit Committee in July 2016, 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. An action plan to address these has been produced, with progress to be monitored by the Corporate Leadership Team and the Audit Committee.
 - 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 Financial Regulations have been reviewed and revised during 2015/2016 and revising the Contract Procedure Rules is currently part of a review of the effectiveness of the Council's overall procurement arrangements that is being undertaken by a Select Commission 3 Task and Finish Group.
 - The Council's counter fraud arrangements have been reviewed and improved during 2015/2016 to ensure that they continue to be effective and are fully compliant with both the Local Government Counter Fraud and Corruption Strategy

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2016-2019 and CIPFA's Code of Practice on "managing the risk of fraud and corruption".

- The Council's risk management arrangements have been further developed during 2015/2016 to ensure that they are fully compliant with good practice guidance.
- As described earlier, the Council's Constitution is currently being reviewed and revised as appropriate.
- The Council has a number of Select Commissions 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 2015/2016 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. A risk assessment model is used to formulate a three year audit plan from which the annual workload is identified. The plan is also aligned to the Council's strategic risks. 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 Information Assurance Manager's Annual Report for 2015/2016 concluded that the internal control environment was both robust and effective and therefore an unqualified opinion was given although the importance of implementing the agreed actions in respect of the reviews that had achieved an "Unsatisfactory" assurance level was stressed, particularly regarding the lack of consistent compliance with the Council's procurement arrangements. This opinion was based upon a methodology which assigns assurance levels to individual review findings and standards that need to be achieved by the overall internal control environment. 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.
- Two special investigations completed by Internal Audit during 2015/2016 in respect of Spinelock and Titchfield Park Pavilion did identify a number of control issues and corporate learning opportunities in respect of which action plans have been produced. In addition, as a result of these investigations, a review of the relationship between related party transactions and declarations of interest is being undertaken by the Council's Monitoring Officer.
- External Audit's Annual Governance report, which summarises the findings from their 2014/2015 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.

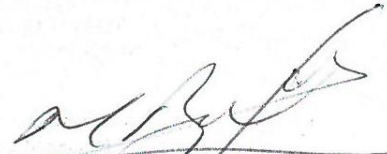
- Any breaches of the Council's IT policies are investigated, with the findings reported to ensure that appropriate corrective action has been carried out and to identify any corporate learning opportunities.
- 4.3 The Council has been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework except for areas for further improvement identified from:
- The review of compliance with the Council's Local Code of Corporate Governance
 - Internal Audit reviews
 - Internal Audit special investigations
- Action plans have been produced to address the above issues.

5. Significant Governance Issues

- 5.1 There are no significant governance issues for 2015/2016.
- 5.2 The Council proposes over the coming year to take steps to address the improvements referred to in 4.3 above to further enhance its governance arrangements. The Audit Committee is satisfied that these steps will address the need for improvements that were identified from the review of effectiveness and will monitor their implementation and operation as part of the next annual review.

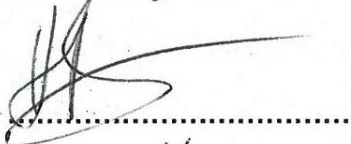
Deputy Executive Mayor

Date


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28-9-16

Deputy Chief Executive

Date


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28-9-16

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 is legally responsible for the service, reimburses the agent (the authority doing the work) for the cost of the work carried out.

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 FINANCING REQUIREMENT (CFR) - is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which has not immediately been paid for, will increase the CFR.

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 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 2016 on pages 21 to 134. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

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

Respective responsibilities of the Section 151 Officer and auditor

As explained more fully in the Statement of the Section 151 Officer's Responsibilities, the Section 151 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 Section 151 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 2016 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 2015/16.

Matters on which we are required to report by exception

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

- the Annual Governance Statement set out on pages 135 to 142 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Narrative 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 the use of resources

Authority's responsibilities

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

Auditor's responsibilities

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether 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 put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, 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 2015, 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 2016.

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.



Sophie Jenkins

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Nottingham Office

4th Floor, St Nicholas House

Nottingham

NG1 6FQ

29 September 2016

HOW TO CONTACT US

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



Visit our Web Site 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.

Having trouble reading this?

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