



Statement of Accounts 2019/20

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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 500 employees including 7 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 three Scrutiny committees. More information on the Council's Governance Framework is included in the Council's Annual Governance Statement which is included at the end of these accounts.

Following the local elections a new Council Ambition 2020-2024 was developed to replace the Corporate Plan 2015-2019. During 2019/20 we have identified key achievements with the end of the plan and moved with transitional arrangements in place in the interim, to a new set of priorities to support the Ambition.

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.

A key partnership with respect to the delivery of our services is the joint working arrangements of our Strategic Alliance with North East Derbyshire District Council that began in 2011. Savings made through sharing some senior management posts and services have meant we were able to deal with reductions in government funding without reducing our services.

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 People or Place Directorate for 2019/20.

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 Place Directorate to identify the two separate elements.

In February 2019, following recommendation by Executive, the Council approved a budget for revenue and capital expenditure for the 2019/20 financial year.

General Fund

Before the council tax increase a deficit of £0.083m was proposed for the original budget for the People Directorate and the non-HRA element of the Place Directorate - the General Fund.

To finance these General Fund services were income from business rates of £4.446m; Revenue Support Grant £1.169m; New Homes Bonus Grant £0.811m and council tax income of £6.777m. The Council's element of the council tax bill for 2019/20 was increased by 2.99%. This resulted in a Band D council tax charge of £176.29 for services provided by Bolsover District Council and provided an additional £0.112m in revenue.

Between the original budget being set in February 2019 and the revised budget receiving approval in December 2019, a number of changes meant the General Fund was predicted to outturn a £0.261m surplus. A combination of a reduction in the Council's debt charges, extra income received from planning and business rates and vacancy management have meant an improvement of £0.344m from the original budget.

As detailed below, at net cost of service level the outturn position of £8.125m was £0.682m lower than the revised budget forecast:

	Current Budget 2019/20 £000	Outturn Actual 2019/20 £000	Variance 2019/20 £000
People Directorate	5,925	5,711	(214)
Place Directorate	2,882	2,414	(468)
Net Cost of Services	8,807	8,125	(682)

The main under spends were: £0.132m extra received in planning income; £0.073m net under spend on waste collection; £0.064m in bad debt provision not used; £0.253m net under spend on staff related budgets; an over spend of £0.205m on the cost of providing benefits and the balance was non-staff miscellaneous variances £0.365m.

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 £0.023m. For decision making the HRA falls entirely within the Place Directorate.

During 2019/20 the Council continued to operate in accordance with Government rent policy which required an average decrease in rents to tenants of 1%. Rental income from dwelling rents was estimated as £20.025m with fees and charges income predicted to be £1.110m.

Movement in the HRA between original and revised budgets of £0.132m, meant the HRA surplus was predicted to increase to £0.155m by 31st March. This was mainly due to a reduction in expenditure.

As detailed below, at net cost of service level the outturn position on the HRA was £0.375m lower than the revised budget forecast:

	Current Budget 2019/20 £000	Outturn Actual 2019/20 £000	Variance 2019/20 £000
Housing Revenue Account	(9,375)	(9,750)	(375)
Net Cost of Services	(9,375)	(9,750)	(375)

The main expenditure under spends were in relation to sub-contractor payments within repair and maintenance of £0.076m, professional fees not fully spent £0.143m and staff costs £0.145m. The income position was under achieved by £0.096m due to more void properties than estimated.

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 £10.147m on capital schemes in the year. This related to capital expenditure on Housing Revenue Account assets £8.384m, General Fund assets £1.330m and private sector housing improvement works £0.433m.

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

<u>Main capital schemes delivered in year</u>	2019/20 £000
New Council House building under the B@home Programme	944
New Bolsover Regeneration Programme	4,014
Improvements to the Council's housing stock	3,452
New technology and software	235
Replacement vehicles and plant	574
Loan to Dragonfly	53
Private Sector Disabled Facilities Grants	433
Others	442
	<hr/> 10,147
<u>How schemes were paid for</u>	2019/20 £000
Prudential borrowing (HRA)	707
Grants and other contributions	933
Major repairs allowance	6,671
Reserves and revenue contributions	1,552
Usable capital receipts from asset sales	284
	<hr/> 10,147

Treasury Management

At 31st March 2020, the Council had a total capital financing requirement (Council debt) of £115.286m. This is a net increase in the year of £0.578m. This reflects prudential borrowing undertaken in the year, 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 £3m 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 2019/20, the Council continued with the refurbishment of Bolsover Model Village to reflect its heritage status and to provide houses which meet the decent homes standard on a mixed tenure estate. A further 6 new properties have been constructed as part of the B@Home Programme at a cost of £0.944m. The properties are in Bolsover and Clowne.

During the year the Council sold 41 houses under the Right to Buy legislation.

Reserves and Balances

The Council's total usable reserves and balances have increased by £1.861m to £44.350m. These include general reserves of £4.415m (General Fund and Housing Revenue Account balances). Additionally, the Council has £4.747m that relates to unapplied revenue and capital grants, earmarked general fund revenue reserves of £14.177m, earmarked HRA reserves of £15.350m, capital receipts reserve of £2.876m and £2.785m major repairs reserve at 31st March 2020.

Collection Fund

Business Rates

In 2019/20, £28.218m of Business Rates income was received. 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 £26.882m was paid on account to the above parties with a net amount of £1.636m being paid into the collection fund for the previous years' deficit. At 31st March 2020 there is a net surplus of £2.365m. This amount will be settled with the various parties in 2020/21 and 2021/22. The Council's net share of this surplus is £1.085m.

Council Tax

In 2019/20 £41.995m of Council Tax income was raised. After taking account of appropriate charges to the collection fund, the balance £41.568m is shared between the precepting authorities. During the year £42.294m was precepted on the collection fund which has left a deficit in the year of £0.726m. The in year deficit when added to the deficit b/fwd, means there is a deficit balance on the fund at 31st March 2020 of £0.979m. This deficit will be reclaimed from the precepting authorities during 2020/21 and 2021/22. This Council's share of the deficit is £0.158m.

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 £20.056m with a decrease in the fair value of assets of £5.340m. The net movement is a decrease in the liability of the fund of £14.716m. The pension liability of the Council is £36.650m at 31st March 2020.

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. 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 Strategic Risks include:

- The outcome of the Government's fair funding review worsens the Council's financial position substantially more than predicted.
- The Council's Environmental Health Service fails to improve significantly.
- The Council fails to maintain sufficient resources and capacity in strategic areas.
- The Council's services fail to recover in the aftermath of the Coronavirus pandemic.
- The implementation of Brexit continues to create uncertainties concerning national economic conditions, legislative change and whether European Union funding streams will be replaced.
- HS2 will have a significant impact on the visual amenity of the District, disruption to businesses, home owners and communities without considerable environmental mitigation measures.

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.

In 2019 the Leader of the Council sought an independent review of the Authority. The Local Government Association Corporate Peer Challenge was held in November 2019.

Feedback from the review was 'the team were particularly impressed by the Council's innovative public health work through its leisure centre - the pilot work for example with schools and families in deprived areas, the family for a £1 membership fee per day scheme, the innovative gym programmes that the Council has such as the external yoga classes projected onto large screens, the cycling sessions that project outdoor settings to ride bikes to, and the upbeat disco cycling sessions in the dark. All these, and possibly other activities that the peer team may not have seen, appeal to and benefit different groups for different needs, and we would therefore like to learn more about the Council's work in this area.'

This is an opportunity for the Council along with the offer to continue the relationships formed with the members of the review team. An optional follow up visit is part of the process which it is expected would take place within the next 2 years if it was accepted by the Council.

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 2019/20, linking these to our strategic objectives and plans for the future.

The Council's vision (2015-2020) for the district is to enhance and improve the wealth profile, well-being and quality of life for the communities of Bolsover District.

The Council has four strategic aims designed to deliver this vision through priorities that cover the interim Corporate Plan (2019-2020). 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 Strategic Aims and Priorities. This is an interim plan due to local elections in May 2019. As noted earlier the Council has a new vision and Council Plan covering the period 2020-2024. 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 Corporate Plan on a quarterly basis.

A summary of progress against the Corporate Plan (2019-2020) is provided below:

Strategic aim / * Priorities	Progress against key targets
Unlocking our growth potential * Supporting enterprise * Unlocking development potential * Enabling housing growth	During this period the Council has recruited a dedicated Director of Development and an Assistant Director to build on previous achievements and take forward the development and growth agenda. The Council has exceeded its target for development relationships with local businesses and launched its second phase of the Business Growth Fund.
	The Council continues to work with partners to bring forward priority employment sites such as the former Coalite site. A new Morrison's store opened on the former Sherwood Lodge site at Bolsover supporting the town's regeneration. The Council adopted its Local Plan on 4th March 2020 which has provisions for new employment land and jobs.
	The Council continues to exceed its target for processing major planning applications. It is also on course to exceed its targets for new residential properties (272) and affordable homes (20). The Council has also secured a new partner to launch its second phase of building new council houses. Over 5,000 new homes are planned for in the Council's new Local Plan adopted during this year.

Strategic aim / * Priorities	Progress against key targets
<p>Providing our customers with excellent services</p> <ul style="list-style-type: none"> * Increasing customer confidence and satisfaction with our services * Improving customer contact and access to information * Promoting equality and diversity * Supporting vulnerable and disadvantaged people * Providing good quality council housing where people choose to live 	<p>Customer satisfaction continues to be measured across a range of key council services. This area will be refreshed under the new Council Plan.</p> <p>The Council provides 4 contact centres, supported by telephony and internet access to services. The webchat facility continues to be popular and online transactions continue to grow. Bolsover TV has gained traction in 2019/20 and continues to be developed as an important communication channel.</p> <p>We continue to progress our objectives under our Single Equality scheme 2019-2023 . An annual report will be published in early autumn.</p> <p>The Council is on course to meet or exceed its targets on homelessness prevention, processing times for new Housing Benefit and Council Tax Support claims, lifeline installations and disability adaptations to council properties.</p> <p>The Council completed its inaugural house building programme b@home with 103 new homes in total (target 100). A new partner has been secured for phase two.</p>
<p>Supporting our communities to be healthier, safer, cleaner and greener</p> <ul style="list-style-type: none"> * Improving health and well-being by contributing to the delivery of Healthy Bolsover priorities * Increasing participation in sport and leisure activities * Working with partners to reduce crime and anti-social behaviour (ASB) * Increasing recycling * Developing attractive neighbourhoods * Ensuring a high standard of environmental maintenance and cleanliness 	<p>The Council is on course to meet or exceed its health intervention programme (485 adults). It had delivered its programme to 461 adults by the end of December 2019.</p> <p>The Council has exceeded its target (8,000 hours) on community based culture and leisure engagement. 8,074 hours of positive activity delivered by end of December 2019. We are also on course to meet or exceed our leisure attendances target (300,000) reaching 279,449 at the end of 2019.</p> <p>We continue to deliver our Building Resilience programme with partners and are performing well against all strands of activity.</p> <p>We are predicting a recycling and composting rate of 40% for 2019/20 (Target 47% by March 2020).</p> <p>9 empty properties are being refurbished which when complete will deliver 16 units of accommodation. The Council adopted its Local Plan on 4th March 2020 which has provisions for the protection of green spaces.</p> <p>The Council is on course to meet or exceed its litter cleanliness (96%) and dog fouling cleanliness (98%) targets. As at the end of December these were 96% and 100% respectively. We have also delivered 10 educational and/or enforcement initiatives at the end of December against a 2019/20 target of 15.</p>

Strategic aim / * Priorities	Progress against key targets
Transforming our organisation	
* Supporting and engaging with employees	Employees continue to be an essential asset for the Council. The Council has invested more resources * into its health and wellbeing offer and continues to actively involve employees in its transformation programme and service reviews.
* Making the best use of our assets	The Council has started a programme of service reviews to consider whether service provision is fit for purpose in the challenging climate that local * authorities operate in. We continue to keep all our assets under review to keep costs under control and to maximise income.
* Demonstrating good governance	The Council has appropriate Governance * /Management arrangements in place to ensure accountability and value for money.
* Ensuring financial sustainability and increasing revenue streams	During 2019/20 Members approved the use of £3.937m of reserve funding to finance the capital * programme instead of using borrowing. This generated a reduction in debt charges of £0.841m over the first three years and a further £3.096m over the remaining life of the assets.
* Transforming services through the use of technology	The Council continues to invest in new technology such as contact centre call technology and IT to enable more agile working. We adopted a new Digital * Strategy which contains ambitious targets for 2020 to 2024. We continue to increase the number of online transactions exceeding 4,000 transactions at the end of December 2019 (Target 4,000 2019/20).
* Actively engaging with partners to benefit our community	The Council actively engages with local partners, other public sector agencies and local businesses to the benefit of its local communities and customers. * This has proven invaluable in the current fight against the Coronavirus pandemic.
Maximising opportunities with North East * Derbyshire District Council through the Strategic Alliance	Both Councils have recommitted to the Strategic * Alliance following the local elections in May 2019 and continue to work in partnership to the benefit of its residents, customers and taxpayers.

The above provides a 'snapshot' of the Council's performance for 2019/20. An annual report will be compiled and published by the early autumn. During 2019/20 the Council has continued to provide a wide range of services to local residents whilst adding value to its offer and using its resources effectively. Alongside its responsibility for the direct provision of a range of services the Council recognises the role of a wide range of other organisations in promoting the well being of our community. Accordingly it works with a range of partners to ensure that residents benefit from good services from a wide range of public sector providers. As noted 2019/20 was a transitional year to facilitate local elections and a corporate review. The new administration has hit the ground running with a corporate restructure taking place to deliver its priorities. New strategic pieces of work including the Carbon Reduction Plan and Digital Strategy have been produced and adopted, shaping some of the direction of travel. A new Sustainable Communities Strategy has been developed with partners and adopted also. Work has commenced on a new Growth Strategy to build on the achievements to date.

This period has provided an opportunity to take stock and for the Council to develop a new performance framework to support and deliver the Council's ambition for 2020-24. The Council is well placed to deliver this Ambition based on its delivery record against the previous Corporate Plan and transitional year.

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 placed to identify and address areas of concern before they escalate into matters which could undermine service delivery. We have in place a Customer Service Code of Practice and Standards, and a Compliments, Comments and Complaints Policy.

Management Arrangements

In July 2019, the Council's Executive approved the creation of a dedicated Head of Finance and Resources (including Section 151 statutory responsibility) for Bolsover District Council. This post which is also the Chief Financial Officer, had previously been a joint post across the two Councils in the Strategic Alliance.

In September 2019, a report on 'Addition to Management Capacity' was approved by Executive, which introduced a Directorate of officers working solely for Bolsover District Council. The Development Directorate will contain a dedicated team of officers whose sole aim is income generation for the Council.

In March 2020, Council approved a report to implement a new management structure. The report disestablished the post of Joint Chief Executive; renamed the Joint Strategic Director posts; designated the newly named Joint Director of Corporate Resources as Head of Paid Service for a fixed term of 6 months and designated the newly named Joint Director of Environment and Enforcement as the Deputy Head of Paid Service for the same fixed term. The arrangements for the Head of Paid Service are to be reviewed by the Leaders of both Councils before the end of the 6 months.

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 Fair Funding Review and new Business Rates Retention scheme combined with the one year 2019 Spending Review were the main issues.

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 2021/22.

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 spending over the life of the current MTFP.

When setting its budget in February 2020, the Council initially had a shortfall of £0.290m for the next financial year, £0.441m in respect of 2021/22, £0.594m for 2022/23 and £0.682m for 2023/24 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 2.83%, generating additional revenue of £0.111m for each year. A range of other potential savings have been identified with the use of the reserve mentioned above, balancing each year. Officers do not anticipate any significant issues in resolving the budget shortfall in respect of the current MTFP, however it is crucial that new income is generated or expenditure reduced by 2024/25. 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 embarked on a Transformation Programme (A Programme For Change) in April 2018. The plan focusses on three key areas; income generation, cost reduction and service re-design. The financial target for the plan is to achieve annual revenue savings/efficiencies of £1m by the end of 2020/21. By the end of 2019/20, with the savings and efficiencies already made along with those projects in the pipeline identified to date, the Council anticipates savings/efficiencies achieved to have reached £0.4m.
- 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 (1.7%) plus 1%, applicable from 1st April 2020. 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 schemes will include the loan to the Joint Venture - Dragonfly. With regard to the HRA, it is anticipated that in 2020/21 £2.086m will be spent on the B@Home Programme of new build Council housing. It is planned to spend a further £6.089m on upgrading and refurbishing Council properties during 2020/21.

Coronavirus Pandemic

Coronavirus was categorised as a pandemic by the World Health Organisation on 11th March 2020. None of the Council's previously mentioned spending plans included a contingency for dealing with the outbreak of a pandemic. Below is a brief outline of how the Council dealt with the impact but more information can be found in the Council's Annual Governance Statement.

Provision of Services

In mid-March Council services were prioritised in line with the Council's Business Continuity Plan in anticipation of the Government's possible response to the pandemic. From 23rd March those services temporarily designated non-essential, were suspended to protect staff and to help provide essential services. This meant staff could be diverted to provide assistance in satisfying new requirements caused by the pandemic. A new Community Support Team was established made up of staff, who shopped for essential provisions or helped with medicine deliveries for the vulnerable. To financially support businesses and individuals the Government have introduced numerous different initiatives. These either provide a cash grant for business rate payers or provide relief from business rates or council tax for 2020/21. The Council has already received £15m with £8.1m due before 31st March 21, to pay for providing these schemes on the Government's behalf. The Council has also received £0.851m in support of its own costs and loss of income due to the pandemic.

Council's Workforce

From 23rd March staff immediately worked from home in most office based services. All of these services continue to function successfully whilst working in this way. Visits to residents homes for anything other than emergency repairs were suspended immediately to protect the resident and member of staff. Access to Council offices by members of the public was also prevented. The Refuse Collection service continued uninterrupted throughout the pandemic. To ensure cover for sickness and self isolation, the collection of recycling green waste was suspended for one month. This ensured drivers were available to collect and empty household bins. Sickness away from front-line services has not been affected enough to impact on service delivery.

Supply Chains

As a district Council supplies of personal protective equipment were required for staff only. Our procurement section were able to obtain sufficient supplies from sources on the internet. Regular planned orders ensured the needs of staff on the front-line of our service delivery were always met.

Reserves, Financial Performance and Financial Position

The total of the Council's reserves and fund balances as shown in the Movement in Reserves Statement is £33.943m, which includes both HRA and general fund. Of this £29.527m is earmarked reserves and this is broken down in note 10 to the accounts. These reserves in the main, have projects or plans associated with them. The difference between the two figures is the HRA balance of £2.154m and the general fund balance of £2.262m. Any costs or losses of income to the Council not covered by the Government funding of £0.851m will have to be a call on the general fund balance, unless the cost or loss of income can be directly attributed to the HRA. Note 4 to the accounts discusses the uncertainty caused by the pandemic, surrounding major sources of estimation for asset values, our pension liability and arrears.

Cash Flow Management

The cash flows of the Council are managed on a daily basis as part of our treasury management function. Income from individuals paying council tax and dwelling rents, from businesses in respect of business rates and commercial rents, along with other service income such as leisure fees and charges, all provide the cash to allow the Council to pay its bills. Surplus cash is held by the Council as temporary investments until it is needed. These are shown in note 14 to the accounts as £28.068m at 31st March 2020. It is expected that any negative cash flow effects from a reduction in income received, will be eased by the Government allowing councils to defer payment of business rates to Central Government for 3 months and by the upfront payment of section 31 grants due to us. The amounts for this Council are £3.6m and £1m respectively. This continues to be monitored on a daily basis.

Major Risks to the Authority

The 'Risks and Opportunities' section earlier in the Narrative Report provides detail on key risks for the Council. A risk specifically linked to the Coronavirus pandemic is the potential problem of losing £1.1m in capital receipt funding for the capital programme. We have a deadline of 30th September by which time ordinarily, we would have incurred expenditure on an appropriate capital scheme. Delays on schemes starting and being completed due to the pandemic, mean we may not meet the deadline and could potentially therefore have to pay the funding over to the Government. We alerted Government to this in March and understand there are ongoing discussions about how this can be resolved for us and a number of other councils who are affected.

Plans for Recovery

The health and wellbeing of the District's communities has and will be for a long time, affected by this outbreak. Not only physical health conditions but the various other factors which impact on overall health such as education, housing, employment etc. These will all play a part in the recovery process. Businesses and employment are crucial to the dynamics of the local economy and it is imperative that the Council has a clear assessment of the economic impact on businesses and employers and that we develop a strategy with others to maintain business confidence and channel support to where it is needed beyond the business grants and rates relief already provided. As a Council we will continue to engage fully with the wider community, Parish Councils, voluntary sector and partners at all levels in this restoration/recovery challenge. A recovery action plan is being developed that will deal with the recovery process through three distinct themes: Re-establishment of Council Services; Economic, Financial and Business and thirdly Community, Health and Wellbeing.

Theresa Fletcher

Head of Finance and Resources

Introduction to the Statements

The accounting statements that follow detail the Council's performance and have been prepared under the 2019/20 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 Head 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 Head of Finance and Resources' Responsibilities

The Head 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 Head 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 Head 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 2020 and its income and expenditure for the year ended 31 March 2020.

Theresa Fletcher, ACMA
Head of Finance and Resources

Date:

MOVEMENT IN RESERVES STATEMENT

		General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Earmarked Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at	31 March 2018	(12,063)	(14,754)	(1,119)	(7,537)	(1,915)	(2,302)	(39,690)	(56,594)	(96,284)
<u>Movement in reserves during 2018/19</u>										
Total Comprehensive Income and Expenditure		(4,556)	11,708	0	0	0	0	7,152	(15,642)	(8,490)
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 9)		1,101	(13,046)	(131)	2,266	(165)	25	(9,950)	9,950	0
(Increase) / Decrease in 2018-19		(3,455)	(1,338)	(131)	2,266	(165)	25	(2,798)	(5,692)	(8,490)
Balance at	31 March 2019	(15,518)	(16,092)	(1,250)	(5,271)	(2,080)	(2,277)	(42,488)	(62,286)	(104,774)
<u>Movement in reserves during 2019/20</u>										
Total Comprehensive Income and Expenditure		(784)	3,865	0	0	0	0	3,081	(29,892)	(26,811)
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 9)		(137)	(5,277)	(1,626)	2,486	(151)	(239)	(4,944)	4,944	0
(Increase) / Decrease in 2019-20		(921)	(1,412)	(1,626)	2,486	(151)	(239)	(1,863)	(24,948)	(26,811)
Balance at	31 March 2020	(16,439)	(17,504)	(2,876)	(2,785)	(2,231)	(2,516)	(44,351)	(87,234)	(131,585)

EXPENDITURE AND FUNDING ANALYSIS NOTE

2018/19	2018/19	2018/19		2019/20	2019/20	2019/20
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis (Note 7)	Net Expenditure in Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis (Note 7)	Net Expenditure in Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
4,913	2,185	7,098	People Directorate (Note 1 ad)	5,711	2,088	7,799
(10,223)	14,567	4,344	Place Directorate - HRA	(9,750)	6,223	(3,527)
2,953	1,278	4,231	Place Directorate (Note 1 ad)	2,414	914	3,328
(2,357)	18,030	15,673	Net Cost of Services	(1,625)	9,225	7,600
(2,437)	(6,084)	(8,521)	Other income and expenditure	(707)	(3,812)	(4,519)
(4,794)	11,946	7,152	(Surplus) or Deficit	(2,332)	5,413	3,081
(26,817) Opening General Fund and HRA Balance				(31,611)		
(4,794) Plus Surplus/ less Deficit on General Fund and HRA balance in year				(2,332)		
(31,611) Closing General Fund and HRA Balance				(33,943)		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net Expenditure £000	NOTE	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net Expenditure £000
31,719	(24,621)	7,098	People Directorate (Note 1 ad)	29,031	(21,232)	7,799
6,493	(2,262)	4,231	Place Directorate (Note 1 ad)	5,827	(2,499)	3,328
38,212	(26,883)	11,329	Cost of General Fund Services	34,858	(23,731)	11,127
26,324	(21,980)	4,344	Place Directorate (HRA)	17,658	(21,185)	(3,527)
64,536	(48,863)	15,673	Cost of All Services	52,516	(44,916)	7,600
<u>Other Operating Expenditure</u>						
3,017		3,017	Local Council Precepts	3,069		3,069
453		453	Payment to the Housing Capital Receipts Pool	445		445
2,427		2,427	Net Loss/(Gain) on the disposal of non-current assets	2,386		2,386
<u>Financing and Investment Income and Expenditure</u>						
3,888		3,888	External interest payable and similar charges	3,924		3,924
1,102		1,102	Pensions interest cost and expected return on pensions assets	1,260		1,260
	(411)	(411)	Interest and investment income		(515)	(515)
	(297)	(297)	Movement in fair value of investment properties		582	582
539	(740)	(201)	Investment Properties Income and Expenditure	446	(747)	(301)
36		36	Impairment Loss/(Profit) on Financial Instruments	4		4
149	(197)	(48)	(Surpluses)/Deficit on Trading Activities	177	(251)	(74)
<u>Taxation and Non-Specific Grant Income and Expenditure</u>						
	(6,402)	(6,402)	Council Tax Income		(6,666)	(6,666)
	(8,265)	(8,265)	Non-domestic Rates Income and Expenditure		(4,910)	(4,910)
	(2,047)	(2,047)	Non-ringfenced Government Grants		(3,088)	(3,088)
	(1,773)	(1,773)	Capital Grants and Contributions		(635)	(635)
76,147	(68,995)	7,152	(Surplus) or Deficit on Provision of Services	64,227	(61,146)	3,081
		(23,969)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(11,850)
		8,358	Remeasurement of net defined benefit/liability			(18,042)
		(31)	(Surplus)/deficit on revaluation of financial assets (Available for Sale)			0
		(15,642)	Other Comprehensive Income and Expenditure			(29,892)
		(8,490)	Total Comprehensive Income and Expenditure			(26,811)

**BALANCE SHEET AS AT
31 March 2020**

31 March 2019 £000		31 March 2020 £000	31 March 2020 £000
	NOTE		
Property, Plant and Equipment	<u>11</u>		
196,071 Council Dwellings		206,586	
19,479 Other Land and Buildings		18,823	
2,991 Vehicles, Plant, Furniture and Equipment		2,826	
107 Infrastructure		109	
786 Community Assets		781	
388 Assets Under Construction		545	
1,394 Surplus Assets Not Held for Sale		1,477	231,147
5,993 Investment Property	<u>12</u>		5,557
657 Intangible Assets	<u>13</u>		582
1,427 Long Term Investments	<u>40</u>		1,105
64 Long Term Debtors	<u>14</u>		64
229,357 Total Long Term Assets			238,455
29,557 Short Term Investments	<u>14</u>	28,068	
75 Assets Held for Sale (PPE)	<u>19</u>	0	
80 Inventories	<u>15</u>	101	
6,216 Short Term Debtors	<u>17</u>	4,263	
5,469 Cash and Cash Equivalents	<u>18</u>	8,846	
41,397 Total Current Assets			41,278
(3,803) Short Term Borrowing	<u>14</u>	(2,718)	
(8,416) Short Term Creditors	<u>20</u>	(8,561)	
(12,219) Total Current Liabilities			(11,279)
(46) Long Term Creditors	<u>14</u>	(46)	
(2,127) Provisions	<u>21</u>	(1,538)	
(99,100) Long Term Borrowing	<u>14</u>	(97,100)	
(51,366) Pensions Liability	<u>38</u>	(36,650)	
(1,121) Revenue Grants & Contributions Receipts in Advance	<u>32</u>	(1,534)	
(153,760) Total Long Term Liabilities			(136,868)
104,775 Net Assets			131,586
(2,000) General Fund Balance	MIRS	(2,261)	
(27,611) Earmarked Reserves	MIRS	(29,527)	
(2,000) Housing Revenue Account Balance	MIRS	(2,154)	
(1,250) Capital Receipts Reserve	MIRS	(2,876)	
(2,277) Capital Grants Unapplied	MIRS	(2,516)	
(2,080) Revenue Grants Unapplied (Earmarked)	MIRS	(2,231)	
(5,271) Major Repairs Reserve	<u>45</u>	(2,785)	
(42,489) Usable Reserves			(44,350)
(78,450) Revaluation Reserve	<u>23</u>	(87,321)	
(35,006) Capital Adjustment Account	<u>23</u>	(35,663)	
(64) Deferred Capital Receipts	<u>23</u>	(64)	
51,366 Pension Reserve	<u>23</u>	36,650	
(205) Collection Fund Adjustment Account	<u>23</u>	(922)	
73 Accumulated Absences Account	<u>23</u>	84	
(62,286) Unusable Reserves			(87,236)
(104,775) Total Reserves			(131,586)

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31 March 2020**

2018/19 £000		NOTE	2019/20 £000
7,152	Net (surplus) or deficit on the provision of services		3,081
(21,433)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	<u>24</u>	(14,255)
5,108	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<u>24</u>	3,604
(9,173)	Net cash flows from Operating Activities		(7,570)
10,111	Investing Activities	<u>25</u>	3,120
233	Financing Activities	<u>26</u>	1,073
1,171	Net increase or (decrease) in cash and cash equivalents		(3,377)
(6,640)	Cash and cash equivalents at the beginning of the reporting period		(5,469)
(5,469)	Cash and cash equivalents at the end of the reporting period	<u>18</u>	(8,846)

1 Accounting Policies

Notes to the Core Financial Statements

a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year end of 31st March 2020. 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 2019/20, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is 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 2019/20 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) 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 Appeal

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 as part of the Strategic Alliance

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 2019/20 is 15%, (2018/19 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 are 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 assets 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

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 operates with two directorates. All services of the Council fall into one of these directorates. The main service areas within each directorate are as follows:

People - Chief Executive (50%); Partnership team; Legal; Governance and Elections and Scrutiny; Procurement; Finance; Revenues and Benefits; Audit (client); Streetscene; ICT (client); Customer Services; Improvement Team; Leisure; Human Resources; Health and Safety; Payroll.

Place - Chief Executive (50%); Economic Development; Housing Strategy; Planning; Environmental Health; Community Safety; Housing Revenue Account; Property and Estates; 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 2019/20 Code:

- *Amendments to IAS28 Investments in Associates and Joint Ventures* - clarifies that IFRS 9 applies to long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

- *Annual Improvements to IFRS Standards 2015-2017 Cycle* .

- *Amendments to IAS 19 Employee Benefits* - When a plan amendment, curtailment or settlement occurs during a reporting period, entities use updated actuarial assumptions to determine current service cost and net interest for the remaining annual reporting period (only where material for readers of the accounts).

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 2020 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 £1,118,286 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 0.5% decrease in the Real Discount Rate would result in an approximate 10% increase to Employer Liability resulting in an approximate monetary increase of £11,979,000.
Arrears	At 31 March 2020, the Council had a sundry debtor balance of £800,567, rents of £1,131,486, overpaid housing benefits of £1,766,212, non-domestic rates of £168,011 and council tax of £453,890. A review of impairment allowances has been undertaken based on the age of the debt, and a total allowance for impairment of £2,459,818 has been made in the Accounts. All allowances have been increased in anticipation of the financial effect of the COVID-19 pandemic on businesses and individuals.	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 £248,926.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Non-domestic rates appeal, provision	The Council has made a provision in the Collection Fund of £3,398,318 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.	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 (£1,359,327) which is held in the balance sheet.
Fair value measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for 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>	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.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Britain leaving the European Union: asset values and pension liability	There is still a high level of uncertainty about the implications of Britain leaving the European Union. It is not possible to predict what affect our leaving will have and whether asset values and the discount rate will consequently change. The assumption has been made that this will not significantly impair the Council's assets or change the discount rate.	Higher impairment allowances may need to be charged in the future if asset values fall. If the discount rate changes, the size of the net pension liability will also vary.
The COVID-19 pandemic: asset values, pension liability and arrears.	<p>The Coronavirus pandemic has impacted in global financial markets and market activity is being impacted in many sectors. This has resulted in difficulties in attaching weight to previous market evidence for comparison purposes, to inform opinions of value. The land and building and investment property valuations included in our accounts have therefore been reported by our valuers on the basis of 'material valuation uncertainty' as per VPS3 and VPGA 10 of the RICS Red Book Global. The valuations therefore have less certainty and should be viewed with a higher degree of caution than what would normally be the case.</p> <p>As more market information becomes available it may mean that there will be adjustment required to the carrying amounts of asset and pension fund valuations in the next financial year. An estimate has been made of the possible effect on individuals and businesses for the impairment allowances of the Council's debtors. This may not be sufficient to cover the actual losses.</p>	Higher impairment allowances may need to be charged in the future if asset values fall. If the discount rate changes, the size of the net pension liability will also vary. Arrears levels may increase due to the financial impact on individuals and businesses being unable to make payments for council tax, housing rents, business rates and commercial rents over and above the amount already allowed for.

5 Material Items of Income and Expense

2019/20

Remeasurement of net defined benefit/liability. The results for the Local Government Pension Scheme for 2019/20 showed a net surplus in the Comprehensive Income and Expenditure Statement of £18m. This arose largely from changes in assumptions - financial assumptions £11.3m; demographic assumptions £5m and other experience £9m. These together outweighed the lower than expected asset returns of £7.3m. More detail on the assumptions is in note 38.

Surplus or deficit on revaluation of Property, Plant and Equipment. The £12m 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.

2018/19

Remeasurement of net defined benefit/liability. The results for the Local Government Pension Scheme for 2018/19 showed a worsened balance sheet position with a net increase in the scheme liability of £11.5m. This is largely as a result of the value of corporate bond yields being lower than 31 March 2018 which serves to increase the value on the schemes obligations. The net cost on the Comprehensive Income and Expenditure Statement is £8.4m. As detailed in note 39 this cost is not to be met by council tax payers due to accounting regulations.

Surplus or deficit on revaluation of Property, Plant and Equipment. The £24m 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. £10m has been debited to the HRA as a revaluation decrease of dwellings as no balance is available in the revaluation reserve for the assets.

Net loss on the disposal of non-current assets. Expenditure has been incurred on enhancing Council dwelling components where the expenditure has exceeded 75% of the carrying value. The value of £2.4m has therefore been derecognised in the Comprehensive Income and Expenditure Statement.

Non-domestic rates income and expenditure. In 2017/18 the collection fund deficit of £1.3m was included. In 2018/19 the equivalent figure is a surplus of £1.7m, meaning a £3m increase over the previous year. 2018/19 also includes an extra £2m of income due to the Business Rates Pilot.

6 Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance and Resources 28 May 2020. 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 2020, 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**2019/20**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note 1) £'000	(Note 2) £'000	(Note 3) £'000	£'000
People Directorate	1,152	584	352	2,088
Place Directorate - HRA	38	563	313	914
Place Directorate	5,393	919	(89)	6,223
Net Cost of Services	6,583	2,066	576	9,225
Other income and expenditure from the Funding Analysis	(3,712)	1,260	(1,360)	(3,812)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	2,871	3,326	(784)	5,413

Adjustments between Funding and Accounting Basis

2018/19

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note 1) £'000	(Note 2) £'000	(Note 3) £'000	£'000
People Directorate	1,213	940	32	2,185
Place Directorate - HRA	13,963	701	(97)	14,567
Place Directorate	688	412	178	1,278
Net Cost of Services	15,864	2,053	113	18,030
Other income and expenditure from the Funding Analysis	(5,582)	1,102	(1,604)	(6,084)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	10,282	3,155	(1,491)	11,946

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:

Services	2019/20	2018/19
	Income from Services £'000	Income from Services £'000
People Directorate	(20,717)	(23,586)
Place Directorate - HRA	(20,781)	(21,543)
Place Directorate	(2,388)	(2,122)
Total income analysed on a segmental basis	(43,886)	(47,251)

8 Expenditure and Income Analysed by Nature

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

	2019/20	2018/19
Expenditure/Income	£'000	£'000
Expenditure		
Employee benefits expenses	16,929	16,585
Other services expenses	28,460	30,858
Support service recharges to capital	(70)	(70)
Depreciation, amortisation, impairment	7,197	17,163
Interest payments	3,924	3,888
Precepts and levies	3,069	3,017
Payments to Housing Capital Receipts Pool	445	453
Loss on the disposal of assets	2,386	2,427
Pensions interest cost	1,260	1,102
Investment property expenditure	446	539
Impairment loss on financial instruments	4	36
Trading activities expenditure	177	149
Total expenditure	64,227	76,147
Income		
Fees, charges and other service income	(43,886)	(47,251)
Service specific government grants	(1,030)	(1,612)
	(44,916)	(48,863)
Interest and investment income	(515)	(411)
Movement in Fair Value of Investment Property	582	(297)
Investment property income	(747)	(740)
Trading activities income	(251)	(197)
Income from council tax and non-domestic rates	(11,576)	(14,667)
General government grants and contributions	(3,723)	(3,820)
Total income	(61,146)	(68,995)
Surplus or Deficit on the Provision of Services	3,081	7,152

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.

2019/20	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£'000	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources					
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)	(2,782)	(544)			
Council tax and NDR (transfers to or from Collection Fund)	717				
Holiday pay (transferred to the Accumulated Absences Reserve)	(3)	(8)			
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)	(572)	(10,019)			(1,021)
Total Adjustments to Revenue Resources	(2,640)	(10,571)	0	0	(1,021)
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	102	2,253	(2,805)		
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(445)		445		
Posting of HRA resources from revenue to the Major Repairs Reserve		4,184		(4,184)	
Total Adjustments between Revenue and Capital Resources	(343)	6,437	(2,360)	(4,184)	0
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure			284		
Use of the Capital Receipts Reserve to finance historical capital expenditure			450		
Use of the Major Repairs Reserve to finance capital expenditure				6,670	
Application of capital grants to finance capital expenditure					782
Cash payments in relation to deferred capital receipts					
Total Adjustments to Capital Resources	0	0	734	6,670	782
Net transfers (to)/from Earmarked Reserves	2,846	(1,143)	0	0	0
TOTAL ADJUSTMENTS	(137)	(5,277)	(1,626)	2,486	(239)

2018/19	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£'000	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources 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)	(2,680)	(475)			
Council tax and NDR (transfers to or from Collection Fund)	1,492				
Holiday pay (transferred to the Accumulated Absences Reserve)	(3)	16			
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)	564	(18,371)			(1,055)
Total Adjustments to Revenue Resources	(627)	(18,830)	0	0	(1,055)
Adjustments between Revenue and Capital Resources Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	55	2,002	(2,057)		
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		4,917		(4,917)	
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)		254			
Total Adjustments between Revenue and Capital Resources	(398)	7,173	(1,604)	(4,917)	0
Adjustments to Capital Resources Use of the Capital Receipts Reserve to finance capital expenditure			1,473		
Use of the Major Repairs Reserve to finance capital expenditure				7,184	
Application of capital grants to finance capital expenditure					1,080
Total Adjustments to Capital Resources	0	0	1,473	7,184	1,080
Net transfers (to)/from Earmarked Reserves	2,126	(1,389)	0	0	0
TOTAL ADJUSTMENTS	1,101	(13,046)	(131)	2,267	25

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 2019/20.

	Balance at 1 April 2018 £'000	Transfers Out 2018/19 £'000	Transfers in 2018/19 £'000	Balance at 31 March 2019 £'000	Transfers Out 2019/20 £'000	Transfers In 2019/20 £'000	Balance at 31 March 2020 £'000
General Fund/HRA							
Area Based Grant/Working Neighbourhoods Fund	(165)	29	0	(136)	61	0	(75)
Debt repayment - HRA	(12,082)	0	0	(12,082)	0	0	(12,082)
General	(400)	30	(52)	(422)	53	(629)	(998)
NDR Growth Protection	(1,628)	0	(1,689)	(3,317)	453	(1,263)	(4,127)
Insurance - GF	(492)	64	(90)	(518)	43	(60)	(535)
Insurance - HRA	(125)	46	(50)	(129)	28	(50)	(151)
IT and Office Equipment	(159)	92	(75)	(142)	100	(170)	(212)
Legal Costs	(135)	12	(6)	(129)	32	0	(97)
Local Development Scheme	(255)	16	(44)	(283)	69	(2)	(216)
New Build Reserve - HRA	(265)	34	(1,314)	(1,545)	641	(1,756)	(2,660)
Planning Delivery	(84)	28	0	(56)	36	0	(20)
Planning Fees	(12)	23	(109)	(98)	42	(99)	(155)
Transformation Reserve	(6,674)	960	(2,640)	(8,354)	1,093	(200)	(7,461)
Vehicle Repair and Renewal - GF	(59)	9	(13)	(63)	32	(250)	(281)
Vehicle Repair and Renewal - HRA	(353)	16	0	(337)	0	(120)	(457)
Total Earmarked Reserves	(22,888)	1,359	(6,082)	(27,611)	2,683	(4,599)	(29,527)

11 Property, Plant and Equipment

Movements in 2019/20	Council Dwellings £000	Other Land and Building £000	Vehicles, Plant and Equipment £000	Leased Vehicles £000	Infrastructure Assets £000	Assets Under Construction £000	Community Assets £000	Surplus Assets £000	Total Property, Plant and Equipment £000
Cost or Valuation:									
At 1 April 2019	196,071	19,479	6,713	42	107	388	787	1,394	224,981
Additions	7,137	261	750	0	0	538	0	0	8,686
Revaluation increases/(decreases) recognised in the revaluation reserve	8,900	(1,051)	0	0	2	0	(6)	145	7,990
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(1,167)	134	0	0	0	0	0	(61)	(1,094)
Derecognition - disposals	(4,736)	0	(219)	(42)	0	0	0	0	(4,997)
Derecognition - other	0	0	0	0	0	0	0	0	0
Other movements in cost or valuation	381	0	0	0	0	(381)	0	0	0
At 31 March 2020	206,586	18,823	7,244	0	109	545	781	1,478	235,566
Accumulated Depreciation and Impairment:									
At 1 April 2019	0	0	(3,722)	(42)	0	0	0	0	(3,764)
Depreciation charge	(3,751)	(562)	(875)	0	(6)	0	0	(5)	(5,199)
Depreciation written out to revaluation reserve	3,352	499	0	0	6	0	0	3	3,860
Depreciation written out following revaluation to the surplus/(deficit) on the provision of services	290	63	0	0	0	0	0	2	355
Derecognition - disposal	109	0	179	42	0	0	0	0	330
Derecognition - other	0	0	0	0	0	0	0	0	0
At 31 March 2020	0	0	(4,418)	0	0	0	0	0	(4,418)
Net Book Value									
At 31 March 2020	206,586	18,823	2,826	0	109	545	781	1,478	231,148
At 31 March 2019	196,071	19,479	2,991	0	107	388	787	1,394	221,217

Movements in 2018/19	Council Dwellings £000	Other Land and Building £000	Vehicles, Plant and Equipment £000	Leased Vehicles £000	Infrastructure Assets £000	Assets Under Construction £000	Community Assets £000	Surplus Assets £000	Total Property, Plant and Equipment £000
Cost or Valuation:									
At 1 April 2018	176,155	18,517	6,602	42	102	3,287	1,189	1,669	207,563
Additions	12,167	102	243	0	0	381	0	0	12,893
Revaluation increases/(decreases) recognised in the revaluation reserve	19,291	1,054	0	0	5	0	(83)	51	20,318
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(10,415)	(194)	0	0	0	0	(244)	(170)	(11,023)
Derecognition - disposals	(4,046)	0	0	0	0	0	0	(156)	(4,202)
Derecognition - other	(361)	0	(132)	0	0	0	0	0	(493)
Other movements in cost or valuation	3,280	0	0	0	0	(3,280)	(75)	0	(75)
At 31 March 2019	196,071	19,479	6,713	42	107	388	787	1,394	224,981
Accumulated Depreciation and Impairment:									
At 1 April 2018	0	0	(3,022)	(21)	0	0	0	0	(3,043)
Depreciation charge	(3,594)	(503)	(831)	(21)	(6)	0	0	(5)	(4,960)
Depreciation written out to revaluation reserve	3,218	425	0	0	6	0	0	2	3,651
Depreciation written out following revaluation to the surplus/(deficit) on the provision of services	277	78	0	0	0	0	0	3	358
Derecognition - disposal	99		131	0	0	0	0	0	230
Derecognition - other	0	0	0	0	0	0	0	0	0
At 31 March 2019	0	0	(3,722)	(42)	0	0	0	0	(3,764)
Net Book Value									
At 31 March 2019	196,071	19,479	2,991	0	107	388	787	1,394	221,217
At 31 March 2018	176,155	18,517	3,580	21	102	3,287	1,189	1,669	204,520

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 2019/20.

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 2019/20 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. Economic uncertainty and difficulties in attaching weight to previous market evidence for comparison has impacted on valuers being able to inform opinions of value. The property valuations have therefore been reported by our valuer on the basis of 'material valuation uncertainty' as per VPS3 and VPGA 10 of the RICS Red Book Global. The valuations therefore have less certainty and should be viewed with a higher degree of caution than what would normally be the case.

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

Creswell Leisure Centre

The Council held Creswell Leisure Centre in trust for the benefit of the inhabitants of the District. The Council no longer occupies the building and during 2019/20 the building was sold, with the proceeds to be returned to the community. The carrying value of the asset at 31 March 2020 is therefore nil (£75,000 2018/19).

Revaluations

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Leased Vehicles	Infrastructure	Assets Under Construction	Community Assets	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	0	0	7,244	0	109	545	781	0	8,679
Valued at fair value as at:									
- 31 March 2020	10,515	(657)	0	0	0	0	0	84	9,942
- 31 March 2019	196,071	19,480	0	0	0	0	0	1,394	216,945
Total Cost or Valuation	206,586	18,823	7,244	0	109	545	781	1,478	235,566

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 2020 and 2019 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 2020 £'000
Industrial Units	60	0	60
Shops	11	0	11
Land	948	459	1,407
Total	1,019	459	1,478

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 2019 £'000
Industrial Units	126	0	126
Shops	11	0	11
Land	796	461	1,257
Total	933	461	1,394

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 AssetsSignificant 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 2020 £'000	31 March 2019 £'000
Opening balance	461	300
Transfers into Level 3	0	0
Transfers out of Level 3	0	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	(2)	161
Additions	0	0
Disposals	0	0
Closing balance	459	461

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

	31 March 2020 £'000	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
Surplus Assets	459	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).

12 Investment Properties

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

	2019/20 £000	2018/19 £000
Rental income from investment property	(747)	(740)
Direct operating expenses arising from property investment	446	539
Net (gain)/loss	(301)	(201)

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:

	2019/20 £000	2018/19 £000
Balance at start of the year	5,993	5,461
Additions:		
- purchases	0	0
- construction	0	0
- subsequent expenditure	146	255
Disposals	0	(20)
Net gains/(losses) from fair value adjustments	(582)	297
Transfers:		
- (to)/from property, plant and equipment	0	0
- (to)/from current held for sale investment property	0	0
Balance at end of year	5,557	5,993

Fair Value Hierarchy - Investment Properties

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2020 and 2019 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 2020 £'000
Office units	1,118	0	1,118
Commercial Units	4,360	79	4,439
Total	5,478	79	5,557

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 2019 £'000
Office units	1,182	0	1,182
Commercial Units	4,729	82	4,811
Total	5,911	82	5,993

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 PropertiesSignificant 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 2020 £'000	31 March 2019 £'000
Opening balance	82	108
Transfers into Level 3	0	0
Transfers out of Level 3	0	(32)
Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(3)	6
Additions	0	0
Disposals	0	0
Closing balance	79	82

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 2020 £'000	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
Commercial units	79	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).

Economic uncertainty and difficulties in attaching weight to previous market evidence for comparison has impacted on valuers being able to inform opinions of value. The property valuations have therefore been reported by our valuer on the basis of 'material valuation uncertainty' as per VPS3 and VPGA 10 of the RICS Red Book Global. The valuations therefore have less certainty and should be viewed with a higher degree of caution than what would normally be the case.

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.

	2019/20 £000	2018/19 £000
Balance at start of year:		
- Gross carrying amounts	926	470
- Accumulated depreciation	(269)	(207)
Net carrying amount at start of year	657	263
Additions:		
- Purchases	78	456
Derecognition	0	0
Amortisations:		
- Amortisation for the period	(153)	(62)
- Derecognition	0	0
Net carrying amount at end of year	582	657

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 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
<u>Financial Liabilities</u>				
Loans at amortised cost:				
Principal	(97,100)	(99,100)	(2,458)	(3,482)
Accrued interest	-	-	(260)	(321)
<i>Total Borrowing</i>	(97,100)	(99,100)	(2,718)	(3,803)
Liabilities at amortised cost:				
Trade Payables	(46)	(46)	(4,189)	(3,728)
<i>Included in Creditors *</i>	(46)	(46)	(4,189)	(3,728)
Total Financial Liabilities	(97,146)	(99,146)	(6,907)	(7,531)
<u>Financial Assets</u>				
<u>At amortised cost:</u>				
Principal	-	-	27,954	29,450
Accrued interest	-	-	114	109
Loss allowance	-	-	0	(2)
<u>At fair value through profit + loss:</u>	1,105	1,427	0	0
<i>Total Investments</i>	1,105	1,427	28,068	29,557
<u>At amortised cost:</u>				
Principal	-	-	341	465
<u>At fair value through profit + loss:</u>	-	-	8,505	5,004
<i>Total Cash and Cash Equivalents</i>	0	0	8,846	5,469
<u>At amortised cost:</u>				
Trade receivables	63	63	2,837	3,093
Loss allowance	0	0	(688)	(660)
<i>Included in Debtors**</i>	63	63	2,149	2,433
Total Financial Assets	1,168	1,490	39,063	37,459

*The creditors line on the Balance Sheet includes £4,372,074 (£4,688,583 in 2018/19) 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 £2,114,492 (£3,783,642 in 2018/19) 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	2019/20 £000	2018/19 £000
Interest expense	3,924	-	-	3,924	3,888
Interest payable and similar charges	3,924	0	0	3,924	3,888
Interest income	-	(309)	(71)	(380)	(280)
Dividend income	-	-	(135)	(135)	(131)
Interest and investment income	0	(309)	(206)	(515)	(411)
Net impact on surplus/deficit on provision of services	3,924	(309)	(206)	3,409	3,477
Net gain/(loss) for the year	3,924	(309)	(206)	3,409	3,477

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 2020, 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 2020, 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 2020		31 March 2019	
		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	(97,360)	(113,407)	(99,421)	(115,208)
Other long-term loans	2	(2,458)	(2,472)	(3,482)	(3,615)
Total		(99,818)	(115,879)	(102,903)	(118,823)
Liabilities for which fair value is not disclosed*		(4,236)		(3,774)	
Total Financial Liabilities		(104,054)		(106,677)	
<i>Recorded on balance sheet as:</i>					
Short-term creditors		(8,561)		(8,416)	
Less non-exchange transactions		4,371		4,688	
Short-term borrowing		(2,718)		(3,803)	
Long-term creditors		(46)		(46)	
Long-term borrowing		(97,100)		(99,100)	
Total Financial Liabilities		(104,054)		(106,677)	

* 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 2020 Balance Sheet £000	Fair value £000	31 March 2019 Balance Sheet £000	Fair value £000
<i>Financial assets held at fair value:</i>					
Money market funds	1	8,505	8,505	5,004	5,004
Strategic investment	3	860	860	1,259	1,259
Shares in unlisted companies	3	245	245	169	169
<i>Financial assets held at amortised cost:</i>					
Short-term bank deposits	2	28,068	28,068	29,557	29,557
Total		37,678	37,678	35,989	35,989
Assets for which fair value is not disclosed*		2,553		2,961	
Total Financial Assets		40,231		38,950	
<i>Recorded on balance sheet as:</i>					
Long-term debtors		64		64	
Short-term debtors		4,263		6,216	
Less non-financial asset element		(2,115)		(3,783)	
Long-term investments		1,105		1,427	
Short-term investments		28,068		29,557	
Cash and cash equivalents		8,846		5,469	
Total Financial Assets		40,231		38,950	

* 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 2017.

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 2020		31 March 2019	
	Long-term £000	Short-term £000	Long-term £000	Short-term £000
AAA	0	28,068	0	24,548
A	0	0	0	5,009
Total	0	28,068	0	29,557
Credit risk not applicable*	1,105	0	1,427	0
Total Investments	1,105	28,068	1,427	29,557

* 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 2020, none of the loss allowance related to treasury investments (2019: £2,041).

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 2020 £000	31 March 2019 £000
Past due < 3 months	1,728	1,943
Past due 3 - 6 months	350	365
Past due 6 - 12 months	210	200
Past due 12+ months	549	585
Total Receivables	2,837	3,093

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 2020 Gross receivable £000	Loss allowance £000	31 March 2019 Gross receivable £000	Loss allowance £000
Individuals - HRA tenants	1% - 100%	1,131	(607)	1,168	(617)
Private sector	.5% - 100%	780	(81)	563	(42)
Government/Local authority/prepayments	zero	926	0	1,361	0
		2,837	(688)	3,092	(659)

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 2020 Balance Sheet £000	Risk exposure £000	31 March 2019 Balance Sheet £000	Risk exposure £000
Dragonfly Development Limited	Loan at market rate	860	860	1,259	1,259
Dragonfly Development Limited	Loan commitment at market rate	(1,267)	(1,267)	(1,759)	(1,759)
		(407)	(407)	(500)	(500)

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)	31 March 2020			31 March 2019		
	Liabilities £000	Assets £000	Net £000	Liabilities £000	Assets £000	Net £000
Less than 1	(6,907)	30,217	23,310	(7,531)	31,990	24,459
Between 1 and 2	(3,700)	0	(3,700)	(2,000)	0	(2,000)
Between 2 and 5	(14,646)	1,105	(13,541)	(11,146)	1,427	(9,719)
Between 5 and 10	(20,800)	63	(20,737)	(24,000)	63	(23,937)
More than 10	(58,000)	0	(58,000)	(62,000)	0	(62,000)
Total	(104,053)	31,385	(72,668)	(106,677)	33,480	(73,197)

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:

	31 March 2020 £000	31 March 2019 £000
Increase in interest payable on variable rate borrowings	2	2
Increase in interest receivable on variable rate investments	(43)	(41)
Decrease in fair value of investments held at FVPL	0	0
Impact on Surplus or Deficit on the Provision of Services	(41)	(39)
Impact on Comprehensive Income and Expenditure	(41)	(39)
Share of overall impact credited to the HRA	9	7

* 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.

Transition to IFRS 9 Financial Instruments

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018. The main changes included the reclassification and remeasurement of financial assets and the earlier recognition of the impairment of financial assets.

The changes to financial assets were limited to available for sale assets being reclassified as fair value through profit and loss. The assets were already measured at fair value therefore there were no figures to be changed.

15 Inventories

	Balance at start of year	Purchases	Expenses in year	Written off balances	Balance at end of year
	£000	£000	£000	£000	£000
Building Materials					
2018/19	82	1,009	(1,024)	0	67
2019/20	67	1,025	(1,023)	0	69
Sports					
2018/19	2	20	(20)	0	2
2019/20	2	24	(24)		2
Catering					
2018/19	3	71	(71)	0	3
2019/20	3	65	(64)	0	4
Fuel					
2018/19	26	351	(370)	0	7
2019/20	7	397	(382)	0	22
Stationery					
2018/19	3	0	(2)	0	1
2019/20	1	0	0	0	1
COVID-19 Supplies					
2018/19	0	0	0	0	0
2019/20	0	3	0	0	3
Total 2018/19	139	1,474	(1,464)	0	80
Total 2019/20	80	1,514	(1,493)	0	101

16 Capital Commitments

The Council has the following capital commitments:

Capital Commitments	31 March 2020 £000	31 March 2019 £000
Disabled Facilities Grants	139	136
Fleet Vehicles	0	378
The Arc, Asset Management Plan	90	0
Pleasley Vale Works	68	28
New Bolsover Model Village Project	49	2,574
B @ Home Programme	34	153
HRA Small Capital Schemes	93	0
HRA Re-roofing	18	302
HRA Safe and Warm	210	329
ICT Schemes	32	0
Shirebrook Contact Centre	9	33
Swimming pool cover	0	24
Total	742	3,957

17 Debtors

	31 March 2020 £000	31 March 2019 £000
Trade receivables	1,457	1,334
Prepayments	317	301
Other receivable amounts	375	798
	2,149	2,433
Statutory receivable amounts (non-exchange transactions)	2,114	3,783
Total	4,263	6,216

18 Cash Flow Statement - Cash and Cash Equivalents

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

	31 March 2020 £000	31 March 2019 £000
Cash held by the Council	341	465
Bank call accounts	8,505	5,004
Total	8,846	5,469

19 Assets Held for Sale

	31 March 2020 £'000	31 March 2019 £'000
Balance outstanding at start of year	75	0
Assets newly classified as held for sale:	0	75
Assets sold	(75)	0
Balance outstanding at year-end	0	75

20 Creditors

	31 March 2020 £000	31 March 2019 £000
Trade payables	(3,286)	(2,951)
Other payable amounts	(903)	(777)
	(4,189)	(3,728)
Statutory payable amounts (non-exchange transactions)	(4,372)	(4,688)
Total	(8,561)	(8,416)

21 Provisions

	Legal Costs	Non-domestic Rates	Total
	£000	£000	£000
Balance at 1 April 2019	(178)	(1,949)	(2,127)
Provisions made in 2019/20	0	(49)	(49)
Amounts used in 2019/20	0	248	248
Unused amounts reversed in 2019/20	0	390	390
Balance at 31 March 2020	(178)	(1,360)	(1,538)

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 Statement and note 9 .

23 Unusable Reserves

	2019/20 £000	2018/19 £000
Revaluation Reserve	(87,322)	(78,451)
Capital Adjustment Account	(35,663)	(35,006)
Pensions Reserve	36,650	51,366
Deferred Capital Receipts Reserve	(63)	(63)
Collection Fund Adjustment Account	(922)	(205)
Accumulated Absences Account	84	73
Available for Sale Financial Instruments Reserve	0	0
Total	(87,236)	(62,286)

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.

	2019/20 £000	2018/19 £000
Balance at 1 April	(78,451)	(57,479)
Upward revaluation of assets	(13,952)	(30,130)
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	2,102	6,161
(Surplus) or deficit on revaluation of non current assets not posted to the Comprehensive Income and Expenditure Statement	(11,850)	(23,969)
Difference between fair value depreciation and historical cost depreciation	1,870	1,664
Accumulated gains on assets sold or scrapped	1,109	1,333
Amount written off to the Capital Adjustment Account	2,979	2,997
Balance at 31 March	(87,322)	(78,451)

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.

	2019/20 £000	2018/19 £000
Balance at 1 April	(35,006)	(40,311)
<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	5,939	15,625
- Derecognition of property, plant and equipment	3,020	2,742
- Amortisation of intangible assets	153	62
- Revenue Expenditure Funded from Capital Under Statute	1,178	1,655
- 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	1,721	1,742
- Financial Instruments impairment	4	36
	12,015	21,862
Adjusting amounts written out of the Revaluation Reserve	(2,979)	(2,996)
Net written out amount of the cost of non current assets consumed in the year	9,036	18,866
<i>Capital financing applied in the year:</i>		
- Use of Capital Receipts Reserve to finance new capital expenditure	(284)	(442)
- Use of Capital Receipts Reserve to finance historical capital expenditure	(450)	(1,031)
- Use of the Major Repairs Reserve to finance new capital expenditure	(6,670)	(7,183)
- Application of grants to capital financing from the Capital Grants Unapplied Account	(1,011)	(3,076)
- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(757)	(706)
- Capital expenditure charged against the General Fund and HRA balances	0	(254)
- Capital expenditure charged against reserves	(1,553)	(571)
	(10,725)	(13,263)
Redemption of long term investment - loan repayment	450	0
Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	582	(298)
Balance at 31 March	(35,663)	(35,006)

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.

	2019/20 £000	2018/19 £000
Balance at 1 April	51,366	39,853
Actuarial gains or losses on pensions assets and liabilities	(18,042)	8,358
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	5,904	5,740
Employer's pension contributions and direct payments to pensioners payable in the year	(2,578)	(2,585)
Balance at 31 March	36,650	51,366

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.

	2019/20 £000	2018/19 £000
Balance at 1 April - Rent to Mortgage - Property Charge	(63)	(63)
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
Balance at 31 March - Rent to Mortgage - Property Charge	(63)	(63)

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.

	2019/20 £000	2018/19 £000
Balance at 1 April	(205)	1,287
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	(717)	(1,492)
Balance at 31 March	(922)	(205)

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.

	2019/20 £000	2018/19 £000
Balance at 1 April	73	87
Settlement or cancellation of accrual made at the end of the preceding year	(73)	(87)
Amounts accrued at the end of the current year	84	73
Amount by which Officer remuneration charged to the CIES is different from remuneration chargeable in the year in accordance with statutory requirements	11	(14)
Balance at 31 March	84	73

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains and losses made by the Council arising from movement in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. From 2018/19 this reserve no longer exists.

	2019/20 £000	2018/19 £000
Balance at 1 April	0	32
Transfer of instrument to Capital Adjustment Account	0	(32)
Balance at 31 March	0	0

24 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2019/20 £000	2018/19 £000
Interest received	(438)	(303)
Interest paid	3,921	3,849
Dividends received	(20)	0

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

	2019/20 £000	2018/19 £000
Depreciation	(5,350)	(5,022)
Impairment and downward valuations	(743)	(10,665)
Increase/(decrease) in creditors	(676)	223
(Increase)/decrease in debtors	555	369
(Increase)/decrease in inventories	22	(36)
Movement in pension liability	(3,326)	(3,155)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(4,741)	(4,484)
Other non-cash items charged to the net surplus or deficit on the provision of services	4	1,337
	(14,255)	(21,433)

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

	2019/20 £000	2018/19 £000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,355	2,057
Any other items for which the cash effects are investing or financing cash flows	1,249	3,051
	3,604	5,108

25 Cash Flow Statement - Investing Activities

	2019/20 £000	2018/19 £000
Purchase of property, plant and equipment, investment property and intangible assets	9,042	13,419
Purchase of short term and long term investments	88,715	110,271
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,355)	(2,057)
Proceeds from short term and long term investments	(90,600)	(108,500)
Other receipts from investing activities	(1,682)	(3,022)
Net cash flows from investing activities	3,120	10,111

26 Cash Flow Statement - Financing Activities

	2019/20 £000	2018/19 £000
Cash receipts of short term and long term borrowings	(704)	(773)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	0	21
Repayments of short term and long term borrowing	3,789	776
	3,085	24
Council Tax and NNDR adjustments	(2,012)	209
Net cash flows from financing activities	1,073	233

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

	1 April 2019 £'000	Financing cash flows £'000	Non-cash changes Acquisition £'000	Other £'000	31 March 2020 £'000
Long-term borrowings	(99,100)	0	-	2,000	(97,100)
Short-term borrowings	(3,803)	3,085	-	(2,000)	(2,718)
- Lease liabilities	0	0	0	0	0
Total liabilities from financing activities	(102,903)	3,085	0	0	(99,818)

	1 April 2018 £'000	Financing cash flows £'000	Non-cash changes Acquisition £'000	Other £'000	31 March 2019 £'000
Long-term borrowings	(102,100)	0	-	3,000	(99,100)
Short-term borrowings	(806)	3	-	(3,000)	(3,803)
- Lease liabilities	(21)	21	0	0	0
Total liabilities from financing activities	(102,927)	24	0	0	(102,903)

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 £198,346 with an income of £68,344 for 2019/20, (£180,261 and £68,345 in 2018/19).

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.

	2019/20 £000	2018/19 £000
Allowances	448	453
Expenses	11	13
Total	459	466

30 Officers' Remuneration

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

Remuneration Band	Number of Employees 2019/20	Number of Employees 2018/19
£50,000 - £54,999	0	0
£55,000 - £59,999	0	2
£60,000 - £64,999	0	0
£75,000 - £79,999	0	1
£105,000 - £109,999	0	1

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
- * 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
- * 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 2018/19 and 2019/20 and are relevant to the table on the following page, of remuneration paid to the Council's Senior Employees.

- * The Joint Head of Service - Finance and Resources - Section 151 Officer, left the Council on 31/3/19.
- * The Council's Chief Accountant was designated Section 151 Officer on a temporary basis from 1/4/19.
- * The Head of Service - Finance and Resources - Section 151 Officer was appointed from 14/11/19.
- * A new post of Director of Development was appointed from 3/1/20.
- * The Joint Chief Executive was made redundant and left the Council on 6/3/20, receiving salary to that date and three months salary in lieu of notice.
- * The Joint Strategic Director - People was renamed the Joint Director of Corporate Resources and designated the Head of Paid Service for a fixed term of 6 months from 6/3/20.

- * The Joint Strategic Director - Place was renamed the Joint Director of Environment and Enforcement and designated the Deputy Head of Paid Service for a fixed term of 6 months from 6/3/20.
- * The posts now reporting to the Head of Paid Service are not new and did exist in 2018/19, their remuneration is not included in the table for 2018/19 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 2018/19.

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 (refer to previous page)		Salary (including fees + allowances) £	Expenses/ Allowances £	Benefits in Kind £	Compensation for loss of office * (see following page) £	Pension Contribution £	Total Remuneration (including pension contributions) £	Net Charge to NEDDC £	Net Charge to BDC £
Employed by Bolsover DC									
Joint Chief Executive	2018/19	120,342	0	0	0	16,632	136,974	68,487	68,487
	2019/20	116,578	2,778	0	133,419	15,779	268,554	132,888	135,666
Joint Strategic Director - People/ Joint Director of Corporate Resources	2018/19	75,025	0	0	0	10,428	85,453	42,727	42,726
	2019/20	78,744	258	0	0	10,945	89,947	44,845	45,102
Director of Development	2018/19	0	0	0	0	0	0	0	0
	2019/20	20,457	0	0	0	2,844	23,301	0	23,301
Head of Service - Finance and Resources - Section 151 Officer	2018/19	0	0	0	0	0	0	0	0
	2019/20	50,805	0	0	0	7,015	57,820	0	57,820
Joint Head of Service - Governance - Monitoring Officer	2018/19	0	0	0	0	0	0	0	0
	2019/20	58,226	1,338	338	0	8,093	67,995	33,329	34,666
Joint Head of Service - Partnerships and Transformation	2018/19	0	0	0	0	0	0	0	0
	2019/20	53,568	0	0	0	7,446	61,014	30,507	30,507

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 (refer to previous page)		Salary (including fees + allowances) £	Expenses/ Allowances £	Benefits in Kind £	Compensation for loss of office * (see following page) £	Pension Contribution £	Total Remuneration (including pension contributions) £	Net Charge to NEDDC £	Net Charge to BDC £
Employed by North East Derbyshire DC									
Joint Strategic Director - Place/Joint Director of Environment and Enforcement	2018/19	82,952	0	0	0	11,172	94,124	47,062	47,062
	2019/20	84,216	0	0	0	11,396	95,612	47,806	47,806
Joint Head of Service - Finance and Resources - Section 151 Officer	2018/19	57,930	0	0	0	7,820	65,750	32,875	32,875
	2019/20	0	0	0	0	0	0	0	0

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	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20 £	2018/19 £
£0 - £20,000	0	1	9	2	9	3	18,477	29,829
£20,001 - £40,000	0	0	0	1	0	1	0	21,834
£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	1	0	1	0	133,419	0
Termination Benefit Cost	0	1	10	3	10	4	151,896	51,663

The total cost of £151,896 (£51,663 18/19) 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.

As part of the Strategic Alliance, NEDDC contributed £66,710 towards exit packages paid to BDC employees in 19/20, (£10,450 was paid to BDC employees in 18/19). BDC contributed £8,500 towards exit packages paid to NEDDC employees in 19/20 (£22,460 in 18/19). These contributions are not included in the table above.

* As some employees included in the table of senior employees are joint officers, any compensation for loss of office payments are split between BDC and NEDDC if appropriate. Therefore only the amount paid by BDC is included in the exit package table above.

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:

	2019/20 £000	2018/19 £000
Fees payable to the Auditor with regard to external audit services carried out by the appointed auditor for the year	34	38
Fees payable to the Auditor for the certification of grant claims and returns for the year	16	7
Fees payable to the Auditor in respect of other services	0	2
Total	50	47

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 2019/20:

	2019/20 £000	2018/19 £000
Credited to Taxation and Non Specific Grant Income		
New Burdens Grants	(95)	(38)
New Homes Bonus	(811)	(993)
Small Business Rate Relief Grant	(1,013)	(1,016)
Revenue Support Grant	(1,169)	0
Better Care Fund not yet used	(566)	0
Homes England Grant	0	(1,182)
Capital Grants and Contributions	(69)	(591)
Total	(3,723)	(3,820)
Credited to Services		
Disabled Facilities Grants	(433)	(529)
Miscellaneous Capital Grants for Reffcus	(19)	(41)
Heritage Lottery Funding for Reffcus	(162)	(708)
Miscellaneous Contributions to Holding Accounts	(900)	(717)
Housing Benefit Admin Grant	(329)	(361)
Rent Allowances Grant	(7,477)	(9,067)
Rent Rebates Grant	(8,369)	(9,264)
Total	(17,689)	(20,687)

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:

	2019/20	2018/19
	£000	£000
Revenue grant receipts in advance		
Other Contributions	(1,534)	(1,121)
Total	(1,534)	(1,121)

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 2019/20 is shown in a previous note. During 2019/20 payments for works and services to the value of £115,007 were made to organisations such as Parish Councils in which members had an interest. Amounts for works and services to the value of £222,290 were received from organisations in which members had an interest. Council Members make disclosures of relevant interests to the Council's Head of Service - 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 2019/20. During 2019/20 there were no payments for works and services received, from organisations in which senior officers had an interest.

Other significant transactions with related parties are as follows:-

	Receipts £000	Payments £000
Ault Hucknall Parish Council	(11)	0
Barlborough Parish Council	(19)	0
Blackwell Parish Council	(17)	0
Clowne Parish Council	(22)	0
Derbyshire County Council	(2,118)	995
Derbyshire Unemployed Working Centre	0	36
Goundwork Creswell, Ashfield and Bolsover	0	11
Junction Arts	0	25
Old Bolsover Town Council	(16)	0
Pinxton Parish Council	(16)	0
Pleasley Parish Council	(12)	0
Shirebrook Town Council	(15)	28
South Normanton Parish Council	(18)	0
Stubbinwood School	(23)	0
Total	(2,287)	1,095

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.

	2019/20 £000	2018/19 £000
Opening Capital Financing Requirement	115,864	112,548
<u>Capital Investment:</u>		
Property, Plant and Equipment	8,686	12,893
Investment Properties	146	255
Intangible Assets	78	456
Revenue Expenditure Financed from Capital Under Statute	1,178	1,655
Purchase of Share Capital	59	1,320
<u>Sources of Finance:</u>		
Capital Receipts	(284)	(442)
Capital Receipts - Loan Repayment	(450)	0
Government Grants and Other Contributions	(1,011)	(3,076)
Major Repairs Allowance	(6,670)	(7,183)
Sums Set Aside from Revenue:		
- Direct Revenue Contributions	0	(254)
- Reserve Contributions	(1,553)	(571)
- Minimum Revenue Provision	(757)	(706)
- Other Revenue Provision	0	(1,031)
Closing Capital Financing Requirement	115,286	115,864
<u>Explanation of Movements in Year</u>		
Increase in Underlying Need to Borrow	(179)	(4,022)
Increase in Underlying Need to Borrow	0	0
Minimum Revenue Provision	757	706
(Increase)/Decrease in Capital Financing Requirement	578	(3,316)

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 £902,527 in 2019/20 (£888,052 in 2018/19).

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

	31 March 2020 £000	31 March 2019 £000
Not later than one year	(269)	(186)
Later than one year and not later than five years	(518)	(589)
Later than five years	(181)	(200)
Total	(968)	(975)

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 2019/20 are in note 46 .

37 Termination Benefits

The Council terminated the contracts of a number of employees in 2019/20, incurring liabilities of £151,896 (£51,663 in 2018/19) - 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:

Local Government Pension Scheme	2019/20	2018/19
	£000	£000
<u>Comprehensive Income and Expenditure Statement</u>		
<i>Cost of Services:</i>		
<u>Service cost comprising:</u>		
- Current service cost	4,613	3,873
- (Gain)/loss from Settlements	0	735
- Administration cost	31	30
<u>Financing and Investment Income and Expenditure:</u>		
Net interest expense	1,260	1,102
<i>Total Post-employment benefit charged to the surplus or deficit on the provision of services</i>	5,904	5,740
<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)	7,399	(2,664)
- Actuarial gains and losses arising on changes in demographic assumptions	(5,091)	0
- Actuarial gains and losses arising on changes in financial assumptions	(11,332)	10,998
- Actuarial gains and losses arising on changes in other experience	(9,018)	24
<i>Total remeasurements recognised in other comprehensive income and expenditure</i>	(18,042)	8,358
<i>Total Post-employment benefits charged to the Comprehensive Income and Expenditure Statement</i>	(12,138)	14,098
<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	3,326	3,155
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	2,578	2,585

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:

Local Government Pension Scheme	2019/20 £'000	2018/19 £'000
Present value of the defined benefit obligation	(125,802)	(145,858)
Fair value of plan assets	89,152	94,492
Sub-total	(36,650)	(51,366)
Other movements in the liability	0	0
Net liability arising from defined benefit obligation	(36,650)	(51,366)

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

Local Government Pension Scheme	2019/20 £'000	2018/19 £'000
Opening fair value of scheme assets	94,492	89,490
Interest income	2,270	2,414
Remeasurement gain/(loss):		
- The return on plan assets, excluding the amount included in the net interest expense	(7,399)	2,664
Contributions from employer	2,578	2,585
Contributions from employees into the scheme	651	629
Benefits paid	(3,440)	(3,290)
Closing fair value of scheme assets	89,152	94,492

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

Local Government Pension Scheme - Funded Liabilities	2019/20 £'000	2018/19 £'000
Opening balance at 1 April	(145,858)	(129,343)
Current service cost	(4,644)	(3,903)
Interest cost	(3,530)	(3,516)
Contributions from scheme participants	(651)	(629)
Remeasurement (gains) and losses:		
- Actuarial gains and losses arising on changes in demographic assumptions	5,091	0
- Actuarial gains and losses arising on changes in financial assumptions	11,332	(10,998)
- Actuarial gains and losses arising on changes in other experience	9,018	(24)
Losses/(gains) on curtailment	0	(735)
Benefits paid	3,440	3,290
Closing balance at 31 March	(125,802)	(145,858)

Local Government Pension Scheme assets comprised:	Fair value of scheme assets	
	2019/20 £'000	2018/19 £'000
Cash and cash equivalents	6,062	7,506
Equity instruments:		
- Consumer	2,338	5,740
- Manufacturing	1,524	5,963
- Energy and utilities	878	4,177
- Financial institutions	1,134	4,601
- Health and care	1,388	2,994
- Information technology	2,033	2,257
- Other	7,880	10,099
Sub-total equity	17,175	35,831
Bonds:		
- Corporate (Investment)	10,645	9,966
- UK Government	7,835	8,804
- Other	1,722	1,840
Sub-total bonds	20,202	20,610

Local Government Pension Scheme assets comprised continued:	Fair value of scheme assets	
	2019/20 £'000	2018/19 £'000
Property: - UK	7,009	7,537
Private equity: - All	2,856	2,580
Investment funds: - Equities	30,197	16,644
- Infrastructure	5,651	3,784
Sub-total other investment funds	35,848	20,428
Total assets	89,152	94,492

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 accounts have been prepared on the basis of the actuary's IAS19 valuation report dated 15 April 2020 and this includes an estimate of the fund's asset returns for the quarter to 31 March 2020. The report includes an estimated 'McCloud' judgement allowance and the rolled forward position of the inclusion of the allowance for full Guaranteed Minimum Pension (GMP) equalisation.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme	2019/20	2018/19
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	21.6 years	21.9 years
- Women	23.7 years	24.4 years
Longevity at 65 for future pensioners:		
- Men	22.6 years	23.9 years
- Women	25.1 years	26.5 years
Rate of inflation (CPI)	2.00%	2.50%
Rate of increase in salaries	2.60%	3.00%
Rate of increase in pensions	1.90%	2.50%
Rate for discounting scheme liabilities	2.30%	2.40%

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.

Impact on the Defined Benefit Obligation in the Scheme	Approximate increase to Employer Liability %	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	10	11,979
1 year increase in member life expectancy	3 - 5	3,774 - 6,290
0.5% increase in the Salary Increase Rate	1	1,641
0.5% increase in the Pension Increase Rate	8	10,196

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 19 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 £2.483m in expected contributions to the scheme in 2020/21.

The weighted average duration of the defined benefit obligation for scheme members is 17.9 years, 2019/20 (17.9 years 2018/19).

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 £
Balance at 1 April 2019	168,790	1,210,681 48,158
Advances repaid in year	(50,000)	(400,000) -
Advances made in year	6,600	52,800 -
Movement in impairment allowance	(267)	(3,606) -
Charge in year	0	0 71,552
Balance at 31 March 2020	125,123	859,875 119,710

41 Shared Services/Joint Operations

During 2019/20 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. This initiative has been pursued as part of the wider Strategic Alliance between Bolsover and NEDDC.

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

2018/19 £000		NOTE	2019/20 £000	2019/20 £000
	Expenditure			
5,653	Repairs and maintenance		5,757	
5,086	Supervision and management		5,321	
224	Rent, rates, taxes and other charges		217	
13,919	Depreciation and impairment of non-current assets		4,904	
8	Debt management costs		9	
1,434	Special Services		1,450	
26,324	Total Expenditure			17,658
	Income			
(20,067)	Dwelling rents		(19,948)	
(140)	Non-dwelling rents		(136)	
(523)	Charges for services and facilities		(445)	
(1,250)	Contributions towards expenditure		(656)	
(21,980)	Total Income			(21,185)
	Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement			(3,527)
749	HRA share of Corporate and Democratic Core			784
5,093	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			(2,743)
2,407	(Gain) or loss on sale of HRA non-current assets			2,373
3,784	Interest payable and similar charges			3,716
(52)	HRA Interest and investment income			(25)
476	Net interest on the net defined benefit liability (asset)	<u>50</u>		544
11,708	(Surplus) or deficit for the year on HRA Services			3,865

Movement on the HRA Statement

	2019/20 £000	2018/19 £000
HRA Balance at the end of the previous year	(2,000)	(1,929)
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	3,865	11,708
Adjustments between accounting basis and funding basis under statute (including reserve movement)	(5,277)	(13,046)
Net (increase) or decrease in year on the HRA and HRA reserves	(1,412)	(1,338)
Transfers (to) or from earmarked reserves	1,257	1,267
(Increase) or decrease in year on the HRA balance	(155)	(71)
HRA Balance at the end of the current year	(2,155)	(2,000)

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 2020	31 March 2019
Houses	2,222	2,261
Bungalows	1,941	1,939
Flats	693	695
Sheltered	189	209
Total	5,045	5,104

In 2019/20, 41 properties were sold under the 'Right to Buy' provisions (42 in 2018/19), 1 was sold outside the 'Right to Buy' provisions (0 in 2018/19) and 23 properties were demolished (0 in 2018/19). In 2019/20, 3 bungalows, 0 flats and 3 houses were completed (6 bungalows, 4 flats and 48 houses in 18/19).

43 Valuation of Assets

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

	31 March 2020 £'000	31 March 2019 £'000
Council Dwellings	202,907	193,093
Council Dwellings (Garages)	3,679	2,978
Other Property	672	127
Other Equipment	443	499
Other Vehicles	322	499
Non Operational Land (Surplus Assets Not Held for Sale)	974	821
Assets Under Construction	0	388
Total	208,997	198,405

The vacant possession value of the dwellings within the HRA (valued in accordance with Guidance) as at 31 March 2020 was £491,871,155 (£466,835,445 in 2018/19). 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	2019/20 £'000	2018/19 £'000
Houses	3,692	3,583
Other Property (Garages)	59	11
Other Equipment	279	190
Total	4,030	3,784

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.

	2019/20 £'000	2018/19 £'000
Balance brought forward 1 April	(5,271)	(7,537)
Transferred to Reserve in year	(4,184)	(4,917)
Amounts used to finance Capital Expenditure on land, houses and other HRA property	6,670	7,183
Balance as at 31 March	(2,785)	(5,271)

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

The position of the HRA properties reviewed for impairment at 31/3/20 is:

	2019/20 £'000	2018/19 £'000
Dwellings (including land)	(11,375)	(12,371)
Other land and buildings	(155)	153
Revaluation (Increase) / Decrease	(11,530)	(12,218)

47 Capital Expenditure and Financing

	2019/20 £'000	2018/19 £'000
Expenditure on HRA land, houses and other property	8,570	13,728
Financed by:		
Major Repairs Reserve	6,670	7,183
Borrowing	708	3,348
Grants and Contributions	465	2,538
Usable Capital Receipts	227	388
Revenue and Reserves Contributions	500	271
Total	8,570	13,728

48 Capital Receipts

	2019/20 £'000	2018/19 £'000
Council House Sales	1,917	1,971
Land Sales	336	31
Total	2,253	2,002

49 Rent Income

At 31 March 2020 approximately 2.88% of lettable properties were empty (31 March 2019, 4.08%).

The rent arrears as a proportion of gross rent income and excluding refunds are £1,131,486 (5.47%) compared with £1,167,932 (5.58%) in 2018/19.

An allowance for impairment of £607,220 has been made in the accounts for potentially uncollectable rent arrears (2018/19 £617,308).

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 £544,011. This is the difference between the interest income on plan assets £980,085 credit (£1,041,609 credit 18/19) and the interest cost on defined obligations £1,524,096 debit (£1,517,107 debit 18/19) 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 £0.663m (£0.793m 18/19). This payment did not result in the development of an asset owned by the Council.

52 HRA Debt Repayment Reserve

The introduction of self-financing to the Housing Revenue Account in 2012 meant the Council had to borrow £88m from the Public Works Loan Board to cover the balance of the settlement payment after using reserves and balances, which was made to Communities and Local Government to buy out of the subsidy system.

The loans of £88m were taken out with varying maturity dates ranging from 6 months to 30 years. The final repayment date being 28/3/42.

This reserve has been created to build up funds to meet the repayments of the loans as they become due and is included in the balance sheet within earmarked reserves.

	2019/20 £'000	2018/19 £'000
Balance brought forward 1 April	(12,082)	(12,082)
Transferred to Reserve in year	0	0
Transferred to Reserve in year from Capital Adjustment Account	0	0
Repayment of debt from the reserve in year	0	0
Balance as at 31 March	(12,082)	(12,082)

THE COLLECTION FUND ACCOUNTING STATEMENT

2018/19 NNDR £000	2018/19 Council Tax £000		2019/20 NNDR £000	2019/20 Council Tax £000	2019/20 Total £000	Note
		<u>INCOME</u>				
	(39,463)	Council Tax Payers		(41,995)	(41,995)	54
(27,795)		Income from Business Ratepayers	(28,218)		(28,218)	53
(45)		Transitional Protection Payment Receivable	(81)		(81)	
		<u>Contribution towards Previous Year's Collection Fund Deficit:</u>				
0		Central Government	(1,824)		(1,824)	
0		Bolsover District Council	(453)		(453)	
0		Derbyshire County Council	0		0	
0		Derbyshire Fire Authority	(16)		(16)	
(27,840)	(39,463)		(30,592)	(41,995)	(72,587)	
		<u>EXPENDITURE</u>				
		<u>Apportionment of Previous Year's Collection Fund Surplus:</u>				
177		Central Government	0		0	
142		Bolsover District Council	0		0	
32		Derbyshire County Council	657		657	
3		Derbyshire Fire Authority	0		0	
		<u>Precepts:</u>				
	6,443	Bolsover District Council		6,777	6,777	
	27,317	Derbyshire County Council		29,081	29,081	
	1,605	Derbyshire Fire Authority		1,675	1,675	
	4,136	Derbyshire Police Authority		4,761	4,761	
		<u>Business Rates:</u>				
0		Central Government	13,441		13,441	
12,860		Bolsover District Council	10,753		10,753	
12,603		Derbyshire County Council	2,419		2,419	
257		Derbyshire Fire Authority	269		269	
96		Cost of Collection	94		94	
		<u>Charges to the Collection Fund:</u>				
51	114	Write-offs of uncollectable amounts	72	237	309	
(47)	141	Impairment of Debts	90	190	280	
(1,440)		Impairment of Appeals	121		121	
64		Reconciliation Adjustments for disregarded amounts	59		59	
24,798	39,756		27,975	42,721	70,696	
(3,042)	293	(Surplus) / Deficit for the year	(2,617)	726	(1,891)	
		<u>COLLECTION FUND BALANCE</u>				55
3,294	(40)	Balance brought forward at 1 April	252	253	505	
(3,042)	293	(Surplus)/ Deficit arising during the year	(2,617)	726	(1,891)	
252	253	(Surplus)/ Deficit c/fwd 31st March	(2,365)	979	(1,386)	

53 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 2019/20 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 2019/20 were estimated before the start of the financial year as £10.753m to Bolsover District Council, £13.441m to Central Government, £2.419m to Derbyshire County Council and £0.269m to Derbyshire Fire Authority. These sums have been paid in 2019/20 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 2019/20 to the value of £5.603m.

The total income collected from business rate payers in 2019/20 was £28.2m (£27.8m in 2018/19).

The total non-domestic rateable value at 31st March 2020 was £65,445,968 (£64,017,013 for 2018/19). The general national non-domestic multiplier for the year was 49.1p (49.3p in 2018/19). The small business non-domestic multiplier for the year was 50.4p (48.0p in 2018/19).

54 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 2019/20 is follows:

Estimated No. of Taxable Properties after effects of Discounts Exemptions + Other Adjustments			2019/20	2018/19
Band		Ratio	Band D Equivalent Dwellings	Band D Equivalent Dwellings
-A	23.73	5 / 9	13.18	13.34
A	15,355.27	6 / 9	10,236.85	10,093.32
B	5,077.03	7 / 9	3,948.80	3,896.05
C	3,861.84	8 / 9	3,432.75	3,351.79
D	2,502.20	9 / 9	2,502.20	2,274.21
E	1,000.95	11 / 9	1,223.39	1,219.77
F	297.65	13 / 9	429.95	432.37
G	112.01	15 / 9	186.68	183.00
H	4.42	18 / 9	8.84	9.82
Council Taxbase prior to adjustment for Collection Rate			21,982.64	21,473.68

55 Allocation of Collection Fund Surpluses and Deficits

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.

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 53. Deficits are proportionately charged to the relevant precepting bodies in the following year.

The Business Rates Pilot from 2018/19 means the NNDR surplus/deficit for 2019/20 is still a net figure. This is made up of a surplus on the brought forward balance for the pilot of £3.395m and a deficit on the pool of £1.030m. Central Government was not part of the pilot.

2018/19 NNDR £000	2018/19 Council Tax £000		2019/20 NNDR £000	2019/20 Council Tax £000	2019/20 Total £000
(239)	41	Bolsover District Council	(1,085)	158	(927)
(1,335)	174	Derbyshire County Council	(767)	672	(95)
0	28	Derbyshire Police Authority	0	110	110
2	10	Derbyshire Fire Authority	(23)	39	16
1,824	0	Central Government	(490)	0	(490)
252	253	(Surplus)/Deficit	(2,365)	979	(1,386)

56 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

There have been no prior period adjustments made to the Council's 2018/19 published financial statements during 2019/20.