

# Mansfield District Council

## Statement of Accounts 2017/2018

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**Mansfield**  
District Council

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## **NARRATIVE REPORT**

### **Narrative Report of the Director of Commerce and Customers and Chief Finance Officer for the financial year ending 31 March 2018**

I am pleased to present the Statement of Accounts for Mansfield District Council, for the financial year ending 31 March 2018.

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

- Understand the overall financial position of the Council and the outturn for 2017/2018
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner
- Be assured that the financial position of the Council is sound and secure

This Statement of Accounts for the year ended 31 March 2018 has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA).

This Narrative Report provides information about Mansfield, including key issues affecting the Council and its accounts. It also provides a summary of the Council's financial position at 31 March 2018 and is structured as follows:

1. An introduction to Mansfield and District
2. An introduction to Mansfield District Council
3. The Council's Vision, Priorities and Outcomes in 2017/2018
4. The Financial Performance in 2017/2018
5. Looking Forward – Budget pressures and efficiency plans for the future
6. Governance
7. Risk and Opportunity Management
8. Explanation of the Financial Statements

This Statement of Accounts should be read in the context of continuing pressure on the services provided by the Council and the resources available to finance them. These pressures will continue and the future financial position of the Council will be dependent on its ability to balance increasing need against reducing resources. The Council's Transformation Plan has been put in place to deliver this and is critical to the Council's ongoing financial sustainability.

Mick Andrews CPFA  
Director of Commerce and Customer Services, and Chief Finance Officer  
(Section 151 Officer)

## 1. AN INTRODUCTION TO MANSFIELD AND DISTRICT

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

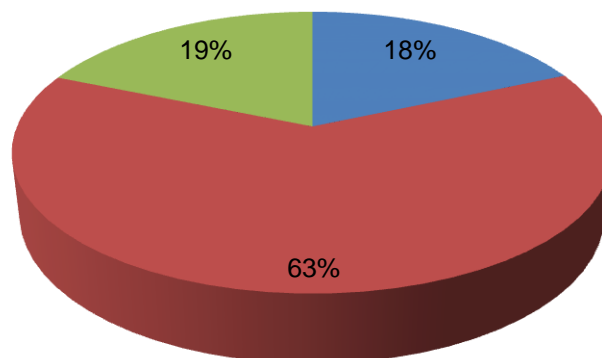
The District has good transport infrastructure, which is developing rapidly through increased investment. In terms of road network; Mansfield's central location provides excellent access to the country's main roads; 10 minutes from Junctions 27, 28 and 29 of the M1 and just over to the A38 and Doncaster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

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

The Office for National Statistics (ONS) population estimates for 2016 show that Mansfield has an estimated population of 107,900 people, with the age profile as shown in the chart below:

### Population of Mansfield by Age Profile

■ Aged 0 to 15   ■ Aged 16 to 64   ■ Aged 65 and over



## 2. 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 District of Mansfield Woodhouse and rural District of Warsop.

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

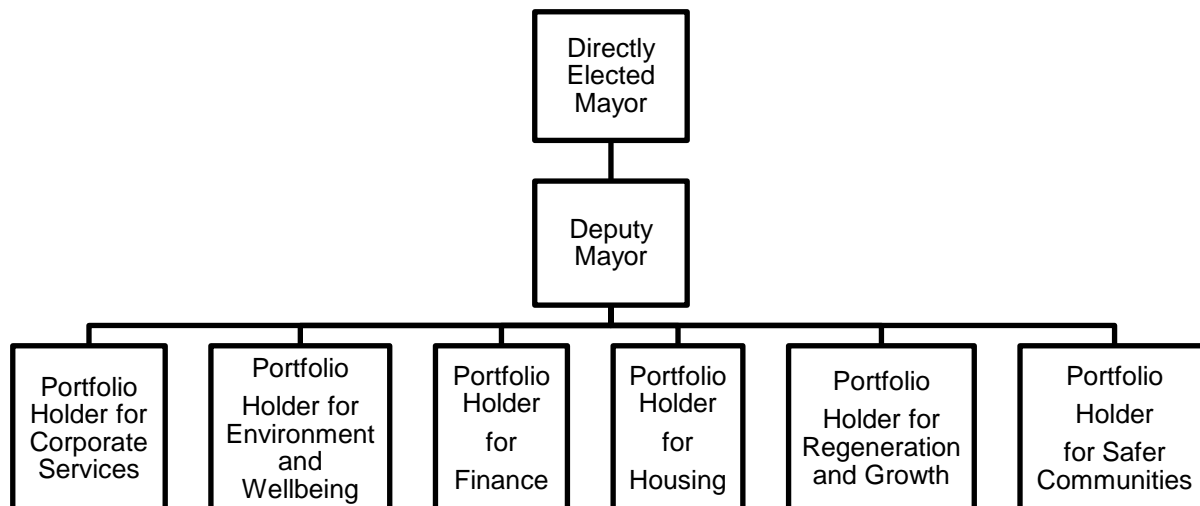
### Political Structure

In May 2015 the Council held elections to the 36 single Member wards that comprise the District and for the elected Mayor. This resulted in the election of new directly elected Mayor.

Mansfield District Council is the only council in Nottinghamshire to have a directly elected Mayor, allowing Mansfield to have strong democratic leadership and direct engagement with local people.

The elected Mayor has appointed an Executive of seven councillors, including a deputy Mayor and six Portfolio Holders, as shown below:

### The Executive



The political balance of elected Members (excluding the directly elected Mayor) for Mansfield District Council consists of:

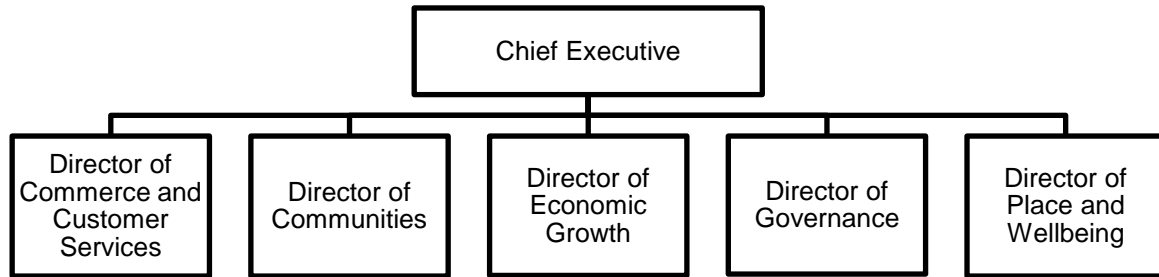
Political Group	Number of elected Members
Independent Forum	18
Labour	17
Unaligned	1

The next local election for the directly elected Mayor and district ward Councillors is to be held on 2 May 2019.

### Management Structure and workforce

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

### The Corporate Leadership Team



The Council currently employs approximately 680 full time equivalent staff. A large number of staff are based in the Council's offices at the Civic Centre in Mansfield. However, the Council also owns other sites in the District such as; the Palace Theatre, Town Hall, Museum, Neighbourhood Services Depot and a Housing Repairs Depot based in Mansfield Woodhouse.

#### Services Provided by the Council

The Council provides many varied services to an estimated population of 107,900 residents<sup>1</sup>, to 49,002 domestic Households<sup>2</sup> and to approximately 3,232 businesses (hereditaments)<sup>3</sup>.

The Council operates in what is referred to as a “two-tier” local government structure, with services being provided to the residents of Mansfield by both Mansfield District Council and Nottinghamshire County Council. The following table shows the core services provided by the different tiers of local government:

Main Services	Two Tier Local Government Structure	
	Counties – Nottinghamshire County Council	Districts – Mansfield District Council
Education	X	
Environmental Health		X
Highways	X	
Housing		X
Leisure		X
Libraries	X	
Passenger Transport	X	
Planning Applications		X
Revenue Collection		X
Social Care	X	
Strategic Planning	X	
Transport Planning	X	
Waste Collection		X
Waste Disposal	X	

<sup>1</sup> Population estimates for 2016 provided by the Office for National Statistics

<sup>2</sup> Number of domestic households based on the Council's Council Tax Base return submitted to Central Government in October 2017

<sup>3</sup> Rating List provided by the Valuation Office, dated 4 April 2018



For Mansfield District Council this means providing:

- Landlord services for 6,504 social rented properties; collecting rents and providing a repairs and maintenance service for all the Council's properties
- Collecting approximately 50,000 general waste and recycling bins per week, 22,000 garden waste bins every two weeks and 900 bins from trade waste customers each week
- During 2017/2018 street cleansing collected 1,056 tonnes of street sweepings, 81 tonnes of litter bin waste and 670 tonnes of litter off of the streets
- Maintaining 98 parks and open spaces and 13 allotments
- As a billing authority, Mansfield District Council collected council tax amounting to £68million (of which Mansfield District Council kept £5.6million) and business rates amounting to £33million (of which the Council kept £4.4million)
- Administering housing benefit and council tax support claims for 5,234 new claimants and 69,078 amended claims made during the year
- Managing and maintaining 18 car parks
- monitoring CCTV around the district, 24 hours a day
- Providing a market in Mansfield town centre five days a week, including specialist themed markets
- Providing leisure and cultural services, including a Theatre, attended by over 100,000 people during 2017/2018 and a museum used by nearly 44,000 people
- Dealing with 438 planning applications during the year
- Compiling and maintaining the electoral register for Mansfield residents of an age to vote and administering local, county, general and European elections
- During 2017/2018 the Council carried out 506 food safety inspections, 32 health and safety inspections and 24 environmental public protection inspections. In addition, the Council helped with 1,407 requests for assistance in respect of food safety (151), health and safety (97) and environmental public protection (1,159)
- Providing support for people who are homeless and helping people live independently
- Working in partnership to promote community safety
- Encouraging economic regeneration and creating plans for the future development of the District

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

### **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 vision of the Council as stated in its Corporate Plan and Annual Performance Report 2016, is to

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

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

#### **A thriving, vibrant and sustainable district**

- Creating thriving markets and town centres – ‘Destination Mansfield’
- Celebrating and promoting Mansfield's retail, leisure and heritage offer
- Facilitating and encouraging regeneration of key sites for the provision of good quality housing schemes, retail and commercial developments

- Supporting our businesses to thrive and grow, and encouraging new businesses
- Creating and enabling a spatial vision for the district through a Local Plan
- Helping people to achieve their potential, enhancing and developing skills through our apprenticeship and graduate programmes

#### **Strong, safe and resilient communities**

- Maintaining safe communities where people are able to enjoy their homes and neighbourhoods
- Enabling people to live independent lives through the provision of good quality affordable housing, and developing homes for life
- Engaging with our communities, listening, talking to and involving people in developing a cohesive tolerant community
- Ensuring our housing provision is safe and appropriate to the needs of the community
- Supporting people to live longer through healthier lifestyles, encouraging active lifestyles through increased participation in sport, promoting tobacco cessation and tackling obesity
- Working in partnership to tackle homelessness

#### **Clean and welcoming environment**

- Provide a clean attractive district, using direct actions to tackle environmental crime, poor housing, eyesore properties, and derelict land
- Providing and maintaining high quality green spaces which enhance Mansfield as a destination through our leisure facilities and parks and open spaces
- Encourage community pride in our green spaces by working in partnership with friends groups, the voluntary sector and community groups
- To tackle climate change and improve the district's environment by reducing our own carbon footprint, increasing recycling rates and encouraging 'green industries' and alternative energy sources



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

#### **Some of the outcomes for 2017/2018 are highlighted below:**

##### **A thriving, vibrant and sustainable district**

- The occupancy levels in the Council's commercial property remained at 86%.
- The unemployment rate (percentage of people aged 16-64 claiming Job Seekers Allowance) in the district increased to 2.2% from 2.1% in 2016/17.
- Town centre retail vacancy rate decreased to 13.24% from 14.19% in 2016/2017.
- The average time taken to re-let a Council property was 23.31 days. (22 days in 2016/2017).
- 20 private sector properties that had been empty for more than five years were brought back into use.

##### **Strong, safe and resilient communities**

- The number of reported incidents of antisocial behaviour reduced from 3,407 in 2016/2017 to 3,337.
- The number of reported incidents of criminal damage increased from 1,223 in 2016/2017 to 1,399.

- The number of households living in temporary accommodation decreased from 38 in 2016/2017 to 27.
- The percentage of vulnerable people supported to achieve independent living was 99.28%.
- The percentage of clients prevented from becoming homeless increased from 69.24% to 78.9%.

#### **Clean and welcoming environment**

- The percentage of businesses in the Food Hygiene Rating Scheme rated 3, 4 or 5 increased from 92.93% in 2016/2017 to 94.5%.
- The percentage of streets assessed as meeting acceptable standards of cleanliness for litter was 92%; 93% for detritus; 98% for graffiti; and 100% for fly-posting.
- The amount of domestic waste collected increased from 520.9kg per household in 2016/2017 to 536.48kg.

#### **Other Corporate**

- The percentage of calls answered in the Contact Centre decreased slightly from 90.89% to 89.73%.
- The time taken to process benefit applications decreased from 9.5 days in 2016/2017 to 7 days.
- The average number of days lost due to employee sickness increased to 9.47.
- The percentage of undisputed invoices paid within ten days decreased from 74.86% to 71.52%.

Mansfield District Council has delivered projects to raise the profile of the district as a destination to live, work and visit.

The district was put on a global platform when it welcomed the fourth stage of the Tour of Britain. 25,000 people attended the Mansfield to Newark stage and brought around £190,000 of visitor spend to the local economy. The town centre also hosted the Mansfield 10k which is growing in popularity year on year. Artisan and craft markets were also on the calendar for visitors along with a busy event programme of which a real highlight was the huge outburst of local support for dressing the Old Town Hall in poppies for Remembrance Day.

In 2017/18 work started on Town View, the redevelopment of the former General Hospital site bringing new properties to the town centre for people with extra care needs and those seeking shared ownership. Mansfield Homes, the council's Housing Development Company also got underway to bring a range of residential properties to the district.

Progress has been made on the commencement of three major projects. The redevelopment of Stockwell Gate North will bring the first major hotel development in the town centre. Feasibility was completed to redevelop the Old Town Hall and work began on the transformation of Leeming Street. These will set the scene for further transformation of the town centre.

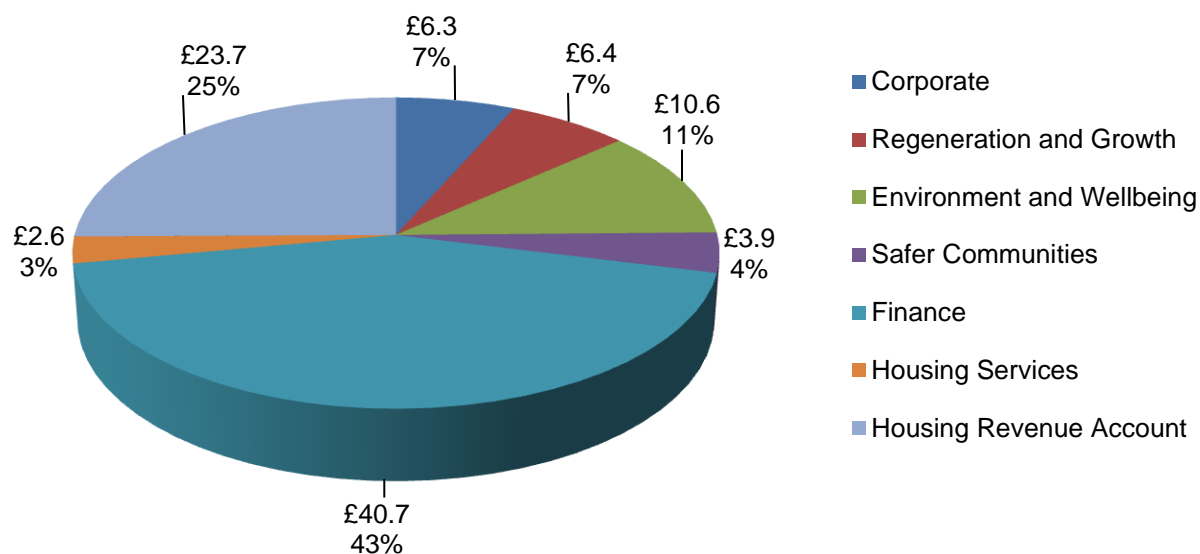
The council has taken steps to make best use of its assets by releasing space at the Civic Centre and bringing together a shared customer hub for the Department for Work and Pensions and MDC customers. The Civic Quarter was also opened as an event and café venue, bringing the districts largest private hire venue back in to use.

#### **4. FINANCIAL PERFORMANCE DURING 2017/2018**

Revenue spending is generally on items that are consumed within a year and is financed from Government Grants, Council Tax and other income. Gross revenue spending on services in the year was £93.8million compared to £90.8million in 2016/2017. During 2016/2017 a statutory accounting adjustment meant that an exceptional revaluation was recognised in the Accounts regarding the Existing Use Value – Social Housing (EUV-SH) which is used to value council dwellings; this had the impact of reducing the gross expenditure shown in the Comprehensive Income and Expenditure Statement by £40.4million to £56.4million (although there was no overall impact on the Council's financial position as it has a statutory override so that there is no impact on the Council Tax Payer).

The following chart shows where the money was spent during 2017/2018 based on the different Portfolios (the basis of the Council's reporting structure).

### Gross Expenditure by Portfolio - Total £94.2million (£million)



Total Income credited to the provision of services during the year was £93.5m compared to £97.9m in 2016/2017. Table 1 below shows where the money came from in 2017/2018:

Table 1

Gross Income	2017/2018	
	£million	%
Government Grants	35.0	37
Other grants and contributions	7.5	8
Council dwelling rents	24.6	26
Council Tax	5.5	6
Business Rates	3.5	4
Fees and Charges	16.1	17
Other income	1.3	1
<b>Total</b>	<b>93.5</b>	<b>100</b>

### General Fund Revenue Account

The information in Table 2 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 Portfolio at 31 March 2018.

Table 2

<b>General Fund by Portfolio 2017/2018</b>	<b>Approved Budget</b>	<b>Actual</b>	<b>Variance</b>
	£000	£000	£000
Corporate Services	3,024	3,077	-53
Regeneration and Growth	2,803	2,843	-40
Environment and Wellbeing	6,611	6,641	-30
Safer Communities	2,546	2,749	-203
Housing	2,327	2,014	313
Finance	-17,311	-19,347	2,036
<b>Contribution from Reserves:</b>	<b>0</b>	<b>-2,023</b>	<b>2,023</b>

**Outturn**

The final outturn position for the year shows a net underspend compared to the budget of £2.023million. There are a number of over and under spends within the service areas, but the main difference relates to additional income achieved from business rates (NDR).

A detailed report listing the main areas of under and over spend will be presented to Council on 17 July 2018.

**Housing Revenue Account (HRA)**

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

The Council sees the provision of Housing as a priority and as such has undertaken significant renovation works to its housing stock. Resources have been directed from the HRA and Capital Programme in order to achieve the National Decent Homes Standard in the 2010/2011 financial year. The Council is now working towards the Mansfield Standard, which has seen further renovation works to some of its housing stock. The information in Table 3 below summarises the outturn position of the HRA at 31 March 2018.

Table 3

<b>HRA Revenue Summary 2017/2018</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
	£000	£000	£000
Total Expenditure	28,709	26,685	2,024
Total Income	-28,709	-27,971	-738
<b>Deficit in Year</b>	<b>0</b>	<b>-1,286</b>	<b>1,286</b>

**Outturn**

The outturn for the HRA shows an in year surplus of £1.286million set against a balanced budget for the 2017/2018 financial year. The HRA is required to set aside £2million towards the repayment of loan debt taken out as part of the Self Financing Reforms brought in during 2012, which means that there is an operating loss once this has been taken account of amounting to £714,000.

A detailed report listing the main areas of under and over spend will be presented to Council on 17 July 2018.

### Revenue Monitoring

The Council is constantly reviewing its budgets through the budget monitoring processes it has in place. Any areas that are not meeting their approved budget either through increased demand putting pressure on the Council to incur additional expenditure, or through reduced income, are being monitored closely. Where it is expected that there are trends which will impact on future years, this is being reflected in the Council's Medium Term Financial Strategy and the final Budget Reports for the following year. The General Fund and Housing Revenue Account Outturn Report 2017/2018 provides further explanations as to variances between actual spend and budget. This report will be submitted to Council on 17 July 2018.

### Capital Expenditure

Capital expenditure is broadly defined as spending on new assets (for example land, buildings, major items of equipment and vehicles), or enhancing existing assets, which have a life exceeding one year. Capital spend during 2017/2018 totalled £13.5million compared to £12.3million in 2016/2017. Actual spend during the financial year was £12.4million less than the budget approved at £25.9million; this was due to slippage of schemes, with expenditure expected to be incurred during the 2018/2019 financial year. Table 4 below shows the significant schemes undertaken in 2017/2018 and the outturn position compared to the revised budget:

Table 4

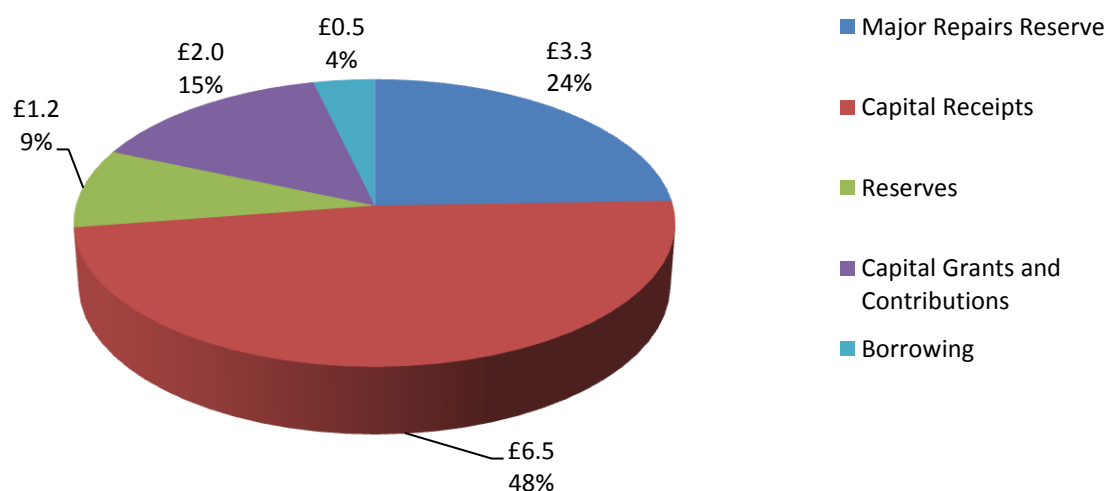
<b>Capital Schemes 2017/2018</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
	£000	£000	£000
Town View New Housing Scheme	6,055	4,968	1,087
Civic Centre Refurbishments	2,359	2,218	141
Fleet Renewal	783	609	174
Council Dwellings - bathrooms etc	5,138	3,427	1,711
Housing Company	875	535	340
Other HRA Schemes	732	165	567
Other General Fund Schemes	9,975	1,580	8,395
<b>Total</b>	<b>25,917</b>	<b>13,502</b>	<b>12,415</b>

Included within the total underspend of £12.4million on the General Fund Capital Programme are schemes for the redevelopment of Stockwell Gate North (budget of £4million) and acquisition of an investment property (budget of 2.743million).

### Capital Financing

The £13.5million capital expenditure incurred during 2017/2018 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 £13.5million Capital Programme was financed during 2017/2018:

### Capital Financing - Total £13.5million (£million)



The Council internally borrowed £0.535million. No actual external borrowing has been taken out due to the Council having sufficient cash balances.

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

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

**Unusual Credits or Debits Charged to Revenue (including General Fund and Housing Revenue Account)** - During the financial year, the Council made payments in respect of its employees' pension contributions to the Nottinghamshire Pension Scheme. At the end of the year, the Actuary reviewed these contributions and calculated that the increase in liabilities as a result of years of service earned was greater than the total contribution made. As such, the value of this contribution was increased by an additional £1.278million which is included within the Council's net cost of service line in the Comprehensive Income and Expenditure Statement.

In April 2017, Mansfield District Council was given the opportunity to pay three years lump sum payment over to Nottinghamshire County Council in advance for the financial years 2017/2018, 2018/2019 and 2019/2020, which would generate a saving to the Council of £363,157 over the same period. The accounts for 2017/2018 show only one year's lump sum pension payment of £2.232million, with £4.464million being carried forward as a prepayment for the following two years. Due to the lump sum being paid during the 2017/2018 financial year, the Pension Reserve and Pension Liability in the Council's Balance Sheet will vary by the prepayment, however, by the end of 2019/2020, the two will realign.

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

### The Balance Sheet

This statement shows the assets and liabilities held by the Council as at the 31 March 2018. 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 £5.7million, from £345.4million to £351.1million. The main increase relates to assets under construction (categorised under Property, Plant and Equipment), with the building of Town View older persons living complex.

**Current Assets** - The Council's Current Assets have decreased by £5.8million classified as Short Term Investments have reduced meaning that the Council held less in banks and building societies at the end of 2018/2017 compared to 2016/2017. The Council has drawn down its balances held with financial institutions to repay loan debt during the year and to provide funding to the Capital Programme.

**Borrowing Liability** - The Council borrows and lends money on a daily basis in order to finance its operations. During 2016/2017 the Council did not borrow externally, but has borrowed £535,000 internally.

Repayment of loans amounted to £3.057million; this has reduced the Council's loans portfolio to £76.2million.

**Pension Liability** - Mansfield District Council is a Member of the Nottinghamshire County Council pension fund and the assets and liabilities of the fund attributable to the Council are evaluated on an annual basis by an independent actuary. The Council's Pensions Liability as assessed by the Actuary shows a decrease in the net liability in year from £118.7million to £112.1million. An adjustment of £6.6million is therefore reflected in the accounts. (Further information relating to the Pension Scheme is provided in Note 43).

The Pension Reserve is currently showing a higher balance than the Pension Liability in the Balance Sheet due to the prepayment of the three year lump sum payment, paid in April 2017. The variance of £4.464million equates to the amount prepaid for the contributions in 2018/2019 (£2.232million) and 2019/2020 (£2.232million).

**Net Assets** - The net assets of the Council (assets less liabilities) have increased by £11.8million during the year to 31 March 2018, from £176.3million to £188.1million, for the reasons as set out above.

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

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

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

**General Fund Revenue Reserves** are at a level which provides a stable platform to enable quality services to be delivered in future years. The General Fund Revenue Reserves have increased in year by £2.023million from £9.563million to £11.586million. These reserves are split between resources which have been set aside for future planned expenditure (allocated) and balances which are unallocated. This is summarised in Table 5 below:



Table 5

<b>General Fund Revenue Reserves</b>	<b>£000</b>
Balance at 1st April 2017	9,563
Surplus/ (-)Deficit 2017/2018 Outturn	2,023
Balance at 31st March 2018	11,586
Existing and new allocated balances	7,399
Unallocated balances at 31 March 2018	4,187
<b>Total</b>	<b>0</b>

From the table above this leaves an initial unallocated balance of £4.187million, which is above the minimum level of £2.100million specified in the 2018/2019 budget report, approved by Council on 24 January 2018.

Some of the allocated amounts have been utilised during 2017/2018 to meet planned expenditure and further amounts have been set aside to be used during 2018/2019. Table 6 below summarises the existing and new allocated balances, which total £7.399million.

Table 6

<b>Summary of Allocated Reserves in General Fund Balances</b>				
	<b>Opening Balance 2017/2018</b>	<b>Utilised in 2017/2018</b>	<b>Earmark for 2018/2019</b>	<b>Balance to Carry Forward</b>
	£000	£000	£000	£000
Future Budget Allocation	2,266	-1,836	2,631	3,061
Business Rates	1,895	0	784	2,679
Budget Carry Forward	218	-218	132	132
Grant Clawback	655	-655	648	648
Property acquisition	379	0	0	379
On-going enquiry	500	0	0	500
<b>Total</b>	<b>5,913</b>	<b>-2,709</b>	<b>4,195</b>	<b>7,399</b>

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

The Housing Revenue Account reserves have increased by £1.286million from £23.474million at the end of 2016/2017 to £24.760million at the end of 2017/2018. These reserves are split between resources which have been set aside for future planned expenditure (allocated) and balances which are unallocated. This is summarised in Table 7 below:

Table 7

<b>Housing Revenue Account Reserves</b>	<b>£000</b>
Balance at 1st April 2017	23,474
Surplus/ Deficit 2017/2018 Outturn	1,286
Balance at 31st March 2018	24,760
Existing and new allocated balances	16,682
Unallocated balances at 31 March 2018	8,078
<b>Total</b>	<b>0</b>

From the table above this leaves an initial unallocated balance of £8.078million. Some of the allocated amounts have been utilised during 2017/2018 to meet planned expenditure and further amounts have been set aside to be used during 2018/2019.

Table 8 below shows the allocated balances in the Housing Revenue Account which total £16.682million:

Table 8

<b>Summary of Allocated Reserves in HRA Balances</b>	<b>£000</b>
To repay future borrowing HRA loans	16,074
Grant Carry Forwards	385
Budget Carry Forwards	223
<b>Total</b>	<b>16,682</b>

## 5. LOOKING FORWARD:

The Council remains susceptible to, but vigilant of the external risks posed by the turbulent and unpredictable economic climate and the inevitable reduction in Central Government grant funding. The Council is required by statute to produce a balanced budget at the start of each financial year so that expenditure does not exceed anticipated income and measures are already in place to deliver a balanced budget for 2018/2019. 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 Council's Strategy for meeting the future projected budget deficit will include:

- Delivering the Council's Transformational Programme, which will assess whether the Council services still need to be provided and at what level, and also the best delivery model for that service.
- Identifying opportunities for shared services and joint working with other Local Authorities and partners.
- Cross cutting service reviews, looking at where generic budgets can be bought together to deliver efficiencies of scale through procurement opportunities.
- Look for new opportunities to generate income and increase existing sources of income.

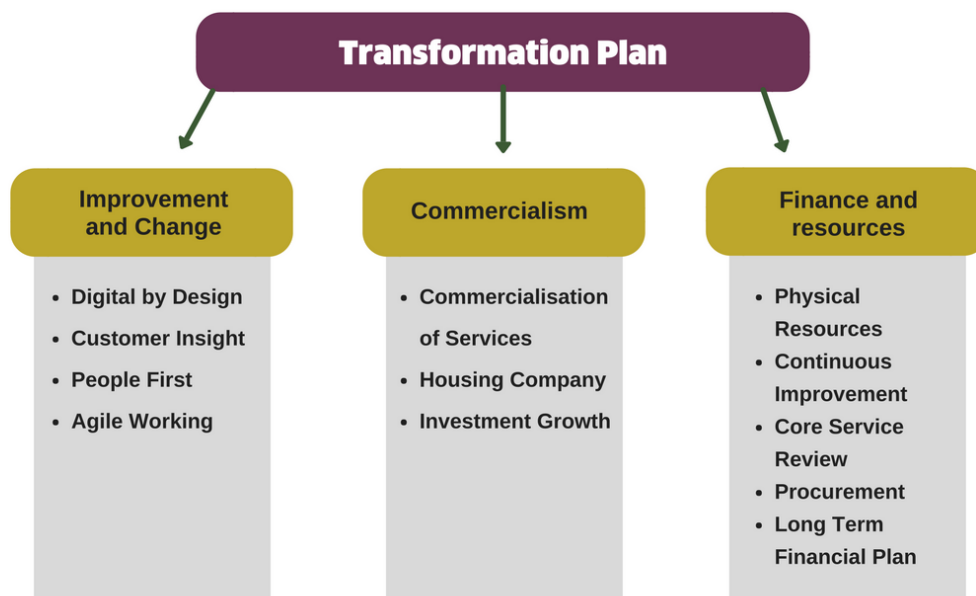
- Investment in Information and Communication Technology (ICT) to improve the existing infrastructure of the Council, where efficiency gains could be achieved.
- Review of operational assets to reduce the number and cost of poor performing assets to the Council, identify the ones for joint working with other public bodies.
- Review of the current level of balances, reserves and provisions to ensure that resources are still needed and are at an appropriate level required to meet future liabilities.

## Transformation Plan

Mansfield District Council is an ambitious Council committed to continuous improvement and the delivery of better outcomes for its customers, partners, employees and Members. To demonstrate its commitment, and support the effective delivery of its Corporate Plan, the Council have developed a Transformation Plan – **“Building a 21<sup>st</sup> Century Local Authority – Our Pathway to Success.”**

The Council recognises that the future for local government is one of significant change. The Council needs to react to this quickly and positively, and to do so successfully will require a real shift in focus. In the past our response to change in funding and service demand has been delivered year-on-year. This incremental approach has resulted in a great deal of success but in a fast changing world, this is no longer considered to be sustainable; The Council now needs a truly transformation approach that delivers whole Council change based on future demand and self-sufficiency.

The Council’s Transformation Plan is based on three specific themes, each with its own work strands and is illustrated visually below:



The financial challenge faced by the Council is set against a background of government grant reduction and recovery from a period of recession and low economic growth. This is compounded by significant uncertainty in relation to leaving the European Union and the impact this could have on future growth and jobs, nationally and locally.

The Council is committed to delivering high quality services for its residents and to make Mansfield and the district a place where people want to live and do business. The Transformation Plan sets out the approach to be taken to achieve this against this financial and economic background.

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

The 2018/2019 to 2021/2022 budget report, presented to Council on 24 January 2018 shows deficits for the 2019/2020 financial year onwards, rising from £1.165million in 2019/2020 to £2.845million by 2021/2022.

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

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

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

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

#### **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 2017/2018 Government Grant funding to the Council will have reduced by 58%. 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 63% 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 2018/2019 to 2021/2022 budget report, presented to Council on 24 January 2018 shows deficits for the 2019/2020 financial year onwards, rising from £392,000 in 2019/2020 to £1.364million by 2021/2022.

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

### **Social Housing**

Government announced in July 2015 that social housing rent levels were to be reduced by 1% per annum from April 2016 for 4 years. Consequently forecast revenue receipts have been revised to account for the reduction in rental income, this will be continually reviewed with a view to mitigating the financial impact of the changes. However, coupled against the fact that costs associated with the provision, maintenance and management of the Council's housing stock are increasing, this reduced level of income means that it will become difficult to balance the HRA's budget without making potential cuts to services. It is unknown at this stage what will happen after 2019/2020, the last year of the imposed 1% reduction. For 2020/201 onwards, the Council has assumed that rent levels will stay the same; if further reductions are imposed on Local Authorities, then further savings will need to be found from within the Housing Revenue Account. A 1% reduction in dwelling rents would equate to savings of approximately £250,000 having to be found for each year the reduction is made.

## **6. GOVERNANCE**

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.

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.

Mansfield District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016 Edition*.

The Draft Annual Governance Statement (AGS) which accompanies this Annual Statement of Accounts, please see pages 123 to 134, concludes that during the 2017/2018 financial year, no significant governance issues were identified. The AGS contains the Corporate Governance Action Plan relating to 2017/2018 which identifies actions required to deliver the improvements identified from the reviews carried out during the year concerning the effectiveness of the Council's governance arrangements; this can be found at Table 2 (within the AGS).

## **7. RISK AND OPPORTUNITY MANAGEMENT**

Mansfield District Council defines risk as:

**“The threat that an event or action will adversely affect the Council's ability to achieve its priorities; successfully deliver its approved strategies, perform its duties or meet the expectation of its Stakeholders.”**

Conversely, an opportunity will enhance the Council's ability to achieve and effectively deliver.

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 Corporate Risk and Opportunity Management Strategy with an annual report on its effectiveness to the Audit Committee.

The Council seeks to embed risk and opportunity management into its culture and throughout all processes, projects and decision making. In implementing this, it is the corporate policy of the Council to:

- Ensure that risk and opportunities are formally considered as part of all decision making process and projects
- Identify, measure and control those activities which have or may give rise to significant risks to the Council
- Identify, measure and enable those activities which have been identified as potential opportunities to be maximised
- To consider, where appropriate insurance for those risks which cannot be avoided or reduced further where this is economically attractive or viable
- Ensure that strategic and operational risk and opportunity registers are developed, maintained and reviewed
- Deliver effective officer and member scrutiny of risk and opportunity management
- To fully implement the Council's corporate risk and opportunity management strategy

Risk and opportunity management is embedded within the daily operations of the Council, from strategy to policy formulation through to business planning, project management and general management practices. It is also applied where the Council works in partnership with other organisations.

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

The main risks identified within the Council's Corporate Risk and Opportunity Management Strategy have been listed below along with the current risk level and the key controls that have been put in place to mitigate those risks:

Strategic Risk	Current Risk Level	Key Controls
Failure of revenue streams	Medium	<ul style="list-style-type: none"> <li>• Robust budget setting process for income identification and estimation for significant income streams</li> <li>• Knowledge of criteria for receipt of income before commitment</li> <li>• Robust income monitoring process and management for significant income streams</li> <li>• Adequate level of reserves</li> </ul>
Unplanned expenditure being incurred in respect of urgent works / not in MDC's control	Medium	<ul style="list-style-type: none"> <li>• Robust budget setting process for significant expenditure</li> <li>• Robust monitoring process and management</li> <li>• Compliance with procurement procedures and Financial Regulations</li> <li>• Adequate insurance cover</li> <li>• Adequate level of reserves</li> </ul>
Failure to deliver major projects	Low	<ul style="list-style-type: none"> <li>• Necessary approvals in place to deliver major projects</li> <li>• Project procured in line with procurement rules and Financial Regulations</li> <li>• Delivery schedule with critical milestones in place</li> <li>• Monthly progress reports presented to the Capital Project Board</li> <li>• Reports to Cabinet on status delivery</li> </ul>
Ineffective procurement practices	Medium	<ul style="list-style-type: none"> <li>• Up to date procurement strategy / procedures and guidance in place</li> <li>• Effective monitoring process to ensure compliance with relevant procedures and guidance</li> <li>• Adequate level of professional procurement expertise available</li> <li>• Up to date contract management procedure in place</li> </ul>
Failure to effectively manage the Council's operational assets	Medium	<ul style="list-style-type: none"> <li>• Asset register in place</li> <li>• Up to date asset management plan in place to evaluate and record future changes and disposals</li> <li>• Optimum maintenance requirements of critical assets identified through reliability centred management</li> <li>• Regular maintenance audit of assets undertaken</li> </ul>
Non-delivery of effective and efficient value for money services for the 21 <sup>st</sup> Century	High	<ul style="list-style-type: none"> <li>• Delivery of the Transformation Plan</li> <li>• Compliance with performance management framework including benchmarking</li> <li>• More effective use of technology</li> </ul>

Strategic Risk	Current Risk Level	Key Controls
Non-compliance with legislation leading to prosecution or challenge	Low	<ul style="list-style-type: none"> <li>• Expertise in professional areas</li> <li>• Internal audit programme</li> <li>• Statutory and non-statutory returns</li> <li>• Decision making process</li> <li>• Internal policies</li> </ul>
Not effectively meeting responsibilities for safeguarding vulnerable children and adults	Low	<ul style="list-style-type: none"> <li>• Up to date safeguarding policy and procedures in place</li> <li>• Periodic audit to ensure compliance with procedures</li> <li>• Robust reporting and data collection focusing on outcomes</li> <li>• Refresher training delivered to all relevant staff</li> <li>• Implement relevant recommendations from serious case reviews</li> </ul>
Lack of effective communication and engagement with local community	High	<ul style="list-style-type: none"> <li>• MDC consultation strategy</li> <li>• Communication strategy including Public Relation protocols and issuing of press releases</li> <li>• Variety of means of communication</li> <li>• Follow up communication post consultation</li> <li>• Monitoring of customer satisfaction levels and customer comments</li> </ul>
Failure to retain and recruit a motivated and skilled workforce resulting in low morale, lower performance and high sickness levels	Medium	<ul style="list-style-type: none"> <li>• Effective communication between all employees</li> <li>• Reward and recognition of achievement</li> <li>• Good terms and conditions of employment</li> <li>• Good reputation of the Council as an employer</li> <li>• Accredited workforce development programme</li> </ul>
Failure to deliver actions towards achievement of corporate priorities	Low	<ul style="list-style-type: none"> <li>• Clear and effective priorities</li> <li>• Corporate priorities communicated to those charged with delivery</li> <li>• Clear and achievable actions and targets</li> <li>• Sufficient capacity, resources and skills to deliver</li> <li>• Process of monitoring and managing delivery of agreed actions</li> </ul>



Strategic Risk	Current Risk Level	Key Controls
Failure to ensure proportionate and effective governance arrangements	Low	<ul style="list-style-type: none"> <li>• Governance arrangements in place in line with CIPFA / Solace Framework</li> <li>• Up to date Local Code of Governance in place</li> <li>• Structure in place to monitor and scrutinise governance arrangements</li> <li>• Annual review of the Constitution through the standards committee</li> <li>• Decision makers record key / non-key decisions</li> </ul>
Failure to have effective emergency planning and business continuity	Low	<ul style="list-style-type: none"> <li>• Regular review against civil contingencies Act best practice</li> <li>• Regular review of work plan</li> <li>• Robust partnership arrangements with other organisations to share information, knowledge, joint plan writing to ensure consistent approach</li> <li>• Business continuity management system in place</li> </ul>
Ineffective information management including data security	Medium	<ul style="list-style-type: none"> <li>• Up to date and understood data protection policy</li> <li>• Access to information requirements understood and complied with</li> <li>• Up to date information register</li> <li>• Up to date data retention policy</li> </ul>

## 8. EXPLANATION OF THE FINANCIAL STATEMENTS

This Statement of Accounts for the year ended 31 March 2018 has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2017/2018, issued by the Chartered Institute of Public Finance and Accountancy and the Accounts and Audit Regulations 2017. The Statements required by the Code comprise of core and supplementary statements, together with disclosure notes. The style and format of the accounts complies with the local authority accounting standards. The Council continues to review the content of the accounts and remove unnecessary detail in an effort to “de-clutter” the accounts as recommended by CIPFA and our external auditors.

### **The Core Financials Statements are:**

#### **Movement in Reserves Statement (MiRS)**

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

#### **The Expenditure and Funding Analysis (EFA)**

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

#### **Comprehensive Income and Expenditure Statement (CIES)**

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

#### **Balance Sheet**

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

#### **Cash Flow Statement**

This statement shows the reasons for the changes in the Council’s cash balances during the year and whether that change is due to operating activities, new investment or financing activities (such as repayment of borrowing and other long term liabilities).

### **The Supplementary Financial Statements are:**

#### **Housing Revenue Account (HRA)**

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

#### **The Collection Fund**

This details all monies due from Council Tax and Non Domestic Rate payers and payments made to the County Council, Police and Fire Authorities and the District Council. A proportion of Non Domestic Rates is paid to central government and the remainder is paid into a County Pool and redistributed to Pool members.

#### **Annual Governance Statement**

This sets out the Council’s governance structures and its key internal controls.

### **Other Key Sections:**

#### **Statement of Responsibilities**

This sets out the respective responsibilities of the Council and the Chief Financial Officer.

#### **Accounting Policies**

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

**Notes to the Financial Statements**

These expand on important points shown in the core financial statements and provide additional information.

**Glossary of Terms and Abbreviations**

Key terms used throughout this document are explained further within these pages.

**Further information**

If you require any further information concerning the Council's Accounts please contact:

The Director of Commerce and Customer Services,  
Mansfield District Council,  
The Civic Centre,  
Chesterfield Road South,  
Mansfield,  
Nottinghamshire,  
NG19 7BH.

Telephone 01623 463145 or by email: [ASaccountancy@mansfield.gov.uk](mailto:ASaccountancy@mansfield.gov.uk)

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

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

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

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

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

The Director of Commerce and Customer Services has also:

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

### **CERTIFICATE**

*I certify that the unaudited Statement of Accounts 2017/2018 presents a true and fair view of the Council's financial position and income and expenditure for the year ended 31 March 2018 and as published may be subject to change.*

**Signed:**



**M. Andrews CPFA**

Director of Commerce and Customers Services

**Date:** 29 May 2018

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

The Council is required to:

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

## STATEMENT OF ACCOUNTING POLICIES

### 1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/2018 financial year and its position as at the 31 March 2018.

The Council is required to prepare an annual Statement of Accounts under the Accounts and Audit Regulations 2015. These Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2017/18*, supported by International Financial Reporting Standards (IFRS)

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 on the Balance Sheet
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- Interest receivable on investments and payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- Where income or expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected

#### Creditors:

- Payments to creditors are included in the accounts where the payment relates to goods and/or services received prior to 1 April 2018. Any payments in advance (before 1 April 2018), which relate to the 2018/2019 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 2018. Any income received before 1 April 2018, which relates to the 2018/2019 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

### **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 highly liquid investments that mature overnight or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

### **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**

Services and trading accounts are charged with the following amounts to record the cost of holding non-current assets during the year:

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

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

- For supported borrowing the Council has adopted the regulatory method for calculating the MRP
- 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. Council Tax and Non-Domestic Rates (England)**

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

#### **Accounting for Council Tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of

council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

## **7. Employee Benefits**

### **Benefits Payable during Employment**

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

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

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

### **Termination Benefits**

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

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

### **Post-Employment Benefits**

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

### **The Local Government Pension Scheme**

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

- The liabilities of the Nottinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, that is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees
- Liabilities are discounted to their value at current prices, using a discount rate that reflects the time value of money and the characteristics of the liability
- The assets of the Nottinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

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

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

**Service cost comprising:**

- Current Service Cost - The increase in liabilities as a result of years of service earned this year; allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked
- Past Service Cost - The increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years; debited to the Net Cost of Service in the Comprehensive Income and Expenditure Statement, as part of non-distributed costs
- Net interest on the net defined benefit liability (asset) – that is, the 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.

The Pension Reserve is currently showing a higher balance than the Pension Liability in the Balance Sheet due to the prepayment of the three year lump sum payment, paid in April 2017. The variance of £4.464million equates to the amount prepaid for the contributions in 2018/2019 (£2.232million) and 2019/2020 (£2.232million).

**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.

**8. 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.

## **9. 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 (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

### **Financial Assets**

Financial assets are classified into two types:

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

### **Loans and Receivables**

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

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

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

## **10. 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
- The grant or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the giver.

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

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

## **11. Heritage Assets**

Heritage Assets are those assets that have historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution towards increasing the knowledge, understanding and appreciation of the Council's history and local area.

The assets are recognised at cost where valuations are readily available. In a number of instances the Council does not consider that reliable cost or valuation information can be obtained due to a lack of comparable market values or that valuations would involve a disproportionate cost in comparison to the benefits to users of the financial statements. In these instances the Council does not recognise these assets on the balance sheet.

Future acquisitions 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.

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.

## **12. Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (for example, software licences and patents) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

### **13. 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.

### **14. 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.

### **15. Joint Operations**

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

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

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 2017/2018 financial year, the Housing Company started trading, however this was limited to developing potential schemes; to date there has been no house building by the Housing Company.

## 16. Leases

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

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

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

### The Council as a Lessee:

#### Finance Leases

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

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability
- 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 to 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 (that is netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received)

- 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.

## **17. Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

## **18. Property, Plant and Equipment**

Assets that have a physical substance and are held for use in the production or supply of goods or services for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment. 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 as an expense when it is incurred.

### **Measurement**

Assets are initially measured at cost comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

<b>Asset Category</b>	<b>Basis of Valuation</b>
Council dwellings	Current value determined using the basis of existing use value for social housing (EUV-SH)
Other Land and Buildings	Current value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV) except where there is no market where depreciated replacement cost is used as an estimate of current value.
Infrastructure, Community assets and assets under construction	Depreciated historical cost
Vehicles, plant and equipment	The lower of net current replacement cost or net realisable value in existing use
Surplus Assets	Fair value estimated at highest and best use from a market participants perspective
Assets acquired for other than a cash consideration	Appropriate fair value

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

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

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

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

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

### **Impairment**

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

Where impairment losses are identified they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against 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 by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (that is, freehold land and certain community assets) and assets that are not yet available for use (such as, assets under construction).

Depreciation is calculated on a 'straight line' basis over their useful life as determined by the Council's Valuers, as set out below, unless further information has been received:

	<b>Asset life</b>
Housing Revenue Account dwellings	30 years
Non Housing Revenue Account 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

Assets that are abandoned or scrapped are not classified as assets held for sale.

When an asset is disposed of, or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment, or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal) Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

### Receipts Arising from the Sale of Fixed Assets

Amounts received for a disposal of an asset in excess of £10,000 (the Council's de-minimus level) are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

## **19. 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 an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of the financial year, where it becomes less than probable that a transfer of economic benefit will now be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service revenue.

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

### **Contingent Liabilities**

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in the notes to the Accounts.

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the Council.

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

## **20. Reserves**

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

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

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

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



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

## **22. 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.

## **23. Fair Value Measurement**

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

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

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

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

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

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

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

## **24. Exceptional Items**

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

## **25. 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.

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

### **Understandability**

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

### **Going Concern**

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

### **Primacy of Legislative Requirements**

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

# **THE CORE FINANCIAL STATEMENTS**

**EXPENDITURE AND FUNDING ANALYSIS (EFA)**

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

<b>2016/2017</b>				<b>2017/2018</b>		
<b>Net Expenditure Chargeable to the General Fund and HRA Balances</b>	<b>Adjustments between the Funding and Accounting basis [Note 6]</b>	<b>Net Expenditure in the CIES</b>		<b>Net Expenditure Chargeable to the General Fund and HRA Balances</b>	<b>Adjustments between the Funding and Accounting basis [Note 6]</b>	<b>Net Expenditure in the CIES</b>
£000	£000	£000		£000	£000	£000
3,023	186	3,209	Corporate	3,853	242	4,095
2,036	709	2,745	Regeneration and Growth	1,959	539	2,498
4,463	1,171	5,634	Environment and Wellbeing	4,434	1,619	6,053
2,369	384	2,753	Safer Communities	2,411	230	2,641
-1,470	560	-910	Finance	-420	3,113	2,693
1,022	590	1,612	Housing Services	693	1,250	1,943
-10,042	6,599	-3,443	Housing Revenue Account	-8,373	3,893	-4,480
0	-34,432	-34,432	Exceptional Items	0	0	0
<b>1,401</b>	<b>-24,233</b>	<b>-22,832</b>	<b>Net Cost of Services</b>	<b>4,557</b>	<b>10,886</b>	<b>15,443</b>
64	-12,091	-12,027	Other Income and Expenditure	-8,106	-3,134	-11,240
<b>1,465</b>	<b>-36,324</b>	<b>-34,859</b>	<b>(Surplus) or Deficit</b>	<b>-3,549</b>	<b>7,752</b>	<b>4,203</b>
-40,580			Opening General Fund and HRA Bal	-39,115		
1,465			Plus (Surplus) or Deficit in Year	-3,549		
<b>-39,115</b>			<b>Closing General Fund and HRA Balance at 31 March</b>	<b>-42,664</b>		

In 2017/18 the portfolio structure has been streamlined by creating the Regeneration and Growth portfolio from the Culture and Regeneration portfolios. The income and expenditure have been restated for 2016/17 to aid comparison in the Expenditure and Funding Analysis (EFA) and the Comprehensive Income and Expenditure Statement (CIES).

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)**

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (EFA) and the Movement in Reserves Statement (MiRS).

2016/2017			Note	2017/2018		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
5,345	-2,136	3,209	7	6,369	-2,274	4,095
6,544	-3,799	2,745		6,451	-3,953	2,498
10,101	-4,467	5,634		10,575	-4,522	6,053
3,879	-1,126	2,753		3,922	-1,281	2,641
38,406	-39,316	-910		40,651	-37,958	2,693
1,657	-45	1,612		2,579	-636	1,943
24,913	-28,356	-3,443		23,677	-28,157	-4,480
-34,432	0	-34,432	4/7	0	0	0
<b>56,413</b>	<b>-79,245</b>	<b>-22,832</b>	<b>Cost of Services</b>	<b>94,224</b>	<b>-78,781</b>	<b>15,443</b>
		-222	Other Operating Expenditure			-34
		5,624	Financing and Investment Income and Expenditure			3,503
		-17,429	Taxation and Non-Specific Grant Income			-14,709
		<b>-34,859</b>	<b>(-) Surplus / Deficit on Provision of Services</b>			<b>4,203</b>
		-15,532	(-) Surplus / Deficit on revaluation of non-current assets			-9,298
		19,930	Re-measurement on Pension assets and liabilities			-6,746
		<b>4,398</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>-16,044</b>
		<b>-30,461</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>-11,841</b>

**MOVEMENT IN RESERVES STATEMENT (MIRS)**

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

<b>2017/2018</b>	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	<b>Total Usable Reserves</b>	Unusable Reserves	<b>Councils Total Reserves</b>
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2017 brought forward</b>	<b>15,641</b>	<b>23,474</b>	<b>4,173</b>	<b>12,358</b>	<b>2,886</b>	<b>58,532</b>	<b>117,793</b>	<b>176,325</b>
<b>Movement in reserves during 2017/2018:</b>								
Total Comprehensive Income and Expenditure	-6,250	2,047	0	0	0	<b>-4,203</b>	16,044	<b>11,841</b>
Adjustments between accounting basis and funding basis under regulations (see Note 8)	8,513	-761	-2,658	1,321	246	<b>6,661</b>	-6,661	<b>0</b>
<b>Increase or (-)Decrease in 2017/2018</b>	<b>2,263</b>	<b>1,286</b>	<b>-2,658</b>	<b>1,321</b>	<b>246</b>	<b>2,458</b>	<b>9,383</b>	<b>11,841</b>
<b>Balance at 31 March 2018 carried forward</b>	<b>17,904</b>	<b>24,760</b>	<b>1,515</b>	<b>13,679</b>	<b>3,132</b>	<b>60,990</b>	<b>127,176</b>	<b>188,166</b>

*Movement in Reserves Statement Continued*

<b>2016/2017</b>	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	<b>Total Usable Reserves £000</b>	Unusable Reserves £000	<b>Councils Total Reserves £000</b>
<b>Balance at 31 March 2016 carried forward</b>	<b>16,661</b>	<b>23,919</b>	<b>1,974</b>	<b>9,958</b>	<b>2,256</b>	<b>54,768</b>	<b>91,096</b>	<b>145,864</b>
<b>Movement in reserves during 2016/17:</b>								
Total Comprehensive Income and Expenditure	-534	35,393	0	0	0	<b>34,859</b>	-4,398	<b>30,461</b>
Adjustments between accounting basis and funding basis under regulations (see Note 8)	-486	-35,838	2,199	2,400	630	<b>-31,095</b>	31,095	<b>0</b>
<b>Increase or (-)Decrease in 2016/2017</b>	<b>-1,020</b>	<b>-445</b>	<b>2,199</b>	<b>2,400</b>	<b>630</b>	<b>3,764</b>	<b>26,697</b>	<b>30,461</b>
<b>Balance at 31 March 2017 carried forward</b>	<b>15,641</b>	<b>23,474</b>	<b>4,173</b>	<b>12,358</b>	<b>2,886</b>	<b>58,532</b>	<b>117,793</b>	<b>176,325</b>



**BALANCE SHEET**

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

- 1) **Usable reserves**, that is, 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**, that is, 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.

<b>2016/2017</b> £000	<b>Balance Sheet</b> 31 March 2018	<b>Note</b>	<b>2017/2018</b> £000
314,137	Property, Plant and Equipment	13	319,153
378	Heritage Assets	14	378
28,883	Investment Property	15	28,642
112	Intangible Assets	16	72
1,943	Long Term Debtors	19	2,922
<b>345,453</b>	<b>Long Term Assets</b>		<b>351,167</b>
26,545	Short Term Investments	17	16,530
307	Inventories	18	322
5,392	Short Term Debtors	20	5,268
3,825	Assets Held for Sale	22	4,600
3,331	Cash and Cash Equivalents	21	6,852
<b>39,400</b>	<b>Current Assets</b>		<b>33,572</b>
-3,572	Short Term Borrowing	17	-2,071
-8,945	Short Term Creditors	23	-6,379
-1,204	Provisions	25	-1,061
<b>-13,721</b>	<b>Current Liabilities</b>		<b>-9,511</b>
-75,687	Long Term Borrowing	17	-74,130
-118,775	Pensions Liability	37,43d	-112,165
-8	Revenue Grants Receipts in Advance	35	-4
-337	Capital Grants Receipts in Advance	35	-763
<b>-194,807</b>	<b>Long Term Liabilities</b>		<b>-187,062</b>
<b>176,325</b>	<b>Net Assets</b>		<b>188,166</b>
58,532	Usable Reserves	26	60,990
117,793	Unusable Reserves	27	127,176
<b>176,325</b>	<b>Total Reserves</b>		<b>188,166</b>

## CASH FLOW STATEMENT

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

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

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

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

2016/2017 £000	Cash Flow Statement	Note	2017/2018 £000
34,859	Net surplus or (-) deficit on the provision of services		-4,203
-18,758	Adjustments to net surplus / (-) deficit on the provision of services for non-cash movements	28	15,858
-7,624	Adjustments for items in the net surplus / (-) deficit on the provision of services that are investing and financing activities	28	5,735
<b>8,477</b>	<b>Net cash flows from Operating Activities</b>		<b>17,390</b>
-5,675	Investing Activities	29	-8,042
-3,702	Financing Activities	30	-5,827
<b>-900</b>	<b>Net Increase or (-)decrease in cash and cash equivalents</b>		<b>3,521</b>
4,231	Cash and cash equivalents at the beginning of the reporting period		3,331
<b>3,331</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	21	<b>6,852</b>

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

### **ACCOUNTING POLICIES**

Please refer to the full Statement of Accounting policies, which can be found on pages 29 to 43.

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

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

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to revenue from contracts with customers
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for unrealised losses
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative.

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

In applying the Accounting Policies set out in pages 29 to 43, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

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

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

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

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

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

The items in the Council's Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, then depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £43,000 for every year that useful lives had to be reduced.
Council Dwellings	The valuation for Council dwellings is based on a percentage obtained from the land registry and the uplift is applied to calculate the valuation.	If the uplift in the valuation percentage is reduced by 1% this would reduce the valuation of Council dwellings by £1.549million.
Business Rates Appeals	Local Authorities from 1 April 2013 are liable for successful appeals against business rates charged to businesses in 2014/2015 and earlier years in proportion to their share (40% for this Council) A provision has been recognised as the best estimate of the amount that businesses have been overcharged up to 31 March 2018. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date. Total Rateable value of appeals outstanding at 31 March 2018 is £46.1. Total Provision is £2.7m The Council's 40% proportion of the provision is £1.1m.	Each 1% increase in the total estimated appeals would increase the provision by £26,000.  The Councils share of this increase at 40% would be £10,400.
Fair Value Measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for <i>similar</i> assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 15 and 17 below.	The authority uses the discounted cash flow (DCF) to measure the fair value of some of its investment properties and financial The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets).  Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial.

Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £1.23million.</p> <p>However, the assumptions interact in complex ways. During 2017/2018, the authority's actuaries advised that the net pensions liability had increased by £6.6million as a result of estimates and assumptions being corrected in the light of experience.</p>
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#### 4. MATERIAL ITEMS OF INCOME AND EXPENSE

There are no material items of income and / or expenditure for the 2017/2018 financial year.

The Comprehensive Income and Expenditure Statement for 2016/2017 contains an exceptional item due to an increase in the discount rate for the existing use of social housing factor to reflect the economic cost of providing Council Housing from 34% to 42%. This has resulted in an increase in the value of Council dwellings leading to the reversal a previous revaluation loss of £34.432 million which occurred in 2010/2011 when the factor was reduced from 50% to 34%. The exceptional item has no effect on the Council's balances as at 31 March 2017 due to statutory regulations requiring this gain to be reversed out.

#### 5. EVENTS AFTER THE REPORTING PERIOD

The reporting date for the 2017/2018 Statement of Accounts was 29 May 2018, the date on which the Council's Chief Financial Officer; the Director of Commerce and Customer Services signed the Accounts for issue. Any events occurring after this date which have had a material impact on the figure contained within the Statement of Accounts have been added as appropriate.

**6. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (EFA)**

<b>2017/2018</b>	<b>Adjustment for Capital Purposes</b>	<b>Net Change for the Pensions Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	£000	£000	£000	£000
Corporate	40	202	0	<b>242</b>
Regeneration and Growth	380	159	0	<b>539</b>
Environment and Wellbeing	1,311	308	0	<b>1,619</b>
Safer Communities	124	106	0	<b>230</b>
Finance	2,716	395	2	<b>3,113</b>
Housing Services	1,240	10	0	<b>1,250</b>
Housing Revenue Account	3,521	372	0	<b>3,893</b>
Exceptional Items	0	0	0	<b>0</b>
<b>Net Cost of Services</b>	<b>9,332</b>	<b>1,552</b>	<b>2</b>	<b>10,886</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	-7,962	3,068	1,760	<b>-3,134</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>1,370</b>	<b>4,620</b>	<b>1,762</b>	<b>7,752</b>

<b>2016/2017</b>	<b>Adjustment for Capital Purposes</b>	<b>Net Change for the Pensions Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	£000	£000	£000	£000
Corporate	57	129	0	<b>186</b>
Regeneration and Growth	618	91	0	<b>709</b>
Environment and Wellbeing	1,017	154	0	<b>1,171</b>
Safer Communities	317	67	0	<b>384</b>
Finance	750	-169	-21	<b>560</b>
Housing Services	580	10	0	<b>590</b>
Housing Revenue Account	6,382	217	0	<b>6,599</b>
Exceptional Items	-34,432	0	0	<b>-34,432</b>
<b>Net Cost of Services</b>	<b>-24,711</b>	<b>499</b>	<b>-21</b>	<b>-24,233</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	-12,810	3,257	-2,538	<b>-12,091</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>-37,521</b>	<b>3,756</b>	<b>-2,559</b>	<b>-36,324</b>

The following sets out the description of the adjustments made:

**Adjustments for Capital Purposes**

this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets
- **Financing and investment income and expenditure** – the statutory charges for capital financing that is, Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year

#### **Net Change for the Pensions Adjustments**

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement

#### **Other Differences**

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund

## 7. EXPENDITURE AND INCOME ANALYSED BY NATURE

2017/2018	Corporate	Regeneration and Growth	Environment and Wellbeing	Safer Communities	Finance	Housing Services	Housing Revenue Account	Below NCOS	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Expenditure:</b>									
Employee benefits expenses	4,211	3,330	5,695	2,160	3,518	220	7,739	0	26,873
Other services expenses	2,118	2,741	3,569	1,638	34,417	1,118	7,947	0	53,548
Depreciation, Amortisation & Impairment	40	380	1,311	124	2,716	1,241	7,991	0	13,803
Interest payments	0	0	0	0	0	0	0	2,665	2,665
Precepts and levies	0	0	0	0	0	0	0	89	89
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	474	474
Investment Property Expenses	0	0	0	0	0	0	0	775	775
Interest Cost of Pensions	0	0	0	0	0	0	0	3,085	3,085
<b>Total expenditure</b>	<b>6,369</b>	<b>6,451</b>	<b>10,575</b>	<b>3,922</b>	<b>40,651</b>	<b>2,579</b>	<b>23,677</b>	<b>7,088</b>	<b>101,312</b>
<b>Income</b>									
Fees, charges and other service income	-1,843	-3,549	-4,192	-524	-5,054	-118	-26,427	0	-41,707
Interest received	0	0	0	0	0	0	0	-150	-150
Income from Council tax, Non-Domestic Rates	0	0	0	0	0	0	0	-9,874	-9,874
Government grants and contributions	-431	-404	-330	-757	-32,904	-518	-1,730	-4,835	-41,909
Investment Property Income	0	0	0	0	0	0	0	-2,872	-2,872
Proceeds from sale of Non-Current Assets	0	0	0	0	0	0	0	-597	-597
<b>Total income</b>	<b>-2,274</b>	<b>-3,953</b>	<b>-4,522</b>	<b>-1,281</b>	<b>-37,958</b>	<b>-636</b>	<b>-28,157</b>	<b>-18,328</b>	<b>-97,109</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>4,095</b>	<b>2,498</b>	<b>6,053</b>	<b>2,641</b>	<b>2,693</b>	<b>1,943</b>	<b>-4,480</b>	<b>-11,240</b>	<b>4,203</b>



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

2016/17	Corporate	Regeneration and Growth	Environment and Wellbeing	Safer Communities	Finance	Housing Services	Housing Revenue Account	Below NCOS	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Expenditure:</b>									
Employee benefits expenses	3,410	3,204	5,320	2,155	2,755	330	7,154	0	24,328
Other services expenses	1,878	2,722	3,766	1,407	34,901	806	7,825	0	53,305
Depreciation, Amortisation & Impairment	57	618	1,015	317	750	521	-24,498	0	-21,220
Interest payments	0	0	0	0	0	0	0	2,961	2,961
Non-Domestic Rates Tariff & Deficit	0	0	0	0	0	0	0	0	0
Precepts and levies	0	0	0	0	0	0	0	75	75
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	479	479
Investment Property Expenses	0	0	0	0	0	0	0	1,409	1,409
Interest Cost of Pensions	0	0	0	0	0	0	0	3,257	3,257
<b>Total Expenditure</b>	<b>5,345</b>	<b>6,544</b>	<b>10,101</b>	<b>3,879</b>	<b>38,406</b>	<b>1,657</b>	<b>-9,519</b>	<b>8,181</b>	<b>64,594</b>
<b>Income</b>									
Fees, charges and other service income	-1,540	-3,456	-4,182	-635	-5,392	-129	-26,964	0	-42,298
Interest received	0	0	0	0	0	0	0	-210	-210
Income from Council tax, Non-Domestic Rates	0	0	0	0	0	0	0	-10,342	-10,342
Government grants and contributions	-596	-343	-285	-491	-33,924	84	-1,392	-7,087	-44,034
Investment Property Income	0	0	0	0	0	0	0	-1,793	-1,793
Proceeds from sale of Non-Current Assets	0	0	0	0	0	0	0	-776	-776
<b>Total income</b>	<b>-2,136</b>	<b>-3,799</b>	<b>-4,467</b>	<b>-1,126</b>	<b>-39,316</b>	<b>-45</b>	<b>-28,356</b>	<b>-20,208</b>	<b>-99,453</b>
<b>(-)Surplus or Deficit on the Provision of Services</b>	<b>3,209</b>	<b>2,745</b>	<b>5,634</b>	<b>2,753</b>	<b>-910</b>	<b>1,612</b>	<b>-37,875</b>	<b>-12,027</b>	<b>-34,859</b>

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

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

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

### **General Fund Balance**

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

### **Housing Revenue Account Balance**

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

### **Major Repairs Reserve**

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

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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

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

2017/2018	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserve £000
<b>Adjustments primarily involving the Capital Adjustment Account: Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	-4,318	-3,502	0	-4,470	0	<b>12,290</b>
Revaluation losses on Property, Plant and Equipment	-231	0	0	0	0	<b>231</b>
Amortisation of intangible assets	-21	-19	0	0	0	<b>40</b>
Movement in the market value of Investment Properties	239	43	0	0	0	<b>-282</b>
Capital grants and contributions applied	2,250	0	0	0	-2,250	<b>0</b>
Revenue expenditure funded from capital under statute	-1,240	0	0	0	0	<b>1,240</b>
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	530	3,000	0	0	0	<b>-3,530</b>
Voluntary provision for the repayment of debt	-28	0	0	0	0	<b>28</b>
Capital expenditure charged against the General Fund and HRA balances	91	1,219	0	-155	0	<b>-1,155</b>
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Application of grants to capital financing transferred to the Capital Adjustment Account	36	0	0	0	2,004	<b>-2,040</b>
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	110	392	-4,231	0	0	<b>3,729</b>
Use of the Capital Receipts Reserve to finance new capital expenditure	553	0	6,415	0	0	<b>-6,968</b>
Contributions from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-474	0	474	0	0	<b>0</b>

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

2017/2018 (Continued)	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserve £000
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA						
Use of the Major Repairs Allowance to finance new capital expenditure	0	0	0	3,304	0	-3,304
<b>Adjustments primarily involving the Pension Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-9,942	0	0	0	0	9,942
Employer's pensions contributions and direct payments to pensioners payable in the year	5,728	-372	0	0	0	-5,356
MDC share of the Reversal of items relating to the Crematorium retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-34	0	0	0	0	34
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-267	0	0	0	0	267
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	-1,493	0	0	0	0	1,493
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officers remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-2	0	0	0	0	2
<b>Total Adjustments</b>	<b>-8,513</b>	<b>761</b>	<b>2,658</b>	<b>-1,321</b>	<b>-246</b>	<b>6,661</b>

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

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

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

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

## **9. MOVEMENT IN EARMARKED RESERVES**

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

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

The purpose of each Reserve is set out below:

### **Revenue Earmarked Reserves:**

#### **Statutory Election Costs**

A fund built up from annual revenue contributions to meet the cost of local elections held approximately every four years, including local ward Councillors and the directly elected Mayor.

#### **Insurance Retained Premiums Fund**

This reserve 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 £740,000.

#### **Restructure Pension Cost Fund**

This reserve 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**

This reserve is aimed at providing resources to allow planned maintenance of the Council's own properties.

#### **Trading Account Renewal Fund**

This reserve is for the replacement of equipment used within the Council Leisure facilities and Engineering depot.

#### **Apprenticeship Scheme Fund**

This reserve was set up for additional apprenticeships within the Council and to support the employment of apprenticeships within local businesses.

#### **Economic Stimulus / Regeneration Fund**

This reserve is for the purposes of providing loans and support to local businesses.

#### **Accommodation Review**

This reserve is for changes required to the Civic Centre buildings, and was spent during 2017/2018.

**Exempt VAT** – This was set up to cover for a possible breach in the Council's partial exemption limit, however this reserve is no longer required.

#### **Other funds**

This includes smaller reserves which are not significant enough to be shown separately. These reserves are used to cover expenditure on leisure facilities and environmental schemes.

### **Capital Earmarked Reserves:**

#### **Capital Fund**

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

**Leisure Equipment and Plant**

This reserve is used to finance equipment at the Council's leisure facilities.

**Replacement of Wheeled Bins**

This reserve 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 Fund**

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

**Vehicles and Plant Fund**

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



The Council's earmarked reserves are represented by the following funds:

	Balance at 31 March 2016 £000	Income in the year £000	Expenditure in the year £000	Balance at 31 March 2017 £000	Income in the year £000	Expenditure in the year £000	Balance at 31 March 2018 £000
<b>Revenue Earmarked Reserves</b>							
Elections	20	40	0	60	40	0	100
Insurance	914	960	-947	927	932	-825	1,034
Pension costs	47	0	0	47	0	-47	0
Grants	525	0	0	525	0	0	525
Building renewal fund	184	532	-68	648	632	-510	770
Trading account renewal	114	21	-17	118	0	-22	96
Job Evaluation	177	0	-177	0	0	0	0
Apprenticeship Scheme	962	100	-430	632	0	-223	409
Economic Stimulus	351	0	-300	51	0	-5	46
Local Plan	38	0	-38	0	0	0	0
Accommodation Review	1,500	0	-164	1,336	0	-1,336	0
Business Rates Pool Surplus	0	0	0	0	130	0	130
Energy Consumption Reductions	296	0	-93	203	0	-203	0
Exempt VAT	0	400	0	400	0	-400	0
Other funds	162	70	-53	179	98	-61	216
<b>Total</b>	<b>5,290</b>	<b>2,123</b>	<b>-2,287</b>	<b>5,126</b>	<b>1,832</b>	<b>-3,632</b>	<b>3,326</b>
<b>Capital</b>							
Capital Fund	65	584	-607	42	2,245	-12	2,275
Leisure Equipment and Plant	2	0	0	2	0	0	2
Wheeled Bins	278	0	0	278	0	0	278
Shop Mobility	18	0	0	18	0	-18	0
Vehicles and Plant	356	456	-753	59	27	-78	8
<b>Total</b>	<b>719</b>	<b>1,040</b>	<b>-1,360</b>	<b>399</b>	<b>2,272</b>	<b>-108</b>	<b>2,563</b>
<b>Legacies</b>	3	0	0	3	0	0	3
<b>Crematorium</b>	587	0	-37	550	0	-124	426
<b>Total</b>	<b>6,599</b>	<b>3,163</b>	<b>-3,684</b>	<b>6,078</b>	<b>4,104</b>	<b>-3,864</b>	<b>6,318</b>

**10. OTHER OPERATING EXPENDITURE**

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

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Parish Council precepts	75	89
Payments to the Government Housing Capital Receipts Pool	479	474
(-) Gains/losses on the disposal of non-current assets – General Fund	-115	-205
(-) Gains/losses on the disposal of non-current assets – Housing Revenue Account	-661	-392
<b>Total</b>	<b>-222</b>	<b>-34</b>

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

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

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Interest payable and similar charges	2,961	2,665
Net interest on the net defined benefit liability / (-) asset	3,257	3,085
Interest receivable and similar income	-210	-150
Income and expenditure in relation to investment properties and changes in fair value	-384	-2,097
<b>Total</b>	<b>5,624</b>	<b>3,503</b>

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

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

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Council Tax Payers	-5,341	-5,448
Non-Domestic Rates (NDR)	-4,490	-3,512
NDR S31 Grant	-511	-914
Non-ring fenced government grants	-1,859	-1,169
Council tax freeze	0	0
New Homes bonus	-1,534	-1,448
Capital grants and contributions	-3,694	-2,218
<b>Total</b>	<b>-17,429</b>	<b>-14,709</b>

**13. PROPERTY, PLANT AND EQUIPMENT**

<b>Movements in 2017/2018</b>	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Crematorium</b>	<b>Surplus Assets</b>	<b>Vehicles, Plant and Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation:</b>									
<b>At 1 April 2017</b>	<b>187,508</b>	<b>136,403</b>	<b>880</b>	<b>681</b>	<b>8,091</b>	<b>0</b>	<b>586</b>	<b>2,258</b>	<b>336,407</b>
Additions	3,536	2,490	493	0	650	0	72	4,968	12,209
Revaluation increases / (-) decreases recognised in the Revaluation Reserve	4,565	-43	0	0	0	0	8	0	4,530
Revaluation increases / (-) decreases recognised in the (-) Surplus / Deficit on the provision of services	0	-1,539	-76	0	-8	0	0	0	-1,623
Derecognition – Disposals	-885	-30	0	0	-97	0	-1	0	-1,013
Impairment	-3,536	-2,440	-237	0	-41	0	-72	0	-6,326
Reclassification	-614	-2,344	0	0	0	0	-6	0	-2,964
<b>At 31 March 2018</b>	<b>190,574</b>	<b>132,497</b>	<b>1,060</b>	<b>681</b>	<b>8,595</b>	<b>0</b>	<b>587</b>	<b>7,226</b>	<b>341,220</b>
<b>Accumulated Depreciation and Impairment:</b>									
<b>At 1 April 2017</b>	<b>0</b>	<b>-17,804</b>	<b>-106</b>	<b>0</b>	<b>-4,360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-22,270</b>
Depreciation charge	-4,148	-1,018	-106	0	-686	0	0	0	-5,958
Depreciation written out to the Revaluation Reserve	4,148	622	0	0	0	0	0	0	4,770
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	211	0	0	0	0	0	0	211
Impairment losses / (-) reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	1,180	0	0	0	0	0	0	1,180
Derecognition - Disposals	0	0	0	0	0	0	0	0	0
<b>At 31 March 2018</b>	<b>0</b>	<b>-16,809</b>	<b>-212</b>	<b>0</b>	<b>-5,046</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-22,067</b>
<b>Net book Value at 31 March 2018</b>	<b>190,574</b>	<b>115,688</b>	<b>848</b>	<b>681</b>	<b>3,549</b>	<b>0</b>	<b>587</b>	<b>7,226</b>	<b>319,153</b>
<b>At 31 March 2017</b>	<b>187,508</b>	<b>118,599</b>	<b>774</b>	<b>681</b>	<b>3,731</b>	<b>0</b>	<b>586</b>	<b>2,258</b>	<b>314,137</b>

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

<b>Movements in 2016/2017</b>	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Crematorium</b>	<b>Surplus Assets</b>	<b>Vehicles, Plant and Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation:</b>									
<b>At 1 April 2016</b>	<b>146,929</b>	<b>137,788</b>	<b>793</b>	<b>0</b>	<b>6,940</b>	<b>2</b>	<b>586</b>	<b>3,626</b>	<b>296,664</b>
Additions	3,402	430	43	0	1,480	0	8	3,143	8,506
Revaluation increases / (-) decreases recognised in the Revaluation Reserve	7,026	4,071	109	-15	0	0	0	0	11,191
Revaluation increases / (-) decreases recognised in the (-) Surplus / Deficit on the provision of services	31,400	-558	-22	0	-28	0	0	0	30,792
Derecognition – Disposals	-2,050	0	0	0	-13	0	0	0	-2,063
Impairment	-3,402	-430	-43	0	-288	0	-8	0	-4,171
Reclassification	4,203	-4,898	0	696	0	-2	0	-4,511	-4,512
<b>At 31 March 2017</b>	<b>187,508</b>	<b>136,403</b>	<b>880</b>	<b>681</b>	<b>8,091</b>	<b>0</b>	<b>586</b>	<b>2,258</b>	<b>336,407</b>
<b>Accumulated Depreciation and Impairment:</b>									
<b>At 1 April 2016</b>	<b>0</b>	<b>-17,953</b>	<b>0</b>	<b>0</b>	<b>-3,770</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-21,723</b>
Depreciation charge	-3,229	-1,021	-106	0	-590	0	0	0	-4,946
Depreciation written out to the Revaluation Reserve	3,229	1,170	0	0	0	0	0	0	4,399
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Impairment losses / (-) reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0
<b>At 31 March 2017</b>	<b>0</b>	<b>-17,804</b>	<b>-106</b>	<b>0</b>	<b>-4,360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-22,270</b>
<b>Net Book Value At 31 March 2017</b>	<b>187,508</b>	<b>118,599</b>	<b>774</b>	<b>681</b>	<b>3,731</b>	<b>0</b>	<b>586</b>	<b>2,258</b>	<b>314,137</b>
<b>At 31 March 2016</b>	<b>146,929</b>	<b>119,835</b>	<b>793</b>	<b>0</b>	<b>3,170</b>	<b>2</b>	<b>586</b>	<b>3,626</b>	<b>274,941</b>

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

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

	Council Dwellings £000	Other Land and Buildings £000	Crematorium £000	Surplus Assets £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
<b>Carried at historical cost</b>	0	0	0	0	0	0	587	0	587
<b>Valued at fair value as at:</b>									
31 March 2014	0	9,759	0	0	744	0	0	0	10,503
31 March 2015	0	4,285	0	0	382	0	0	0	4,667
31 March 2016	0	254	0	0	755	0	0	0	1,009
31 March 2017	0	6,426	592	0	1,059	0	0	2,258	10,335
31 March 2018	190,574	94,964	256	681	609	0	0	4,968	292,052
<b>Total Cost or Valuation</b>	<b>190,574</b>	<b>115,688</b>	<b>848</b>	<b>681</b>	<b>3,549</b>	<b>0</b>	<b>587</b>	<b>7,226</b>	<b>319,153</b>

**14. HERITAGE ASSETS**

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

	<b>Civic Regalia £000</b>	<b>Band - stand £000</b>	<b>Public Art £000</b>	<b>Total Assets £000</b>
<b>Cost or valuation</b>				
<b>1 April 2017</b>	<b>36</b>	<b>191</b>	<b>151</b>	<b>378</b>
Additions, Disposals, Revaluations, Impairment Losses/reversals (-)	0	0	0	0
<b>31 March 2018</b>	<b>36</b>	<b>191</b>	<b>151</b>	<b>378</b>

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

The Council's accounting policy for recognition and measurement of heritage assets is set out in the Accounting Policies, pages 29 to 43. 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 Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Rental Income from investment property	1,442	1,940
Direct operating expenses arising from investment property	-53	-125
<b>Net gain / (-) loss</b>	<b>1,389</b>	<b>1,815</b>

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

	2016/2017	2017/2018
	£000	£000
<b>Balance at 1 April</b>	<b>26,052</b>	<b>28,883</b>
Additions	3,248	4
Disposals	-98	-527
Revaluation Downwards	-1,356	-650
Revaluation Upwards	351	932
Transfers to/from property, plant and equipment	686	0
Other changes	0	0
<b>Balance at 31 March</b>	<b>28,883</b>	<b>28,642</b>

Six investment properties were disposed of during 2017/2018 for £628,000. One property was disposed of for £115,000 in 2015/2016. There were no further properties acquired during 2017/2018. In 2016/2017 the Council spent £2.982million acquiring the Heritable interest (Scottish Equivalent of English Freehold) in Plot 3400B Springhill Parkway, Glasgow which is currently let to Volkswagen Group United Kingdom.

#### **Fair Value Hierarchy**

- **Value of Property:** All investment properties totalling £28.642million were valued at level 2 as at 31 March 2018. All investment properties totalling £28.883 million were valued at level 2 as at 31 March 2017.
- **Transfers between Levels of the Fair Value Hierarchy:** There have been no transfers between levels during 2017/2018
- **Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties:** The fair value for all investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.
- **Highest and Best Use of Investment Properties:** In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.
- **Valuation Techniques:** There has been no change in the valuation techniques used during the year for investment properties.
- **Valuation Process for Investment Properties:** The fair value of the Council's investment property is measured annually at each reporting date. Valuations are carried out by the Council's Property Services section or by external valuers where appropriate, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## **16. INTANGIBLE ASSETS**

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



	2016/2017	2017/2018
	£000	£000
Certified valuation at 31 March	155	112
Amortisation to 1 April	0	0
<b>Balance at 1 April</b>	<b>155</b>	<b>112</b>
<b>Movement in year:</b>		
Additions	14	6
Disposals	0	0
Transfers	0	0
Amortisation	-43	-40
Revaluation	0	0
Impairment	-14	-6
Reversal of past impairment	0	0
<b>Balance at 31 March 2017</b>	<b>112</b>	<b>72</b>

## 17. FINANCIAL INSTRUMENTS

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

<b>Financial Assets:</b> <ul style="list-style-type: none"> <li>• Trade receivables (debtors)</li> <li>• Bank deposits</li> <li>• Investments</li> </ul>	<b>Financial Liabilities:</b> <ul style="list-style-type: none"> <li>• Trade payables (creditors)</li> <li>• Borrowings</li> </ul>
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Within this note, Financial Instruments are disclosed on the following basis:

- Nominal Cost – This is the actual amount that the Council has either borrowed or lent
- Amortised Cost / Carrying Amount – Financial instruments (whether borrowing or investment) have been valued on an amortised costs basis using the effective interest rate (EIR) method where appropriate. For the Council, the basis of calculating the Amortised Cost / Carrying Amount is:

Base of Effective Interest Rate method applied	
<b>Financial Asset:</b>	
Trade receivables -	Not applicable – valued at nominal amount
Bank deposits -	Not applicable – valued at nominal amount
Investments -	Nominal value of the investment plus any interest still to be paid to the Council relating to the 2017/2018 financial year (calculated on a daily basis)
<b>Financial Liability:</b>	
Trade payables -	Not applicable – valued at actual amount
Borrowings -	Nominal value of the borrowing plus any interest still to be paid by the Council relating to the 2017/2018 financial year (calculated on a daily basis)

**Fair Value**

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

The Council has complied with the following:

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

**Types of Financial Instruments**

The following table shows the different types of financial instruments held by the Council at the 31 March 2018, analysed on an Amortised Costs basis.

	<b>Long-Term</b>		<b>Current</b>	
	<b>31 March 2017</b>	<b>31 March 2018</b>	<b>31 March 2017</b>	<b>31 March 2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Financial liabilities at amortised cost:</b>				
Borrowings	75,687	74,130	3,572	2,071
Other borrowing	0	0	0	0
Trade creditors	0	0	1,216	1,488
<b>Total borrowings</b>	<b>75,687</b>	<b>74,130</b>	<b>4,788</b>	<b>3,559</b>
<b>Financial assets classified as Loans and Receivables:</b>				
Loans and receivables	0	0	26,545	20,530
Trade debtors	0	0	1,620	1,488
<b>Total investments</b>	<b>0</b>	<b>0</b>	<b>28,165</b>	<b>22,018</b>

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

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

	2016/2017			2017/2018		
	Financial Liabilities: Measured at Amortised Cost	Financial Assets: Loans and Receivables	Total	Financial Liabilities: Measured at Amortised Cost	Financial Assets: Loans and Receivables	Total
	£000	£000	£000	£000	£000	£000
Interest expense	-2,961	0	-2,961	-2,665	0	-2,665
Losses on de-recognition	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0
<b>Interest payable and similar charges</b>	<b>-2,961</b>	<b>0</b>	<b>-2,961</b>	<b>-2,665</b>	<b>0</b>	<b>-2,665</b>
Interest income	0	210	210	0	150	150
Gains on de-recognition	0	0	0	0	0	0
<b>Interest and investment income</b>	<b>0</b>	<b>210</b>	<b>210</b>	<b>0</b>	<b>150</b>	<b>150</b>
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
<b>Net gain / (-) loss for the year</b>	<b>-2,961</b>	<b>210</b>	<b>-2,751</b>	<b>-2,665</b>	<b>150</b>	<b>-2,515</b>

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

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

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

The rates quoted in this valuation were obtained by the Council's treasury management consultants from the market on 31 March 2018 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 127/18
- 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 2017		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
PWLB - maturity	74,138	82,642	71,138	77,247
PWLB - EIP	380	435	322	355
LOBOs	4,606	7,229	4,606	7,052
Short term borrowing	134	134	134	134
<b>Financial liabilities</b>	<b>79,258</b>	<b>90,440</b>	<b>76,200</b>	<b>84,788</b>

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

	31 March 2017		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Cash	3,331	3,331	2,852	2,852
Deposits with banks and building societies	26,545	26,555	20,500	20,530
Crematorium	0	0	0	0
<b>Financial assets</b>	<b>29,876</b>	<b>29,886</b>	<b>23,352</b>	<b>23,382</b>

## 18. INVENTORIES

The following table show the breakdown of inventories carried in the Balance Sheet. The Council holds stocks totalling £322,000 (£307,000 2016/2017).

Location	31 March 2017	Purchases in year	Recognised as expense in year	Written on/off	31 March 2018
	£000	£000	£000	£000	£000
Hermitage Lane Depot	75	353	-347	0	81
Vale Road Depot	225	1,504	-1,496	0	233
Museum & Theatre	7	61	-60	0	8
<b>Total</b>	<b>307</b>	<b>1,918</b>	<b>-1,903</b>	<b>0</b>	<b>322</b>

## 19. LONG TERM DEBTORS

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

	<b>Balance at 31 March 2016</b>	<b>Changes in Year</b>	<b>Balance at 31 March 2017</b>	<b>Changes in Year</b>	<b>Balance at 31 March 2018</b>
	£000	£000	£000	£000	£000
Sundry Debtors	2,083	-807	1,276	524	1,800
Car loans	182	-20	162	-52	110
NCC transferred debt	397	56	453	-23	430
Council mortgages	33	-1	32	-1	31
Warsop Parish Council	24	-4	20	-4	16
Service Company	0	0	0	535	535
	<b>2,719</b>	<b>-776</b>	<b>1,943</b>	<b>979</b>	<b>2,922</b>

**Sundry Debtors**

Amounts outstanding from other entities and individuals

**Car Loans to Employees**

Advances to the Council's employees to purchase a vehicle, repayable over a period of up to five years.

**NCC Transferred Debt**

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

**Council Mortgages**

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

**Warsop Parish Council**

Amount outstanding in respect of a loan made to Warsop Parish Council.

**Service Company**

Amount loaned to the Council owned Housing Company.

**20. DEBTORS**

The following table identifies the breakdown of debtors owing the Council at the 31 March 2017 and 31 March 2018:

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Central Government Bodies	1,684	239
Other local authorities	792	1,117
<b>Public Corporations and Trading Funds:</b>		
Other public bodies	58	50
Customs and Excise	219	0
<b>Other Entities and Individuals:</b>		
Housing rent arrears	1,097	1,048
Collection Fund	165	1,498
Car loans to employees	95	74
Service prepayments	180	328
Sundry debtors	2,921	3,013
<b>Sub-Total</b>	<b>7,211</b>	<b>7,367</b>
<b>Less provision for bad debt:</b>		
Housing rent arrears	-777	-774
Sundry debtors	-1,042	-1,325
<b>Total</b>	<b>5,392</b>	<b>5,268</b>

**21. CASH AND CASH EQUIVALENTS**

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

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Cash Equivalents	4,000	4,000
Cash held by the Council	6	7
Joint Cremation Committee	881	702
Bank current accounts	-1,556	2,143
<b>Total</b>	<b>3,331</b>	<b>6,852</b>

**22. ASSETS HELD FOR SALE**

During 2017/2018 non-current assets valued at £4.600million were classified as held for sale, as it is the Council's intention to sell these assets during 2018/2019.

	2016/2017	2017/2018
	£000	£000
Balance at 1 April	0	3,825
<b>Assets newly classified as held for sale:</b>		
Property, plant and equipment	3,825	2,964
Disposals	0	-2,189
<b>Balance at 31 March</b>	<b>3,825</b>	<b>4,600</b>

## 23. CREDITORS

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

	2016/2017	2017/2018
	£000	£000
Central Government Bodies	-829	-2
Other local authorities	-936	-559
Public Corporations and Trading Funds	-1	0
<b>Other Entities and Individuals:</b>		
Council tax prepayment	-1,028	0
Housing rent prepayment	-454	-490
Collection Fund	-3,540	-717
Sundry creditors	-2,157	-4,611
<b>Total</b>	<b>-8,945</b>	<b>-6,379</b>

## 24. INSURANCE PROVISIONS

The balance on the Council's insurance fund for retained premiums stands at £1.034million. 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 £740,000. It should be noted that this does not include claims yet to be received e.g. Industrial Disease claims
- To meet the liability for outstanding claims estimated to be £100,000 in respect of the Independent Insurance Company; this ceased to trade in June 2001

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

## 25. PROVISIONS

The Council has the following provisions:

	<b>Balance at 1 April 2017</b>	<b>Increase in Provision</b>	<b>Provision Utilised in Year</b>	<b>Reduction in Provision Required</b>	<b>Balance at 31 March 2018</b>
	£000	£000	£000	£000	£000
Rental bonds	-51	0	0	51	0
Housing Act deposits	-17	0	0	17	0
Accumulated Absences	-231	0	0	231	0
S31 Funerals	-2	-13	0	15	0
Business Rate Appeals	-903	-1,353	1,195	0	-1,061
<b>Total</b>	<b>-1,204</b>	<b>-1,366</b>	<b>1,195</b>	<b>314</b>	<b>-1,061</b>

**Rental Bonds**

Deposits made with the Council which will be repaid as contractual obligations are completed. In 2017/2018 the balance held against rental bonds was reclassified as a Reserve (and added to an existing balance held in Reserves).

**Housing Act Deposits**

Deposits made with the Council which will be repaid as contractual obligations are completed. This was previously classed as a short term creditor. There has been no movement on this account since 2008, so the balance has been released back to revenue.

**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. Until the last financial year these amounts should have been treated as creditors rather than provisions.

**S31 Public Health Funerals**

These funds are held by the Council on behalf of Solicitors until the estates' of the deceased have been concluded. In 2017/2018 the balance held against this provision was reclassified and moved to Allocated General Fund Balances.

**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 2018. The full liability is approximately £2.7million, with the balance being met by Central Government (50%), Nottinghamshire County Council (9%) and the Fire Authority (1%).

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

**26. USABLE RESERVES**

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



	At 1 April 2016 £000	Movement in year £000	At 31 March 2017 £000	Movement in year £000	At 31 March 2018 £000
General Fund	10,060	-497	9,563	2,023	11,586
<b>Earmarked Reserves:</b>					
Revenue	5,290	-164	5,126	-1,800	3,326
Legacies	3	0	3	0	3
Capital	719	-320	399	2,164	2,563
Crematorium	589	-39	550	-124	426
	6,601	-523	6,078	240	6,318
Total General Fund Reserves	16,661	-1,020	15,641	2,263	17,904
Housing Revenue Account	23,919	-445	23,474	1,286	24,760
Capital Receipts Reserve	1,974	2,199	4,173	-2,658	1,515
Major Repairs Reserve	9,958	2,400	12,358	1,321	13,679
Capital Grants Unapplied	2,256	630	2,886	246	3,132
<b>Total Usable Reserves</b>	<b>54,768</b>	<b>3,764</b>	<b>58,532</b>	<b>2,458</b>	<b>60,990</b>

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

For further details of the earmarked reserves held by the Council, see Note 9.

## 27. UNUSABLE RESERVES

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

	2016/2017 £000	2017/2018 £000
Revaluation Reserve	71,650	79,348
Capital Adjustment Account	163,723	165,072
Deferred Capital Receipts Reserve	505	477
Pensions Reserve	-118,216	-116,095
Collection Fund Adjustment Account	921	-839
Crematorium Pension Account	-559	-554
Accumulated Absences Account	-231	-233
<b>Total Unusable Reserves</b>	<b>117,793</b>	<b>127,176</b>

### 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
- 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 2017/2018 the upward revaluation of assets totalled £10.773million (this was £16.632million in 2016/2017). Included in this figure is an increase of £8.712million in the value of the Council's Housing Stock and an increase of £2.065million in the value of 107 properties (land and buildings) as a result of the Council's annual valuation programme.

<b>Revaluation Reserve</b>	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
<b>Balance at 1 April</b>	<b>56,531</b>	<b>71,650</b>
Upward revaluations of assets	16,632	10,773
Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision Services	-1,100	-1,475
<b>Surplus / (-) deficit on revaluation on non-current assets not posted to the surplus / (-) deficit on the Provision of Services</b>	<b>15,532</b>	<b>9,298</b>
Difference between fair value depreciation and historical cost depreciation	-265	-390
Accumulated gains on assets sold or scrapped	-148	-1,210
<b>Amount written off to the Capital Adjustment Account</b>	<b>-413</b>	<b>-1,600</b>
<b>Balance at 31 March</b>	<b>71,650</b>	<b>79,348</b>

#### **Capital Adjustment Account**

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

The account contains accumulated gains and losses on Investment Properties.

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

<b>Capital Adjustment Account</b>	<b>2016/2017</b>	<b>2017/2018</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>131,053</b>	<b>163,723</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):</b>		
Charges for depreciation and impairment of non-current assets	-12,958	-12,290
Revaluation losses on Property, Plant and Equipment	34,730	-231
Movement in the market value of Investment Properties	-988	282
Amortisation of intangible assets	-43	-40
Revenue expenditure funded from capital under statute	-569	-1,240
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	-2,178	-3,729
	<b>17,994</b>	<b>-17,248</b>
Adjusting amounts written out of the Revaluation Reserve	413	1,600
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>18,407</b>	<b>-15,648</b>
<b>Capital financing in the year:</b>		
Use of the capital receipts reserve to finance new capital expenditure	245	6,968
Use of the Major Repairs Reserve to finance capital expenditure	4,316	3,304
Capital grants and contributions credited to the CIES that have been applied to capital financing	3,036	2,040
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	4,815	3,530
Capital expenditure charged against the General Fund and HRA balances	1,851	1,155
	<b>14,263</b>	<b>16,997</b>
<b>Balance at 31 March</b>	<b>163,723</b>	<b>165,072</b>

### Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed when the Council makes employer's contributions to the pension funds, or eventually pay any pensions for which it is directly responsible. Therefore, the debit balance on the Pension Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

<b>Pension Reserve</b>	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
<b>Balance at 1 April</b>	<b>-94,815</b>	<b>-118,216</b>
Re-measurements of the net defined benefit liability / (-)asset	-19,922	6,707
Reversal of items relating to retirement benefits debited or credited to the Surplus or deficit on the provision of services in the CIES	-7,644	-9,942
Employer's pensions contributions and direct payments to pensioners payable in the year	4,125	5,356
Other gains / (-) losses	40	0
<b>Balance at 31 March</b>	<b>-118,216</b>	<b>-116,095</b>

The Pension Reserve is currently showing a higher balance than the Pension Liability in the Balance Sheet due to the prepayment of the three year lump sum payment, paid in April 2017. The variance of £4.464million equates to the amount prepaid for the contributions in 2018/2019 (£2.232million) and 2019/2020 (£2.232million).

#### **Crematorium Pension Account**

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

<b>Crematorium Pension Reserve</b>	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
<b>Balance at 1 April</b>	<b>-635</b>	<b>-1,273</b>
Re-measurements of the net defined benefit liability / (-)asset	-597	84
Reversal of items relating to retirement benefits debited or credited to the Surplus or deficit on the provision of services in the CIES	-91	-142
Employer's pensions contributions and direct payments to pensioners payable in the year	50	108
Other gains / (-) losses	0	0
<b>Balance at 31 March</b>	<b>-1,273</b>	<b>-1,223</b>
<b>Mansfield District Council's proportion</b>	<b>-559</b>	<b>-554</b>

#### **Deferred Capital Receipts Reserve**

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

<b>Deferred Capital Receipts Reserve</b>	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
<b>Balance at 1 April</b>	<b>470</b>	<b>505</b>
Capital Receipts from Warsop Parish Council	-4	-4
Mortgage receipts in the year	-1	-1
Capital receipts from Nottinghamshire County Council	40	-23
<b>Balance at 31 March</b>	<b>505</b>	<b>477</b>

### Collection Fund Adjustment Account

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

<b>Collection Fund</b>	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
<b>Balance at 1 April</b>	<b>-1,617</b>	<b>921</b>
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-29	-267
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	2,567	-1,493
<b>Balance at 31 March</b>	<b>921</b>	<b>-839</b>

### Accumulated Absences Account

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

<b>Accumulated Absences Reserve</b>	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
<b>Balance at 1 April</b>	<b>-252</b>	<b>-231</b>
Amount by which officers remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	21	-2
<b>Balance at 31 March</b>	<b>-231</b>	<b>-233</b>

## 28. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2016/2017	2017/2018
	£000	£000
<b>Net Surplus or (-) deficit on the Provision of Service</b>	<b>34,859</b>	<b>-4,203</b>
<b>Adjust net surplus or deficit on the provision of services for non-cash movement:</b>		
Depreciation	4,895	5,958
Impairment and downward valuations	-26,961	6,566
Amortisation	43	40
Increase / decrease in creditors	-2,142	332
Increase / decrease in debtors	-953	-507
Increase / decrease in inventories	10	-15
Pension liability	3,756	137
Contributions to / (-) from provisions	-902	-143
Carrying amount of non-current assets sold	2,161	3,729
Movement in investment property values	1,356	-241
Accumulated Absences	-21	2
<b>Total</b>	<b>-18,758</b>	<b>15,858</b>
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:</b>		
Capital grants credited to surplus or deficit on the provision of services	-3,666	0
Net adjustment from the sale of short term investments	-1,000	10,000
Proceeds from the sale of property plant and equipment, investment property and intangible assets	-2,958	-4,265
<b>Total</b>	<b>-7,624</b>	<b>5,735</b>
<b>Net cash flows from Operating activities</b>	<b>8,477</b>	<b>17,390</b>

## 29. CASH FLOW STATEMENT - INVESTING ACTIVITIES

The cash flows for investing activities include the following items:

	2016/2017	2017/2018
	£000	£000
Purchase of property, plant and equipment, investment properties and intangible assets	-11,771	-12,220
Other payments for investing activities	-101	-535
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,958	4,292
Proceeds from short-term and long-term investments	0	0
Other receipts from investing activities	3,239	421
<b>Total</b>	<b>-5,675</b>	<b>-8,042</b>

## 30. CASH FLOW STATEMENT - FINANCING ACTIVITIES

The cash flows for financing activities include the following items:

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Cash receipts of short and long term borrowing	0	0
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases	0	0
Repayments of short and long term borrowing	-7,189	-3,057
Other payments for financing activities	3,487	-2,770
<b>Net cash flows from financing activities</b>	<b>-3,702</b>	<b>-5,827</b>

### 31. AGENCY INCOME AND EXPENDITURE

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

### 32. MEMBERS ALLOWANCES

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

The Council makes payment to Councillors for work undertaken in the course of their duties. Total Allowances (consisting of Basic Allowance and Special Responsibility Allowances, excluding pension costs) during the 2017/2018 financial year amounted to £460,312 (£457,886 in 2016/2017). In addition to this, Members were reimbursed a total of £9,620 (£9,525 in 2016/2017) for expenses incurred on Council business.

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Basic Allowance	227	229
Special Responsibility Allowance	230	230
Pension Contributions	0	0
Travel and Subsistence Allowance	10	10
Other	1	1
<b>Total</b>	<b>468</b>	<b>470</b>

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

The remuneration paid to the Council's senior officers in 2016/2017 and 2017/18 was as follows:

Post	Notes	Salary		Expense Allowances		Total Remuneration (Exc. Pensions)		Pension Contributions		Compensation for Loss of Office		Total Remuneration	
		16/17 £000	17/18 £000	16/17 £000	17/18 £000	16/17 £000	17/18 £000	16/17 £000	17/18 £000	16/17 £000	17/18 £000	16/17 £000	17/18 £000
Chief Executive		99	99	0	1	99	100	23	36	0	0	122	136
Deputy CEO & Director of Commerce & Customer Services		73	77	0	0	73	77	16	27	0	0	89	104
Deputy CEO & Director of Communities		71	17	0	0	71	17	16	6	0	0	87	23
Director of Governance & Compliance		71	74	0	0	71	74	16	27	0	0	87	101
Director of Place & Well-Being		68	72	1	0	69	72	15	25	0	0	84	97
Director of Economic Growth		68	74	0	0	68	74	15	27	0	0	83	101
<b>Totals</b>		<b>450</b>	<b>413</b>	<b>1</b>	<b>1</b>	<b>451</b>	<b>414</b>	<b>101</b>	<b>148</b>	<b>0</b>	<b>0</b>	<b>552</b>	<b>562</b>



**b. Employees by Remuneration bands**

During the 2017/2018 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	2016/2017	2017/2018
£50,000 - £54,999	1	1
£55,000 - £59,999	0	0
£60,000 - £64,999	0	0
£65,000 - £69,999	2	0
£70,000 - £74,999	3	3
£75,000 - £79,999	0	1
£80,000 - £84,999	0	0
£85,000 - £89,999	0	0
£90,000 - £94,999	0	1
£95,000 - £99,999	1	0
£100,000 - £104,999	0	0
£105,000 - £109,999	0	0

**c. Exit Packages**

The Council terminated the contracts of a number of employees in 2017/2018, incurring liabilities of £137,000 (2016/2017 £56,000).

During 2017/2018 there were 13 voluntary redundancies and 4 compulsory redundancy which incurred liabilities of £137,000. 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	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0 -£20,000	1	2	9	12	10	14	47	137
£20,001 - £40,000	0	2	0	0	0	2	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	1	0	1	0	0
£80,001 - £100,000	0	0	0	0	0	0	5	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>4</b>	<b>9</b>	<b>13</b>	<b>10</b>	<b>17</b>	<b>52</b>	<b>137</b>

**34. EXTERNAL AUDIT COSTS**

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

	2016/2017	2017/2018
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	55	55
Fees payable in respect of other services provided by the external auditors during the year	9	22
<b>Total</b>	<b>64</b>	<b>77</b>

### 35. GRANT INCOME

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

	2016/2017	2017/2018
	£000	£000
<b>Credited to Taxation and Non-specific Grant Income and Expenditure:</b>		
<b>Grants:</b>		
Revenue Support Grant	1,859	1,169
Capital Grants	3,694	2,218
New Homes Bonus	1,534	1,448
Business Rates - Small business rate relief	512	914
<b>Total</b>	<b>7,599</b>	<b>5,749</b>
<b>Credited to Services:</b>		
<b>Grants:</b>		
Housing Benefits and Council Tax Subsidy	32,513	31,488
NDR Cost of Collection	130	139
Department for Works and Pensions (DWP)	300	168
Other Grants	335	1,299
<b>Contributions:</b>		
Nottinghamshire County Council - Contributions	579	228
Other Contributions	2,960	3,752
<b>Total</b>	<b>36,817</b>	<b>37,074</b>

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

<b>LONG TERM LIABILITIES</b>	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
<b>Grants Receipts in Advance (Capital Grants):</b>		
Developers (Section 106) contributions – revenue	8	4
Developers (Section 106) contributions – capital	337	763
<b>Total</b>	<b>345</b>	<b>767</b>

### 36. RELATED PARTIES

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

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

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

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

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

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

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

During 2012/2013 the Council entered into a 10 year contract for the management of the Council's five leisure centres from the 1 May 2012. Serco Leisure is the Managing Agents for the Council's leisure centres to the Mansfield District Leisure Trust. One Councillor from Mansfield District Council is on the Board of Trustees, along with five other independent trustees (who have no relationship to the Council). Mansfield District Council paid Serco Leisure £789,864 for the contract management of the Council's leisure centres during 2017/2018 and £779,893 during 2016/2017.

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

**Interest in Subsidiaries or associated companies:**

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

In August 2015, Mansfield District Council set up a Housing Company which will be responsible for building housing within the District. Mansfield District Council is the sole shareholder of this company. The board of the Housing Company will consist of Directors, of which 3 will be made up of appointed elected Members or Officers of Mansfield District Council. During the 2017/2018 financial year, the Housing Company started trading, however this was limited to developing potential schemes; to date there has been no house building by the Housing Company.

**37. MANSFIELD AND DISTRICT JOINT CREMATORIUM**

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

The Mansfield and District Crematorium accounts for the year ended 31 March 2018 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 2017/2018 and 2016/2017 for comparison:

	<b>Balance Sheet</b>		<b>Income &amp; Expenditure Statement</b>	
	<b>2016/17</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Mansfield District Council	44.66	48.91	47.75	48.91
Ashfield District Council	44.32	42.92	40.76	42.92
Newark and Sherwood District Council	11.02	8.17	11.49	8.17
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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

2016/2017			Comprehensive Income and Expenditure Statement	2017/2018		
Gross Cost	Gross Income	Net Cost		Gross Cost	Gross Income	Net Cost
£000	£000	£000		£000	£000	£000
501	-842	-341	General Fund continuing operations	566	-863	-297
<b>501</b>	<b>-842</b>	<b>-341</b>	<b>Net Cost of Service</b>	<b>566</b>	<b>-863</b>	<b>-297</b>
	-2		Investment income			-2
	11		Pension Interest			17
	<b>-332</b>		<b>Surplus/ Deficit on the Provision of Services</b>			<b>-282</b>
	-20		Impairment			-116
	-51		Reverse Depreciation			-52
	-20		Remeasurement of Pension			-36
	<b>-91</b>		<b>Other Income and Expenditure</b>			<b>-204</b>
	<b>-423</b>		<b>Total Income and Expenditure</b>			<b>-486</b>
	14		Transferred to general reserve			117
	<b>-409</b>		<b>Comprehensive Income and Expenditure</b>			<b>-369</b>

<b>2016/2017</b> £000	<b>Balance Sheet</b>	<b>2017/2018</b> £000
774	Property, Plant and Equipment	847
<b>774</b>	<b>Long Term Assets</b>	<b>847</b>
99	Short term Debtors	104
0	Short Term Investments	0
881	Cash and Cash Equivalents	702
<b>980</b>	<b>Current Assets</b>	<b>806</b>
-430	Creditors	-400
<b>-430</b>	<b>Current Liabilities</b>	<b>-400</b>
-559	Pension	-534
<b>-559</b>	<b>Long Term Liabilities</b>	<b>-534</b>
<b>765</b>	<b>Net Assets</b>	<b>719</b>
	<b>Financed By:</b>	
472	Capital Fund	293
78	General Reserve	133
-559	Pension Reserve	-554
728	Capital Adjustment Account	804
46	Revaluation Reserve	43
<b>765</b>	<b>Total Reserves</b>	<b>719</b>

### 38. ANALYSIS OF THE COLLECTION FUND BALANCE

The total carry forward balance on the Collection Fund has been disaggregated to show the balance belonging to the Council and the amounts owed to / or by the other precepting bodies for whom the Council collects on behalf of. The following table shows the breakdown of the Collection Fund Balance for 2016/2017 and 2017/2018:

	<b>2016/2017</b> £000	<b>2017/2018</b> £000
<b>Debtor:</b>		
Central Government	0	1,082
Nottinghamshire County Council	0	340
Nottinghamshire Police Authority	0	20
Nottinghamshire Fire and Rescue Service	0	30
<b>Creditor:</b>		
Central Government	-796	0
Nottinghamshire County Council	-1,865	0
Nottinghamshire Police Authority	-241	0
Nottinghamshire Fire and Rescue Service	-115	0
<b>Financing:</b>		
Mansfield District Council	-885	884
<b>Total</b>	<b>-3,902</b>	<b>2,356</b>

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

### 39. TRUST FUNDS AND LEGACIES

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

The Council acts as trustees for three charitable trusts:

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

With the exception of the Racecourse Park, these charitable trusts have no significant assets at 31 March 2018.

#### 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.

	2016/2017	2017/2018
	£000	£000
Total expenditure	74	60
Total Income	-5	-2
<b>Total</b>	<b>69</b>	<b>58</b>

The Trust also invests its permanent endowment with the Council. At 31 March 2018 the value of this investment was £134,104 (£133,659 at 31 March 2017).

**40. CAPITAL EXPENDITURE AND CAPITAL FINANCING**

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

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
<b>Opening Capital Financing Requirement:</b>	<b>114,514</b>	<b>112,467</b>
<b>Capital investment</b>		
Property, Plant and Equipment	8,506	12,209
Investment Property	3,248	4
Intangible Assets	14	6
Revenue Expenditure Funded from Capital Under Statute	569	1,240
Other	-121	535
<b>Sourcing of Financing:</b>		
Capital Receipts	-245	-6,995
Grants and Other Contributions	-3,036	-2,040
Revenue Contributions	0	0
Major Repairs Reserve	-4,316	-3,304
Earmarked Reserves	-1,851	-1,155
Un-earmarked Reserves	0	0
Minimum Revenue Provision (MRP)	-4,815	-3,530
<b>Closing Capital Financing Requirement</b>	<b>112,467</b>	<b>109,437</b>
<b>Explanation of movements in year:</b>		
Increase in underlying need to borrowing (supported by Government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by Government financial assistance)	2,768	500
Less set aside	-4,815	-3,530
<b>Increase / (-) Decrease in Capital Financing Requirement</b>	<b>-2,047</b>	<b>-3,030</b>

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

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

**Assets held under Operating Leases**

The Council has several operating leases for computer equipment. In 2017/2018, the Council paid £83,000 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 2017/2018 the Council paid £603,000 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 2018, analysed by maturity of the contract:



	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Lease expiring within a year	12	1
Expires between two and five years	226	152
Expires over five years	0	0
<b>Total</b>	<b>238</b>	<b>153</b>

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

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Internal Support Service Accounts	18	7
Housing Revenue Account	75	76
<b>Total</b>	<b>93</b>	<b>83</b>

#### **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:

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Not later than one year	4,544	4,840
Later than one year and not later than five years	16,434	17,671
Later than five years	255,249	247,488
<b>Total</b>	<b>276,227</b>	<b>269,999</b>

#### **42. IMPAIRMENT LOSSES**

During 2017/2018 and 2016/2017 the Council had not recognised any impairment losses and therefore no disclosure is required.

#### **43. RETIREMENT BENEFITS**

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

##### **a. Participation in Pensions Schemes**

As part of the terms and conditions of employment of its officers Mansfield District Council makes contributions towards the cost of post-employment benefits. Although these benefits will not

actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

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

In April 2017, Mansfield District Council was given the opportunity to pay three years lump sum payment over to Nottinghamshire County Council in advance for the financial years 2017/2018, 2018/2019 and 2019/2020, which would generate a saving to the Council of £363,157 over the same period. The accounts for 2017/2018 show only one year's lump sum pension payment of £2.232million, with £4.464million being carried forward as a prepayment for the following two years. Due to the lump sum being paid during the 2017/2018 financial year, the Pension Reserve and Pension Liability in the Council's Balance Sheet will vary by the prepayment, however, by the end of 2019/2020, the two will realign.

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

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

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

	Number	Salaries / Pensions	Average Age
		£000	
Active members	715	14,932	50
Deferred pensioners	922	1,586	46
Pensioners	1,004	4,970	72
Unfunded pensioners	260	347	78

#### **b. Transactions Relating to Post-Employment Benefits**

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

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

<b>Transactions Relating to Post-Employment Benefits</b>	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
<b>Comprehensive Income and Expenditure - Statement</b>		
<b>Cost of Services:</b>		
	-	
Current Service cost	4,359	6,361
Past Service costs	0	462
(gain)/loss from settlements	0	0
<b>Financing and Investment Income and Expenditure:</b>		
Net interest expense	3,246	3,068
Administration expenses	39	51
<b>Total charged to the Surplus / Deficit on the Provision of Services</b>	<b>7,644</b>	<b>9,942</b>
<b>Re-measurement of the net defined benefit liability comprising:</b>		
Return on plan assets	21,060	-27
Changes in demographic assumptions	-818	0
Changes in financial assumptions	-45,791	6,734
Other gains and (-)losses	5,627	0
<b>Total charged to Other Comprehensive Income and Expenditure</b>	<b>-19,922</b>	<b>6,707</b>
<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>-12,278</b>	<b>16,649</b>
<b>Movement in Reserves Statement -</b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services	-7,644	-9,942
<b>Actual amount charged against the General Fund Balance for pensions:</b>		
Employers' contributions payable to the Scheme	4,165	5,356

**c. Assets and Liabilities in Relation to Post-Employment Benefits**

The following table provides a reconciliation of present values of the schemes liabilities for the Council during the 2016/2017 and 2017/2018 financial year:

<b>Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)</b>	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
<b>Opening Balance</b>	203,750	250,164
Current service cost	4,359	6,361
Interest cost	7,031	6,677
Contribution from scheme participants	996	1,007
Re-measurement gain/(-)loss:		
Change in demographic assumptions	818	0
Change in financial assumptions	45,791	-6,734
Experience loss / (-) gain on defined benefit obligation	-5,830	0
Past service costs, including curtailments	0	462
Liabilities assumed / (-) Extinguished on settlements	0	0
Estimated benefits paid (net of transfer in)	-6,476	-7,107
Unfunded pension payments	-275	-272
<b>Closing Defined Benefit Obligation</b>	<b>250,164</b>	<b>250,558</b>

The following table provides a reconciliation of fair values of the schemes assets during 2016/2017 and 2017/2018 financial years:

<b>Reconciliation of the Movements in the Fair Value of Scheme Assets</b>	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Opening fair value of scheme assets	108,935	131,948
Interest income	3,785	3,609
Re-measurement gain/(-)loss:		
Return on assets less interest	21,060	-27
Other actuarial gains / (-) losses	-203	0
Administration expenses	-39	-51
Contributions by employer	4,165	9,820
Contributions by employees into the scheme	996	1,007
Benefits paid	-6,751	-7,379
Other	0	0
<b>Closing fair value of scheme assets</b>	<b>131,948</b>	<b>138,927</b>

The interest income on scheme assets and interest expense on scheme liabilities is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date (31 March 2018). 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 2018 was £3.582million (2016/2017 £24.845million).

#### **d. Scheme History**

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

	2016/2017	2017/2018
	£000	£000
Fair value of plan assets	131,948	138,927
Present value of the defined benefit obligation	-250,164	-250,558
<b>Net liability arising from defined benefit obligation</b>	<b>-118,216</b>	<b>-111,631</b>

The liabilities show the underlying commitments that the Council has in the long run to pay for post-employment (retirement) benefits. The total liability of £111.631million 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 Council 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 2018 are £9.820million (2016/2017 being £4.165million). The total contribution of £9.820million includes £4.464million prepayment in respect of the Council paying a three year lump sum payment, starting in 2017/2018 (£2.232million carried forward in respect of both the 2018/2019 and 2019/2020 financial years).

#### e. Projected Pension Expenditure

The projected pension expenses for the year to 31 March 2019 are:

	£000
Service Cost	6,042
Interest Cost	2,810
Administration Expenses	54
<b>Total</b>	<b>8,906</b>
Employer Contributions	2,653

These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31st March 2018. These projections are based on the assumptions as at 31st March 2018, as described in the actuary's report.

#### 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 2016.

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:

	2016/2017	2017/2018
	%	%
<b>Mortality assumptions:</b>		
Longevity at 65 for current pensioners:		
Men	22.5	22.6
Women	25.5	25.6
Longevity at 65 for future pensioners:		
Men	24.7	24.8
Women	27.8	27.9
<b>Financial Assumptions:</b>		
Rate of increase in retail price index (RPI)	3.6	3.35
Rate of increase in consumer price index (CPI)	2.7	2.35
Rate of increase in salaries	4.2	3.85
Rate of increase in pensions	2.7	2.35
Rate for discounting scheme liabilities	2.7	2.55

**Assets**

The return on the Fund for the year to 31 March 2018 is estimated to be 3% (23% for 2016/17).  
The estimated asset allocation for the Council as at 31 March 2018 is as follows:

Asset Share	31 March 2017		31 March 2018	
	£000	%	£000	%
Equities	92,284	70	91,348	66
Gilts	4,034	3	3,183	2
Other Bonds	7,961	6	16,229	12
Property	14,671	11	17,452	13
Cash	6,638	5	2,745	2
Inflation - Linked Pooled Fund	3,294	3	3,437	2
Infrastructure	3,066	2	4,533	3
<b>Total</b>	<b>131,948</b>	<b>100</b>	<b>138,927</b>	<b>100</b>

**Additional Assumptions:**

- Members will exchange half of their commutable pension for cash at retirement.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

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

	2016/2017	2017/2018
	%	%
<b>Mortality assumptions:</b>		
Longevity at 65 for current pensioners:		
Men	22.5	22.6
Women	25.5	25.6
Longevity at 65 for future pensioners:		
Men	24.7	24.8
Women	27.8	27.9
<b>Financial Assumptions:</b>		
Rate of increase in retail price index (RPI)	3.6	3.35
Rate of increase in consumer price index (CPI)	2.7	2.35
Rate of increase in salaries	4.2	3.85
Rate of increase in pensions	2.7	2.35
Rate for discounting scheme liabilities	2.7	2.55

#### **g. Mansfield Joint Crematorium Committee**

The Council along with Ashfield District Council and Newark and Sherwood District Council operates the Mansfield and District Joint Crematorium. The Joint Committee have 13 (FTE) members of staff who are employees of Mansfield District Council. The details of post-employment benefits in this note exclude those staff however they are members of the Local Government Pension Scheme. The legal position, assumptions and risks are similar to those that apply to the Council's other employees and are detailed above.

The amounts included in the Joint Crematorium Committee financial statements are set out in summary below. The actual amounts incurred by Mansfield District Council are set out in notes 27 and 37.

	2016/2017	2017/2018
	£000	£000
<b>i Transactions Relating to Post-Employment Benefits</b>		
<b>Comprehensive Income and Expenditure Statement</b>		
Current Service cost	68	108
Net interest expense	23	34
<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>91</b>	<b>142</b>
Reversal of net charge in the Movement in Reserves Statement made to the Surplus or Deficit on the Provision of Services	-91	-142
Actual amount charged for employers contributions	50	70
<b>ii Pension Assets and Liabilities Recognised the Balance Sheet</b>		
Opening Value of Scheme	635	1,273
Increase/ Reduction in Scheme Liabilities (Defined Benefit Obligation)	967	72
Increase/ Reduction in Fair value of assets	-329	-122
<b>Closing Value of Scheme</b>	<b>1,273</b>	<b>1,223</b>

#### 44. CONTINGENT ASSETS AND LIABILITIES

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

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 £133,659, 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.

In February 2015, PSTAX (the Councils VAT advisors), advised the Council of an opportunity to recover VAT from Royal Mail and HMRC. The Council agreed to pursue the claim: On 28 April 2015, following the matter being litigated, it further agreed that Mishcon De Reya, Solicitors, would act on the council's behalf. The Council is one of 285 named Claimants in the Action. The claim against Royal Mail is that postage charges were charged as exempt, which should have been standard rated for recovery of VAT paid over many years. A consequence of this is that the recipients of such supplies have been prevented from reclaiming input VAT that should have been properly included in the charge. There is a potential refund opportunity for recipients of Royal Mail postage services for the VAT that would have been included in the consideration paid on services treated as exempt that should actually have been taxable; and HMRC for the input VAT "embedded" within past payments made for supplies received from the Royal Mail. The Council has paid £10,535.08 plus VAT in various fees to date; The Council's claim, being net of VAT is £2.8m from 1990 to 2015, which covers different VAT rates; it is therefore difficult with any great accuracy to determine the amount the Council might be refunded from Royal Mail (RM) if it wins the Court Case, but a 10% estimate has been placed, namely £280,000.



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

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

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

It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council also has a policy of limiting deposits with institutions to a maximum of £7million. Each year the Council is required to approve a Treasury Management and Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments; the Treasury Management and Annual Investment Strategy for the 2017/2018 financial year was approved on the 7 March 2017.

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	Historical experience of default	Historical experience adjusted for market conditions as at 31 March	Estimated maximum exposure to default and uncollectability
	£000	%	%	£000
<b>2017/2018</b>				
Deposits with banks and other financial institutions	24,506	0.00	0.00	0
Customers	4,258	9.00	9.00	383
<b>Total</b>	<b>28,764</b>			<b>383</b>
<b>2016/2017</b>				
Deposits with banks and other financial institutions	30,563	0.00	0.00	0
Customers	4,203	9.00	9.00	378
<b>Total</b>	<b>34,766</b>			<b>378</b>

The Council does not generally allow extended credit for customers, but £3.112million of the £4.258million balance relating to 2017/2018 is past its due date for payment. The past due amount can be analysed by age as follows:

	<b>At 31 March 2017 £000</b>	<b>At 31 March 2018 £000</b>
Less than 3 months	384	1,146
3 to 6 months	571	331
6 months to 1 year	237	319
More than 1 year	2,034	2,462
<b>Total</b>	<b>3,226</b>	<b>4,258</b>

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

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

	<b>At 31 March 2017 £000</b>	<b>At 31 March 2018 £000</b>
Public Works Loans Board	74,244	71,186
Market Debt	4,500	4,500
Temporary borrowing	515	514
<b>Total</b>	<b>79,259</b>	<b>76,200</b>
Less than 1 year	3,572	2,071
Between 1 and 2 years	1,557	3,557
Between 2 and 5 years	14,171	18,671
Between 5 and 10 years	36,786	34,729
More than 10 years	23,173	17,172
<b>Total</b>	<b>79,259</b>	<b>76,200</b>

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

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

- decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Comprehensive Income and Expenditure Statement
- increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Comprehensive Income and Expenditure Statement
- the fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost, but will impact on the

disclosure note for fair value. It would have a negative effect on the Balance Sheet for those assets held at fair value in the Balance Sheet, which would also be reflected in Comprehensive Income and Expenditure Statement

- the fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities held at amortised cost, but will impact on the disclosure note for fair value

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

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

According to this assessment strategy, at 31 March 2018, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	<b>At 31 March 2017 £000</b>	<b>At 31 March 2018 £000</b>
Increase in interest payable on variable rate borrowings	14	16
Increase in interest receivable on fixed rate investments that mature within 12 months	-298	-275
Increase in government grant receivable for financing costs	0	0
<b>Impact on (-) Surplus / Deficit on the Provision of Services</b>	<b>-284</b>	<b>-259</b>
Decrease in fair value of 'available for sale' investment assets	0	0
<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>0</b>	<b>0</b>
Decrease in fair value of fixed rate investment assets (no impact on the surplus / deficit on the Provision of Services or other Comprehensive Income and Expenditure Account)	48	0
Decrease in fair value of fixed rate borrowing liabilities (no impact on the surplus / deficit on the Provision of Services or other Comprehensive Income and Expenditure Account)	6,593	5,794

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

### Foreign Exchange Risk

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

**46. AUTHORISATION OF ACCOUNTS FOR APPROVAL**

The Statement of Accounts for Mansfield District Council was signed by the responsible financial officer on the 29 May 2018.

# **SUPPLEMENTARY FINANCIAL STATEMENTS**

## THE HOUSING REVENUE ACCOUNT (HRA)

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

The HRA income and expenditure statement below shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants.

The Council charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2016/2017 £000	Income and Expenditure Statement	Note	2017/2018 £000
	<b>Income</b>		
-25,865	Dwelling rents		-25,557
-553	Non-dwelling rents		-573
-1,102	Charges for services and facilities	3	-1,193
-836	Contribution towards expenditure	4,5	-835
<b>-28,356</b>	<b>Total Income</b>		<b>-28,158</b>
	<b>Expenditure</b>		
6,744	Repairs and maintenance		7,316
7,269	Supervision and management		7,391
104	Rents, rates, taxes and other charges		180
9,934	Depreciation, impairment and revaluation losses of non-current assets	8,9	7,991
32	Debt Management costs		37
307	Increase in bad debt provision		237
<b>24,390</b>	<b>Total Expenditure</b>		<b>23,152</b>
<b>-3,966</b>	<b>Net cost of HRA Services as included in the Comprehensive Income and Expenditure Statement (CIES)</b>		<b>-5,006</b>
521	HRA services' share of Corporate and Democratic Core		526
<b>-3,445</b>	<b>Net Expenditure of HRA Services before exceptional items</b>		<b>-4,480</b>
-34,432	Exceptional item	21	0
<b>-37,877</b>	<b>Net Expenditure or (-) Income for HRA Services</b>		<b>-4,480</b>
	<b>HRA share of operating income and expenditure included in the CIES</b>		
-661	(-) Gain / loss on sale of HRA non-current assets	11	-392
3,176	Interest payable and similar charges	12	2,951
37	Revaluation and impairment of investment property	10	-43
-68	Interest and investment income	12	-83
<b>-35,393</b>	<b>(-) Surplus / Deficit for the year on HRA Services</b>		<b>-2,047</b>

<b>2015/2016</b> £000	<b>Movement on the Housing Revenue Account</b>	<b>Note</b>	<b>2016/2017</b> £000
-23,919	Balance on the HRA at the end of the previous year		-23,474
-35,393	(-) Surplus / deficit for the year on the HRA Income and Expenditure Statement		-2,047
35,838	Adjustments between accounting basis and funding basis under regulations	11	761
<b>445</b>	<b>Net (-) increase / decrease before transfers to or from reserves</b>		<b>-1,286</b>
0	Transfer to / from reserves		0
445	(-) Increase / decrease in year on the HRA		-1,286
<b>-23,474</b>	<b>Balance on the HRA at the end of the current year</b>		<b>-24,760</b>

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

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

- The average weekly rent during 2017/2018 was £73.45 (£74.74 in 2016/2017).
- Voids (empty properties) accounted for 1.44% of the total stock as at 31 March 2018 (1.19% at the 31 March 2017).

Since August 2014, the Council has managed properties on behalf of the ASRA Housing Association. In 2017/2018 100 properties were managed (100 in 2016/2017). Included in dwelling rents for 2017/2018 is income of £171,000, which under the terms of agreement the Council received a management fee of £150,000 (£150,000 in 2016/2017) and £21,000 which was a 50% share of rents collected by the Council in excess of 90% (£22,000 in 2016/2017).

During 2017/2018 the Council raised rent charges on the ASRA properties totalling £396,000, and collected £398,000 (100.47%). In 2016/2017 the rent charges for ASRA properties were £400,000 and collected £403,000 (100.75%).

**2. NON-DWELLING RENTS**

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

**3. CHARGES FOR SERVICES AND FACILITIES**

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

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
District heating	896	845
Sheltered accommodation / warden aided	47	179
Service charges on leased flats	159	169
<b>Total</b>	<b>1,102</b>	<b>1,193</b>

**4. SUPPORTING PEOPLE**

This represents charges for services to vulnerable people such as homeless provision and care of the elderly. In 2017/2018 £111,000 was charged for providing these services. (In 2016/2017 the charge was £112,000).

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

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

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Tenants and residents participation	12	12
Grass cutting in communal areas	117	117
Warden services	130	130
Homeless and housing advice	465	465
<b>Total</b>	<b>724</b>	<b>724</b>



**6. HOUSING SUBSIDY**

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

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

This line in the HRA represents a reserve item which allows account to be taken of any future directions that the Secretary of State might make. During the 2017/2018 financial year there were no directions given.

**8. DEPRECIATION**

Depreciation calculated for HRA non-current assets during 2017/2018 was:

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Council Dwellings	3,229	4,148
Non-Current Assets (Other land and buildings)	294	297
Equipment	9	6
Amortisation of intangible assets	19	19
<b>Total</b>	<b>3,551</b>	<b>4,470</b>

**9. IMPAIRMENT**

During 2017/2018 £3.521million was charged to the Housing Revenue Account for impairment and revaluation losses where there had either been a general fall in the value of the asset or whereby the Council incurred spend on assets for which the value of that expenditure did not lead to a pound for pound increase in that asset. A previous revaluation loss on land was reversed of £72,000.

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

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Council dwellings	6,434	3,536
Assets Under Construction	0	0
Non-Current Assets (Other land and buildings)	-65	-21
Intangible Assets	14	6
<b>Total</b>	<b>6,383</b>	<b>3,521</b>

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

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

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

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

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
Revaluation (-) gains / losses	37	-43
Impairment	0	0
<b>Total</b>	<b>37</b>	<b>-43</b>

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

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

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

<b>2016/2017</b>		<b>2017/2018</b>
£000		£000
	<b>Items included in the HRA Income and Expenditure Statement but excluded from the movement on HRA Statement for the Year</b>	
27,961	Difference between any other item of income and expenditure determined in accordance with the SORP and determined in accordance with statutory requirement	-3,478
661	Gains / (-) loss on sale of HRA non-current assets	392
-217	Net charges made for retirement benefits in accordance with the Code	-372
<b>28,405</b>		<b>-3,458</b>
	<b>Items not included in the HRA Income and Expenditure Statement but included within the movement on HRA Statement for the Year</b>	
4,268	Voluntary set aside for debt repayment	3,000
3,165	Capital expenditure funded by the HRA	1,219
<b>7,433</b>		<b>4,219</b>
<b>35,838</b>	<b>Net additional amount required by statute to be debited / (-) credited to the HRA Statement for the year</b>	<b>761</b>

**12. CAPITAL CHARGES**

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

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

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

	2016/2017 £000	2017/2018 £000
<b>Interest Payable:</b>		
Item 8 Debit	1,789	1,564
Self-financing loan fees	0	0
Self-financing loan interest payable	1,387	1,387
<b>Total</b>	<b>3,176</b>	<b>2,951</b>
<b>Interest Receivable:</b>		
Item 8 Credit	-68	-83

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 2017/2018, there was no revenue expenditure funded from capital under statute charged to the HRA (£0 in 2016/2017).

### 14. RENT ARREARS

The arrears outstanding at the 31 March 2018 for rent not paid to the Council are shown in the table below. The figures in respect of rent due are shown separately to the debts outstanding in respect of the charges for the provision of services and facilities.

	31 March 2017 £000	31 March 2018 £000
<b>Rent Arrears</b>		
Former Tenants	299	285
Current Tenants	791	776
<b>Service and Facilities Arrears</b>		
Former Tenants	4	1
Current Tenants	4	4
<b>Total</b>	<b>1,098</b>	<b>1,066</b>
<b>Outstanding debts as a proportion of gross rent due (rent only)</b>		
Former tenants	1.02%	1.12%
Current tenants	3.18%	3.04%

Bad debts written off in the year amounted to £240,000. The total provision in respect of the £1.066million outstanding debts is £452,000. In 2016/2017 bad debts of £324,000 were written off and the total provision in respect of the £1.098million outstanding debts was £455,000.

## 15. CONTRIBUTION TO PENSION RESERVES

In order to reconcile the actual payments made to the Nottinghamshire County Council pension scheme to the reduced charges shown within the Housing Revenue Account in respect of the assessed value of employer's contributions, it is necessary for a contribution to be made from the HRA to the Pensions reserve. In 2017/2018 the contribution was £392,000 (£217,000 in 2016/2017). This cost is reversed out due to statutory regulations and has no effect on the HRA balances.

## 16. HOUSING STOCK

At the 31 March 2018 the Council's housing stock consisted of the following:

Number of Dwellings	Houses	Bungalows	Flats and maisonettes	Total
Bedsits	0	0	47	47
1 bedroom	4	1,285	1,097	2,386
2 bedroom	843	613	604	2,060
3 bedroom	1,844	26	21	1,891
4 or more bedrooms	116	3	1	120
<b>Total Dwellings</b>	<b>2,807</b>	<b>1,927</b>	<b>1,770</b>	<b>6,504</b>
Hostel properties				44
Garages				899
<b>Total</b>				<b>7,447</b>
The movement in housing stock during the year is analysed as follow:				
<b>Stock at 31 March 2017</b>				<b>7,533</b>
Additions to housing stock				0
Sales, demolitions and disposals				-86
<b>Stock at 31 March 2018</b>				<b>7,447</b>

## 17. ASSET VALUES

The value of the non-current assets held by the HRA at the start of the year and at 31 March 2018 is:

	<b>Value at 31 March 2017</b>	<b>Value at 31 March 2018</b>
	£000	£000
Council Dwellings*	187,508	190,574
Operational land and buildings	13,626	13,797
Investment Properties	1,290	1,332
Assets Under Construction	2,258	7,226
Assets Held for Sale	1,840	2,069
Surplus Assets	681	681
Equipment	18	11
Community Assets	252	253
<b>Closing Balance</b>	<b>207,473</b>	<b>215,943</b>

\* The value of Council Dwellings assuming vacant possession is £455,374,692 at 31 March 2018 (£447,527,364 at 31 April 2017). This is reduced by 58% in 2017/2018 (58% in 2016/2017) to reflect the economic cost to Government of providing council housing as dwellings are tenanted and therefore are valued at less than open market value. Included in this figure are 20 dwellings with a total market value of £1.627million which are expected to be sold in 2017/2018 under the right to buy scheme.

## 18. MAJOR REPAIRS RESERVE

The following table shows the movement on the Major Repairs Reserve during the 2017/2018 financial year:

	<b>2016/2017</b>	<b>2017/2018</b>
	£000	£000
<b>Opening Balance</b>	-9,958	-12,358
Depreciation charged to HRA	-3,551	-4,470
Revenue contribution to Capital	-3,165	-155
Financing of capital expenditure	4,316	3,304
<b>Closing Balance</b>	<b>-12,358</b>	<b>-13,679</b>

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

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

	2016/2017 £000	2017/2018 £000
<b>Expenditure:</b>		
Land and other property	0	50
Council Dwellings	3,402	3,536
Assets Under Construction	3,143	4,968
Intangible asset	14	6
Equipment	0	0
<b>Financed By:</b>		
Capital Receipts	-39	-4,159
Major Repairs Reserve	-4,316	-3,304
Revenue contribution to Capital	0	-1,064
Grants and contributions	-2,204	-33
Borrowing	0	0
Earmarked reserves	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 20. CAPITAL RECEIPTS

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

	2016/2017 £000	2017/2018 £000
Sale of council dwellings*	2,608	1,626
Repayment of mortgages	1	1
Disposal of land and other property	102	81
<b>Total</b>	<b>2,711</b>	<b>1,708</b>

\* Not all of these receipts are available for use by the Council; in 2017/2018, £474,000 (£479,000 in 2016/2017) was paid across to the Government in respect of HRA capital receipts.

## 21. EXCEPTIONAL ITEMS

There have been no exceptional items in 2017/2018. In 2016/2017 there had been an exceptional item. The Council's Housing Stock are valued at Existing Use Value Social Housing (EUV-SH) this is arrived at by first measuring the Council dwellings at Market Value and then applying a reduction factor stipulated by the Department for Communities and Local Government (DCLG). The reduction factor in 2016/2017 was 58% (66% in 2015/2016). The reduction factor is to reflect the economic cost of providing Council Housing. The change in the reduction factor from 66% to 58% has resulted in an increase in the value of Council dwellings by £44.687million. This gain reverses a previous revaluation loss of £34.432million which occurred in 2010/2011 (when the factor was reduced from 50% to 34%). The exceptional item has no effect on the HRA balance as at 31 March 2017 due to statutory regulations requiring this gain to be reversed out. The remaining gain of £10.255million has been taken to the Revaluation Reserve.

## 22. PRIOR PERIOD ADJUSTMENTS

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

## **THE COLLECTION FUND**

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

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

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

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

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

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

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

**COLLECTION FUND STATEMENT**

2016/17			COLLECTION FUND	2017/18		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£000	£000	£000		£000	£000	£000
<b>INCOME</b>						
0	-50,090	-50,090	Council Tax Receivable	0	-52,450	-52,450
-29,600	0	-29,600	Business Rates Receivable	-26,974	0	-26,974
<b>-29,600</b>	<b>-50,090</b>	<b>-79,690</b>		<b>-26,974</b>	<b>-52,450</b>	<b>-79,424</b>
<b>EXPENDITURE</b>						
Apportionment of Previous Year Surplus or (Deficit)						
-1,220	0	-1,220	Central Government	643	0	643
-976	73	-903	Mansfield District Council	515	288	803
-220	487	267	Nottinghamshire County Council	116	2,013	2,129
-24	28	4	Nottinghamshire Fire and Rescue Service	13	115	128
0	70	70	Nottinghamshire Police Authority	0	281	281
<b>-2,440</b>	<b>658</b>	<b>-1,782</b>	Surplus or (-) Deficit balance carried forward	<b>1,287</b>	<b>2,697</b>	<b>3,984</b>
<b>PRECEPTS, DEMANDS AND SHARES</b>						
13,810	0	13,810	Central Government	14,101	0	14,101
11,048	5,222	16,270	Mansfield District Council	11,282	5,338	16,620
2,486	36,490	38,976	Nottinghamshire County Council	2,538	39,065	41,603
276	2,088	2,364	Nottinghamshire Fire and Rescue Service	282	2,176	2,458
0	5,086	5,086	Nottinghamshire Police Authority	0	5,300	5,300
0	75	75	Warsop Parish Council	0	89	89
<b>27,620</b>	<b>48,961</b>	<b>76,581</b>		<b>28,203</b>	<b>51,968</b>	<b>80,171</b>
<b>CHARGES TO COLLECTION FUND</b>						
0	0	0	Write offs of uncollectable amounts	0	0	0
154	409	563	Increase/(-) Decrease in Bad Debt Provision	257	295	552
-2,241	0	-2,241	Increase/(-) Decrease in Provision for Appeals	396	0	396
0	-7	-7	Hardship relief	0	-8	-8
0	268	268	DWP benefit adjustment	0	0	0
36	0	36	Renewable energy	66	0	66
128	0	128	Cost of Collection	127	0	127
15	0	15	Transitional Protection Payments	394	0	394
<b>-1,908</b>	<b>670</b>	<b>-1,238</b>		<b>1,240</b>	<b>287</b>	<b>1,527</b>
<b>-6,328</b>	<b>199</b>	<b>-6,129</b>	<b>(-) Surplus or Deficit in year</b>	<b>3,756</b>	<b>2,502</b>	<b>6,258</b>
4,736	-2,509	2,227	(-) Surplus or Deficit balance brought forward	-1,592	-2,310	-3,902
<b>-1,592</b>	<b>-2,310</b>	<b>-3,902</b>	<b>(-) Surplus or Deficit balance carried forward</b>	<b>2,164</b>	<b>192</b>	<b>2,356</b>



## INCOME FROM BUSINESS RATEPAYERS

Non-Domestic Rates (NDR) or Business Rates are paid by businesses. Central Government specifies an annual rate in the pound 47.9p in 2017/2018 (49.7p in 2016/2017) 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 2017/2018 after reliefs was £27.0million (£29.6million in 2016/2017).

The Council receives an allowance from the Collection Fund towards the collection of Business Rates, for 2017/2018 this was £126,789 (£128,223 in 2016/2017).

	As at 31 March 2017	As at 31 March 2018
Total Rateable Value (£000)	71,434	74,503
Non Domestic Rating Multiplier	49.7p	47.9p
Small Business Multiplier	48.4p	46.6p

As a result of being in the Nottinghamshire pool, for 2017/2018 the Council is forecasted to receive a returned levy of £117,370 (2016/2017 £249,805).

The surplus in Business Rates of £2.164million (Surplus of £1.592million as at 31 March 2017) will be carried forward into the 2018/2019 financial year to be recovered by Central Government and the major preceptors.

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

Under the Business Rates Retention Scheme, local authorities are required to provide for the potential loss of business rates as a result of businesses successfully appealing against the rateable valuation of property occupied. The provision is funded from the Collection Fund and the cost shared between the Members of the Business Rates pool. The total of the appeals provisions is £2.7million (2016/2017 £2.3million) with the Council being responsible for £1.1million (2016/2017 £0.9million).

The £1.1million provision for appeals is included within the Council's disaggregated share of the collection fund balances held in the consolidated balance sheet.

## COUNCIL TAX

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

The Council Tax Base for the 2017/2018 financial year was 28,895 and was calculated as shown below:

<b>Band</b>	<b>Number of Chargeable Properties</b>	<b>Ratio to Band D</b>	<b>Number of Band D Equivalents</b>
A*		5/9	25
A		6/9	12,005
B		7/9	6,253
C		8/9	5,131
D		9/9	3,418
E		11/9	1,633
F		13/9	540
G		15/9	298
H		18/9	32
<b>Total</b>			<b>29,335</b>
Less adjustment for collection rate			-440
<b>Council Tax Base 2016/2017</b>			<b>28,895</b>

The basic amount of Council Tax for a Band D property was £1,824.68 in 2017/2018. (£1,729.14 in 2016/2017).

**Mansfield District Council**

**DRAFT ANNUAL GOVERNANCE STATEMENT (AGS)**

**2017/2018**

**1. Scope of Responsibility**

- 1.1 Mansfield District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Mansfield District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Mansfield District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 Mansfield District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016 Edition*. A copy of the code is on our website or can be obtained from the Civic Centre, Chesterfield Road South, Mansfield, NG19 7BH. This statement explains how Mansfield District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, Regulation 6(1) which requires all relevant bodies to prepare an AGS.

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

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Mansfield District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Mansfield District Council for the year ended 31 March 2018 and up to the date of approval of the statement of accounts.

3. **Statement of Overall Opinion**

- 3.1 It is our opinion, based upon the content of this AGS, that the Council's governance framework is robust and that the governance arrangements have proved to be highly effective during 2017/2018.
- 3.2 The Audit Committee is satisfied that the Corporate Governance Action Plan enclosed as Table 2 in Section 5 of this AGS includes all the improvements identified from the effectiveness reviews carried out of the Council's governance arrangements and that the actions to address them are adequate.
- 3.3 The Council is committed to fully implement, during 2018/2019, the improvements detailed in the Corporate Governance Action Plan, with the Audit Committee being responsible for monitoring implementation.

Executive Mayor .....

Date .....

Chief Executive Officer .....

Date .....

#### 4. **Implementation of Corporate Governance Action Plan – 2016/2017**

- 4.1 Table 1 below provides the position in respect of implementing the actions from the effectiveness reviews carried out to inform the 2016/2017 AGS:

**Table 1 - Corporate Governance 2016/2017 Action Plan – Position Statement as at 31 March 2018**

Ref	Action	Lead officer	Target Completion Date	Position as at 31 March 2018
1	To fully implement the agreed actions from the OSC3 Task & Finish group review of the Council's procurement arrangements	David Ashcroft	30 June 2017	The majority of agreed actions have been fully implemented – The main outstanding area is in respect of the production of contract management guidance which will be delivered as part of the financial decision making procedures review to be undertaken during 2018/2019 as detailed in Table 2 below
2	To introduce an e-learning counter fraud awareness solution	Adrian Pullen	30 September 2017	Implemented
3	To consider using the CIFAS Internal Fraud Database	Adrian Pullen	31 July 2017	Implemented

Ref	Action	Lead officer	Target Completion Date	Position as at 31 March 2018
4	To fully implement the Community Involvement Strategy action plan for 2017/2018	Jeanette Marples	31 March 2018	Implemented
5	To introduce formal budgeting guidance and related protocols	David Ashcroft	31 August 2017	A draft protocol has been produced which will be evaluated as part of the financial decision making procedures review to be undertaken during 2018/2019 as detailed in Table 2 below prior to final issue
6	To fully implement the Corporate Risk & Opportunity Management Strategy action plan for 2017/2018	Adrian Pullen	31 March 2018	Although significant progress has been made during 2017/2018, further actions are required during 2018/2019 to achieve the overarching objective of embedding the Corporate Risk & Opportunity Management Strategy as stated in Table 2 below

Ref	Action	Lead officer	Target Completion Date	Position as at 31 March 2018
7	To develop a programme for the Audit Committee to enable it to effectively deliver its responsibilities in respect of the Council's risk and opportunity management arrangements	Adrian Pullen	31 July 2017	Implemented
	To implement the agreed programme	Adrian Pullen	31 March 2018	Implemented
8	To deliver a comprehensive training programme to the Audit Committee during 2017/2018	Adrian Pullen	31 March 2018	The majority of the 2017/2018 training programme has been delivered with the sessions not delivered being included in the 2018/2019 programme
9	To provide the Audit Committee with greater assurance in respect of the governance arrangements of the Council's major projects by more active and consistent involvement of Internal Audit in individual projects	Adrian Pullen	2017/2018	Implemented

## 5. **Significant Governance Issues / Areas for Improvement – 2017/2018**

5.1 No significant governance issues have been identified during 2017/2018

5.2 Table 2 below details the actions required to deliver the improvements identified from the reviews carried out during 2017/2018 of the effectiveness of the Council's governance arrangements:

**Table 2 – Corporate Governance Action Plan – 2017/2018**

Ref	Source	Action	Lead officer	Target Completion Date
1	Corporate Governance Action Plan – 2016/2017	To produce contract management guidance as part of the financial decision making procedures review	Adrian Pullen	31 December 2018
2	Corporate Governance Action Plan – 2016/2017	To evaluate the draft budgeting guidance and related protocols as part of the financial decision making procedures review prior to final issue	Adrian Pullen	30 June 2018
3	Corporate Governance Action Plan – 2016/2017	To ensure that the overarching objective of embedding the Corporate Risk & Opportunity Management Strategy is achieved	Adrian Pullen	30 September 2018



Ref	Source	Action	Lead officer	Target Completion Date
4	Review of the Council's Counter Fraud & Corruption Arrangements	Refresher training will be undertaken on the Council's counter fraud and corruption arrangements for employees and Members	Adrian Pullen	30 September 2018
5	Review of the Council's Counter Fraud & Corruption Arrangements	The extended use of data analytical tools by the Council will be considered	Adrian Pullen	30 September 2018
6	Review of the Council's Counter Fraud & Corruption Arrangements	The recommended practice of counter fraud staff being consulted in respect of fraud proofing new policies, strategies and initiatives will be considered as part of the review of financial decision making procedures and reporting template	Adrian Pullen	30 September 2018
7	Corporate Governance Review	To produce a long term financial strategy	Mick Andrews	30 September 2018
8	Corporate Governance Review	To implement the agreed actions from Internal Audit's review of performance management particularly in respect of service planning	As detailed in the performance management implementation plan	

Ref	Source	Action	Lead officer	Target Completion Date
9	Corporate Governance Review	To implement the agreed actions from the External Quality Assessment (EQA) of Internal Audit	Adrian Pullen	As detailed in the EQA action plan
10	Corporate Governance Review	To implement agreed actions from the review of financial decision making procedures	As detailed in the action plan produced at the end of the project	

## 6. The Governance Framework

### Vision and Priorities

- 6.1 The Council's vision and priorities are contained in its Corporate Plan. All departments are required to develop service delivery plans which link to the Corporate Plan.

The vision of Mansfield District Council as stated in its Corporate Plan is to:

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

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

The Council's key priorities until 2019 are:

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

- 6.2 The Council's Corporate Values of Excellence, Integrity, Teamwork, Empower and Involve, and Passion and Pride summarise its way of thinking to deliver positive outcomes for its customers.

Underpinning the Corporate Values is its commitment to equality as it aims to treat everyone fairly and strives to achieve equality for its diverse communities.

- 6.3 The Council's Medium Term Financial Strategy (MTFS) for 2018/2019 to 2021/2022 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.

- 6.4 The Council is currently delivering its Transformation Plan which sets out how it will become an innovative, efficient, customer focussed, high performing 21<sup>st</sup> Century Authority.

### Quality of Services

- 6.5 The Council has an ongoing commitment to community engagement and empowerment and has a Community Involvement Strategy and toolkit to accompany the Customer Insight and Journey Mapping toolkits.

- 6.6 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.

- 6.7 The Council in accordance with its Corporate Procurement Policy and Strategy aims to promote effective procurement practices across the whole organisation to support delivery of its Corporate Plan.

- 6.8 The Council has in place a corporate complaints system which ensures effective monitoring and action is taken where appropriate.

### **Constitutional Matters**

- 6.9 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
- 6.10 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.
- 6.11 The Chief Executive as Head of Paid Service has a duty to monitor and review the operation of the Council's Constitution to ensure its aims and principles are given full effect.

### **Codes of Conduct**

- 6.12 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.
- 6.13 Compliance with the member and employee codes of conduct is monitored by the Council's Standards and Personnel Committees respectively.
- 6.14 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**

- 6.15 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.
- 6.16 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.
- 6.17 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*.
- 6.18 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.
- 6.19 The Council has robust policies and procedures relating to the use of resources and the corporate governance framework, including Financial Regulations and Contract Procedure Rules, Scheme of Delegation, IT Strategy, Anti-Fraud and Corruption Strategy and Whistle-blowing Code.

## **Risk and Opportunity Management**

- 6.20 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 Corporate Risk and Opportunity Management Strategy with an annual report on its effectiveness to the Audit Committee.
- 6.21 The Council has a Risk and Opportunity Monitoring Group which has defined terms of reference to monitor the effective delivery of the Council's Corporate Risk and Opportunity Management Strategy across the authority. In addition the Council's Audit Committee is responsible for monitoring the effective development and operation of risk and opportunity management.

## **Audit Committee**

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

## **Development and Training Needs**

- 6.23 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.
- 6.24 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.
- 6.25 The Council also has a peer coaching and mentoring programme for Members and has a management development programme for officers based upon its competency framework.
- 6.26 In accordance with the Member Development Charter for the East Midlands, the Council has a comprehensive member development programme in place.

## **7. Review of Effectiveness**

- 7.1 Mansfield District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit and Assurance Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 7.2 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
  - Internal Audit has undergone an external independent quality assessment of its practices to provide assurance as to its compliance with the Public Sector Internal Audit Standards

and also best practice. An action plan to address the agreed areas for further development will be implemented during 2018/2019

- The Audit and Assurance Manager's review of the Council's level of compliance with its adopted Local Code of Corporate Governance concluded that the overall level of compliance is high, although areas were identified where it was considered that there was an opportunity for further improvement.
- The Audit and Assurance Manager has completed a review of the Council's ethical governance arrangements with an overall excellent assurance level being achieved
- The Standards Committee monitors Members' compliance with the Code of Conduct and considers any action required from this monitoring. No significant issues have been identified
- The Council's counter fraud and corruption arrangements have been reviewed during 2017/2018 to ensure that they continue to be effective and are fully compliant with both the Local Government Counter Fraud and Corruption strategy 2016-2019 and CIPFA's Code of Practice on "managing the risk of fraud and corruption". Areas for improvement identified have been included in Table 2 of this statement
- A report on the Council's compliance with its Corporate Risk and Opportunity Management Strategy will be presented to the Audit Committee in July 2018
- The Council has a number of Overview and Scrutiny Committees which provide an overview and scrutiny role. They can "call in" a decision which has been made by the Executive or an officer (where the decision is a key decision) but not yet implemented, to enable them to consider whether they consider the decision is appropriate. They also enquire into issues which are of local concern
- The Audit Committee received a variety of reports during 2017/2018 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
- The Audit and Assurance Manager's Annual Report for 2017/2018 gave an unqualified opinion
- External Audit's Annual Governance report, which summarises the findings from their 2016/2017 audit work gave an unqualified opinion on the financial statements and did not identify any material weaknesses in the design or operation of internal control

## Glossary of Financial and Accounting Terms

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

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

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

**AGENCY SERVICES** Services, which are performed by a local authority, where the authority legally responsible for the service reimburses the agent (the authority doing the work) for the cost of the work, carried out.

**BALANCE SHEET** A statement of the recorded assets, liabilities and other balances 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 (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** The business rate retention scheme was introduced from 1 April 2014 which provided a direct link between business rates growth and the amount of money local authorities have to spend on services. Local authorities can keep a proportion of their business rates collected in their area after certain contributions to and from the Government have been made.

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

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

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

**COUNCIL TAX** The main source of local taxation for councils. It is levied on households within the council's area by the billing authority and distributed to the County Council, Police and Fire Authorities, and to meet the cost of the Council's 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** The 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** The 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 that is used for day-to-day spending on services. 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** The 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** 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** The 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** The 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 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, that 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** The 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** The central government agency, which provides loans to local authorities.

**REVENUE EXPENDITURE** The 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.

## HOW TO CONTACT US

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



Telephone 01623 463145



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



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



Or by writing to:

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

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

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