



**Statement of  
Accounts  
2021/22**

**Running Order of the Statement of Accounts Document**

**Narrative Report**

**Introduction to the Statements**

**Statement of Responsibilities for the Statement of Accounts**

**Movement in Reserves Statement**

**Expenditure and Funding Analysis**

**Comprehensive Income and Expenditure Statement**

**Balance Sheet**

**Cash Flow Statement**

**Notes to the Core Financial Statements**

- 1 Accounting Policies
- 2 Accounting Standards Issued, Not Yet Adopted
- 3 Critical Judgements in Applying Accounting Policies
- 4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty
- 5 Material Items of Income and Expense
- 6 Events After the Balance Sheet Date
- 7 Note to the Expenditure and Funding Analysis
- 8 Expenditure and Income Analysed by Nature
- 9 Analysis of the Movement in Reserves Statement - Adjustments Between Accounting Basis and Funding Basis
- 10 Movements in Earmarked Reserves
- 11 Property, Plant and Equipment
- 12 Investment Properties
- 13 Intangible Assets
- 14 Financial Instruments
- 15 Inventories
- 16 Capital Commitments
- 17 Debtors
- 18 Cash Flow Statement - Cash and Cash Equivalents
- 19 Assets Held for Sale
- 20 Creditors
- 21 Provisions
- 22 Usable Reserves
- 23 Unusable Reserves
- 24 Cash Flow Statement - Operating Activities

- 25 Cash Flow Statement - Investing Activities
- 26 Cash Flow Statement - Financing Activities
- 27 Cash Flow Statement - Reconciliation of Liabilities arising from Financing Activities
- 28 Agency Services
- 29 Members' Allowances
- 30 Officers' Remuneration
- 31 External Audit Costs
- 32 Grant Income
- 33 Related Parties
- 34 Capital Expenditure and Capital Financing
- 35 Leases
- 36 Impairment Losses
- 37 Termination Benefits
- 38 Defined Benefit Pension Scheme
- 39 Contingent Liabilities/Assets
- 40 Interests in Other Entities
- 41 Shared Services/Joint Operations

#### **HRA Income and Expenditure Statement**

##### **Movement on the HRA Statement**

- 42 Housing Stock
- 43 Valuation of Assets
- 44 Depreciation
- 45 Major Repairs Reserve
- 46 Impairment (Including the reversal of previous years' revaluation decreases)
- 47 Capital Expenditure and Financing
- 48 Capital Receipts
- 49 Rent Income
- 50 Pension Reserve
- 51 Revenue Expenditure Funded from Capital Under Statute

##### **The Collection Fund Accounting Statement**

- 52 Income from Business Ratepayers
- 53 Council Tax
- 54 Allocation of Collection Fund Surpluses and Deficits
- 55 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

##### **The Independent Auditor's Report**

##### **The Annual Governance Statement**

## **NARRATIVE REPORT**

### **Introduction**

Bolsover District Council covers an area of 62 square miles on the edge of Derbyshire in the East Midlands. With a population of 79,000 people there are sixteen town and parish councils within the district.

Operating alongside Derbyshire County Council in providing local authority services to residents, District Council services provided include:

- benefits
- economic development
- elections
- environmental health
- housing
- leisure
- planning
- waste collection

### **Organisation and Governance**

The Council has around 510 employees including 2 apprentices. The Council pays an apprenticeship levy at 0.5% of the total pay bill. This money is used to pay for apprenticeship training for new recruits and existing employees.

The Council has 37 Elected Members who are democratically accountable to their residents. Elections are held every four years, the latest being May 2019. Members follow a Code of Conduct to ensure high standards in the way they carry out their duties. The Council has an Executive consisting of the Leader and seven Members who are supported and held to account by four Scrutiny committees. More information on the Council's Governance Framework is included in the Council's Annual Governance Statement which is available on our website.

Following the local elections in May 2019, a new Council Ambition 2020-2024 was developed.

The Ambition is split into key areas of Customers, Economy and Environment, with a number of priorities supported beneath each one. The Ambition is intended to be flexible and adaptable, allowing scope for new projects to be delivered whilst being prepared to address uncertainties such as reductions in funding and income we receive, changes in legislation that affect our services or influences that affect our local communities and their way of life, such as Coronavirus.

### **Strategy and Resource Allocation**

The Code of Practice on Local Authority Accounting in the United Kingdom requires reports of financial performance to be presented according to how the authority has been managed.

The Council's internal management reporting for decision making is shown per directorate. All the services of the Council fall into either the Corporate Resources, Development or Environment and Enforcement Directorates for 2021/22.

The statutory ring-fence that exists to prevent cross subsidisation between the general fund and housing revenue account means that the Council has to breakdown the Development and Environment and Enforcement Directorates to identify the two separate elements.

In February 2021, following recommendation by Executive, the Council approved a budget for revenue and capital expenditure for the 2021/22 financial year.

### **General Fund**

Before the council tax increase a deficit of £0.291m was proposed for the original budget for the Corporate Resources Directorate and the non-HRA element of the Development and Environment and Enforcement Directorates - the General Fund.

To finance these General Fund services were income from business rates of £4.753m; Revenue Support Grant £1.195m; New Homes Bonus Grant £0.259m, Lower Tier Services Grant £0.229m and council tax income of £7.287m. The Council's element of the council tax bill for 2021/22 was increased by 2.75%. This resulted in a Band D council tax charge of £186.28 for services provided by Bolsover District Council and provided an additional £0.110m in revenue. Covid-19 related Government support amounted to £0.791m.

Between the original budget being set in February 2021 and the revised budget receiving approval in December 2021, a number of changes meant the General Fund was predicted to outturn a £0.081m deficit. A combination of extra income received from council tax, business rates and service income and vacancy management have meant an improvement of £0.211m from the original budget.

As detailed below, at net cost of service level the outturn position of £9.563m was £1.170m lower than the revised budget forecast:

	Current Budget 2021/22 £000	Outturn Actual 2021/22 £000	Variance 2021/22 £000
Directorates:			
Corporate Resources	2,937	2,364	(573)
Development	2,514	2,193	(321)
Environment and Enforcement	5,282	5,006	(276)
Net Cost of Services	10,733	9,563	(1,170)

The main under spends were: net debt charges and investment interest of £0.214m; £0.032m on the ICT software and related costs; £0.399m net under spend on staff related budgets; £0.052m increased planning fees. The balance was non-staff miscellaneous variances £0.447m.

The actual net cost of services shown above links to the net expenditure chargeable to the General Fund Balance in the Expenditure and Funding Analysis Note. The Expenditure and Funding Analysis Note provides a link between the funding basis that is reported for management decision making and the statutory accounting basis as reported in the Comprehensive Income and Expenditure Statement.

#### Housing Revenue Account (HRA)

The Housing Revenue Account is a legally separate account which ring-fences the income from council house rents. Rental income is then used to meet the costs of managing and maintaining the Council's housing stock, including the significant burden of debt which was assigned to the Council as part of the localisation of the HRA in March 2012.

When the original budget was proposed for the HRA there was a surplus of £0.006m. For decision making the HRA falls within the Development and the Environment and Enforcement Directorates.

During 2021/22 the Council continued to operate in accordance with Government rent policy which meant an average increase in rents to tenants of 1.5%. Rental income from dwelling rents was estimated as £20.819m with fees and charges income predicted to be £0.792m.

Movement in the HRA between original and revised budgets was managed between budget lines with no effect on the bottom line which meant the HRA surplus was predicted to remain at £0.006m by 31st March.

As detailed below, at net cost of service level the outturn position on the HRA was £0.387m more favourable than the revised budget forecast:

	Current Budget 2021/22	Outturn Actual 2021/22	Variance 2021/22
Directorates:	£000	£000	£000
Development	5,773	5,590	(183)
Environment and Enforcement	(14,552)	(14,756)	(204)
Net Cost of Services	(8,779)	(9,166)	(387)

The main expenditure under spends were in relation to staff costs at £0.181m. The income position was over achieved by £0.173m due to better than anticipated property lettings.

Again, the actual net cost of services shown above links to the net expenditure chargeable to the Housing Revenue Account Balance in the Expenditure and Funding Analysis Note, providing the link between management decision making and the Comprehensive Income and Expenditure Statement.

### Capital Expenditure and Resources

The Council invested £15.546m on capital schemes in the year. This related to capital expenditure on Housing Revenue Account assets £13.093m, General Fund assets £1.983m and private sector housing improvement works £0.470m.

The following tables give an analysis of the expenditure and how it was financed:

<u>Main capital schemes delivered in year</u>	2021/22 £000
New Council Houses	6,051
New Bolsover Regeneration Programme	506
Improvements to the Council's housing stock	6,290
New technology and software	269
Leisure pitch, gym and equipment	833
Replacement vehicles and plant	655
Private Sector Disabled Facilities Grants	470
Improvements to Council's own buildings	299
Others	173
	<u>15,546</u>
<u>How schemes were paid for</u>	2021/22 £000
Prudential borrowing (HRA)	1,004
Grants and other contributions	2,724
Major repairs allowance	5,597
Reserves and revenue contributions	5,616
Usable capital receipts from asset sales	605
	<u>15,546</u>

## Treasury Management

At 31st March 2022, the Council had a total capital financing requirement (Council debt) of £116.241m. This is a net decrease in the year of £0.342m. This reflects prudential borrowing undertaken in the year on the HRA, offset by the provision for debt repayment. The Council's debt is funded from the Public Works Loan Board (P.W.L.B.), with no new loans raised and £3.7m principal repayment made to the PWLB, during the year. The Council has a general policy of not utilising leased assets to fund capital purchases. During the year the Council continued to operate within the limits agreed in its Treasury Management Strategy.

## **Assets**

The last full valuation was undertaken as at 1st April 2018, however, an annual desk top review by the Council of all the assets it holds is undertaken at 31st March to ensure that the figures appearing in the accounts are up to date. This exercise ensures that the Statement of Accounts reflects the correct valuation of all the assets held by the Council. Adjustments are made within the Accounts to reflect these changes in asset values, but these accounting adjustments have no impact on the charges to our Council Tax payers or our housing tenants.

During 2021/22, the Council continued with its Bolsover Homes Programme building 34 new properties at a cost of £10.2m. The properties are in Bolsover, Clowne, Creswell and Whitwell.

During the year the Council sold 41 properties under the Right to Buy legislation and demolished 10.

## **Reserves and Balances**

The Council's total usable reserves and balances have decreased by £1.793m to £48.626m. These include general reserves of £4.178m (General Fund and Housing Revenue Account balances). Additionally, the Council has £5.503m that relates to unapplied revenue and capital grants, earmarked general fund revenue reserves of £18.510m, earmarked HRA reserves of £11.807m, capital receipts reserve of £5.207m and £1.123m major repairs reserve at 31st March 2022. The Council also has a Covid-19 reserve of £2.298m which contains the amount which has to be repaid to the Collection Fund in 2022/23 for the business rates deficit.

## **Collection Fund**

### Business Rates

In 2021/22, £24.427m of Business Rates income was received from ratepayers. After taking account of appropriate charges to the collection fund, the balance is apportioned between the Government (50%), BDC (40%), Derbyshire County Council (9%) and Derbyshire Fire Authority (1%). During the year £28.168m was paid on account to the above parties with an amount of £7.992m being paid into the collection fund to repay the previous years' deficit. At 31st March 2022 there is a deficit of £7.059m. This amount will be settled by the various parties in 2022/23 and 2023/24. The Council's net share of this deficit is £2.824m.

### Council Tax

In 2021/22 £45.797m of Council Tax income was raised. During the year £44.929m was precepted on the collection fund with £0.665m being paid in for the previous years' deficit. At 31st March 2022 there is a deficit of £0.037m. This deficit will be reclaimed from the precepting authorities during 2022/23 and 2023/24. This Council's share of the deficit is £0.006m.

## **Pension Fund Liability**

The value of what the Council owes across future years is offset by the value of assets invested in the pension fund. These figures are provided by the actuary to the Derbyshire County Council Pension Fund, Hymans Robertson LLP. The latest full valuation of the scheme was undertaken at 31st March 2019.

The Council's liabilities have decreased by £5.979m with an increase in the fair value of assets of £7.531m. The net movement is a decrease in the liability of the fund of £13.510m. The pension liability of the Council is £41.702m at 31st March 2022.

## **Risks and Opportunities**

The longer term sustainability of both our service delivery and the Council's financial position are protected by Corporate, Service and Financial Plans which cover a four year period. These are supported by a Risk Management Strategy and associated framework which identifies and mitigates the Strategic and Operational risks which could hinder or prevent our plans being achieved.

Our organisation is risk aware rather than risk averse as the decision whether to accept risk has to be taken in light of the potential benefits of a proposed course of action. The extent to which the Council is risk averse, will undoubtedly impact on its potential to progress available opportunities to secure benefits for local residents.

The risk management approach, both in the identification of risks and the action taken to address the risks, is flexible and has the ability to respond to change. National policies, service delivery arrangements, national and local circumstances, together with Council priorities have and will continue to change and evolve over time. The Council's risk management focus and arrangements are able to adjust in order to ensure that current threats and opportunities are effectively addressed and not stifled by inappropriate risk management arrangements.

Although the Council can do much to manage the risks it faces, it does need to be recognised that some of the major strategic risks are only partially within its direct influence. Key risks included in the Strategic Risk Register at present are:

- STR1 - The introduction of Government Legislation/Parliamentary uncertainty which has an adverse impact on the Council's budget or ability to carry out its statutory functions, for example the Government White Paper on Levelling Up and the potential impact of devolution.
- STR2 - Failure to deliver a balanced budget in line with the Medium Term Financial Plan, at a time when the Council's reserves are limited to 'adequate' levels.
- STR3 - The Council is affected by an operational failure which has a major impact upon the provision of services to residents, communities and/or businesses (for example ICT failure, utilities failure or building/depot failure).
- STR4 - It becomes increasingly difficult to recruit to key posts or to replace key staff who leave (for example Environmental Health Officers). Staff morale is adversely affected as a result of the pace of change, tightening financial circumstances or external circumstances.
- STR5 - Continued delivery of statutory services alongside the Council's Vision and other initiatives, projects and reforms, potentially overstressing limited resources.
- STR6 - Emergency planning and business continuity arrangements fail to meet required standards when tested by flu pandemic, natural disaster (flood) etc.
- STR7 - Lack of strategic direction from Members/Corporate Management, external partners change strategic direction.
- STR8 - Governance arrangements including performance, finance and risk management, need to be maintained in order to continue to operate effectively in a rapidly changing environment.
- STR9 - HS2, without considerable environmental mitigation measures, HS2 will have a significant impact on the visual amenity of the district, disruption to businesses, home owners and communities.
- STR10 - Failure to have in place robust, comprehensive and up-to-date policies and procedures for safeguarding children and vulnerable adults.
- STR11 - Failure to address the impact of COVID-19 upon the organisation, local economy and community.

- STR12 - Cyber security attack which severely impacts ICT systems and data. E.g. Ransomware attack rendering access to ICT unavailable for some time.
- STR13 - Significant increases to general cost of living which may impact on Council income including Council Tax, Business Rates and Rent arrears and reduced leisure income.
- STR14 - Significant increases in fuel prices (both vehicle and property) having an adverse effect on the Council's budget.
- STR15 - Homes for Ukraine Scheme including safeguarding, potential homelessness and effective co-ordination of the scheme whilst in its early stages of development.
- STR16 - The impact of Climate Change including: the impact of Government national policy and targets; the impact of statutory requirements to meet targets on the Council's budget; Failure to meet the Council's Climate Change targets; Responding to environmental changes including severe weather events.

To facilitate the effective identification of risk there is an embedded culture of risk management in place across the Council. This will help mitigate the threat that those risks which materialise will prevent the achievement of Strategic Aims / Priorities or Key Targets.

### **Performance**

The Council Ambition 2020-2024 was developed to replace the previous Corporate Plan. This document sets out the Council's key objectives, with a number of priorities supporting each one.

The Council's Ambition for 2020-2024 is - "To become a dynamic, self-sufficient and flexible Council that delivers excellent services, whilst adapting to local aspirations and acting as the economic and environmental driver for Bolsover District."

The Council's key objectives and the priorities for each are:

#### **Customers**

- Increasing customer satisfaction with our services.
- Improving customer contact and removing barriers to accessing information.
- Actively engaging with partners to benefit our customers.
- Promoting equality, diversity and supporting vulnerable and disadvantaged people.
- Providing good quality council housing where people choose to live.
- Improving health and wellbeing and increasing participation in sport and leisure activities.

#### **Economy**

- Working with partners to support enterprise, innovation, jobs and skills.
- Unlocking development potential: unlocking the capacity of major employment sites.
- Enabling housing growth: increasing the supply, quality and range of housing to meet the needs of the growing population and support economic growth.
- Making the best use of our assets.
- Ensuring financial sustainability and increasing revenue streams.
- Promoting the District and working with partners to increase tourism.

#### **Environment**

- Reducing our carbon footprint whilst supporting and encouraging residents and businesses to do the same.
- Increasing recycling.

- Ensuring a high standard of environmental cleanliness, undertaking appropriate enforcement activity where required.
- Enhancing biodiversity and developing attractive neighbourhoods that residents feel proud of and take responsibility for.
- Working with partners to reduce crime and anti-social behaviour.
- Actively engaging with partners to benefit our communities.

### The Council's Performance and Outcomes for Local Residents

The emphasis of the Statement of Accounts which follow this narrative report is upon the financial performance of the Council. Our financial performance however, needs to be considered in conjunction with our ability as a Council to provide a sustainable comprehensive range of value for money services that meet both our statutory obligations and the needs of our area. This narrative seeks to outline some of the services and projects which the Council has delivered during the course of 2021/22, linking these to our strategic objectives and plans for the future.

The Council's vision (2020-2024) for the district is to become a dynamic, self-sufficient and flexible Council that delivers excellent services, whilst adapting to local aspirations and acting as the economic and environmental driver for Bolsover District.

The Council has three aims designed to deliver this vision through priorities that cover the Council Ambition 2020-2024. In order to better understand how the Council has performed during the course of the current financial year, the table below sets out headline progress against the Council's agreed aims and priorities. The successful achievement of the Council's agreed priorities and targets is key to ensuring effective service delivery to local residents, whilst providing a sustainable future for the Council itself as an organisation. The Council prepares detailed reports concerning the performance against the Council Ambition on a quarterly basis.

A summary of progress against the Council Ambition (2021-2022) is provided below:

<b>Aim - Our Customers, by providing excellent and accessible services</b>		
<b>Priorities</b>	<b>Targets</b>	<b>Progress against key targets</b>
Increasing customer satisfaction with our services.	Measure customer satisfaction in all front facing service areas at least every two years on a rolling programme.	<p>The Council commissioned consultants to conduct an independent survey of its tenants towards their landlord and services provided. 1,515 tenants responded, 30% response rate. Some headline findings:</p> <ul style="list-style-type: none"> <li>- Vast majority of tenants satisfied with services provided by the Council (87%)</li> <li>- 82% satisfied with the quality of their home</li> <li>- 87% satisfied with the value of rent</li> <li>- 81% satisfied with the repair service</li> <li>- Fewer satisfied that their views are listened to and acted upon (65%) and that the Council engages in a way that suits them.</li> </ul> <p>Whilst pleased with the results of the survey the Council is keen to provide a better service and has produced an action plan taking into account the results and comments received.</p> <p>An Environmental Health satisfaction survey on the Food Safety inspections was also undertaken this year. 85% expressed satisfaction with the service (64% very satisfied and 21% fairly satisfied).</p>

	Improve the overall performance and usability of the website.	The Council has now fully completed the accessibility changes as recommended by the Cabinet Office. It continues to receive good to excellent scores on its webpages when sampled by Silktide. The sample for January to March 2022 scored out of 100: Content - 89 (good); Accessibility 93 (excellent); User Experience - 90 (excellent); Marketing - 87 (good).
Improving customer contact and removing barriers to accessing information.	Ensure that at least 50% of transactions are made through digital channels by December 2024.	When comparing total digital transactions to non-digital channels in the contact centres - 44% are digital (outturn for 2021/22). This is expected to meet its target.
Actively engaging with partners to benefit our customers.	Work with partners to deliver the Sustainable Communities Strategy and publish an evaluation report annually.	Delivery of this has continued with a full review of the priorities and strategy expected in May 2022. The Policy Officers continue to work with the thematic groups on delivery of partnership priorities. The new themes are: Increasing Prosperity Strengthen Resilience for individuals and communities Promoting inclusion and/ increasing connectivity Vulnerable Groups Young People
Promoting equality, diversity and supporting vulnerable and disadvantaged people.	Monitor Performance against the corporate equality objectives and publish information annually.	The second year review of the Council's Single Equality Scheme 2019-2023 has been approved at Executive and publicised internally and externally. A light touch review of the Equalities Monitoring Form has been undertaken and a refresh of the Access for All statement has started to ensure that it is still fit for purpose. The Ask Derbyshire website has been completely overhauled and is now fully accessible.
	Prevent homelessness for more than 50% of those facing homelessness each year.	The Council received 321 approaches for homelessness in 2021/22. As of 31/03/22, 241 of those cases had been prevented from becoming homeless (75%). 47 cases were open as of 31/03/22.
Providing good quality council housing where people choose to live.	Reduce average relet times for standard voids (council properties) to 20 calendar days by March 2021 and maintain thereafter.	This year continued to be a challenging year for reducing the relet time to target. The Council has successfully managed to reduce it from 120 days in quarter 1 to 59 days at the end of March 2022. This function was adversely affected by Covid 19 during 2020/21 and again for periods during 2021/22. The Council is getting back on top of this target and has also approved a dedicated Voids Manager post to secure and embed further improvements.
Improving health, wellbeing and increasing participation in sport and leisure activities.	Increase participation / attendances in leisure, sport, recreation, health, physical and cultural activity.	The Go Active facility reopened fully on 19th July 2021 and outreach work commenced in schools and community sessions. To the end of March 2022 attendance figures attracted 256,375 service users against an annual target of 353,000. As with the leisure and hospitality sector generally this target has been significantly affected by Covid 19. Attendances since Christmas have recovered strongly.

<b>Aim - Our Environment, by protecting the quality of life for residents and businesses, meeting environmental challenges and enhancing biodiversity</b>		
<b>Priorities</b>	<b>Targets</b>	<b>Progress against key targets</b>
Reducing our carbon footprint whilst supporting and encouraging residents and businesses to do the same.	Reduce the District Council's carbon emissions by 100 tonnes CO2 in 2020/21.	Through the Council's various schemes and projects the forecast carbon reduction is in excess of 850 tonnes per year, achieving the combined 20/21, 21/22, 22/23 target. We are now in the process of reviewing the data and policies to inform a revision to the carbon reduction strategy.
Increasing recycling.	Achieve a combined recycling and composting rate of 50% by March 2023.	Performance against this target has ranged from 44.3% (Q1), 44.9% (Q2) to 33.4% (Q3). The outturn for the year will be known later when the actual data for Q4 is confirmed. However, it is expected to be around 40% to 43%. The Council is not expecting to meet this target by March 2023. National guidance is awaited, once received the Council will take the opportunity to review whether a more radical approach is needed to meet the revised national target.
Ensuring a high standard of environmental cleanliness, undertaking appropriate enforcement activity where required.	Sustain standards of litter cleanliness of 96% and dog fouling of 98% to ensure each year meet as assessed by Local Environment Quality Surveys (LEQS).	Currently meeting 96% of street cleanliness and 100% of dog fouling targets.
Enhancing biodiversity and developing attractive neighbourhoods that residents feel proud of and take responsibility for.	Bring 5 empty properties back into use per year through assistance and enforcement measures.	2 empty properties have been brought back into use. The target has not been met for 2021/22 but the Council is working with owners and partners on a number of options. A number of properties are expected to be brought back into use in 2022.
Working with partners to reduce crime and anti-social behaviour.	Resolve successfully 60% of cases following the issuing of a Community Protection Warning (CPW).	The Council has served 28 Community Protection Warnings during 2021/22. 78% (22) have been a success. 7% (2) are still within their monitoring period.
	Increase the number of fixed penalty notices issued for litter and dog fouling offences by 20% over a five year period.	A total of 17 fixed penalty notices were issued during 2021/22 for littering. An additional 15 fixed penalty notices were served for other environmental issues such as abandoned vehicles, fly tipping and breaches of householder duty of care.
<b>Aim - Our Economy, by driving growth, promoting the District and being business and visitor friendly</b>		
<b>Priorities</b>	<b>Targets</b>	<b>Progress against key targets</b>
Working with partners to support enterprise, innovation, jobs and skills.	Deliver a Business Growth Strategy that will support enterprise, innovation, jobs and skills and makes the best use of our assets.	The Council has approved its Business Growth Strategy and launched its Vision Derbyshire offer.

<p>Ensuring financial sustainability and increasing revenue streams.</p>	<p>Optimise business growth (as measured by gross Business Rates) by £2m by March 2023.</p>	<p>Gross business rates grew by +1.77% (+£1,156,678) during 2021/22.</p>
<p>Unlocking development potential: unlocking the capacity of major employment sites.</p>	<p>Working with partners to bring forward employment and development opportunities at Coalite and Clowne Garden Village strategic sites by 2023.</p>	<p>PCT Healthcare Ltd, which trades as Peak Pharmacy, has purchased a 113,872 sq. ft. industrial unit on Plot 5 at Horizon 29 to consolidate its depots into a single purpose-built unit. Work on site will begin in June and the new unit will be handed over in April next year. It is highly likely this business will be the first occupier on the former Coalite site now it has been remediated.</p> <p>Instructions have now been issued to transport consultants to produce the detailed designs for highway improvements at Treble Bob in accordance with a scheme agreed between the developer and Derbyshire County Council. The lead time for this work is around 12 weeks, which means any resubmission for the Clowne Garden Village proposals is unlikely to be received until the latter part of 2022 or more likely, the early part of 2023.</p>
<p>Enabling housing growth: increasing the supply, quality and range of housing to meet the needs of the growing population and support economic growth.</p>	<p>Annually review housing delivery in the district and facilitate delivery to meet the annual target of 272 new homes.</p>	<p>Informal monitoring of the number of houses being built by developers on approved sites across the district indicates that the Council is on track to meet the annual target. Actual outturn will be known in June 2022. Actual for 2020/21 - 446.</p> <p>The Council also approved its Housing Strategy in 2021/22.</p>
	<p>Deliver 150 new homes through the Bolsover homes Programme by March 2024.</p>	<p>The first 4 sites in Whitwell are now completed which have delivered 16 new homes. A further 6 homes have been handed over at Sandy Lane, Whitwell with the remaining 15 properties on Thorpe Avenue due for hand over in batches up to the end of May 2022.</p> <p>Work is under way at Ashbourne Court, Shirebrook which is an extension to the existing sheltered housing scheme and will deliver an additional 14 properties.</p> <p>Construction is under way at The Woodland site, Whaley Thorns which will deliver a further 19 properties and these are the future homes utilising MMC (Modern Methods of Construction) building methodology and green technology to heat and ventilate.</p>

		<p>Planning permission has been received for the Market Close site in Shirebrook which along with an additional 2 satellite sites will deliver 28 properties. Planning permission has also been received for West Street in Langwith for 5 new homes and 7 at Moorfield Lane, Langwith.</p> <p>Work is ongoing on a further site with designs being finalised and preparing for planning submissions at Woburn Close, Blackwell.</p>
Promoting the District and working with partners to increase tourism.	Working with partners to grow the visitor economy, the number of tourists and the amount of tourism spending in the District by 2023.	The Council has approved its Tourism Strategy and appointed a dedicated Senior Economic Development Officer with responsibility for tourism and the visitor economy.

The above provides a 'snapshot' of the Council's performance for 2021/22. The pandemic has affected the Council's services less in 2021/22 however, its legacy is still felt in the recovery of relet standards for council tenants and leisure services participation rates and it caused additional work again for Revenues and Benefits and Environmental Health. However, both services have returned some excellent operational results in 2021/22. In another challenging year for service delivery the Council has supported the creation of a couple of key staffing posts to support its ambition around some of its targets and continues to forge ahead with its growth agenda, supporting housing and employment.

As part of the Performance Management Framework we systematically collect details of complaints and compliments. This information allows us to address any specific issues that have arisen and also to better understand where services are in need of improvement. Our performance management arrangements mean that we are well informed about any areas of concern and can manage those effectively to minimise service delivery issues and to manage expectations proactively.

**Management Arrangements**

In July 2021, the Council approved the disestablishment of its two Joint Strategic Director posts and established one full-time Director post working solely for Bolsover District Council. The new post, Executive Director of Resources, was also designated the Head of Paid Service.

The July report approved that the new Executive Director of Resources and the existing Executive Director of Development, review the rest of the management structure in consultation with all Portfolio Holders. This review is still ongoing.

**Outlook**

In line with good practice the Council plans its finances over the Medium Term (five years). The Council regularly reviews its spending plans in the light of changing priorities, external factors and projected financial forecasts to ensure that they remain robust and sustainable over the longer term.

While the Council faces significant financial challenges over the next five years, we have a good track record of delivering efficiencies, an experienced and well qualified management team, robust governance arrangements and a workforce committed to delivering good quality services. These key assets together with a combination of economic growth, service transformation, supported by a reasonable level of financial reserves to fund investment in service reconfiguration mean that the Council is well placed to meet these challenges. These are key factors which support my view that the Council can continue to perform effectively, whilst ensuring that it maintains a balanced budget.

### General Fund

The continued uncertainty surrounding local government funding meant we had to make significant assumptions when preparing our budgets for future years in the Council's Medium Term Financial Plan (MTFP). The delay in the outcome of the Fair Funding Review and new Business Rates Retention scheme combined with the one year 2021 Spending Review were the main issues, along with the continued financial effect of the Coronavirus Pandemic.

The Council's MTFP doesn't currently include any affects for the Fair Funding Review as so little detail about the implications are known. Latest figures for a full business rates reset are included in the plan which includes the impact of wiping out growth since 2013/14. It has been assumed that Revenue Support Grant and New Homes Bonus Grant will both disappear from 2023/24.

To help mitigate losses caused by funding changes the Council created a reserve a number of years ago from additional business rates growth. The balance accumulated has meant we are able to use the reserve to even out the losses in government funding over most of the life of the current MTFP.

When setting its budget in February 2022, the Council initially had a shortfall of £0.082m for the next financial year, £0.018m in respect of 2023/24, £0 for 2024/25 and £1.212m for 2025/26 at the end of the current planning period. As the first step to balancing its budget for future years the Council agreed to a Council Tax increase of 2.68%, generating additional revenue of £0.112m for each year. A range of other potential savings have been identified with the use of the reserve mentioned above, balancing most years. Officers do not anticipate any significant issues in resolving the budget shortfall in respect of the next 3 years of the current MTFP, however it is crucial that new income is generated by 2025/26. The detailed plans include the following:

- Seek to secure the increased income associated with increases in the number of homes and business premises operating in the District.
- Continued participation in the Derbyshire Business Rates Pool that will see all Derbyshire authorities benefit from growth within the County without having to passport part of this increase in income to the Government. This will enable the Council to retain a higher proportion of its Business Rates, while ever the Government policy allows.
- The Council established the Development Directorate during 2019/20, for which the sole aim is income generation for the Council.
- Continue with vacancy management arrangements to ensure that appropriate use is made of 'natural wastage' as a means to ensure the necessary level of financial savings.

### Housing Revenue Account

The Council continues to operate its HRA within the context of a 30 year business plan which shows the Council's housing operation to be sustainable over that period. Rent levels in the new MTFP have been set in line with government policy which is an increase of CPI (3.1%) plus 1%, applicable from 1st April 2022. The Council is working to ensure that its properties continue to meet the Decent Homes standard and provide affordable accommodation with a secure tenure which meets the housing needs of local residents. As part of this programme the Council is seeking both to maintain a high standard of housing services, whilst investing in maintaining and refurbishing existing stock.

### Capital Programme

With respect to the Capital Programme, the key general fund schemes will include disabled facilities grants of £0.500m and the vehicle replacement programme £0.766m. With regard to the HRA, it is anticipated that in 2022/23 £9m will be spent on the Bolsover Homes Programme of new build Council housing. It is planned to spend a further £5m on upgrading and refurbishing Council properties during 2022/23.

**Covid-19 Pandemic**

The 2021/22 financial year has been a year of gradually returning to business as usual wherever possible.

Our leisure facilities and customer contact centres opened whenever restrictions allowed and have been open continuously since July. Equipment was removed to allow social distancing in the leisure centre and screens were installed in all areas where contact was unavoidable, such as reception and payment counters. Where it has been appropriate, these measures have now been reduced.

Council property lettings were suspended and visits to resident's homes for anything other than emergency repairs were suspended at certain times in line with government guidelines, to protect the resident and our workforce. These services are now fully operational.

The Council's environmental health service has been heavily involved in carrying out compliance and enforcement activities related to Covid-19 to protect the public as the country and economy started to re-open.

Debt recovery across the Council was suspended during the national lockdowns and until after the customer contact centres re-opened to ensure every opportunity was given to customers to pay their outstanding commitments, before any reminder letters were issued. Debt recovery is now once again being undertaken.

Our revenues and benefits section, economic development team and partnership team were all heavily involved in processing and making payments under the myriad of government financial support schemes introduced for individuals and businesses. Council Tax and Business Rates relief were also administered by the revenues and benefits section.

The table below shows the main sources of financial support the Council received from the Government to support business, individuals and the Council's own additional cost pressures and losses in income due to the pandemic.

	Amount available to spend in 2021/22	Amount paid at 31/3/22
Business support grant funding from Department for Business, Energy and Industrial Strategy (BEIS)	£8.334m for businesses (including £3.995m b/f from 2020/21)	£5.510m in grants
Test and trace support payment scheme funding from the Department of Health and Social Care	£0.268m for individuals (including £0.097m b/f from 2020/21)	£0.202m in payments
Emergency funding to cover the Council's extra costs from the Department for Levelling Up, Housing and Communities	£0.497m	not applicable
Compensation for the Council's losses for Sales, Fees and Charges	£0.195m	not applicable
Covid-19 Additional Relief Fund (CARF) (BDC only share)	£0.595m for businesses	£0.595m relief against bills

Throughout the year staff continued to work from home in some office based services and hybrid Council meetings were held. These had a combination of remote and socially distanced attendees and were delivered via Zoom.

**Theresa Fletcher**  
**Assistant Director of Finance and Resources**

## Introduction to the Statements

The accounting statements that follow detail the Council's performance and have been prepared under the 2021/22 Code of Practice on Local Authority Accounting. The accounts are separated into various sections and these can be summarised as follows:

- **The Movement in Reserves Statement** – this statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other '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 Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.
- **The Expenditure and Funding Analysis** - (this is not a primary statement). This shows council tax and rent payers how the funding available to the Council (government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
- **The Comprehensive Income and Expenditure Statement** – this 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 and the Movement in Reserves Statement.
- **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. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to fund services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to fund services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement of Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

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

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

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

The Council has a statutory obligation 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 Rates. The administrative costs associated with the collection process are charged to the General Fund.

The accounts are supported by the following items:

- Statement of Responsibilities
- Statement of Accounting Policies
- Notes to the Accounts
- Annual Governance Statement

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Council's Responsibilities**

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Assistant Director of Finance and Resources.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts

### **The Assistant Director of Finance and Resources' Responsibilities**

The Assistant Director of Finance and Resources 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 Assistant Director of Finance and Resources 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 Assistant Director of Finance and Resources has also:

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

Theresa Fletcher, ACMA  
Assistant Director of Finance and Resources

Date: 27 May 2022

**MOVEMENT IN RESERVES STATEMENT**

	<b>General Fund Balance £000</b>	<b>Housing Revenue Account £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Major Repairs Reserve £000</b>	<b>Earmarked Revenue Grants Unapplied £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Council Reserves £000</b>
<b>Balance at 31 March 2020</b>	<b>(16,439)</b>	<b>(17,504)</b>	<b>(2,876)</b>	<b>(2,785)</b>	<b>(2,231)</b>	<b>(2,516)</b>	<b>(44,351)</b>	<b>(88,481)</b>	<b>(132,832)</b>
<b><u>Movement in reserves during 2020/21</u></b>									
Total Comprehensive Income and Expenditure	(2,910)	6,008	0	0	0	0	3,098	6,387	<b>9,485</b>
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 9)	(3,625)	(5,964)	(205)	1,451	164	(986)	(9,165)	9,165	<b>0</b>
<b>(Increase) / Decrease in 2020-21</b>	<b>(6,535)</b>	<b>44</b>	<b>(205)</b>	<b>1,451</b>	<b>164</b>	<b>(986)</b>	<b>(6,067)</b>	<b>15,552</b>	<b>9,485</b>
<b>Balance at 31 March 2021</b>	<b>(22,974)</b>	<b>(17,460)</b>	<b>(3,081)</b>	<b>(1,334)</b>	<b>(2,067)</b>	<b>(3,502)</b>	<b>(50,418)</b>	<b>(72,929)</b>	<b>(123,347)</b>
<b><u>Movement in reserves during 2021/22</u></b>									
Total Comprehensive Income and Expenditure	(784)	4,553	0	0	0	0	3,769	(45,333)	<b>(41,564)</b>
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 9)	851	(979)	(2,125)	211	312	(247)	(1,977)	1,977	<b>0</b>
<b>(Increase) / Decrease in 2021-22</b>	<b>67</b>	<b>3,574</b>	<b>(2,125)</b>	<b>211</b>	<b>312</b>	<b>(247)</b>	<b>1,792</b>	<b>(43,356)</b>	<b>(41,564)</b>
<b>Balance at 31 March 2022</b>	<b>(22,907)</b>	<b>(13,886)</b>	<b>(5,206)</b>	<b>(1,123)</b>	<b>(1,755)</b>	<b>(3,749)</b>	<b>(48,626)</b>	<b>(116,285)</b>	<b>(164,911)</b>

## EXPENDITURE AND FUNDING ANALYSIS NOTE

2020/21 Net Expenditure Chargeable to the General Fund and HRA Balances £000	2020/21 Adjustments between Funding and Accounting Basis (Note 7) £000	2020/21 Net Expenditure in Comprehensive Income and Expenditure Statement £000		2021/22 Net Expenditure Chargeable to the General Fund and HRA Balances £000	2021/22 Adjustments between Funding and Accounting Basis (Note 7) £000	2021/22 Net Expenditure in Comprehensive Income and Expenditure Statement £000
2,539	278	2,817	Corporate Resources Directorate	2,364	989	3,353
1,260	1,253	2,513	Development Directorate	2,193	690	2,883
5,179	1,067	6,246	Environment and Enforcement Directorate	5,006	1,734	6,740
5,232	1,124	6,356	Development Directorate - HRA	5,590	835	6,425
(14,788)	8,211	(6,577)	Environment and Enforcement Directorate - HRA	(14,756)	6,530	(8,226)
<b>(578)</b>	<b>11,933</b>	<b>11,355</b>	<b>Net Cost of Services</b>	<b>397</b>	<b>10,778</b>	<b>11,175</b>
(5,913)	(2,344)	(8,257)	<b>Other income and expenditure</b>	3,244	(10,650)	(7,406)
<b>(6,491)</b>	<b>9,589</b>	<b>3,098</b>	<b>(Surplus) or Deficit</b>	<b>3,641</b>	<b>128</b>	<b>3,769</b>
		<b>(33,943)</b>	<b>Opening General Fund and HRA Balance</b>	<b>(40,434)</b>		
		(6,491)	Plus Surplus/ less Deficit on General Fund and HRA balance in year	3,641		
		<b>(40,434)</b>	<b>Closing General Fund and HRA Balance</b>	<b>(36,793)</b>		

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000		NOTE	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000
22,157	(19,340)	2,817	Corporate Resources Directorate		20,864	(17,511)	3,353
5,665	(3,152)	2,513	Development Directorate		4,722	(1,839)	2,883
8,516	(2,270)	6,246	Environment and Enforcement Directorate		9,511	(2,771)	6,740
<b>36,338</b>	<b>(24,762)</b>	<b>11,576</b>	<b>Cost of General Fund Services</b>		<b>35,097</b>	<b>(22,121)</b>	<b>12,976</b>
6,450	(94)	6,356	Development Directorate - HRA		6,603	(178)	6,425
14,654	(21,231)	(6,577)	Environment and Enforcement Directorate - HRA		13,217	(21,443)	(8,226)
<b>21,104</b>	<b>(21,325)</b>	<b>(221)</b>	<b>Cost of Housing Revenue Account Services (HRA)</b>		<b>19,820</b>	<b>(21,621)</b>	<b>(1,801)</b>
<b>57,442</b>	<b>(46,087)</b>	<b>11,355</b>	<b>Cost of All Services</b>		<b>54,917</b>	<b>(43,742)</b>	<b>11,175</b>
			<b><u>Other Operating Expenditure</u></b>				
3,241		3,241	Local Council Precepts		3,294		3,294
461		461	Payment to the Housing Capital Receipts Pool	<u>9</u>	453		453
1,119		1,119	Net Loss/(Gain) on the disposal of non-current assets		1,305		1,305
			<b><u>Financing and Investment Income and Expenditure</u></b>				
4,136		4,136	External interest payable and similar charges	<u>14</u>	3,770		3,770
825		825	Pensions interest cost and expected return on pensions assets	<u>38</u>	1,134		1,134
	(246)	(246)	Interest and investment income	<u>14</u>		(236)	(236)
	(842)	(842)	Movement in fair value of investment properties	<u>12</u>		1,293	1,293
437	(735)	(298)	Investment Properties Income and Expenditure	<u>12</u>	468	(774)	(306)
0		0	Impairment Loss/(Profit) on Financial Instruments	<u>14</u>	(1)		(1)
135	(197)	(62)	(Surpluses)/Deficit on Trading Activities		145	(219)	(74)
			<b><u>Taxation and Non-Specific Grant Income and Expenditure</u></b>				
	(7,204)	(7,204)	Council Tax Income			(7,527)	(7,527)
	(3,341)	(3,341)	Non-domestic Rates Income and Expenditure			(4,687)	(4,687)
	(4,705)	(4,705)	Non-ringfenced Government Grants	<u>32</u>		(3,253)	(3,253)
	(1,341)	(1,341)	Capital Grants and Contributions	<u>32</u>		(2,571)	(2,571)
<b>67,796</b>	<b>(64,698)</b>	<b>3,098</b>	<b>(Surplus) or Deficit on Provision of Services</b>		<b>65,485</b>	<b>(61,716)</b>	<b>3,769</b>
		(11,660)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	<u>23</u>			(27,540)
		18,047	Remeasurement of net defined benefit/liability	<u>38</u>			(17,793)
		<b>6,387</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(45,333)</b>
		<b>9,485</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(41,564)</b>

**BALANCE SHEET AS AT  
31 March 2022**

<b>31 March 2021 £000</b>	NOTE	<b>31 March 2022 £000</b>	<b>31 March 2022 £000</b>
	<u>11</u>		
<b>Property, Plant and Equipment</b>			
214,490 Council Dwellings		244,377	
19,630 Other Land and Buildings		17,607	
2,336 Vehicles, Plant, Furniture and Equipment		3,019	
105 Infrastructure		103	
781 Community Assets		839	
1,720 Assets Under Construction		3,257	
1,678 Surplus Assets Not Held for Sale		1,511	270,713
<b>6,557 Investment Property</b>	<u>12</u>		5,552
<b>459 Intangible Assets</b>	<u>13</u>		421
<b>1,007 Long Term Investments</b>	<u>40</u>		471
<b>64 Long Term Debtors</b>	<u>14</u>		72
<b>248,827 Total Long Term Assets</b>			<b>277,229</b>
25,496 Short Term Investments	<u>14</u>	30,471	
132 Inventories	<u>15</u>	153	
7,751 Short Term Debtors	<u>17</u>	4,121	
13,400 Cash and Cash Equivalents	<u>18</u>	11,600	
<b>46,779 Total Current Assets</b>			<b>46,345</b>
(4,565) Short Term Borrowing	<u>14</u>	(4,906)	
(11,530) Short Term Creditors	<u>20</u>	(10,309)	
<b>(16,095) Total Current Liabilities</b>			<b>(15,215)</b>
(46) Long Term Creditors	<u>14</u>	(46)	
(1,890) Provisions	<u>21</u>	(2,315)	
(93,400) Long Term Borrowing	<u>14</u>	(89,400)	
(55,212) Pensions Liability	<u>38</u>	(41,702)	
(5,615) Revenue Grants & Contributions Receipts in Advance	<u>32</u>	(9,984)	
<b>(156,163) Total Long Term Liabilities</b>			<b>(143,447)</b>
<b>123,348 Net Assets</b>			<b>164,912</b>
(2,182) General Fund Balance	MIRS	(2,101)	
(36,137) Earmarked Reserves	<u>10</u>	(32,615)	
(2,116) Housing Revenue Account Balance	MIRS	(2,077)	
(3,081) Capital Receipts Reserve	MIRS	(5,208)	
(3,502) Capital Grants Unapplied	MIRS	(3,749)	
(2,067) Revenue Grants Unapplied (Earmarked)	MIRS	(1,754)	
(1,334) Major Repairs Reserve	<u>45</u>	(1,123)	
<b>(50,419) Usable Reserves</b>			<b>(48,627)</b>
(95,728) Revaluation Reserve	<u>23</u>	(118,951)	
(36,431) Capital Adjustment Account	<u>23</u>	(41,918)	
(64) Deferred Capital Receipts	<u>23</u>	(64)	
55,212 Pension Reserve	<u>23</u>	41,702	
3,911 Collection Fund Adjustment Account	<u>23</u>	2,829	
171 Accumulated Absences Account	<u>23</u>	117	
<b>(72,929) Unusable Reserves</b>			<b>(116,285)</b>
<b>(123,348) Total Reserves</b>			<b>(164,912)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31 March 2022**

<b>2020/21</b>		<b>NOTE</b>	<b>2021/22</b>
<b>£000</b>			<b>£000</b>
3,098	<b>Net (surplus) or deficit on the provision of services</b>		3,769
(17,337)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	<u>24</u>	(24,025)
3,719	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<u>24</u>	6,225
<b>(10,520)</b>	<b>Net cash flows from Operating Activities</b>		<b>(14,031)</b>
4,304	Investing Activities	<u>25</u>	12,506
1,662	Financing Activities	<u>26</u>	3,325
<b>(4,554)</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>1,800</b>
<b>(8,846)</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>(13,400)</b>
<b>(13,400)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<u>18</u>	<b>(11,600)</b>

## **1 Accounting Policies**

### **Notes to the Core Financial Statements**

#### **a) General Principles**

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year end of 31st March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require them to be prepared in accordance with proper accounting practices. These practices primarily consist of the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS).

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

The Council does not have any transactions that are reclassifiable to the Surplus or Deficit on the Provision of Services. As such we have not grouped the items in Other Comprehensive Income and Expenditure into amounts that may be reclassifiable and amounts that are not.

#### **b) Accounting Concepts**

The concepts used in selecting and applying the most appropriate policies and estimation techniques are as follows:

- The qualitative characteristics of financial information - relevance, reliability, comparability and understanding;
- Materiality (all major transactions and events are included);
- The accounting concepts of accruals, going concern and the primacy of legislative requirements.

#### **c) Accruals of Income and Expenditure**

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. An exception to this principle is planning fee income. This is included in the year it is received without an adjustment for a proportion of applications where the final decision is given in the new year, based on the grounds of materiality.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue or expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

An exception to this principle relates to electricity and other similar periodic payments which are charged at the date of meter reading rather than being apportioned between financial years. Rental income from HRA dwellings is included without an adjustment for the over lap between financial years on the grounds of materiality. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

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

Grant claims are submitted on an actual basis wherever possible. However if the information required is not available then a best estimate basis is adopted.

#### **d) 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 short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

The Council has a number of Call accounts to meet short-term cash flow requirements where no notice is required to access funds.

Call accounts held to make a gain from favourable rates of interest are classed as investments and not cash equivalents. This also applies to Money Market Funds and fixed term investments.

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

#### **e) Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding 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 fixed 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. Depreciation, revaluation and impairment losses and amortisation costs are therefore replaced by the contribution in the General Fund of a Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Council's policy for the calculation of the statutory provision for the repayment of debt is determined each year by the Council. The Council has decided that for 2021/22 the outstanding general fund debt prior to 1 April 2007 will be repaid at a rate of 4% of outstanding debt per year until the debt is extinguished. Any prudential borrowing for the General Fund incurred after 1 April 2007 is repaid based on the life of the asset concerned.

#### **f) Council Tax and non-domestic rates - Collection Fund**

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 (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 (CIES) 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 authority's General Fund. Therefore, the difference between the income included in the CIES 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.

All debtor balances for the above that are past due are impaired because payments due under the statutory arrangements have not been made (fixed or determinable payments). The asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

#### **Non-Domestic Rates Appeals**

The Council will commission each year, an independent assessment at 31 March of the outstanding appeals lodged with the Valuation Office Agency (VOA). The assessment will review every individual appeal and estimate the likelihood of the appeal succeeding based on the category of appeal and previous appeal determinations.

**g) Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the accounting statements; they are disclosed by way of a note to the accounts where it is probable that there will be an inflow of economic benefit or service potential.

**h) 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 accounting statements; they are disclosed in a note to the accounts.

**i) 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 salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end but which can be carried forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, as this is the period in which the employee takes the benefit. The accrual is charged to the relevant service area of the Comprehensive Income and Expenditure Statement but then is reversed out through the Movement in Reserves Statement so that the annual leave is charged to revenue in the financial year in which the annual leave occurs.

**Termination Benefits**

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with accrued 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 Pension Scheme (LGPS), which is administered by Derbyshire County Council on behalf of Bolsover District Council. The scheme provides defined benefits to members (lump sums and pensions) earned as employees working for the Council.

## The Local Government Pension Scheme

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

- The liabilities of the Derbyshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are measured using the projected unit method and discounted at the balance sheet date rate of return on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of 'spot yields' on AA rated corporate bonds.

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. This is allocated in the Comprehensive Income and Expenditure Statement to the 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. These costs are debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
  - Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. The cost is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Remeasurements 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 - debited to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions Paid to the County Pension Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities. These are 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 Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve therefore measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows, rather than as benefits are earned by employees.

### **Discretionary Benefits**

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

### **j) 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 impact.

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

### **k) Exceptional Items**

Exceptional items are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if that degree of prominence is necessary in order to give a fair presentation of the accounts. An adequate description of each exceptional item is given within the notes to the accounts.

### **l) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected 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 by adjusting the 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 period.

#### **m) Financial Instruments**

The Council is required to recognise, measure, present and disclose information about any 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 entity. Typical financial assets include bank deposits, trade receivables and other receivables, loans receivable and advances. Typical financial liabilities include trade payables and other payables, borrowings and financial guarantees. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to 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 are 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. 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). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

##### **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics.

There are three main classes of financial assets measured at:

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

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

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, 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.

When loans are made at less than market rates (a soft loan), a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the organisation, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund balance is the interest receivable for the financial year.

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

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets.

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

A simplified approach can be used for certain financial assets under which impairment losses are automatically based on lifetime expected credit losses, removing the need to consider changes in credit risk since initial recognition and the possibility that the appropriate measure should be 12-month expected credit losses. The Council uses the simplified approach for trade receivables (debtors) held by the Council.

The Council is not allowed to recognise a loss allowance for expected credit loss where the counterparty for a financial asset is central government or a local authority (including parish) for which relevant statutory provisions prevent default.

## **Financial Assets Measured at Fair Value through Profit or Loss**

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

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price.
- other instruments with fixed and determinable payments - discounted cash flow analysis.
- equity shares with no quoted market prices - an estimate based on what the Council would receive if it redeemed the shares.

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

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

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

### **n) Government Grants and Contributions**

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

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors (receipts in advance). When conditions are satisfied, the grant or contribution is credited to the 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.

**o) Heritage Assets**

Heritage assets are a distinct class of asset which are reported separately from property, plant and equipment and intangible assets.

There is a de-minimis level of £10,000 applied to Heritage Assets in line with the accounting policy on Property, Plant and Equipment. The Heritage Assets held by the Council are currently below the de-minimis level.

**p) Intangible Assets**

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

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

Intangible assets are initially measured at cost. Amounts are only re-valued 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 Council 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.

Each intangible asset is tested for impairment each year to see if there is an indication that the asset may 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 from the disposal of an intangible fixed asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds in excess of £10,000, the Capital Receipts Reserve.

**q) Interests in Companies and Other Entities**

The Council has no material interests in any companies or other entities that have the nature of subsidiaries, associates or jointly controlled entities that would require it to prepare group accounts.

However, the Council has a joint venture in Dragonfly Developments Limited. This is being accounted for as a fair value through profit and loss financial asset. Group accounts are not being prepared based on materiality.

**r) Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Council in conjunction with other operators that involve the use of assets and resources of the operators rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the share of expenditure it incurs and the share of income it earns from the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other operators, with the assets being used to obtain benefit for the operators. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

The Council has the following jointly controlled operations:

Internal Audit Services - with North East Derbyshire District Council and Chesterfield Borough Council

ICT Services - with North East Derbyshire District Council and Derbyshire Dales District Council

Environmental Health Services - with North East Derbyshire District Council

The Council has jointly controlled assets with Chesterfield Borough Council and North East Derbyshire District Council regarding the operation of a crematorium. The Council holds a share of the joint crematorium committee. The Council's share of the crematorium's assets and income and expenditure for 2021/22 is 15%, (2020/21 15%). On the basis of materiality, Bolsover District Council does not include any figures for the joint crematorium within the Statement of Accounts.

**s) Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

## **t) Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, 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 revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for sale proceeds in excess of £10,000, to the Capital Receipts Reserve.

## **u) 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 (The Council). 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 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 inception. The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment and applied to write down the lease liability;
- a finance charge (debited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting 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 if there is a rent-free period at the commencement of the lease).

### **The Council as Lessor**

#### **Finance Leases**

The Council currently has no finance leases for property.

#### **Operating Leases**

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

### **v) Overheads and Support Services**

The costs of overheads and support services are charged to directorates in the Comprehensive Income and Expenditure Statement in accordance with the Council's arrangements for accountability and financial performance.

### **w) Property, Plant and Equipment**

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

## **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be reliably measured. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred. A general de-minimis limit of £10,000 is applied to non-current assets.

## **Measurement**

Assets are initially measured at cost, comprising purchase price and any costs directly 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.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). If an asset is acquired via an exchange the cost of the acquisition is the carrying amount of the asset exchanged by the Council.

Donated assets are initially measured at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donated asset has been made conditionally. Until all conditions are met the gain is held in the Donated Assets Account. Gains that are credited to the Comprehensive Income and Expenditure Statement are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – historic cost;
- Dwellings – current value, determined using the basis of existing use value for social housing;
- Surplus assets – fair value, estimated at highest and best use from a market participant's perspective;
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market based evidence of current value of an asset 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 is used as a proxy for current value.

Assets included in the Balance Sheet at current value are re-valued where there have been material changes in the value, but as a minimum every five years. Valuations are undertaken by a professionally qualified valuer.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance, up to the value 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 gains recognised since 1 April 2007, 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. If there is an indication of impairment, and it is deemed material, the recoverable amount of the asset is estimated to determine the impairment loss.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance, up to the value 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 subsequently reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception exists for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (assets under construction).

Depreciation is calculated on the following bases:

- Land: Not depreciated;

- Buildings: Straight-line allocation over the life of the property;
- Vehicles, plant and equipment: Straight line allocation over the life of the asset;
- Infrastructure: Straight-line allocation over life of asset;
- Council dwellings: Straight-line allocation over the life of the property;
- Community assets (subject to exceptions): Not depreciated.

Items of property, plant and equipment are not depreciated until they become available for use (i.e. when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management). Depreciation ceases at the earlier of the date that items of property, plant and equipment are classified as held for sale and the date they are derecognised.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable, based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Where an item of Property, Plant and Equipment has major components whose costs are significant in relation to the total cost of the item, the components are depreciated separately. The Council deems "significant" to be 25% or more of the total cost of the asset. The Council also applies the following de minimis levels with regard to component accounting.

Components are not separately identified where:

- The useful life of the asset is less than 10 years
- The depreciation charge based on the life of the component would differ from that for the total asset by less than £10,000.
- The component life must be materially different to the main asset to be treated as a component.

For grouped assets such as Council Dwellings a practical level of componentisation has been applied which links to the work programmes carried out within the capital programme. An appropriate component life has been assigned to each of these components.

### **Disposals and Non-current Assets Held for Sale**

When it becomes probable that an asset is to be sold 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 the 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 recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

To be classified as held for sale an asset must meet the following criteria:

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets;
- The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated;
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current value;
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

If assets no longer meet the criteria to be classed 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 assets held for sale. They are adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale.

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 on the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement, as part of the gain or loss on the sale of assets. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposals, in excess of £10,000 are treated as capital receipts. A proportion of Housing receipts is payable to central government. The balance of receipts is credited to the Capital Receipts Reserve and can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund balance in the Movement in Reserves Statement.

The gain or loss on the sale of assets is not a charge against Council Tax. Amounts are appropriated to the Capital Adjustment Account in the Movement in Reserves Statement.

## **x) Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate available at the balance sheet date, 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 lower settlement anticipated) the provision is reversed and credited back to the relevant service revenue account.

**y) 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 in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to the relevant service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

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

**z) 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 line in the Comprehensive Income and Expenditure Statement. 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 amount charged so there is no impact on the level of Council Tax.

**aa) Value Added Tax (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. Where the Council is unable to recover VAT it is charged to the appropriate service.

**ab) Foreign Currency Translation**

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

**ac) Fair Value Measurement of non-financial assets**

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

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

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

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

#### **ad) Segmental Analysis**

The Council reports on the operation of its services with three directorates. All services of the Council fall into one of these directorates. The main service areas within each directorate are as follows:

Corporate Resources - Partnership team; Legal; Governance and Elections and Scrutiny; Procurement; Finance; Revenues and Benefits; Audit (client); ICT (client); Customer Services; Improvement Team; Leisure; Human Resources; Health and Safety; Payroll.

Development - Economic Development; Planning; Housing Revenue Account - Repairs; Property and Estates.

Environment and Enforcement - Housing Strategy; Environmental Health; Community Safety; Housing Revenue Account - Management; Streetscene; Emergency Planning.

## **2 Accounting Standards Issued, Not Yet 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 the 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 2021/22 Code:

- *IFRS16 Leases* (but only for those local authorities that have decided to adopt IFRS16 in the 2022/23 year).
- *Annual Improvements to IFRS Standards 2018-2020*. The annual IFRS improvement programme notes 4 changed standards: IFRS1; IAS37; IFRS16 and IAS41.
- *Property, Plant and Equipment: Proceeds before intended use* (Amendments to IAS 16).

The Council does not anticipate that the above amendments will have a material impact on the information provided in the financial statements.

## **3 Critical Judgements in Applying Accounting Policies**

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

- There is a high degree of uncertainty about future levels of funding for local government. Bolsover District Council is undertaking an ongoing review of its provision of services in response to known and likely future funding reductions. 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 if it were necessary to close facilities and reduce levels of service provision.
- The Council has determined the impairment of its financial assets based on a range of factors including aged debt profiling of its debtors, including benefit overpayments, council tax and NDR.
- An exercise is undertaken to assess whether capital expenditure incurred enhances an asset. A further judgement is then made as to whether there is a consequent requirement to derecognise any existing value of any component of the asset. For Council Dwellings the Council derecognises a component when the expenditure exceeds 75% of the carrying value of the component. Expenditure on components below this value is impaired through the Comprehensive Income and Expenditure Statement.

**4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

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

The items in the Council's Balance Sheet at 31 March 2022 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	The Council's assets are reviewed for impairment on an annual basis by the Council's Senior Valuer. The impairment review considers the overall market conditions as well as any impairment relating to loss of economic benefit.	If the level of impairment is changed this will impact on the net worth of the Council. Impairment charges are reflected in the Accounts but are reversed through the Movement in Reserves Statement so that there is no impact on the council tax or rent payer.
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.	It is estimated that the annual depreciation charge for plant and buildings, including council dwellings, would increase by £1,728,306 for every year that useful lives had to be reduced. As above there is no impact on the council tax or rent payer.
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of accounting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the Real Discount Rate would result in an approximate 2% increase to Employer Liability resulting in an approximate monetary increase of £3,108,000.
Arrears	At 31 March 2022, the Council had a sundry debtor balance of £835,380, rents of £1,598,520, overpaid housing benefits of £1,501,936, non-domestic rates of £250,606 and council tax of £702,011. A review of impairment allowances has been undertaken based on the age of the debt, and a total allowance for impairment of £3,409,740 has been made in the Accounts.	If collection rates were to change, either positively or negatively, this would be reflected in the current years budgets as an increase or decrease in the provision requirements. Any change in the budgeted provision would impact on reserve balances. If collection rates were to deteriorate, an additional impairment of 10% on debtor balances would require an additional provision of £340,974.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Non-domestic rates appeal, provision</p>	<p>The Council has made a provision in the Collection Fund of £5,341,071 for refunding ratepayers who having made an appeal against the rateable value of their property on the rating list, who achieve a successful outcome. The appeal information relates to values going back a number of years. It is not known what the knock-on effect of successful appeals for neighbouring businesses may be.</p>	<p>If appeal outcomes were considerably different to the independent assessment received, the Collection Fund would be charged with the difference. The extra cost would then be shared out amongst the major preceptors, Central Government and the Council based on their relative share. The Council's share is 40% of the provision (£2,136,429) which is held in the balance sheet.</p>
<p>Fair value measurements</p>	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's Senior Valuer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 11, 12 and 13.</p>	<p>The Council uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets. 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 assets.</p>

## **5 Material Items of Income and Expense**

### 2021/22

*Remeasurement of net defined benefit/liability.* The results for the Local Government Pension Scheme for 2021/22 showed a net surplus in the Comprehensive Income and Expenditure Statement of £17.8m. Asset returns of £5.6m were significantly greater than expected when compared to 2020/21 discount rate assumptions. This was increased by the positive changes in the financial assumptions £11.4m, again due to discount rate and CPI assumptions. More detail on the assumptions is in note 38.

*Surplus or deficit on revaluation of Property, Plant and Equipment.* The £27.5m surplus is mainly due to the Council dwellings net increase on the annual revaluation being posted to the revaluation reserve as there remains no previous impairment to reverse.

### 2020/21

*Remeasurement of net defined benefit/liability.* The results for the Local Government Pension Scheme for 2020/21 showed a net deficit in the Comprehensive Income and Expenditure Statement of £18m. Asset returns of £16.8m were significantly greater than expected when compared to 2019/20 discount rate assumptions. This was offset by the negative changes in the financial assumptions £33.8m, again due to discount rate and CPI assumptions. More detail on the assumptions is in note 38.

*Surplus or deficit on revaluation of Property, Plant and Equipment.* The £11.6m surplus is mainly due to the Council dwellings increase on the annual revaluation being posted to the revaluation reserve as there remains no previous impairment to reverse.

## **6 Events After the Balance Sheet Date**

The Statement of Accounts was authorised for issue by the Assistant Director of Finance and Resources on 27 May 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

**7 Note to the Expenditure and Funding Analysis**

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

**Adjustments between Funding and Accounting Basis****2021/22**

<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>Adjustments for Capital Purposes</b>	<b>Net change for the Pensions Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	(Note 1)	(Note 2)	(Note 3)	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Corporate Resources Directorate	621	359	9	<b>989</b>
Development Directorate	421	538	(269)	<b>690</b>
Environment and Enforcement Directorate	630	1,043	61	<b>1,734</b>
Development Directorate - HRA	150	700	(15)	<b>835</b>
Environment and Enforcement Directorate - HRA	6,085	509	(64)	<b>6,530</b>
<b>Net Cost of Services</b>	<b>7,907</b>	<b>3,149</b>	<b>(278)</b>	<b>10,778</b>
<b>Other income and expenditure from the Funding Analysis</b>	(11,229)	1,134	(555)	<b>(10,650)</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit</b>	<b>(3,322)</b>	<b>4,283</b>	<b>(833)</b>	<b>128</b>

## Adjustments between Funding and Accounting Basis

2020/21

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes  (Note 1) £'000	Net change for the Pensions Adjustments  (Note 2) £'000	Other Differences  (Note 3) £'000	Total Adjustments  £'000
Corporate Resources Directorate	582	(398)	94	278
Development Directorate	211	268	773	1,252
Environment and Enforcement Directorate	596	455	16	1,067
Development Directorate - HRA	750	359	15	1,124
Environment and Enforcement Directorate - HRA	8,041	253	(82)	8,212
<b>Net Cost of Services</b>	<b>10,180</b>	<b>937</b>	<b>816</b>	<b>11,933</b>
<b>Other income and expenditure from the Funding Analysis</b>	<b>(7,445)</b>	<b>825</b>	<b>4,276</b>	<b>(2,344)</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit</b>	<b>2,735</b>	<b>1,762</b>	<b>5,092</b>	<b>9,589</b>

## Adjustments for Capital Purposes

- 1) 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 i.e. Minimum Revenue Provision and other Revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
  - **Taxation and non-specific grant income and expenditure -**  
capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## Net change for the Pensions Adjustments

- 2) Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:
  - **For services**  
this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
  - **For financing and investment income and expenditure**  
the net interest on the defined benefit liability is charged to the CIES.

## Other Differences

- 3) 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.

### **Segmental Income**

Income received on a segmental basis is analysed below:

<b>Services</b>	<b>2021/22 Income from Services £'000</b>	<b>2020/21 Income from Services £'000</b>
Corporate Resources Directorate	(2,310)	(17,804)
Development Directorate	(1,146)	(777)
Environment and Enforcement Directorate	(1,932)	(1,935)
Development Directorate - HRA	(178)	(94)
Environment and Enforcement Directorate - HRA	(21,063)	(20,828)
<b>Total income analysed on a segmental basis</b>	<b>(26,629)</b>	<b>(41,438)</b>

**8 Expenditure and Income Analysed by Nature**

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

<b>Expenditure/Income</b>	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
<b>Expenditure</b>		
Employee benefits expenses	19,550	16,443
Other services expenses	27,086	30,529
Support service recharges to capital	(95)	(93)
Depreciation, amortisation, impairment	8,376	10,563
Interest payments	3,770	4,136
Precepts and levies	3,294	3,241
Payments to Housing Capital Receipts Pool	453	461
Loss on the disposal of assets	1,305	1,119
Pensions interest cost	1,134	825
Investment property expenditure	468	437
Impairment loss on financial instruments	(1)	0
Trading activities expenditure	145	135
<b>Total expenditure</b>	<b>65,485</b>	<b>67,796</b>
<b>Income</b>		
Fees, charges and other service income	(26,629)	(41,438)
Grants and contributions	(17,113)	(4,649)
	(43,742)	(46,087)
Interest and investment income	(236)	(246)
Movement in Fair Value of Investment Property	1,293	(842)
Investment property income	(774)	(735)
Trading activities income	(219)	(197)
Income from council tax and non-domestic rates	(12,214)	(10,545)
General government grants and contributions	(5,824)	(6,046)
<b>Total income</b>	<b>(61,716)</b>	<b>(64,698)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>3,769</b>	<b>3,098</b>

Revenue from contracts with service recipients are included in fees, charges and other service income.

## **9 Analysis of the Movement in Reserves Statement - Adjustments Between Accounting Basis and Funding Basis**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice, to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

**General Fund Balance** - The General Fund is the statutory fund into which all the receipts of the Council are required to be paid 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. The balance is not available to be applied to funding HRA services.

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

**Major Repairs Reserve** - The Council is required to maintain the Major Repairs Reserve, 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 or 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 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.

2021/22	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pensions costs (transferred to (or from) the Pensions Reserve)	(3,801)	(482)			
Council tax and NDR (transfers to or from Collection Fund)	1,080				
Holiday pay (transferred to the Accumulated Absences Reserve)	37	17			
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	355	(10,717)			(1,232)
<b>Total Adjustments to Revenue Resources</b>	(2,329)	(11,182)	0	0	(1,232)
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	196	2,987	(3,754)		
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(453)		453		
Posting of HRA resources from revenue to the Major Repairs Reserve		5,386		(5,386)	
<b>Total Adjustments between Revenue and Capital Resources</b>	(257)	8,373	(3,301)	(5,386)	0
<b>Adjustments to Capital Resources</b>					
Use of the Capital Receipts Reserve to finance capital expenditure			605		
Use of the Capital Receipts Reserve to finance historical capital expenditure			571		
Use of the Major Repairs Reserve to finance capital expenditure				5,597	
Application of capital grants to finance capital expenditure					985
<b>Total Adjustments to Capital Resources</b>	0	0	1,176	5,597	985
<b>Net transfers (to)/from Earmarked Reserves</b>	3,437	1,830	0	0	0
<b>TOTAL ADJUSTMENTS</b>	<b>851</b>	<b>(979)</b>	<b>(2,125)</b>	<b>211</b>	<b>(247)</b>

2020/21	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pensions costs (transferred to (or from) the Pensions Reserve)	(1,387)	(375)			
Council tax and NDR (transfers to or from Collection Fund)	(4,833)				
Holiday pay (transferred to the Accumulated Absences Reserve)	(61)	(26)			
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	1,477	(11,899)			(1,602)
<b>Total Adjustments to Revenue Resources</b>	<b>(4,804)</b>	<b>(12,300)</b>	<b>0</b>	<b>0</b>	<b>(1,602)</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	1,995	(1,995)		
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(461)		461		
Posting of HRA resources from revenue to the Major Repairs Reserve		5,232		(5,232)	
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(461)</b>	<b>7,227</b>	<b>(1,534)</b>	<b>(5,232)</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>					
Use of the Capital Receipts Reserve to finance capital expenditure			1,329		
Use of the Major Repairs Reserve to finance capital expenditure				6,683	
Application of capital grants to finance capital expenditure					616
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>1,329</b>	<b>6,683</b>	<b>616</b>
<b>Net transfers (to)/from Earmarked Reserves</b>	<b>1,640</b>	<b>(891)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ADJUSTMENTS</b>	<b>(3,625)</b>	<b>(5,964)</b>	<b>(205)</b>	<b>1,451</b>	<b>(986)</b>

**10 Movements in Earmarked Reserves**

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021/22.

	Balance at 1 April 2020 £'000	Transfers Out 2020/21 £'000	Transfers in 2020/21 £'000	Balance at 31 March 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance at 31 March 2022 £'000
<b>General Fund/HRA</b>							
Area Based Grant	(75)	31	(4)	(48)	12	(9)	(45)
Covid-19 Reserve, including S31 grant	0	0	(3,679)	(3,679)	3,819	(2,438)	(2,298)
Debt repayment - HRA	(12,082)	0	0	(12,082)	2,858	0	(9,224)
General	(998)	203	(357)	(1,152)	241	(178)	(1,089)
NDR Growth Protection	(4,127)	0	(2,104)	(6,231)	0	(2,053)	(8,284)
Insurance - GF	(535)	49	(30)	(516)	35	(20)	(501)
Insurance - HRA	(151)	30	(40)	(161)	37	(50)	(174)
IT and Office Equipment	(212)	12	(171)	(371)	109	(577)	(839)
Legal Costs	(97)	10	(30)	(117)	6	(700)	(811)
Local Development Scheme	(216)	26	0	(190)	10	0	(180)
New Build Reserve - HRA	(2,660)	812	(656)	(2,504)	1,058	(200)	(1,646)
Planning Delivery	(20)	20	0	0	0	0	0
Planning Fees	(155)	65	(49)	(139)	65	(95)	(169)
Transformation Reserve	(7,461)	643	0	(6,818)	1,497	0	(5,321)
Vehicle Repair and Renewal - GF	(281)	39	(1,290)	(1,532)	261	0	(1,271)
Vehicle Repair and Renewal - HRA	(457)	60	(200)	(597)	247	(413)	(763)
<b>Total Earmarked Reserves</b>	<b>(29,527)</b>	<b>2,000</b>	<b>(8,610)</b>	<b>(36,137)</b>	<b>10,255</b>	<b>(6,733)</b>	<b>(32,615)</b>

**11 Property, Plant and Equipment**

<b>Movements in 2021/22</b>	<b>Council Dwellings £000</b>	<b>Other Land and Building £000</b>	<b>Vehicles, Plant and Equipment £000</b>	<b>Leased Vehicles £000</b>	<b>Infrastructure Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Total Property, Plant and Equipment £000</b>
<b>Cost or Valuation:</b>									
At 1 April 2021	214,490	19,630	7,663	0	105	1,720	781	1,678	<b>246,067</b>
Additions	9,345	246	1,618			3,257			<b>14,466</b>
Revaluation increases/(decreases) recognised in the revaluation reserve	25,275	(2,078)			(2)		56	21	<b>23,272</b>
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(2,001)	(56)					2		<b>(2,055)</b>
Derecognition - disposals	(4,452)		(1,070)					(117)	<b>(5,639)</b>
Derecognition - other									<b>0</b>
Other movements in cost or valuation	1,720	(135)				(1,720)		(71)	<b>(206)</b>
<b>At 31 March 2022</b>	<b>244,377</b>	<b>17,607</b>	<b>8,211</b>	<b>0</b>	<b>103</b>	<b>3,257</b>	<b>839</b>	<b>1,511</b>	<b>275,905</b>
<b>Accumulated Depreciation and Impairment:</b>									
At 1 April 2021	0	0	(5,327)	0	0	0	0	0	<b>(5,327)</b>
Depreciation charge	(4,179)	(559)	(929)		(6)				<b>(5,673)</b>
Depreciation written out to revaluation reserve	3,753	509			6				<b>4,268</b>
Depreciation written out following revaluation to the surplus/(deficit) on the provision of services	338	46							<b>384</b>
Derecognition - disposal	88		1,064						<b>1,152</b>
Other movements in cost or valuation		4							<b>4</b>
<b>At 31 March 2022</b>	<b>0</b>	<b>0</b>	<b>(5,192)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,192)</b>
<b>Net Book Value</b>									
<b>At 31 March 2022</b>	<b>244,377</b>	<b>17,607</b>	<b>3,019</b>	<b>0</b>	<b>103</b>	<b>3,257</b>	<b>839</b>	<b>1,511</b>	<b>270,713</b>
<b>At 31 March 2021</b>	<b>214,490</b>	<b>19,630</b>	<b>2,336</b>	<b>0</b>	<b>105</b>	<b>1,720</b>	<b>781</b>	<b>1,678</b>	<b>240,740</b>

<b>Movements in 2020/21</b>	<b>Council Dwellings £000</b>	<b>Other Land and Building £000</b>	<b>Vehicles, Plant and Equipment £000</b>	<b>Leased Vehicles £000</b>	<b>Infrastructure Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Total Property, Plant and Equipment £000</b>
<b>Cost or Valuation:</b>									
At 1 April 2020	206,586	18,823	7,244	0	109	545	781	1,478	<b>235,566</b>
Additions	7,594	277	461	0	0	1,720	0	159	<b>10,211</b>
Revaluation increases/(decreases) recognised in the revaluation reserve	7,064	513	0	0	(3)	0	0	44	<b>7,618</b>
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(4,124)	17	0	0	0	0	0	(3)	<b>(4,110)</b>
Derecognition - disposals	(3,175)	0	(42)	0	0	0	0	0	<b>(3,217)</b>
Derecognition - other	0	0	0	0	0	0	0	0	<b>0</b>
Other movements in cost or valuation	545	0	0	0	(1)	(545)	0	0	<b>(1)</b>
<b>At 31 March 2021</b>	<b>214,490</b>	<b>19,630</b>	<b>7,663</b>	<b>0</b>	<b>105</b>	<b>1,720</b>	<b>781</b>	<b>1,678</b>	<b>246,067</b>
<b>Accumulated Depreciation and Impairment:</b>									
At 1 April 2020	0	0	(4,418)	0	0	0	0	0	<b>(4,418)</b>
Depreciation charge	(3,989)	(538)	(946)	0	(6)	0	0	(2)	<b>(5,481)</b>
Depreciation written out to revaluation reserve	3,556	478	0	0	6	0	0	2	<b>4,042</b>
Depreciation written out following revaluation to the surplus/(deficit) on the provision of services	368	60	0	0	0	0	0	0	<b>428</b>
Derecognition - disposal	65	0	37	0	0	0	0	0	<b>102</b>
Derecognition - other	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>(5,327)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,327)</b>
<b>Net Book Value</b>									
<b>At 31 March 2021</b>	<b>214,490</b>	<b>19,630</b>	<b>2,336</b>	<b>0</b>	<b>105</b>	<b>1,720</b>	<b>781</b>	<b>1,678</b>	<b>240,740</b>
<b>At 31 March 2020</b>	<b>206,586</b>	<b>18,823</b>	<b>2,826</b>	<b>0</b>	<b>109</b>	<b>545</b>	<b>781</b>	<b>1,478</b>	<b>231,148</b>

## **Depreciation**

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

- Council Dwellings Components
  - Land - 0 years
  - Structure - 50 years
  - Roof - 50 years
  - Kitchen - 30 years
  - Windows and doors - 40 years
  - Services - 30 years
  - Externals - 25 years
- Other Land and Buildings - 5-50 years
- Vehicles, Plant, Furniture and Equipment - 1-10 years
- Infrastructure - 15-18 years
- Surplus Assets - 5-50 years

## **Effects of Changes in Estimates**

There have been no changes in estimates during 2021/22.

## **Revaluations**

The Council carries out a programme that ensures that all Property (including Investment Property), Plant and Equipment required to be measured at fair value is revalued at least every five years, supported by an annual desk-top review. All valuations for 2021/22 were carried out internally by a suitably qualified valuer. 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.

The last full valuation which provided values as at 1 April 2018 was undertaken in 2018/19.

**Revaluations**

	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture and Equipment</b>	<b>Leased Vehicles</b>	<b>Infrastructure</b>	<b>Assets Under Construction</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Carried at historical cost	0	0	8,211	0	103	3,257	839	0	<b>12,410</b>
Valued at fair value as at:									
- 31 March 2022	29,887	(2,023)	0	0	0	0	0	(167)	<b>27,697</b>
- 31 March 2021	7,904	807	0	0	0	0	0	200	<b>8,911</b>
- 31 March 2020	10,515	(657)	0	0	0	0	0	84	<b>9,942</b>
- 31 March 2019	196,071	19,480	0	0	0	0	0	1,394	<b>216,945</b>
<b>Total Cost or Valuation</b>	<b>244,377</b>	<b>17,607</b>	<b>8,211</b>	<b>0</b>	<b>103</b>	<b>3,257</b>	<b>839</b>	<b>1,511</b>	<b>275,905</b>

Details of the Investment Properties held on the balance sheet are provided in the following note.

**Fair Value Hierarchy - Surplus Assets**

Details of the Council's Surplus Assets and information about the fair value hierarchy as at 31 March 2022 and 2021 are as follows:

Recurring fair value measurements using:	Other significant observable inputs  (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2022  £'000
Industrial Units	0	0	0
Shops	0	0	0
Land	1,224	287	1,511
<b>Total</b>	<b>1,224</b>	<b>287</b>	<b>1,511</b>

Previous year comparative figures:

Recurring fair value measurements using:	Other significant observable inputs  (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2021  £'000
Industrial Units	60	0	60
Shops	11	0	11
Land	1,143	464	1,607
<b>Total</b>	<b>1,214</b>	<b>464</b>	<b>1,678</b>

**Transfers between Levels of the Fair Value Hierarchy**

There were no transfers between levels 1 and 2 during the year.

**Valuation techniques used to determine Level 2 and 3 Fair Values for Surplus Assets**Significant Observable Inputs - Level 2

This has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the Council's 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.

Significant Unobservable Inputs - Level 3

This is based on the premise that the data is not available using the market approach to make a categorisation of level 1 or 2. Therefore level 3 is based on the best information available and the assumptions that the market participants would use.

**Valuation Techniques**

There has been no change in the valuation techniques used during the year for surplus assets.

**Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy**

Land categorised within Level 3

	31 March 2022 £'000	31 March 2021 £'000
Opening balance	464	459
Transfers into Level 3	0	0
Transfers out of Level 3	(70)	0
Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	10	5
Additions	0	0
Disposals	(117)	0
<b>Closing balance</b>	<b>287</b>	<b>464</b>

**Quantitative Information about Fair Value Measurement of Surplus Assets using Significant Unobservable Inputs - Level 3**

	31 March 2022 £'000	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
Surplus Assets	287	Income approach using a discounted cash flow (DCF) technique	Rent growth Vacancy levels Discount rate	Significant changes in rent growth; vacancy levels or discount rate will result in a significantly lower or higher fair value

**Valuation Process for Surplus Assets**

The fair value of the Council's surplus assets is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

**12 Investment Properties**

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement:

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
Rental income from investment property	(774)	(735)
Direct operating expenses arising from property investment	468	437
<b>Net (gain)/loss</b>	<b>(306)</b>	<b>(298)</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 to undertake repairs, maintenance or enhancement.

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

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Balance at start of the year</b>	6,557	5,557
<b>Additions:</b>		
- purchases	0	0
- construction	0	0
- subsequent expenditure	88	158
Disposals	0	0
Net gains/(losses) from fair value adjustments	(1,293)	842
<b>Transfers:</b>		
- (to)/from property, plant and equipment	206	0
Other Changes	(6)	0
<b>Balance at end of year</b>	<b>5,552</b>	<b>6,557</b>

**Fair Value Hierarchy - Investment Properties**

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2022 and 2021 are as follows:

Recurring fair value measurements using:	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2022 £'000
Office units	903	0	903
Commercial Units	4,649	0	4,649
<b>Total</b>	<b>5,552</b>	<b>0</b>	<b>5,552</b>

Previous year comparative figures:

Recurring fair value measurements using:	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2021 £'000
Office units	1,263	0	1,263
Commercial Units	5,294	0	5,294
<b>Total</b>	<b>6,557</b>	<b>0</b>	<b>6,557</b>

**Transfers between Levels of the Fair Value Hierarchy**

There were no transfers between levels 1 and 2 during the year.

**Valuation techniques used to determine Level 2 and 3 Fair Values for Investment Properties**Significant Observable Inputs - Level 2

The fair value for the level 2 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 Council's 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.

Significant Unobservable Inputs - Level 3

The level 3 investment properties are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the Council's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

Some of the Council's investment properties are categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonable available information that indicates that market participants would use different assumptions).

**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.

**Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy**

Investment properties categorised within Level 3

	31 March 2022 £'000	31 March 2021 £'000
Opening balance	0	79
Transfers into Level 3	0	0
Transfers out of Level 3	0	(79)
Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	0	0
Additions	0	0
Disposals	0	0
<b>Closing balance</b>	<b>0</b>	<b>0</b>

Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure line.

**Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs - Level 3**

	31 March 2022 £'000	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
Commercial units	0	Income approach using a discounted cash flow (DCF) technique	Rent growth Vacancy levels Discount rate	Significant changes in rent growth; vacancy levels or discount rate will result in a significantly lower or higher fair value

**Valuation Process for Investment Properties**

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

### 13 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.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The carrying amount of intangible assets is amortised on a straight line basis.

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Balance at start of year:</b>		
- Gross carrying amounts	942	902
- Accumulated depreciation	(483)	(320)
<b>Net carrying amount at start of year</b>	<b>459</b>	<b>582</b>
<b>Additions:</b>		
- Purchases	137	40
<b>Derecognition</b>	(2)	0
<b>Amortisations:</b>		
- Amortisation for the period	(173)	(163)
- Derecognition	0	0
<b>Net carrying amount at end of year</b>	<b>421</b>	<b>459</b>

## **14 Financial Instruments**

### **Financial Liabilities**

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board
- short-term loans from parish councils
- trade payables for goods and services received.

The Council also held financial liabilities that are measured on different bases comprising:

- commitment to provide a loan to Dragonfly Development Limited.

### **Financial Assets**

The financial assets held by the Council during the year are accounted for under the following two classifications:

Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:

- cash in hand
- bank current account with Lloyds bank
- fixed term deposits with banks and building societies
- loans to other local authorities
- lease receivables detailed in note 35
- trade receivables for goods and services delivered

Fair value through profit and loss comprising:

- money market funds
- equity investment in Dragonfly Development Limited (unquoted)
- loans to Dragonfly Development Limited where the cash flows are not solely payments of principal and interest.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

**Financial Instrument - Balances**

The financial instruments disclosed in the Balance Sheet are analysed across the following categories:

	Long Term		Current	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
<b><u>Financial Liabilities</u></b>				
Loans at amortised cost:				
Principal	(89,400)	(93,400)	(4,721)	(4,306)
Accrued interest	-	-	(185)	(259)
<b><i>Total Borrowing</i></b>	<b>(89,400)</b>	<b>(93,400)</b>	<b>(4,906)</b>	<b>(4,565)</b>
Liabilities at amortised cost:				
Trade Payables	(46)	(46)	(4,164)	(4,220)
<b><i>Included in Creditors *</i></b>	<b>(46)</b>	<b>(46)</b>	<b>(4,164)</b>	<b>(4,220)</b>
<b>Total Financial Liabilities</b>	<b>(89,446)</b>	<b>(93,446)</b>	<b>(9,070)</b>	<b>(8,785)</b>
<b><u>Financial Assets</u></b>				
<u>At amortised cost:</u>				
Principal	-	-	30,459	25,456
Accrued interest	-	-	13	40
Loss allowance	-	-	(1)	0
<u>At fair value through profit + loss:</u>	471	1,007	0	0
<b><i>Total Investments</i></b>	<b>471</b>	<b>1,007</b>	<b>30,471</b>	<b>25,496</b>
<u>At amortised cost:</u>				
Principal	-	-	(403)	896
<u>At fair value through profit + loss:</u>	-	-	12,003	12,504
<b><i>Total Cash and Cash Equivalents</i></b>	<b>0</b>	<b>0</b>	<b>11,600</b>	<b>13,400</b>
<u>At amortised cost:</u>				
Trade receivables	72	64	3,948	4,063
Loss allowance	0	0	(1,413)	(1,295)
<b><i>Included in Debtors**</i></b>	<b>72</b>	<b>64</b>	<b>2,535</b>	<b>2,768</b>
<b>Total Financial Assets</b>	<b>543</b>	<b>1,071</b>	<b>44,606</b>	<b>41,664</b>

\*The creditors line on the Balance Sheet includes £6,145,000 (£7,310,355 in 2020/21) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

\*\*The debtors line on the Balance Sheet includes £1,586,518 (£4,983,539 in 2020/21) short-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions.

**Financial Instruments - Gains and Losses**

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

	Financial Liabilities	Financial Assets		Total	Total
	Amortised Cost £000	Amortised Cost £000	Fair Value through Profit + Loss £000	2021/22 £000	2020/21 £000
Interest expense	3,770	-	-	3,770	4,136
<b>Interest payable and similar charges</b>	<b>3,770</b>	<b>0</b>	<b>0</b>	<b>3,770</b>	<b>4,136</b>
Interest income	-	(185)	(34)	(219)	(223)
Dividend income	-	-	(17)	(17)	(23)
<b>Interest and investment income</b>	<b>0</b>	<b>(185)</b>	<b>(51)</b>	<b>(236)</b>	<b>(246)</b>
Net impact on surplus/deficit on provision of services	<b>3,770</b>	<b>(185)</b>	<b>(51)</b>	<b>3,534</b>	<b>3,890</b>
<b>Net gain/(loss) for the year</b>	<b>3,770</b>	<b>(185)</b>	<b>(51)</b>	<b>3,534</b>	<b>3,890</b>

## Financial Instruments - Fair Values

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For money market funds the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2022, using the following methods and assumptions:

- Shares in Dragonfly Development Limited have been valued from the company's balance sheet net assets.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2022, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

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

	Fair Value Level	31 March 2022		31 March 2021	
		Balance Sheet £000	Fair value £000	Balance Sheet £000	Fair value £000
<i>Financial liabilities held at amortised cost:</i>					
Long-term loans from PWLB	2	(89,585)	(94,911)	(93,659)	(109,446)
Other long-term loans	2	(4,721)	(4,820)	(4,306)	(4,490)
<b>Total</b>		<b>(94,306)</b>	<b>(99,731)</b>	<b>(97,965)</b>	<b>(113,936)</b>
Liabilities for which fair value is not disclosed*		(4,210)		(4,266)	
<b>Total Financial Liabilities</b>		<b>(98,516)</b>		<b>(102,231)</b>	
<i>Recorded on balance sheet as:</i>					
Short-term creditors		(10,309)		(11,530)	
Less non-exchange transactions		6,145		7,310	
Short-term borrowing		(4,906)		(4,565)	
Long-term creditors		(46)		(46)	
Long-term borrowing		(89,400)		(93,400)	
<b>Total Financial Liabilities</b>		<b>(98,516)</b>		<b>(102,231)</b>	

\* The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount.

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

	Fair Value Level	31 March 2022		31 March 2021	
		Balance Sheet £000	Fair value £000	Balance Sheet £000	Fair value £000
<i>Financial assets held at fair value:</i>					
Money market funds	1	12,003	12,003	12,504	12,504
Strategic investment	3	290	290	860	860
Shares in unlisted companies	3	181	181	147	147
<i>Financial assets held at amortised cost:</i>					
Short-term bank deposits	2	30,471	30,472	25,496	25,496
Total		42,945	42,946	39,007	39,007
Assets for which fair value is not disclosed*		2,204		3,728	
<b>Total Financial Assets</b>		<b>45,149</b>		<b>42,735</b>	
<i>Recorded on balance sheet as:</i>					
Long-term debtors		72		64	
Short-term debtors		4,121		7,751	
Less non-financial asset element		(1,586)		(4,983)	
Long-term investments		471		1,007	
Short-term investments		30,471		25,496	
Cash and cash equivalents		11,600		13,400	
<b>Total Financial Assets</b>		<b>45,149</b>		<b>42,735</b>	

\* The fair value of short-term financial assets held at amortised cost, including trade receivables and cash balances are assumed to approximate to the carrying amount.

## **Financial Instruments - Risks**

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- Credit risk - the possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- Liquidity risk - the possibility that the Council might not have the cash available to make contracted payments on time.
- Market risk - the possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

### **Credit Risk - Treasury Investments**

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £5m is placed on the amount of money that can be invested with a single counterparty including unsecured investments in banks, building societies and companies. The Council also sets limits on investments in certain sectors. No more than £5m can be invested for a period longer than one year.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

Credit Rating	31 March 2022		31 March 2021	
	Long-term £000	Short-term £000	Long-term £000	Short-term £000
AAA	0	30,471	0	25,496
A	0	0	0	0
<b>Total</b>	<b>0</b>	<b>30,471</b>	<b>0</b>	<b>25,496</b>
Credit risk not applicable*	471	0	1,007	0
<b>Total Investments</b>	<b>471</b>	<b>30,471</b>	<b>1,007</b>	<b>25,496</b>

\* Credit risk is not applicable to shareholdings where the Council has no contractual right to receive any sum of money.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. At 31st March 2022, £1,243 of the loss allowance related to treasury investments (2021: zero).

### Credit Risk - Trade and Lease Receivables

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

The Council includes trade and lease receivables in the same category of debtors - trade receivables. The following analysis summarises the Council's trade receivables by due date. Only those receivables meeting the definition of a financial asset are included.

	31 March 2022 £000	31 March 2021 £000
Past due < 3 months	2,132	2,185
Past due 3 - 6 months	331	428
Past due 6 - 12 months	437	486
Past due 12+ months	1,048	964
<b>Total Receivables</b>	<b>3,948</b>	<b>4,063</b>

Loss allowances on trade and receivables have been calculated by reference to the Council's historic experience of default.

Receivables are collectively assessed for credit risk in the following groupings:

	Range of allowances set	31 March 2022		31 March 2021	
		Gross receivable £000	Loss allowance £000	Gross receivable £000	Loss allowance £000
Individuals - HRA tenants	1% - 100%	1,599	(1,188)	1,710	(1,155)
Private sector	.5% - 100%	817	(225)	568	(140)
Government/Local authority/prepayments	zero	1,532	0	1,785	0
		<b>3,948</b>	<b>(1,413)</b>	<b>4,063</b>	<b>(1,295)</b>

Receivables are written off to the surplus or deficit on the provision of services when all avenues to collect the debt are exhausted.

### Credit Risk - Loans and Loan Commitments

In furtherance of the Council's service objectives it has lent money to Dragonfly Development Limited. It has also committed to lend Dragonfly Development Limited a further loan should it be requested at market rates of interest.

The amounts recognised on the balance sheet, and the Council's total exposure to credit risk from the instruments are:

Borrower	Exposure type	31 March 2022		31 March 2021	
		Balance Sheet £000	Risk exposure £000	Balance Sheet £000	Risk exposure £000
Dragonfly Development Limited	Loan at market rate	290	290	860	860
Dragonfly Development Limited	Loan commitment at market rate	(1,267)	(1,267)	(1,267)	(1,267)
		<b>(977)</b>	<b>(977)</b>	<b>(407)</b>	<b>(407)</b>

The Council manages the credit risk inherent in its loans for service purposes and loan commitments in line with its published Investment Strategy. These are included on the balance sheet at fair value and therefore already include an allowance for loss.

## Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates.

The maturity analysis of financial instruments is as follows:

Time to maturity (years)	Discounted (principal)		Undiscounted (principal plus interest)	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£000	£000	£000	£000
Not over 1	(9,070)	(8,785)	(12,314)	(12,239)
Over 1 but not over 2	(3,400)	(4,000)	(6,522)	(7,244)
Over 2 but not over 5	(12,246)	(12,646)	(20,435)	(21,330)
Over 5 but not over 10	(23,800)	(22,800)	(34,375)	(34,154)
Over 10 but not over 20	(50,000)	(49,000)	(59,175)	(59,849)
Over 20 but not over 40	0	(5,000)	0	(5,175)
<b>Total</b>	<b>(98,516)</b>	<b>(102,231)</b>	<b>(132,821)</b>	<b>(139,991)</b>

## Market Risk - Interest Rate Risk

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

- Borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates - the fair value of the borrowing will fall (no impact on revenue balances).
- Investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

Investments measured at amortised cost and loans borrowed, are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks with a treasury indicator which provides maximum limits for fixed and variable interest rate exposure. The Council finance team will monitor market and forecast interest rates within the year, to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns.

If all interest rates had been 1% higher (with all variables held constant) the financial effect would be:

	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
Increase in interest payable on variable rate borrowings	7	6
Increase in interest receivable on variable rate investments	(225)	(164)
Decrease in fair value of investments held at FVPL	0	0
Impact on Surplus or Deficit on the Provision of Services	(218)	(158)
Impact on Comprehensive Income and Expenditure	(218)	(158)
Share of overall impact credited to the HRA	45	33

\* No impact on Comprehensive Income and Expenditure

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

### **Market Risk - Interest Rate Risk**

The Council's investment in equity shares would be subject to the risk of falling share prices if the shares were listed on the stock exchange. The shares are not currently listed on the stock exchange so this is not an issue for this financial year.

**Market Risks: Foreign exchange risk** - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no intentional exposure to loss arising from movements in exchange rates.

**15 Inventories**

	Balance at start of year	Purchases	Expenses in year	Written off balances	Balance at end of year
	£000	£000	£000	£000	£000
<b>Building Materials</b>					
2020/21	69	1,015	(993)	0	91
2021/22	91	1,132	(1,114)	0	109
<b>Sports</b>					
2020/21	2	17	(16)	0	3
2021/22	3	12	(13)	0	2
<b>Catering</b>					
2020/21	4	1	(4)	0	1
2021/22	1	37	(37)	0	1
<b>Fuel</b>					
2020/21	22	334	(327)	0	29
2021/22	29	482	(472)	0	39
<b>Stationery</b>					
2020/21	1	0	0	0	1
2021/22	1	0	0	0	1
<b>COVID-19 Supplies</b>					
2020/21	3	30	(26)	0	7
2021/22	7	0	(6)	0	1
<b>Total 2020/21</b>	<b>101</b>	<b>1,397</b>	<b>(1,366)</b>	<b>0</b>	<b>132</b>
<b>Total 2021/22</b>	<b>132</b>	<b>1,663</b>	<b>(1,642)</b>	<b>0</b>	<b>153</b>

**16 Capital Commitments**

The Council has the following capital commitments:

Capital Commitments	31 March 2022 £000	31 March 2021 £000
Disabled Facilities Grants	116	140
Fleet Vehicles	540	118
The Arc, Asset Management Plan	37	10
Pleasley Vale Works	24	17
New Bolsover Model Village Project	137	279
B @ Home Programme	22	22
HRA Small Capital Schemes	153	33
HRA Safe and Warm	43	49
ICT Schemes	7	0
Playing Pitch Improvements	364	0
Shirebrook Crematorium	145	0
The Tangent	44	0
Electric Charging Points	0	27
<b>Total</b>	<b>1,632</b>	<b>695</b>

**17 Debtors**

	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
Trade receivables	1,342	1,161
Prepayments	376	386
Other receivable amounts	817	1,221
	<b>2,535</b>	<b>2,768</b>
Statutory receivable amounts (non-exchange transactions)	1,586	4,983
<b>Total</b>	<b>4,121</b>	<b>7,751</b>

**18 Cash Flow Statement - Cash and Cash Equivalents**

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

	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
Cash held by the Council	(403)	896
Bank call accounts	12,003	12,504
<b>Total</b>	<b>11,600</b>	<b>13,400</b>

**19 Assets Held for Sale**

	<b>31 March 2022 £'000</b>	<b>31 March 2021 £'000</b>
Balance outstanding at start of year	0	0
Balance outstanding at year-end	<b>0</b>	<b>0</b>

**20 Creditors**

	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
Trade payables	(2,815)	(3,333)
Other payable amounts	(1,349)	(887)
	<b>(4,164)</b>	<b>(4,220)</b>
Statutory payable amounts (non-exchange transactions)	(6,145)	(7,310)
<b>Total</b>	<b>(10,309)</b>	<b>(11,530)</b>

**21 Provisions**

	<b>Legal Costs</b>	<b>Non-domestic Rates</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April 2021</b>	(178)	(1,711)	(1,889)
Provisions made in 2021/22	0	(621)	(621)
Amounts used in 2021/22	0	195	195
Unused amounts reversed in 2021/22	0	0	0
<b>Balance at 31 March 2022</b>	<b>(178)</b>	<b>(2,137)</b>	<b>(2,315)</b>

The Legal Costs provision has been created for costs which are potentially to be incurred relating to the MMI scheme of arrangement and future, currently unknown claims.

The Local Government Finance Act 2012 introduced a business rates retention scheme. Billing authorities are required to make a provision for any potential liabilities as a result of refunding ratepayers who have appealed against the rateable value of their properties. The provision includes an amount for appeals lodged to date but yet to be determined by the Valuation Office Agency (VOA) plus an amount for appeals expected but not yet lodged with the VOA. As the outcome of any appeals are determined by the VOA, it is uncertain when the claims will be settled. As there are still claims outstanding from pre 2010 it has been decided to classify the provision as long term. This provision relates to only the Council's share of the potential costs which is 40%.

**22 Usable Reserves**

Movements in the Council's usable reserves are detailed in the Movement in Statement and note 9 .

**23 Unusable Reserves**

	<b>2021/22</b> <b>£000</b>	<b>2020/21</b> <b>£000</b>
Revaluation Reserve	(118,951)	(95,728)
Capital Adjustment Account	(41,919)	(36,431)
Pensions Reserve	41,702	55,212
Deferred Capital Receipts Reserve	(63)	(63)
Collection Fund Adjustment Account	2,829	3,911
Accumulated Absences Account	117	171
<b>Total</b>	<b>(116,285)</b>	<b>(72,928)</b>

**Revaluation Reserve**

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

	<b>2021/22</b> <b>£000</b>	<b>2020/21</b> <b>£000</b>
<b>Balance at 1 April</b>	<b>(95,728)</b>	<b>(87,322)</b>
Upward revaluation of assets	(31,032)	(13,650)
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	3,492	1,990
(Surplus) or deficit on revaluation of non current assets not posted to the Comprehensive Income and Expenditure Statement	(27,540)	(11,660)
Difference between fair value depreciation and historical cost depreciation	2,274	2,060
Accumulated gains on assets sold or scrapped	2,043	1,194
Amount written off to the Capital Adjustment Account	4,317	3,254
<b>Balance at 31 March</b>	<b>(118,951)</b>	<b>(95,728)</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 amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to an 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 and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve are provided in note 9.

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Balance at 1 April</b>	<b>(36,431)</b>	<b>(35,663)</b>
<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>		
- Charges for depreciation and impairment of non current assets	7,454	9,165
- Derecognition of property, plant and equipment	2,201	1,368
- Amortisation of intangible assets	66	163
- Revenue Expenditure Funded from Capital Under Statute	845	1,245
- Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to The Comprehensive Income and Expenditure Statement	2,288	1,747
- Financial Instruments impairment	(1)	0
	<b>12,853</b>	<b>13,688</b>
Adjusting amounts written out of the Revaluation Reserve	(4,317)	(3,254)
Net written out amount of the cost of non current assets consumed in the year	<b>8,536</b>	<b>10,434</b>
<i>Capital financing applied in the year:</i>		
- Use of Capital Receipts Reserve to finance new capital expenditure	(605)	(1,329)
- Use of Capital Receipts Reserve to finance historical capital expenditure	(571)	0
- Use of the Major Repairs Reserve to finance new capital expenditure	(5,597)	(6,683)
- Application of grants to capital financing from the Capital Grants Unapplied Account	(2,794)	(738)
- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(705)	(700)
- Capital expenditure charged against the General Fund and HRA balances	(38)	0
- Capital expenditure charged against reserves	(5,580)	(910)
	<b>(15,890)</b>	<b>(10,360)</b>
Redemption of long term investment - loan repayment (Dragonfly)	<b>571</b>	<b>0</b>
Redemption of long term investment - loan repayment	<b>2</b>	
Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	<b>1,293</b>	<b>(842)</b>
<b>Balance at 31 March</b>	<b>(41,919)</b>	<b>(36,431)</b>

**Pensions Reserve**

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

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Balance at 1 April</b>	<b>55,212</b>	<b>35,403</b>
Actuarial gains or losses on pensions assets and liabilities	(17,793)	18,047
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	7,115	4,510
Employer's pension contributions and direct payments to pensioners payable in the year	(2,832)	(2,748)
<b>Balance at 31 March</b>	<b>41,702</b>	<b>55,212</b>

**Deferred Capital Receipts Reserve**

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non current assets where the 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>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Balance at 1 April - Rent to Mortgage - Property Charge</b>	<b>(63)</b>	<b>(63)</b>
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0
Transfer to the Capital Receipts Reserve upon receipt of cash	0	0
<b>Balance at 31 March - Rent to Mortgage - Property Charge</b>	<b>(63)</b>	<b>(63)</b>

**Collection Fund Adjustment Account**

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic 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 amounts to the General Fund from the Collection Fund.

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Balance at 1 April</b>	<b>3,911</b>	<b>(922)</b>
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(1,082)	4,833
<b>Balance at 31 March</b>	<b>2,829</b>	<b>3,911</b>

**Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences, principally holidays, earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Balance at 1 April</b>	<b>171</b>	<b>84</b>
Settlement or cancellation of accrual made at the end of the preceding year	(171)	(84)
Amounts accrued at the end of the current year	117	171
Amount by which Officer remuneration charged to the CIES is different from remuneration chargeable in the year in accordance with statutory requirements	(54)	87
<b>Balance at 31 March</b>	<b>117</b>	<b>171</b>

**24 Cash Flow Statement - Operating Activities**

The cash flows for operating activities include the following items:

	2021/22 £000	2020/21 £000
Interest received	(227)	(418)
Interest paid	3,769	4,136
Dividends received	0	0

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	2021/22 £000	2020/21 £000
Depreciation	(5,849)	(5,644)
Impairment and downward valuations	(1,672)	(3,683)
Increase/(decrease) in creditors	(5,442)	(3,973)
(Increase)/decrease in debtors	(592)	319
(Increase)/decrease in inventories	21	30
Movement in pension liability	(4,283)	(1,762)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(4,488)	(3,114)
Other non-cash items charged to the net surplus or deficit on the provision of services	(1,720)	490
	<b>(24,025)</b>	<b>(17,337)</b>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2021/22 £000	2020/21 £000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,183	1,995
Any other items for which the cash effects are investing or financing cash flows	3,042	1,724
	<b>6,225</b>	<b>3,719</b>

**25 Cash Flow Statement - Investing Activities**

	2021/22 £000	2020/21 £000
Purchase of property, plant and equipment, investment property and intangible assets	14,643	10,217
Purchase of short term and long term investments	41,003	92,002
Other payments for investing activities	10	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,183)	(1,995)
Proceeds from short term and long term investments	(36,571)	(94,500)
Other receipts from investing activities	(3,396)	(1,420)
<b>Net cash flows from investing activities</b>	<b>12,506</b>	<b>4,304</b>

**26 Cash Flow Statement - Financing Activities**

	2021/22 £000	2020/21 £000
Cash receipts of short term and long term borrowings	(754)	(813)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	0	0
Repayments of short term and long term borrowing	4,413	2,665
Council Tax and NNDR adjustments	(334)	(190)
<b>Net cash flows from financing activities</b>	<b>3,325</b>	<b>1,662</b>

**27 Cash Flow Statement - Reconciliation of Liabilities arising from Financing Activities**

	1 April 2021 £'000	Financing cash flows £'000	Non-cash changes Acquisition £'000	Other £'000	31 March 2022 £'000
Long-term borrowings	(93,400)	0	-	4,000	(89,400)
Short-term borrowings	(4,566)	3,659	-	(4,000)	(4,907)
- Lease liabilities	0	0	0	0	0
<b>Total liabilities from financing activities</b>	<b>(97,966)</b>	<b>3,659</b>	<b>0</b>	<b>0</b>	<b>(94,307)</b>

	1 April 2020 £'000	Financing cash flows £'000	Non-cash changes Acquisition £'000	Other £'000	31 March 2021 £'000
Long-term borrowings	(97,100)	0	-	3,700	(93,400)
Short-term borrowings	(2,718)	1,852	-	(3,700)	(4,566)
- Lease liabilities	0	0	0	0	0
<b>Total liabilities from financing activities</b>	<b>(99,818)</b>	<b>1,852</b>	<b>0</b>	<b>0</b>	<b>(97,966)</b>

**28 Agency Services**

The Council undertakes agency work for Derbyshire County Council in carrying out the duties of roadside verge grass cutting, weed control and tree maintenance. The annual expenditure on the service was £229,859 with an income of £68,345 for 2021/22, (£204,779 and £68,344 in 2020/21).

**29 Members' Allowances**

The Council paid the following amounts to elected members during the year. This expenditure is included within the People Directorate line of the Comprehensive Income and Expenditure Statement.

	2021/22 £000	2020/21 £000
Allowances	446	435
Expenses	9	6
<b>Total</b>	<b>455</b>	<b>441</b>

**30 Officers' Remuneration**

Council employees (excluding senior employees) receiving more than £50,000 remuneration (excluding pension contributions) were paid the following amounts:

<b>Remuneration Band</b>	<b>Number of Employees 2021/22</b>	<b>Number of Employees 2020/21</b>
£50,000 - £54,999	2	4
£55,000 - £59,999	0	1
£60,000 - £64,999	0	0
£75,000 - £79,999	0	0
£105,000 - £109,999	0	0

**Senior Employees**

The definition of a senior employee is:

- \* an employee whose salary is £150,000 or more
- \* an employee whose salary is £50,000 or more who is a statutory chief officer as per section 2(6) of the Local Government and Housing Act 1989 as amended
- \* an employee whose salary is £50,000 or more who is a non-statutory chief officer as per section 2(7) of the Local Government and Housing Act 1989 as amended
- \* an employee whose salary is £50,000 or more who reports directly to the Head of Paid Service

The following changes in respect of the Council's Senior Employees occurred during 2021/22 and are relevant to the table on the following page, or remuneration paid to the Council's Senior Employees.

**Council report - 12 July 2021**

The Joint Director of Corporate Resources post was disestablished.

The Joint Director of Environment and Enforcement post was disestablished.

A new post of Executive Director of Resources was established. This was designated Head of Paid Service.

The Director of Development was renamed the Executive Director of Strategy and Development.

**Council report - 8 September 2021**

All Head of Service posts were renamed as Assistant Director.

**Council report - 3 November 2021**

The Joint Assistant Director of Transformation and Organisation post was disestablished.

A new post of Assistant Director of Street Scene was established.

The Joint Assistant Director of Street Scene post was disestablished.

A new post of Assistant Director of Corporate Governance and Monitoring Officer was established.

The Joint Assistant Director of Corporate Governance and Monitoring Officer was disestablished.

To aid understanding, in 2021/22 it has been decided to include for the first time, all members of the Senior Leadership Team in the table on the following page regardless of whether they report directly to the Head of Paid Service. However, their remuneration is not included in the table for 2020/21 as they were not classed as Senior Employees for the purpose of this note during that year. Their details were listed in the table of Council's employees earning above £50,000 in 2020/21.

The remuneration paid to the Council's senior employees (who earn £50,000 or more and are either statutory chief officers and/or report directly to the Head of Paid Service) is as follows:

Post Title		Salary (including fees + allowances)	Expenses/ Allowances	Benefits in Kind	Compen- sation for loss of office * (see following page)	Pension Contribution	Total Remuneration (including pension contributions)	Net Charge to NEDDC	Net Charge to BDC
		£	£	£	£	£	£	£	£
<b>Employed by Bolsover DC</b>									
Executive Director of Resources (start date 2/8/21)	2020/21	0	0	0	0	0	0	-	0
	2021/22	70,228	0	0	0	10,464	80,692	-	80,692
Executive Director of Strategy and Development	2020/21	94,743	0	0	0	14,117	108,860	-	108,860
	2021/22	94,818	62	0	0	14,110	108,990	-	108,990
Assistant Director - Finance and Resources - Section 151 Officer	2020/21	54,798	0	0	0	8,165	62,963	-	62,963
	2021/22	60,943	0	0	0	9,070	70,013	-	70,013
Assistant Director - Leader's Executive Team/Partnerships	2020/21	55,748	0	0	0	8,306	64,054	-	64,054
	2021/22	59,116	0	0	0	8,797	67,913	-	67,913
Assistant Director - Corporate Governance and Monitoring Officer (start date 5/2/22)	2020/21	0	0	0	0	0	0	-	0
	2021/22	9,158	0	51	0	1,365	10,574	-	10,574

The remuneration paid to the Council's senior employees (who earn £50,000 or more and are either statutory chief officers and/or report directly to the Head of Paid Service) is as follows:

Post Title		Salary (including fees + allowances)	Expenses/ Allowances	Benefits in Kind	Compen- sation for loss of office * (see following page)	Pension Contribution	Total Remuneration (including pension contributions)	Net Charge to NEDDC	Net Charge to BDC
		£	£	£	£	£	£	£	£
Assistant Director - Street Scene (start date 3/3/22) (not previously included, see note)	2020/21	0	0	0	0	0	0	-	0
	2021/22	5,129	0	0	0	764	5,893	-	5,893
Assistant Director - Development and Planning (not previously included, see note)	2020/21	0	0	0	0	0	0	-	0
	2021/22	59,178	0	0	0	8,818	67,996	-	67,996
Assistant Director - Housing Repairs and Property Services (not previously included, see note)	2020/21	0	0	0	0	0	0	-	0
	2021/22	58,503	94	0	0	8,717	67,314	-	67,314
Assistant Director - Housing Management and Enforcement (not previously included, see note)	2020/21	0	0	0	0	0	0	-	0
	2021/22	58,503	543	306	0	8,717	68,069	-	68,069
Joint Director of Corporate Resources (leave date 1/8/21)	2020/21	87,707	0	0	0	13,068	100,775	50,388	50,387
	2021/22	29,832	62	0	0	4,445	34,339	17,138	17,201
Joint Assistant Director - Transformation/Organisation (leave date 12/11/21)	2020/21	56,637	0	0	0	8,439	65,076	32,538	32,538
	2021/22	36,448	0	0	0	5,431	41,879	20,940	20,939

The remuneration paid to the Council's senior employees (who earn £50,000 or more and are either statutory chief officers and/or report directly to the Head of Paid Service) is as follows:

Post Title		Salary (including fees + allowances)  £	Expenses/ Allowances  £	Benefits in Kind  £	Compen- sation for loss of office * (see following page)  £	Pension Contribution  £	Total Remuneration (including pension contributions)  £	Net Charge to NEDDC  £	Net Charge to BDC  £
Joint Assistant Director - Governance - Monitoring Officer (leave date 4/2/22)	2020/21	59,827	0	328	0	8,914	69,069	34,535	34,534
	2021/22	52,247	62	306	0	7,785	60,400	30,678	29,722
<b>Employed by North East Derbyshire DC</b>									
Joint Director of Environment and Enforcement (leave date 1/8/21)	2020/21	87,480	0	0	0	12,735	100,215	50,108	50,107
	2021/22	30,186	0	0	0	4,385	34,571	17,286	17,285
Joint Assistant Director - Environmental Health (not previously included, see note)	2020/21	0	0	0	0	0	0	0	0
	2021/22	62,621	0	205	0	9,051	71,877	35,939	35,938

The number of exit packages with the total cost per band and total cost of the compulsory and other 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	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22 £	2020/21 £
£0 - £20,000	0	1	2	3	2	4	5,876	20,934
£20,001 - £40,000	0	0	0	1	0	1	0	22,891
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
<b>Termination Benefit Cost</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>5</b>	<b>5,876</b>	<b>43,825</b>

The total cost of £5,876 (£43,825 20/21) in the table above is for exit packages that have been agreed, accrued for and charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

**31 External Audit Costs**

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
Fees payable to the Auditor with regard to external audit services carried out by the appointed auditor for the year	48	47
Fees payable to the Auditor for the certification of grant claims and returns for the year	17	14
Fees payable to the Auditor in respect of other services	10	0
<b>Total</b>	<b>75</b>	<b>61</b>

The External Auditor of the Council has been Mazars LLP since 1/4/18.

**32 Grant Income**

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22:

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Credited to Taxation and Non Specific Grant Income</b>		
New Burdens Grants	(28)	(8)
New Homes Bonus	(725)	(953)
Section 31 Grant	(897)	(1,265)
Revenue Support Grant	(1,195)	(1,188)
Covid-19 Emergency Funding for Local Government	(408)	(1,291)
Better Care Fund not yet used	(667)	(753)
Local Authority Delivery Grant - Green Homes Grant	(328)	(410)
Homes England Capital Grant	(1,338)	0
Capital Grants and Contributions	(238)	(178)
<b>Total</b>	<b>(5,824)</b>	<b>(6,046)</b>

**Grant Income note continued from previous page**

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Credited to Services</b>		
New Burdens Grants	(459)	0
Homelessness Prevention Grant	(197)	0
Business Rates Cost of Collection Allowance	(93)	0
Housing Benefit Subsidy	(13,744)	(15,162)
Housing Benefit Admin Grant	(330)	(341)
Discretionary Housing Payments Grant	(43)	0
ERDF	(127)	0
Miscellaneous Contributions to Holding Accounts	0	(498)
Disabled Facilities Grants	(470)	(383)
Covid-19 Control Outbreak Management (COMF) Grant	(88)	0
Covid-19 Fees + Charges Compensation Grant	(284)	0
Covid Support Funding payable to Businesses	(519)	(2,360)
Other Government Grants	(78)	0
Other Non-Government grants and contributions	(681)	0
<b>Total</b>	<b>(17,113)</b>	<b>(18,744)</b>

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	<b>2021/22</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
<b>Revenue grant receipts in advance</b>		
S106 Contributions	(1,467)	(1,523)
Other Government Grants	(260)	0
Covid-19 Control Outbreak Management (COMF) Grant	(40)	0
Covid-19 related grants to businesses and individuals	(2,890)	(4,092)
Council Tax Energy Rebate Grant	(5,327)	0
<b>Total</b>	<b>(9,984)</b>	<b>(5,615)</b>

### **33 Related Parties**

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

#### Central Government

Central government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Grants received from government departments are set out in the previous note.

#### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in a previous note. During 2021/22 payments for works and services to the value of £114,323 were made to organisations such as Parish Councils in which members had an interest. Amounts for works and services to the value of £280,723 were received from organisations in which members had an interest. Council Members make disclosures of relevant interests to the Council's Assistant Director - Corporate Governance, which are formally recorded on a publicly available Register of Interests and also make declarations on individual committee decisions. The Council also nominates Members to sit on outside bodies. A number of Council Members are also Members of local parish councils, or various local voluntary organisations, which the Council supports financially. Where necessary, Members declared such interests when relevant to their duties and thus no further disclosure is considered necessary.

Officers

In addition to the Register of Interest, Senior Officers were required to complete a Declaration of Related Party Transactions Pro-forma for the year 2021/22. During 2021/22 payments for works and services to the value of £22,276 were received from, or made to organisations in which senior officers had an interest.

Other significant transactions with related parties are as follows:-

	<b>Receipts £000</b>	<b>Payments £000</b>
Barlborough Parish Council	(21)	0
Blackwell Parish Council	(17)	0
Clowne Parish Council	(13)	0
Derbyshire County Council	(2,483)	976
Derbyshire Unemployed Working Centre	0	20
Dragonfly Ltd	(22)	0
Elmton with Creswell Parish Council	(19)	0
North East Derbyshire Citizens Advice Bureau	0	42
Pinxton Parish Council	(85)	0
Pleasley Parish Council	(13)	0
Police and Crime Commissioner	0	12
Shirebrook Town Council	(15)	0
South Normanton Parish Council	0	16
<b>Total</b>	<b>(2,688)</b>	<b>1,066</b>

**34 Capital Expenditure and Capital Financing**

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Opening Capital Financing Requirement</b>	116,581	115,286
<u>Capital Investment:</u>		
Property, Plant and Equipment	14,466	10,211
Investment Properties	88	158
Intangible Assets	137	41
Revenue Expenditure Financed from Capital Under Statute	845	1,245
Financial Asset	10	0
<u>Sources of Finance:</u>		
Capital Receipts	(605)	(1,329)
Capital Receipts - Loan Repayment	(571)	0
Government Grants and Other Contributions	(2,794)	(738)
Major Repairs Allowance	(5,597)	(6,683)
Sums Set Aside from Revenue:		
- Direct Revenue Contributions	(38)	0
- Reserve Contributions	(5,580)	(910)
- Minimum Revenue Provision	(705)	(700)
<b>Closing Capital Financing Requirement</b>	<b>116,237</b>	<b>116,581</b>
<u>Explanation of Movements in Year</u>		
Increase in Underlying Need to Borrow	(363)	(1,995)
Minimum Revenue Provision	705	700
<b>(Increase)/Decrease in Capital Financing Requirement</b>	<b>344</b>	<b>(1,295)</b>

### **35 Leases**

#### **Authority as Lessee**

The Council is not currently a lessee for finance or operating lease purposes.

#### **Authority as Lessor**

##### **Operating Leases**

With regard to the Council's activity as a lessor, the rental income from leases relating to retail, commercial and industrial units amounted to £919,230 in 2021/22 (£874,641 in 2020/21).

The Council leases out a number of properties for commercial purposes. The minimum lease payments receivable under non cancellable leases in future years are:

	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
Not later than one year	(187)	(170)
Later than one year and not later than five years	(590)	(611)
Later than five years	(178)	(141)
<b>Total</b>	<b>(955)</b>	<b>(922)</b>

### **36 Impairment Losses**

Impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure are included in the Property, Plant and Equipment Note 11.

Details of impairment charged to the HRA for 2021/22 are in note 46 .

### **37 Termination Benefits**

The Council terminated the contracts of a number of employees in 2021/22, incurring liabilities of £5,876 (£43,825 in 2020/21) - see note 30 for the number of exit packages and total cost per band.

### **38 Defined Benefit Pension Scheme**

#### **Participation in pension scheme**

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

The Council participates in the Local Government Pension Scheme (LGPS), administered by Derbyshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The principal risks to the Council 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 General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

#### **Transactions relating to post-employment benefits**

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make 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 and Housing Revenue Account 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>Local Government Pension Scheme</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
<u>Comprehensive Income and Expenditure Statement</u>		
<i>Cost of Services:</i>		
<u>Service cost comprising:</u>		
- Current service cost	5,936	3,642
- (Gain)/loss from Settlements	0	0
- Administration cost	45	43
<u>Financing and Investment Income and Expenditure:</u>		
Net interest expense	1,134	825
<i>Total Post-employment benefit charged to the surplus or deficit on the provision of services</i>	7,115	4,510
<i>Other Post-employment benefits charged to the Comprehensive Income and Expenditure Statement</i>		
<u>Remeasurement of the net defined benefit liability comprising:</u>		
- Return on plan assets (excluding the amount included in the net interest expense)	(5,556)	(16,778)
- Actuarial gains and losses arising on changes in demographic assumptions	(984)	2,083
- Actuarial gains and losses arising on changes in financial assumptions	(11,391)	33,854
- Actuarial gains and losses arising on changes in other experience	138	(1,112)
<b><i>Total remeasurements recognised in other comprehensive income and expenditure</i></b>	<b>(17,793)</b>	<b>18,047</b>
<i>Total Post-employment benefits charged to the Comprehensive Income and Expenditure Statement</i>	<b>(10,678)</b>	<b>22,557</b>
<u>Movement in Reserves Statement</u>		
- Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	4,283	1,762
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>		
Employers' contributions payable to scheme	2,832	2,748

**Pensions Assets and Liabilities Recognised in the Balance Sheet**

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

<b>Local Government Pension Scheme</b>	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
Present value of the defined benefit obligation	(158,234)	(164,213)
Fair value of plan assets	116,532	109,001
Sub-total	(41,702)	(55,212)
Other movements in the liability	0	0
<b>Net liability arising from defined benefit obligation</b>	<b>(41,702)</b>	<b>(55,212)</b>

**Reconciliation of the Movements in the Fair Value of the Scheme Assets:**

<b>Local Government Pension Scheme</b>	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
Opening fair value of scheme assets	109,001	90,168
Interest income	2,177	2,072
Remeasurement gain/(loss):		
- The return on plan assets, excluding the amount included in the net interest expense	5,556	16,778
Contributions from employer	2,832	2,748
Contributions from employees into the scheme	726	682
Benefits paid	(3,760)	(3,447)
<b>Closing fair value of scheme assets</b>	<b>116,532</b>	<b>109,001</b>

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

<b>Local Government Pension Scheme - Funded Liabilities</b>	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
Opening balance at 1 April	(164,213)	(125,571)
Current service cost	(5,981)	(3,685)
Interest cost	(3,311)	(2,897)
Contributions from scheme participants	(726)	(682)
Remeasurement (gains) and losses:		
- Actuarial gains and losses arising on changes in demographic assumptions	984	(2,083)
- Actuarial gains and losses arising on changes in financial assumptions	11,391	(33,854)
- Actuarial gains and losses arising on changes in other experience	(138)	1,112
Losses/(gains) on curtailment	0	0
Benefits paid	3,760	3,447
<b>Closing balance at 31 March</b>	<b>(158,234)</b>	<b>(164,213)</b>

<b>Local Government Pension Scheme assets comprised:</b>	<b>Fair value of scheme assets</b>	
	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
Cash and cash equivalents	5,970	6,928
Equity instruments:		
- Consumer	1,675	1,846
- Manufacturing	1,175	1,074
- Energy and utilities	422	392
- Financial institutions	726	824
- Health and care	1,078	966
- Information technology	1,600	1,496
- Other	8,215	21,918
Sub-total equity	14,891	28,516
Bonds:		
- Corporate (Investment)	15,161	14,179
- UK Government	9,884	9,189
- Other	2,103	1,951
Sub-total bonds	27,148	25,319

Local Government Pension Scheme assets comprised continued:	Fair value of scheme assets	
	2021/22 £'000	2020/21 £'000
Property: - UK	8,895	8,278
Private equity: - All	5,365	4,048
Investment funds:		
- Equities	46,476	29,152
- Infrastructure	7,787	6,760
Sub-total other investment funds	54,263	35,912
Total assets	116,532	109,001

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary level etc. The County Council Fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme	2021/22	2020/21
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	21.1 years	21.3 years
- Women	23.8 years	23.9 years
Longevity at 65 for future pensioners:		
- Men	22.2 years	22.5 years
- Women	25.6 years	25.8 years
Rate of inflation (CPI)	3.20%	2.85%
Rate of increase in salaries	3.90%	3.55%
Rate of increase in pensions	3.20%	2.85%
Rate for discounting scheme liabilities	2.70%	2.00%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the previous table. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

<b>Impact on the Defined Benefit Obligation in the Scheme</b>	<b>Approximate increase to Employer Liability</b> %	<b>Approximate monetary amount</b> £'000
0.1% decrease in Real Discount Rate	2	3,108
1 year increase in member life expectancy	4	6,329
0.1% increase in the Salary Increase Rate	0	397
0.1% increase in the Pension Increase Rate	2	2,685

### **Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 17 years. Funding levels are monitored on an annual basis. The triennial valuation was completed on 31 March 2019.

The scheme has been required to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council anticipates to pay £2.656m in expected contributions to the scheme in 2022/23.

The weighted average duration of the defined benefit obligation for scheme members is 17.9 years, 21/22 (17.9 years 2020/21).

**39 Contingent Liabilities/Assets**

There are no contingent liabilities or assets.

**40 Interests in Other Entities**

During 2016/17 the Council entered into a joint venture with Woodhead Regeneration Ltd. Both parties purchased 50% of the shares in Dragonfly Development Limited for £50,000. Parties have equal controlling interests with two Directors on the Board. Both parties are committed to remain in the joint venture for a minimum of 5 years and thereafter either party can, if they choose, seek to exit the joint venture serving 12 months notice.

Dragonfly Development Limited has been created to deliver residential and commercial developments on Council and privately owned land. The driver for creating the company is to stimulate economic growth by delivering housing and commercial developments whilst generating income for the Council.

Dragonfly Development Limited agreed during 2017/18 to develop 3 residential sites in the area covered by Bolsover District Council. This is to be funded by a commercial loan of up to £3.2m, as well as a further share purchase of up to £0.500m. Woodhead Regeneration Ltd will match any share purchase made by the Council to maintain the equal controlling interest.

The amounts recognised on the balance sheet as long term investments are:

	Share Purchase £	Commercial Loan	
		Principal £	Interest £
<b>Balance at 1 April 2021</b>	125,114	859,848	21,891
Advances repaid in year	0	(571,000)	0
Advances made in year	0	0	0
Movement in impairment allowance	(310)	1,469	0
Interest charge in year	0	0	34,251
Interest paid to BDC in year	0	0	0
<b>Balance at 31 March 2022</b>	124,804	290,317	56,142

#### **41 Shared Services/Joint Operations**

During 2021/22 the Council had partnership agreements with North East Derbyshire District Council (NEDDC), Chesterfield Borough Council (CBC) and Derbyshire Dales District Council (DDDC) in the following areas:

- Internal Audit
- ICT Service
- Environmental Health Service
- Chesterfield and District Joint Crematorium

The Internal Audit Consortium is hosted by CBC and also includes BDC and NEDDC . The accounts reflect the payments made to CBC towards the costs of operation.

NEDDC hosts the joint ICT service which covers BDC and DDDC for the provision of the Council's IT. The accounts reflect payments to NEDDC for the Council's costs of the service provided.

NEDDC also hosts the joint Environmental Health Service. The accounts reflect payments to NEDDC for the Council's costs of the service provided.

There are no assets or liabilities for the above joint operations to be included in the accounts.

The Chesterfield and District Joint Crematorium Committee is a Jointly Controlled Operation between the Council, NEDDC and CBC. The function of the Chesterfield and District Joint Crematorium Committee is to discharge the crematorium functions of each of the constituent Councils. Each Council's share of member representation, financial surplus and deficit is based on the number of cremations of deceased inhabitants of each constituent Council's area. The accounts reflect payments from CBC for the Council's share of the financial surplus.

There are no assets or liabilities for the Chesterfield and District Joint Crematorium Committee included in the accounts on the grounds of materiality.

## HRA INCOME AND EXPENDITURE STATEMENT

2020/21 £000		NOTE	2021/22 £000	2021/22 £000
	<b>Expenditure</b>			
5,812	Repairs and maintenance		6,020	
5,696	Supervision and management		5,945	
208	Rent, rates, taxes and other charges		295	
8,041	Depreciation and impairment of non-current assets		6,085	
8	Debt management costs		8	
1,338	Special Services		1,475	
<b>21,103</b>	<b>Total Expenditure</b>			<b>19,828</b>
	<b>Income</b>			
(20,330)	Dwelling rents		(20,618)	
(124)	Non-dwelling rents		(99)	
(439)	Charges for services and facilities		(419)	
(431)	Contributions towards expenditure		(493)	
<b>(21,324)</b>	<b>Total Income</b>			<b>(21,629)</b>
	<b>Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>			<b>(1,801)</b>
818	HRA share of Corporate and Democratic Core			831
<b>597</b>	<b>Net Expenditure or (Income) for HRA Services HRA share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement</b>			<b>(970)</b>
1,114	(Gain) or loss on sale of HRA non-current assets			1,495
3,924	Interest payable and similar charges			3,547
(2)	HRA Interest and investment income			(1)
375	Net interest on the net defined benefit liability (asset)	<u>50</u>		482
<b>6,008</b>	<b>(Surplus) or deficit for the year on HRA Services</b>			<b>4,553</b>

**Movement on the HRA Statement**

	<b>2021/22</b> <b>£000</b>	<b>2020/21</b> <b>£000</b>
<b>HRA Balance at the end of the previous year</b>	<b>(2,116)</b>	<b>(2,155)</b>
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	4,553	6,008
Adjustments between accounting basis and funding basis under statute (including reserve movement)	(979)	(5,964)
Net (increase) or decrease in year on the HRA and HRA reserves	3,574	44
Transfers (to) or from earmarked reserves	(3,535)	(5)
(Increase) or decrease in year on the HRA balance	39	39
<b>HRA Balance at the end of the current year</b>	<b>(2,077)</b>	<b>(2,116)</b>

**Notes to the Housing Revenue Account****42 Housing Stock**

The number and types of dwelling in the Council's housing stock are as follows:

	31 March 2022	31 March 2021
Houses	2,185	2,193
Bungalows	1,938	1,944
Flats	701	704
Sheltered	189	189
<b>Total</b>	<b>5,013</b>	<b>5,030</b>

In 2021/22, 41 properties were sold under the 'Right to Buy' provisions (35 in 2020/21), none were sold outside the 'Right to Buy' provisions (0 in 2020/21) and 10 properties were demolished (0 in 2020/21). In 2021/22, 4 bungalows, 1 flat and 29 houses were completed (3 bungalows, 12 flats and 5 houses in 20/21).

**43 Valuation of Assets**

The total balance sheet valuations of land, houses and other property within the HRA are as follows:

	31 March 2022 £'000	31 March 2021 £'000
Council Dwellings	242,525	211,711
Council Dwellings (Garages)	1,851	2,779
Other Property	116	116
Other Equipment	350	341
Other Vehicles	205	210
Non Operational Land (Surplus Assets Not Held for Sale)	890	1,003
Assets Under Construction	3,257	17,203
<b>Total</b>	<b>249,194</b>	<b>233,363</b>

The vacant possession value of the dwellings within the HRA (valued in accordance with Guidance) as at 31 March 2022 was £581,849,988 (£510,689,445 in 2020/21). The difference between the vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost of providing council housing at less than market rents. The social housing regional adjustment factor for East Midlands is 42% which takes into account the reduction in value arising from sitting tenants rights.

**44 Depreciation**

Council Houses have been depreciated on a straight line method (excluding the land value of the property). Other housing property has been depreciated using the straight line method based upon the independent valuation of the asset and the finite useful life. The total charges within the HRA are as follows:

Operational Assets	2021/22 £'000	2020/21 £'000
Houses	4,131	3,929
Other Property (Garages)	48	60
Other Equipment	242	286
<b>Total</b>	<b>4,421</b>	<b>4,275</b>

**45 Major Repairs Reserve**

This reserve is credited with the depreciation charged to the Housing Revenue Account as well as additional voluntary contributions from the Housing Revenue Account.

The reserve is only available for funding major repairs to the housing stock or the repayment of Housing Revenue Account debt. Any unspent sums are carried forward for use in future years.

	<b>2021/22</b> <b>£'000</b>	<b>2020/21</b> <b>£'000</b>
<b>Balance brought forward 1 April</b>	(1,334)	(2,785)
Transferred to Reserve in year	(5,386)	(5,232)
Amounts used to finance Capital Expenditure on land, houses and other HRA property	5,597	6,683
<b>Balance as at 31 March</b>	<b>(1,123)</b>	<b>(1,334)</b>

**46 Impairment** (Including the reversal of previous years' revaluation decreases)

The position of the HRA properties reviewed for impairment at 31/3/22 is:

	<b>2021/22</b> <b>£'000</b>	<b>2020/21</b> <b>£'000</b>
Dwellings (including land)	(27,365)	(6,864)
Other land and buildings	(5)	(19)
<b>Revaluation (Increase) / Decrease</b>	<b>(27,370)</b>	<b>(6,883)</b>

**47 Capital Expenditure and Financing**

	<b>2021/22</b> <b>£'000</b>	<b>2020/21</b> <b>£'000</b>
Expenditure on HRA land, houses and other property	<b>13,163</b>	<b>10,202</b>
Financed by:		
Major Repairs Reserve	5,597	6,683
Borrowing	1,004	1,976
Grants and Contributions	2,149	100
Usable Capital Receipts	605	996
Revenue and Reserves Contributions	3,808	447
<b>Total</b>	<b>13,163</b>	<b>10,202</b>

**48 Capital Receipts**

	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
Council House Sales	2,246	1,792
Land Sales	741	203
<b>Total</b>	<b>2,987</b>	<b>1,995</b>

**49 Rent Income**

At 31 March 2022 approximately 3.89% of lettable properties were empty (31 March 2021, 4.24%).

The rent arrears as a proportion of gross rent income and excluding refunds are £1,598,520 (7.44%) compared with £1,709,514 (8.08%) in 2020/21.

An allowance for impairment of £1,188,238 has been made in the accounts for potentially uncollectable rent arrears (2020/21 £1,154,736).

**50 Pension Reserve**

The amount charged to the HRA for providing pensions is the amount payable for the year in line with statutory requirement governing the pension scheme of £482,308. This is the difference between the interest income on plan assets £925,913 credit (£941,500 credit 20/21) and the interest cost on defined obligations £1,408,221 debit (£1,316,373 debit 20/21) apportioned by the HRA share of total basic salaries.

**51 Revenue Expenditure Funded from Capital Under Statute**

The Council's Net Cost of Service on the Housing Revenue Account includes expenditure of £0.245m (£0.842m 20/21). This payment did not result in the development of an asset owned by the Council.

## THE COLLECTION FUND ACCOUNTING STATEMENT

2020/21 NNDR £000	2020/21 Council Tax £000		2021/22 NNDR £000	2021/22 Council Tax £000	2021/22 Total £000	Note
		<b><u>INCOME</u></b>				
(20,785)	(43,683)	Council Tax Payers		(45,797)	(45,797)	53
0		Income from Business Ratepayers	(24,427)		(24,427)	52
		Transitional Protection Payment Receivable	0		0	
		<u>Contribution towards Previous Year's Collection Fund Deficit:</u>				
0		Central Government	(3,996)		(3,996)	
0	(105)	Bolsover District Council	(3,197)	(110)	(3,307)	
0	(451)	Derbyshire County Council	(719)	(453)	(1,172)	
0	(26)	Derbyshire Fire Authority	(80)	(26)	(106)	
0	(74)	Derbyshire Police Authority	0	(76)	(76)	
<b>(20,785)</b>	<b>(44,339)</b>		<b>(32,419)</b>	<b>(46,462)</b>	<b>(78,881)</b>	
		<b><u>EXPENDITURE</u></b>				
		<u>Apportionment of Previous Year's Collection Fund Surplus:</u>				
545		Central Government	0		0	
1,128		Bolsover District Council	0		0	
776		Derbyshire County Council	0		0	
25		Derbyshire Fire Authority	0		0	
		<u>Precepts:</u>				
	7,260	Bolsover District Council		7,397	7,397	
	29,915	Derbyshire County Council		30,464	30,464	
	1,723	Derbyshire Fire Authority		1,746	1,746	
	5,024	Derbyshire Police Authority		5,322	5,322	
		<u>Business Rates:</u>				
13,801		Central Government	14,084		14,084	
11,040		Bolsover District Council	11,267		11,267	
2,484		Derbyshire County Council	2,535		2,535	
276		Derbyshire Fire Authority	282		282	
94		Cost of Collection	93		93	
		<u>Charges to the Collection Fund:</u>				
(28)	173	Write-offs of uncollectable amounts	66	123	189	
269	689	Impairment of Debts	9	23	32	
1,651		Impairment of Appeals	1,551		1,551	
60		Reconciliation Adjustments for disregarded amounts	60		60	
224		Transitional Protection Payments	336		336	
<b>32,345</b>	<b>44,784</b>		<b>30,283</b>	<b>45,075</b>	<b>75,358</b>	
11,560	445	<b>(Surplus) / Deficit for the year</b>	(2,136)	(1,387)	(3,523)	
		<b><u>COLLECTION FUND BALANCE</u></b>				54
(2,365)	979	Balance brought forward at 1 April	9,195	1,424	10,619	
11,560	445	(Surplus)/ Deficit arising during the year	(2,136)	(1,387)	(3,523)	
9,195	1,424	(Surplus)/ Deficit c/fwd 31st March	7,059	37	7,096	

## **52 Income from Business Ratepayers**

The Council collects business rates for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government.

In 2013/14, the administration of business rates changed following the introduction of the business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and collection rates. Instead of paying business rates to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of Bolsover the local share is 40%. The remainder is distributed to preceptors, Central Government (50%), Derbyshire County Council (9%) and Derbyshire Fire Authority (1%).

During 2021/22 Bolsover was a member of the Derbyshire Business Rates pool. This consists of 8 Derbyshire district or borough Councils; Derbyshire County; Derby City and Derbyshire Fire Authority. Instead of each district or borough Council paying a proportion of their growth above the baseline over to Government, it is kept within the pool and distributed amongst all the members on an agreed basis.

The business rates shares payable for 2021/22 were estimated before the start of the financial year as £11.267m to Bolsover District Council, £14.084m to Central Government, £2.535m to Derbyshire County Council and £0.281m to Derbyshire Fire Authority. These sums have been paid in 2021/22 and charged to the collection fund in year.

When the Business Rates scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. Bolsover paid a tariff from the General Fund in 2021/22 to the value of £5.694m.

The total non-domestic rateable value at 31st March 2022 was £66,507,349 (£65,371,231 for 2020/21). The general national non-domestic multiplier for the year was 51.2p (51.2p in 2020/21). The small business non-domestic multiplier for the year was 49.9p (49.9p in 2020/21).

The total income collected from business rate payers in 2021/22 was £24.4m (£20.8m in 2020/21). Additional income in the form of Covid-19 business rates relief was received from Government and applied to business rate payers accounts during 2021/22. This amounted to £2.8m and meant total income to be credited to the collection fund in respect of 2021/22 would eventually be £27.2m. Note 55 gives more detail on Covid-19 implications for business rates.

**53 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 numbers of Band D dwellings).

The increase in the tax base between financial years is as a result of a combination of new builds and a reduction in the level of Council Tax discounts and exemptions. The tax base for 2021/22 is follows:

Band	Estimated No. of Taxable Properties after effects of Discounts Exemptions + Other Adjustments	Ratio	2021/22	2020/21
			Band D Equivalent Dwellings	Band D Equivalent Dwellings
-A	25.64	5 / 9	14.24	13.84
A	15,185.45	6 / 9	10,123.63	10,323.38
B	5,298.11	7 / 9	4,120.75	4,046.33
C	3,842.04	8 / 9	3,415.14	3,537.30
D	2,445.23	9 / 9	2,445.23	2,383.81
E	1,005.00	11 / 9	1,228.33	1,226.26
F	304.83	13 / 9	440.31	429.89
G	135.58	15 / 9	225.97	196.91
H	6.38	18 / 9	12.77	11.78
<b>Council Taxbase prior to adjustment for Collection Rate</b>			<b>22,026.39</b>	<b>22,169.49</b>

**54 Allocation of Collection Fund Surpluses and Deficits**

Under normal circumstances, Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies based on precept amounts, in the subsequent financial year. Deficits are proportionately charged to the relevant precepting bodies in the following year. For Bolsover, the Council Tax precepting bodies are Derbyshire County Council, Derbyshire Police Authority and the Derbyshire Fire Authority.

Similarly, NNDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions, as detailed in note 52. Deficits are proportionately charged to the relevant precepting bodies in the following year.

As a result of the Covid-19 pandemic, there was likely to be a larger than normal deficit on both Collection Funds. The Government introduced legislation during 2020/21 to implement that 'the repayment of Collection Fund deficits arising in 2020/21, will be spread over the next 3 years rather than the usual period of a year'. 2021/22 is the first year deficits arising in 2020/21 have been repaid under this arrangement.

The following table shows the cumulative deficit on the Council Tax and Business Rates Collection Fund at 31/3/22 and the years over which the deficits will be collected.

<b>2020/21 NNDR £000</b>	<b>2020/21 Council Tax £000</b>		<b>2021/22 NNDR £000</b>	<b>2021/22 Council Tax £000</b>	<b>2021/22 Total £000</b>
3,678	235	Bolsover District Council	2,824	6	2,830
827	970	Derbyshire County Council	635	25	660
0	163	Derbyshire Police Authority	0	4	4
92	56	Derbyshire Fire Authority	70	2	72
4,598	0	Central Government	3,530	0	3,530
9,195	1,424	(Surplus)/Deficit	7,059	37	7,096
		To be collected during 2022/23	4,851	341	5,192
		To be collected/(allocated) during 2023/24	2,208	(304)	1,904
		Total Deficit	7,059	37	7,096

During 2021/22, Bolsover received £1.94m in S31 grants to offset the reliefs given to businesses who are still struggling with the impacts of Covid-19. Under current collection fund accounting rules, S31 grants received in 2021/22 are not intended to be discharged against the collection fund deficit until 2022/23. This amount is therefore held in the Covid-19 reserve at 31 March 2022 until it is needed to fund the collection fund deficit in 2022/23.

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

There have been no prior period adjustments made to the Council's 2020/21 published financial statements during 2021/22.