

# Erewash

## Borough Council

### Statement of Accounts

### 2023/24



# ANNUAL STATEMENT OF ACCOUNTS 2023- 24

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# NARRATIVE REPORT

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## Background

Erewash Borough Council is an English local authority providing statutory services such as refuse collection, environmental health, street cleaning, planning, housing policy and homelessness, building control and housing benefits alongside other services such as green spaces and markets. The Borough of Erewash covers an area of 42.3 square miles and lies between Derby and Nottingham in the southeast of Derbyshire. Erewash is a borough of contrast; to the eastern side are the market towns of Ilkeston and Long Eaton, while the west is more rural with some isolated villages. The two large cities of Derby and Nottingham both border the borough and have an influence on the area.

These accounts set out the financial position for Erewash Borough Council for the year ended 31<sup>st</sup> March 2024. They have been prepared in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (The Code)*. The accounting policies follow International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to local government.

## The Statement of Accounts

The Statement of Accounts comprises the following core statements:

### Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with statutory requirements, but 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 Cost of Services within the Comprehensive Income and Expenditure Statement is reported by directorate, in the way in which services are operated and performance managed. The main services provided within each directorate are:

- Resources – planning, human resources, ICT, finance, rent allowances, elections, legal services, democratic and civic support,
- Environmental and Community Services – building control, neighbourhood wardens, markets, green space and street scene, environmental health, waste management, housing, licensing, facilities management, property and estates, communications and culture, community safety, and performance and community.
- Non-directorate – parish concurrent functions, contingency, external audit fees, Chief Executive's Office and Bramcote Crematorium.

### Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the Council, analysed into 'usable reserves' i.e. those that can be applied to fund expenditure or reduce local taxation and 'other' reserves. The Statement shows how the movements in year of the Council's reserves are analysed 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 for the year. The Net Increase/ Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

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## **Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level, and any statutory limitations on their use (for example, capital receipts that may only be used to fund capital expenditure or repay debt). The second category of reserves include those that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding under regulations'.

## **Cash Flow Statement**

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

The Statement also contains the following supplementary statements:

## **Expenditure and Funding Analysis**

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, Council tax and business rates) by the Council 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.

## **Collection Fund**

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 of amounts due from taxpayers and the subsequent distribution to preceptors and government of Council tax and non-domestic rates. The following authorities are the major preceptors on the Council:

- Derbyshire County Council;
- Police and Crime Commissioner for Derbyshire;
- Derbyshire Fire and Rescue Service.

The Council is required to account for non-domestic rates under the Non-Domestic Ratings Regulations 2013.

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## **Derbyshire National Non-Domestic Rates Pool**

For 2023/24 Erewash was part of the Derbyshire National Non-Domestic Rate Pool with seven other Derbyshire district authorities, Derby City Council, Derbyshire County Council and Derbyshire Fire and Rescue Service. The calculation of any levy payment due or top up receivable from or to the Collection Fund is calculated on a collective basis for the pool as opposed to an individual authority basis.

## **Council's Financial Performance for the Financial Year 2023/24**

### **Key Issues that have influenced the Financial Position for 2023/24**

The Council set a revenue budget of £14.281m in 2023/24. The budget used £1.420m of General Fund reserves and £0.004m of earmarked reserves. Heading into 2023/24 the main areas of concern were in relation to the continuing high levels of inflation, the deliverability of agreed savings and income generation initiatives identified, the deterioration in the waste recycling market and the ability to recruit and retain officers to key posts.

The Council set a three-year capital programme in February 2023 which is funded by existing capital resources or external grants with no borrowing requirement. The programme contains Towns Fund and Shared Prosperity grant funded projects and other prioritised schemes, plus a capital contingency of £100,000 to allow the Section 151 Officer to manage fluctuations. The fleet replacement programme continued during 2023/24 and is planned to continue into future years depending on the ability to realise capital receipts.

The Treasury Management Strategy (TMS) 2023/24 and Capital Investment Strategy (CIS) were approved by Full Council in March 2023. The Strategies were developed to comply with the Prudential Code for Capital Finance in Local Authorities, the Treasury Management: Code of Practice and Cross Sectoral Guidance Notes (Treasury Management Code) and Minimum Revenue Provision – Guidance issued by the Secretary of State under section 21 (1A) of the Local Government Act 2003.

### **Key Events affecting the Council in 2023/24 and a look ahead to future years**

#### **Budget Strategy**

In December 2023 Council approved a Budget Strategy, the purpose of which was to set a framework for achieving a balanced budget in future years without using the General Fund reserve and to establish a reserves policy for the Council. For 2024/25 the Council set a balanced budget without the use of any reserves for the first time in many years.

#### **Core Strategy**

In accordance with Regulations, Erewash Borough Council had submitted its Core Strategy Review document to the Planning Inspectorate (PINS) for independent examination on Wednesday 30th November 2022.

At the time of the local elections in May 2023, the independent examination had not started. The new Labour administration took time to review the Core Strategy and were preparing to ask Council in November 2023 whether it wishes to withdraw the Core Strategy. The Council then received a letter from the Secretary of State indicating that he would intervene

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if he considered that withdrawing the plan from examination would be a clear failure by the Council of the statutory test set out in section 27(1) of the 2004 Act unless there were exceptional circumstances. This Act requires that each local planning authority must identify the strategic priorities for the development and use of land in the authority's area, and policies to address those priorities must be set out in the local planning authority's development plan documents, such as their local plan.

The Council set out the reasons behind its rationale, but the Minister did not consider the circumstances to be exceptional and the Council did not withdraw the Core Strategy.

The Planning Inspector then asked the Council to undertake further Regulation 19 consultation which has now been completed meaning that the examination hearings will take place in June 2024.

## **Sandiacre Friesland Sports Centre**

In September 2023 Council Executive approved the closure of Sandiacre Friesland Sports Centre and the transfer of the facility to the Two Counties Trust. As a result revenue savings of £120k per annum have been realised on the leisure contract.

## **Towns Fund projects**

Stable Block – During 2023/24 the Principal Contractor on this project went into administration. Following a re-procurement exercise, a new Contractor was appointed, and works are due to commence on site late May 2024. It is now projected that the scheme will be completed during December 2024 with the redeveloped Stable Block building being ready for occupation by new tenants during 2025.

Walking and Cycling at West Park - The installation of new lighting is well progressed and due to complete mid-June 2024. For both the Britannia Mills bridge and Broad Street bridge projects the contractors and consultants have been appointed and the planning applications are currently being considered.

## **Shared Prosperity Fund projects**

The first year of the projects within the Shared Prosperity Funding of £2.8m commenced during 2023/24. A grant of £0.2m was provided to Erewash Partnership to aid them with the work they do in promoting enterprise and new business formation within the borough. Research and development grants have been made to local businesses which has already seen one product successfully launched to market. Property insulation improvements have been made to several of the most energy inefficient properties throughout the borough. All projects must be delivered by March 2025 when the funding will end.

## **Cultural Fund**

Looking forward to 2024/25 the Council has provisionally been awarded up to £5million of capital funding to support local cultural projects in the borough. The Council is preparing an investment plan which must be submitted in early June.

## **Review of Financial Performance in 2023/24**

The Council's revenue and capital budgets are split between the Council's two directorates. Spending against these budgets is monitored carefully throughout the year and reported quarterly to the Council Executive. The table below compares the actual expenditure in the year in accordance with regulations with the budget for 2023/24.

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<b>Revenue Outturn 2023/24</b>	<b>Revised Budget £'000</b>	<b>Actual Net Expenditure £'000</b>	<b>Variance £'000</b>
<b>Expenditure</b>			
Resources	4,903	4,870	(33)
Environmental and Community Services	9,056	8,448	(608)
Non Directorate	681	399	(282)
<b>Net Cost of Services</b>	<b>14,640</b>	<b>13,717</b>	<b>(923)</b>
<b>Financed By</b>	<b>Revised Budget £'000</b>	<b>Actual Financing £'000</b>	<b>Variance £'000</b>
New Homes Bonus Scheme Grant	(156)	(156)	0
Revenue Support Grant	(260)	(260)	0
Lower Tier Services Grant	(134)	(134)	0
Funding guarantee	(173)	(173)	0
New Burdens and other government grants	(181)	(254)	(73)
Council Tax - EBC Precept and S31 grants	(7,186)	(7,126)	60
Collection Fund Council Tax	122	122	0
Business Rates Retention and S31 grants	(5,106)	(5,609)	(503)
Collection Fund NNDR	35	35	0
Cost of collection deferral	0	(5)	(5)
Transfer (from)/to Earmarked Reserves	(64)	2,020	2,084
Transfer (from)/to General Fund Balances	(1,537)	(2,177)	(640)
<b>Total Income</b>	<b>(14,640)</b>	<b>(13,717)</b>	<b>923</b>

In common with previous years, the Council has again underspent at service level. For the first time, the Council has been reporting an outturn forecast throughout the year so the underspend was expected. In the context of the overall financial position (and projected budget gaps from 2025/26 onwards) this is extremely positive as it provides the Council the opportunity to both increase General Fund balances but also put aside funds for known future liabilities. However, the underspend does not change its future financial landscape or mean that decisions already made for 2024/25 were financially unnecessary.

Income in certain areas such as car parking and cemeteries outperformed forecasts. Plus, with interest rates not being cut as originally forecast interest from investments was significantly higher than predicted. Other areas such as planning, building control and land charges continued to struggle. The overall variance on income was a slight adverse variance of £38,000.

Like other local authorities the Council experienced recruitment issues to service areas such as planning, building control and finance. In addition, key posts such as the Head of Revenues and Benefits and the Head of ICT became vacant. These vacancies, plus the normal turnover in personnel resulting in a high level of vacant posts during the year. The Council also held a number of posts which have been vacant for a longer period of time. A review of these posts took place whilst preparing the 2024/25 budget and some have been deleted from the establishment. The Council also managed to reduce its use of agency staff firstly by realising efficiencies through the review of service delivery models

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and secondly as a result of resolving several long-term employment issues, for posts requiring agency backfilling. All of these factors resulted in a significant underspend on employee costs of £948,000.

As forecast during the year, the Council incurred significant expenditure pressures from the cost of supported accommodation (which is not fully subsidised by government) and from waste disposal costs, due to the deterioration in the recycling market. The additional cost to the General Fund from these two areas was £466,000. £369,000 of the contingency set aside remained unused at year end, resulting in an overall small underspend on expenditure of £13,000.

The Council received additional NNDR income of £374,000 mainly in the form of S31 grants for reliefs granted in year. This amount has been transferred to the Funding Risk earmarked reserve for the purpose of alleviating anticipated funding changes from any Government reforms. The introduction of the expected fair funding reforms, which could see at redistribution of government funding to areas of need, still do not have a confirmed implementation date. The Council anticipates these reforms could see it receiving a reduced level of funding from government in the medium to long-term.

The provisional figure for the benefit from the Derbyshire NNDR pool is forecast to be £135,000 higher than anticipated. The results of the pool are based on the NNDR outturn figures of all participating authorities so is particularly hard to forecast with accuracy. The final benefit will not be confirmed until the conclusion of the audits of all the member authorities' accounts.

Carry forward requests as a result of timing differences (and not because funding will not be spent) of £238,000 are proposed to be carried forward for use during 2024/25.

The Council also has known and potential liabilities which it will need to meet. In line with the Budget Strategy's reserves policy the Council therefore proposes putting £0.718m into the following earmarked reserves.

- £500,000 into the Capital reserve for vehicles and equipment – whilst the three-year approved capital programme is fully funded, indicative plans suggest future capital gaps that will need to be resourced.
- £150,000 into the Housing and Homelessness reserve – the Council has declared an underspend in housing as the number of asylum seekers presenting for support was less than expected in 2023/24. This demand may materialise in 2024/25. The pressure on the supported accommodation budget continues to mount.
- £68,000 into the Vehicles and Equipment reserve – demands for CCTV improvements have emerged since the 2024/25 budget was approved, so provision for these has been made.

The table below summarises the movements from the net cost of services outturn position, taking account of the items mentioned above and other small variances of financing. The result is an accounting underspend for the year of £0.135m, the value of the NNDR pooling benefit, which will be put into the General Fund.

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	£'000
Net Cost of Services outturn position underspend	(923)
Additional Government grants received	(73)
Council tax income	60
NNDR Income and S31 grant	(503)
NNDR S31 grant income transferred to Funding Risk Reserve	374
NNDR Cost of collection deferral	(5)
Transfers from earmarked reserves	(8)
Transfers to earmarked reserves for known or anticipated future pressures	718
Carry forwards into 2024/25	238
Bramcote Crematorium	(13)
<b>Accounting underspend transferred to General Fund</b>	<b>(135)</b>

The year end General Fund balance was £2.431m (which excludes any balances relating to Bramcote Bereavement Services Joint Committee) and is approximately 5% of the Council's gross revenue expenditure. The General Fund balance is above the Council's current policy which requires a minimum balance of £2m.

As part of the medium-term financial planning process and in line with the Council's Reserves Policy, the Council sets aside other revenue funds as earmarked reserves to provide for known spending commitments. Excluding the balances relating to the Bramcote Bereavement Service Joint Committee, these totalled £3.168m at 31<sup>st</sup> March 2024 (£1.981m at 31<sup>st</sup> March 2023). The main movements during the year have been.

- £1m of the General Fund Balance has been repurposed to a newly established Invest to Save Reserve (£0.5m) and the Capital Reserve (vehicles, plant and equipment renewals) (£0.5m) as approved in the Budget Strategy report to Council in December 2023.
- £0.718m (as detailed above) into earmarked reserves for known or potential future liabilities.
- £0.751m use of the Funding Risk reserve for NNDR grant relief compensation received in 2022/23, but for accounting purposes is reported against the opening NNDR Collection Fund deficit in 2023/24.
- £0.374m back into the Funding Risk reserve for NNDR grant relief compensation received in 2023/24.
- £0.082m use of reserves to finance the capital programme during 2023/24, as budgeted to do so.

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The table below shows the Council's actual capital expenditure for 2023/24 compared with the budgeted capital programme.

<b>Capital Outturn Summary 2023/24</b>	<b>Revised Budget £'000</b>	<b>Actual Expenditure £'000</b>	<b>Variance £'000</b>
High Street Fund	174	12	(162)
Long Eaton Towns Fund – Stable Block	1,150	275	(875)
Long Eaton Towns Fund – West Park Events	1,094	44	(1,050)
Long Eaton Towns Fund – Galaxy Row	181	174	(7)
Long Eaton Towns Fund – High Street	1,023	75	(948)
Long Eaton Towns Fund – Walking & Cycling network	700	258	(442)
Shared Prosperity Fund – Shuttle Bus	104	100	(4)
Shared Prosperity Fund – Property Insulation	187	180	(7)
Flat roof replacement programme	72	67	(5)
Manor Farm Equestrian Bridge	15	0	(15)
Play area refurbishment	230	0	(230)
Financial Management System	34	0	(34)
ICT network attached storage unit	100	96	(4)
ICT uninterrupted power supply unit	13	13	0
ICT telephony	6	0	(6)
Capita AIM upgrade	50	24	(26)
Waste Management system	100	90	(10)
Electric vehicle charging pints	24	0	(24)
Replacement CCTV cameras	6	5	(1)
Vehicle replacement	1,365	562	(803)
Disabled facilities grants	3,848	853	(2,995)
Social housing provision	234	0	(234)
LAD energy efficiency phase 2	9	0	(9)
LAD energy efficiency phase 3	743	668	(75)
HUG 1	9	0	(9)
Sandiacre Friesland Sports Centre	25	0	(25)
Accommodation review	500	0	(500)
Public Convenience works	20	0	(20)
Car Parks – additional spaces	30	8	(22)
Contingency	55	0	(55)
	<b>12,101</b>	<b>3,504</b>	<b>(8,597)</b>
Financed By:			
Capital receipts	(2,540)	(790)	1,750
Earmarked reserves	(82)	(82)	0
Grants and contributions	(9,479)	(2,632)	6,847
<b>Total Financing</b>	<b>(12,101)</b>	<b>(3,504)</b>	<b>8,597</b>

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Explanations of the largest variations between the budgeted and actual capital expenditure for the year are as follows:

- **Disabled Facilities Grants**

At 31<sup>st</sup> March 2024 the Disabled Facilities Grants budget was underspent by £2.995m. There is always a delay between the grant approval and payment due to the need to commission, undertake and finally inspect the works prior to the release of the grant. The grant applicant has up to 12 months to undertake the necessary works. The grant funded underspend has been carried forward into 2024/25 and is ringfenced so cannot be used to fund other services.

- **Long Eaton Towns Fund projects**

Towns Fund grant income is released by central government on approval of the outline business cases for the individual Towns Fund projects. Income is received based on the profile of the spend for each financial year. All projects are planned to span multiple years, so all unspent grant income received at the year end will be carried forward into 2024/25 to be spent over the duration of the Towns Fund projects. Like many Town Deals across the county, the Long Eaton Towns Fund projects are experiencing slippage for a variety of reasons. More information is reported to the Towns Fund Board and can be found at: [Erewash Borough Council Modern Gov Portal](#)

## **Borrowing**

The Council has a policy of remaining debt free and therefore, does not have any external borrowing. This policy may need to be reviewed in the future as capital resources to fund new projects diminish. All capital expenditure during 2023/24 was financed from external grants and the Council's own resources.

## **Provisions, Contingencies and Material Items Written Off**

Fuller details of provisions can be found in Note 20 to the financial statements on page 85. There were no material amounts written off during 2023/24.

## **Material Assets and Material Liabilities**

The Council did not acquire any material assets. Further details of contingent assets and liabilities can be found in Note 30 to the financial statements on page 103.

## **Pensions**

There is a net asset on the Council's pension liability for the first time this year of £3.459m i.e. predicted assets exceed fund liabilities. Accounting convention requires, that where a pension plan net asset exists it is measured at the lower of the surplus in the defined benefit plan or the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan(s) or reductions in future contributions to the plan(s). The Council's actuaries have calculated the asset ceiling as the net present value of future service costs less the net present value of future contributions. The asset ceiling has been calculated to be a net liability of £6.832m and therefore the pension asset has been reduced by £10.291m to measure the scheme at the asset ceiling level. Full details of the pension schemes are contained in Note 29 to the financial statements on page 94.

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## Unusual Charges or Credits

There were no unusual charges or credits during the financial year.

## Other Liabilities

There are no other significant liabilities.

## Risks, Challenges and Mitigating Action

Risk management is an integral part of the Council's decision-making processes. All Council papers include reference to risk to ensure that members and officers understand the impact of decision-making. The Audit Committee receives regular reports on risk management, with the ability to refer particular risks to Scrutiny Panels if there is a need to look at them in more detail. The Strategic Risk Register was reviewed by Audit Committee in November 2023.

## Forward Look

### Financial Health and the Revenue Budget

The Council approved its budget for 2024/25 in March 2024. In line with the Council's Budget Strategy the Council set a budget without the use of reserves. This is despite the Council facing a pay provision pressure of £0.845m and other significant budget pressures totalling £2.254m arising from demand, market cost pressures, new emerging pressures, and contract inflation pressures. The most significant of these including:

- A pay award provision of 5.0%;
- Supported accommodation costs £400,000;
- Kerbside recycling waste disposal costs £333,000
- Homelessness £435,000
- Inflation of contracts £118,670

The Council was able to balance the budget through savings of £1.522m, income generation initiatives of £0.876m additional income from business rates of £0.899m, additional funding from government of £0.129m and a Council Tax rise of 2.99%.

At that time, the Council's Medium Term Financial Plan (MTFP) showed a potential gap of c£722k in 2025/26 growing to £2.681m in 2026/27. The Council's budget report also highlighted the significant risks and uncertainty the Council faces. An update on some of the key risks is given below:

- Pay award – the latest pay offer to the Trade Unions is a flat increase per grade of £1,290. The revised pay award is likely to yield a saving on the budget of c£0.130m
- Recruitment – to certain services, namely finance, planning and building control continues to be a problem. The use of temporary agency supply may be required in these areas if positions cannot be recruited to. The MTFP includes a vacancy target assumption which is likely to remain unchanged.

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- Inflation rates – the inflation rate for April 24 dropped to 2.3% the lowest in almost 3 years. The Bank of England has a target of 2% and expects inflation to reduce to this by the end of the year. The level of inflation will be a determining factor in when the Bank of England decides to cut interest rates.
- Interest rates – the Council had forecast interest rates to begin to fall at the end of June 2024 and further decreases throughout the year to a level of 4% by March 2025. The Bank of England recently stated that it wanted to see “more evidence” before deciding to cut rates, which means August or September appear to be the most likely timing for a first cut, if inflation continues to fall as expected. Any deviation from forecasted cuts will result in a change in interest income received from investments.
- Savings proposals – significant savings proposals were approved for 2024/25. Deliverability of these is actively being monitored. There is likely to be slippage in some areas.
- Income generation targets – additional income from new and existing revenue streams have been built into the 2024/25 budget. Uncertainty of the take-up rate for the new charge for garden waste collection was a risk. The income target for 2024/25 has already been significantly overachieved by c£200k and the MTFP will be updated to reflect the better take-up rate.
- General Election – the General Election has now been announced to take place on 4 July 2024. Any change in control could bring changes in funding and/or national priorities; For now, funding assumptions will remain unchanged;
- Service pressures – the Council is already seeing continued pressures in demand led budgets such as supported accommodation and homelessness albeit some additional provision has been made in 2024/25.

The Council is committed to being financially sustainable. This means ensuring it can live “within its means”, only spending the funding it receives and balancing the budget in any given year without using General Fund reserves unless this is part of a wider plan. This is our number one financial priority. The continued uncertainty means that the Council has no choice but to focus on:

- Delivering its existing savings programme;
- Identifying a raft of further savings/income generating proposals to bridge the gap in funding over the medium term;
- Continuing to use the Council Tax flexibility it has been given as assumed by the Government in Spending Power.

Whilst acknowledging that there is significant uncertainty the Council does need to address its potential medium term funding gap. Further work is ongoing to build on the savings made in prior years, to identify potential solutions for closing the financial gap. The work will centre on the following areas:

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- Customer and channel shift - We will simplify access to customer services and look for opportunities to review how customer access works and our model for customer services including extending online transactions available via Erewash account.
- Waste Management - We will review how we organise and deploy our waste management team in light of investment in a new IT system and the significant legislative changes. We will also continue to reduce/drive efficiencies from the council's fleet.
- Investment - The Council is experiencing increased demand in key services (homelessness and supported accommodation) where it is reliant on external markets to meet needs. There may be opportunities in these areas or others, such as the climate change agenda, for the Council to consider investment in alternative operating models which reduce its costs or generate income.
- Digital and Technology - We will work with service teams to promote self-serve through online interactions and look at how integrated systems might create efficiencies, streamline processes, and reduce cost.
- Cultural Offer - We will seek to develop an enabling cultural offer (including the Museum) working with partners that enhances the visitor economy but is self-funding (or reduces the Council's current subsidy).
- Asset Management - We will seek to optimise our estate, reduce cost and maximise revenues both in terms of reviewing performance of existing "investment assets" and rationalising (including disposal) underutilised council assets, alongside seeking opportunities for additional income generation.
- Council tax discounts and exemptions - The Council will be undertaking proactive work looking at fraud prevention and detection and a replacement council tax support scheme.
- External funding – the Council will continue to look to secure external funding to sustain, protect and enhance services.
- Lobbying - The Council will continue to lobby Government directly and through the LGA where it believes that the distribution of funding is unfair. Derbyshire Chief Executives are doing work on this issue through the County's s151 Officers.

The Council is required to submit a Productivity Plan in July which will be incorporated into the Budget Strategy. An update on the above issues will be included in the Budget Strategy.

## **Capital Budget**

There are three key drivers of the Council's capital plans:

- Corporate Strategy - strategic aims and priorities - and other supporting strategies
- Asset management requirements - from its existing portfolio of assets

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- Invest to Save - an ambition to generate income or reduce costs in support of the Council's priorities.

The Council has a 3-year capital programme totalling over £17.9m. Of this £14.1m is expenditure funded from government grants, namely the Towns Fund, Shared Prosperity Fund, Disabled Facility Grants, food waste collection implementation and de-carbonisation of Council owned properties. The capital programme will also allow the Council to replace its refuse vehicles to ensure continuity of service provision. Based on the proposed capital programme it is still anticipated that the Council will not have borrowing requirements for capital purposes for the next 3 to 4 years with capital grants and capital receipts available to fund the programme.

The Council is in the process of developing a capital programme for the next 10 years. This will allow it to identify medium term needs arising from the three drivers identified above which could include further investment in IT/Digital, initiatives to support its carbon reduction commitment and additional requirements emanating from the Government's waste management agenda to name but a few. Projecting its capital ambition in an extended programme will allow the Council to consider funding options, inform decisions (retain or sell) about its own assets and have indicative projects "ready" should further Government funding be made available.

Dependent on the level of receipts generated from further asset sales, beyond this time period it may be necessary to finance required capital expenditure via other means. Most potential financing options effectively involve some form of borrowing and will have revenue implications which in turn will need to be included in the Medium-Term Financial Forecast, potentially increasing the need to identify further savings in the revenue budget.

## Key Performance Indicators

The Council monitors and manages its performance using a number of local indicators which have been developed to ensure effective monitoring against the single data set specified by central government. Progress is reported and graded as follows;

- Red – Performance is outside the agreed target and intervention level.
- Amber – Performance is at an acceptable level.
- Green – Performance is on or above target.

The table below shows some of the key performance indicators for 2023/24.

Description	Performance
Processing of major planning applications as measured against targets	Green
Processing of minor planning applications as measured against targets	Green
Average time spent in temporary accommodation	Green
Number of working days lost to the authority per month due to sickness absence	Green

Details of all of the Council's performance indicators can be viewed in the quarterly Performance and Budget Monitoring reports to Council Executive available on the Council's website.

# STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF ACCOUNTS

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## The Council's Responsibilities

The Council is required to:

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

## The Director of Resources Responsibilities

The Director of 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). The accounts should present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2024.

In preparing this Statement of Accounts the Director of Resources has:

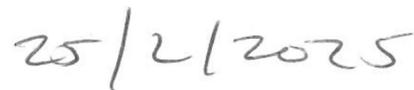
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- considered and disclosed all material events up to 25<sup>th</sup> February 2025.

## Certification of Accounts

I certify that the Statement of Accounts give a true and fair view of the financial position of Erewash Borough Council as at 31<sup>st</sup> March 2024 and its income and expenditure for the year then ended.



Saverio Della Rocca  
Director of Resources and Section 151 Officer



Date



Councillor D Snaith  
Chair of the Audit Committee



Date

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EREWASH BOROUGH COUNCIL

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## Report on the audit of the financial statements

### Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Erewash Borough Council ("the Council") for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

### Responsibilities of the Director of Resources for the financial statements

As explained more fully in the Statement of the Director of Resources' Responsibilities, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Director of Resources is also responsible for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Resources is responsible for assessing each year whether or not it is appropriate for the

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EREWASH BOROUGH COUNCIL

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Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

## **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources**

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

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

### **Responsibilities of the Council**

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EREWASH BOROUGH COUNCIL

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## **Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

## **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

## **Use of the audit report**

This report is made solely to the members of Erewash Borough Council as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EREWASH BOROUGH COUNCIL

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## **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until the National Audit Office has communicated the work we are required to undertake as component auditors for the Whole of Government Accounts.



[Mark SurrIDGE \(Feb 26, 2025 12:41 GMT\)](#)

**26-Feb-2025**

Mark SurrIDGE, Key Audit Partner  
For and on behalf of Forvis Mazars LLP  
2 Chamberlain Square, Birmingham, B3 3AX

# STATEMENT OF ACCOUNTING POLICIES

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## 1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its financial position at the end of that year. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices.

These accounting practices under Section 21 of the Local Government 2003 Act comprise primarily the *Code of Practice on Local Authority Accounting in the United Kingdom 2023/24*, supported by International Financial Reporting Standards (IFRS).

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

The concept of a going concern assumes that the functions of the Council will continue in operational existence for the foreseeable future. The provisions in the Code (Code Of Practice On Local Authority Accounting In The United Kingdom 2023/24) in respect of going concern reporting requirements reflect the economic and statutory environment in which the Council operates.

The Council's financial position is underpinned by its overall level of reserves. At the 31<sup>st</sup> March 2024 the General Fund reserve was approximately £2.4m.

In accordance with the latest Medium Term Financial Plan at the start of the 2025/26 financial year the General Fund balance is budgeted to be £2.2m which is over £2m above the minimum level. As proposed in the Budget Strategy £0.5m from the General Fund has been repurposed into an Invest to Save reserve and a further £0.5m into the Vehicle and Plant replacement reserve.

The Council has also undertaken cash flow modelling through to December 2025 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework, with a minimum cash balance forecast during the period of £12m.

Taking all of the above into account, the Council's statutory accounts for 2023/24 have been prepared on a going concern basis.

## 2. 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 in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of

# STATEMENT OF ACCOUNTING POLICIES

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transactions, other events and conditions on the Council's financial position or financial performance. When a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the period as if the new policy had always been applied.

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

### 3. Revenue and Expenditure Recognition

Revenue is the gross inflow of economic benefits, cash receivables or other assets, arising from the ordinary operating activities of the Council, such as sales of goods, sales of services and interest.

Revenue is recognised and accounted for, in accordance with *IAS 18: Revenue*, in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories in 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 is accounted for as income 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 and 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 may not be collected.
- Revenue from business rates is recognised on a full accruals basis. The surplus or deficit on the Collection Fund is allocated in full between Erewash Borough Council (the billing authority) and the precepting authorities at the end of the year, even though it will be distributed to, or recovered from, the relevant authorities in a subsequent financial year. The difference between the accrued income included in the Comprehensive Income and Expenditure Statement and the estimated income share or demand, is reversed out via the Movement in Reserves Statement, and transferred to the Collection Fund Adjustment Account. The Balance Sheet now

# STATEMENT OF ACCOUNTING POLICIES

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reflects the Council's share of debtor/creditor balances in respect of income collectable from ratepayers along with balances due to central government and the major preceptors.

## 4. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties 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 ordinary 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:

- a) in the principal market for the asset or liability, or
- b) 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 authority 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 external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority 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.

## 5. Property, Plant and Equipment

Property, plant and equipment are tangible assets (i.e. assets with physical substance) that are held for use in the supply of goods and services, for administrative purposes and are expected to be used during more than one financial year. Only land and property transactions costing more than £10,000 and £5,000 in respect of the acquisition of vehicles, plant and equipment have been capitalised. Any costs below these limits are not considered to be material and are not capitalised so they do not obscure the fair presentation of the financial position.

# STATEMENT OF ACCOUNTING POLICIES

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## 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 measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred to the relevant service segment in the Comprehensive Income and Expenditure Statement.

Where a component is replaced or enhanced, the carrying amount of the old component is derecognised to avoid double counting and the new component reflected in the carrying amount, subject to the recognition principles, as set out above, being met.

## Measurement

An item of property, plant and equipment is initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring it at the site on which it is located.

The cost of property, plant and equipment acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance, in which case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially 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 donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Subsequently, items of property, plant and equipment are carried in the Balance Sheet using the following measurement bases:

- Land and buildings: Fair value (the amount that would be paid for land and buildings in their existing use);
- Items of a specialised nature (where no market-based evidence is available): Depreciated replacement cost;
- Infrastructure assets and community assets: Depreciated historical cost;
- Non-property assets with short useful lives and/or low values: Depreciated historical cost;

## STATEMENT OF ACCOUNTING POLICIES

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- All other classes of property, plant and equipment: Fair value (the amount for which an asset could be exchanged in an arms-length transaction).

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

All items within a class of property, plant and equipment are revalued simultaneously to avoid selective revaluations and are revalued at intervals of no more than five years. Valuations are undertaken on a rolling basis by professionally qualified valuers who also consider the valuation of assets not being revalued to ensure valuations are kept up to date.

Where the carrying amount of an item of property, plant and equipment is increased as a result of a revaluation, the increase is recognised in the Revaluation Reserve, unless the increase is reversing an impairment loss or a revaluation decrease on the same asset, previously charged to the Comprehensive Income and Expenditure Statement.

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

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

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

### Impairment

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

Where impairment losses are identified, they are accounted for by:

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

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged

## STATEMENT OF ACCOUNTING POLICIES

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if the loss had not been recognised. Any excess of the impairment loss reversed above this carrying amount is charged to the Revaluation Reserve.

### Depreciation

Depreciation applies to all items of property, plant and equipment with the exception of assets under construction, community assets and land without a determinable finite useful life. The methods of depreciation that reflect the pattern in which the future economic benefits or service potential of different items of property, plant and equipment are expected to be consumed, are determined as follows:

- buildings (including components): Straight-line allocation over the life of the property (between 7 and 81 years);
- vehicles, plant and equipment: Straight-line allocation over the life of the asset (between 2 and 25 years);
- infrastructure: Straight-line allocation over the life of asset (between 10 and 20 years);
- community assets: Not depreciated as their life is non-determinable;
- land, surplus assets not held for sale (land) and assets under construction: are not depreciated;
- surplus assets not held for sale (property): Straight-line allocation over the life of the property (between 10 and 45 years).

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.

Each major component of an item of property, plant and equipment whose cost is significant in relation to the total cost of the item is depreciated separately and has its own useful life. The Council deems “significant” to be assets with a total valuation of over £200,000, therefore assets less than this are not componentised.

The residual value of an item of property, plant and equipment, its useful life and depreciation method are, as a minimum, reviewed at each financial year end and, if expectations differ from previous reviews or there has been a significant change in the pattern of consumption of the future economic benefits or service potential, the change is accounted for as a change in accounting estimate.

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 the historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits or service potential are expected from its

## STATEMENT OF ACCOUNTING POLICIES

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use or disposal. The gain or loss arising from derecognition is the difference between the net disposal proceeds (if any) and the asset's carrying amount and is included in the Comprehensive Income and Expenditure Statement.

### 6. Heritage Assets

These are assets with historical, artistic, scientific, technological, geophysical or environmental qualities held and maintained for their contribution to knowledge and culture.

The Council holds a range of Heritage Assets:

- Civic regalia – comprises the various chains of office associated with the ceremonial functions of the Council and the office of mayor (including deputies);
- Art collection – This includes collections which have been donated from various sources over a number of years;
- Monuments and other assets – This covers a range of items including a fountain and ornamental gates that are considered significant to the heritage of the borough.

Civic regalia are held on the balance sheet at insurance value and the art collection is held at market value where available, but if not, insurance value. All the Council's heritage assets are considered to have an indefinite life and therefore depreciation is not charged. The civic regalia and art collection are revalued at intervals of no more than five years.

### 7. 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, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. Properties are not depreciated but are revalued according to market conditions.

A gain or loss arising from a change in the fair value of an investment property is credited or debited in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment applies to a gain or loss on the disposal of an investment property.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement reflecting 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

## STATEMENT OF ACCOUNTING POLICIES

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General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **8. Intangible Assets**

An intangible asset is an identifiable non-monetary asset without physical substance. It is controlled by the Council as a result of past events and it is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. The most common class of intangible asset in local authorities is computer software. Intangible assets are measured initially at cost and carried at amortised cost.

The depreciable amount of an intangible asset with a finite useful life is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

The amortisation method used reflects the expected pattern of use of the economic benefits. If the pattern cannot be determined reliably, the straight-line method is used. The amortisation period and method is reviewed at least at the end of each reporting period. An intangible asset with an indefinite life is not amortised, but is tested for impairment annually and any losses are charged to the relevant service lines in the Comprehensive Income and Expenditure Statement. The useful life of the asset is reviewed annually.

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 greater than £10,000) the Usable Capital Receipts Reserve.

### **9. Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council tax.

# STATEMENT OF ACCOUNTING POLICIES

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## 10. 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 asset used by the relevant service:
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible assets attributable to the service.

The Council is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisation. Depreciation, revaluation and impairment losses and amortisations are therefore removed by the contribution in the General Fund Balance by way of an adjusting transaction between the Capital Adjustment Account and the Movement in Reserves Statement.

## 11. Inventories

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

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

## 12. Debtors

Debtors are not recognised when the Council becomes committed to supply goods or services, but when the ordered goods or services have actually been delivered or rendered. Debtors are recognised and measured at fair value of the consideration receivable when revenue has been recognised.

The Council is required to distinguish between long term debtors (payable for periods of more than one year) and short term debtors (payable within one year).

## 13. Assets Held For Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale.

# STATEMENT OF ACCOUNTING POLICIES

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## 14. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with any financial institution repayable without penalty on notice of not more than twenty four hours. Cash equivalents are highly liquid investments held for the purpose of meeting short-term cash commitments rather than for investment or other purposes that are readily convertible to known amounts of cash with insignificant risk of change in value.

## 15. Creditors

Creditors are not recognised when the Council becomes committed to purchase the goods or services, but when the ordered goods or services have been delivered or rendered. Creditors are recognised at fair value of the consideration payable.

The Council is required to distinguish between long term creditors (payable for periods of more than one year) and short term creditors (payable within one year).

## 16. Provisions, Contingent Liabilities and Contingent Assets

### Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic 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 in which the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at 31<sup>st</sup> March each year. Where it becomes less than probable that a transfer of economic benefits will be required or a lower than anticipated settlement is made, the provision is reversed and recognised as income for the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from a third party, the reimbursement is only recognised as income for the relevant service if it is certain that it will be received when the Council settles the obligation.

### 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. A contingent liability may also arise in circumstances where a provision would otherwise be made but

# STATEMENT OF ACCOUNTING POLICIES

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either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognised in the Balance Sheet but is disclosed as a Note to the Statement of Accounts.

## Contingent Assets

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

A contingent asset is not recognised in the Balance Sheet but is disclosed as a Note to the Statement of Accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **17. Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service 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 appropriated 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, retirement, and employee benefits and do not represent usable resources for the Council.

## **18. Financial Instruments**

A financial instrument is any contract that gives rise to a financial liability of one entity and a financial asset of another entity. The term 'financial instrument' therefore covers both financial liabilities and financial assets. Typical financial liabilities include creditors, borrowings and financial guarantees. Typical financial assets include bank deposits, debtors, loans receivable and advances.

### Financial Liabilities

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

## STATEMENT OF ACCOUNTING POLICIES

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Derecognition is the term used for the removal of a liability from the Balance Sheet. A financial liability is derecognised when it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires.

### 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).

### **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 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 is credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to employees in the form of car loans or bike loans at less than market rate (soft loans). The present value of the interest foregone is not material so no adjustments to the Statement of Accounts are made for this.

Any gains or losses that arise on the derecognition of a loan and receivable 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. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that 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.

# STATEMENT OF ACCOUNTING POLICIES

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

Financial Assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of the financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. The Council does not hold any financial assets that are measured at fair value through profit and loss.

## **19. 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 in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. 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 Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants and contributions 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 Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## **20. Leases**

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

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

# STATEMENT OF ACCOUNTING POLICIES

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## Arrangements Containing a Lease

An arrangement comprising a transaction that does not take the legal form of a lease but conveys a right to use an item of property, plant and equipment in return for a payment or series of payments, may be accounted for as though the arrangement is, or contains, a lease. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception and requires an assessment as to whether its fulfilment is dependent on the use of a specific asset and conveys a right to use the asset. If it is determined that an arrangement is, or contains, a lease, the lease is classified as a finance lease or an operating lease, as appropriate.

## **The Council as Lessee**

### 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 patterns of payments (e.g. there is a rent free period at the commencement of the lease).

## **The Council as Lessor**

### Operating Leases

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

## **21. Overheads and Support Services**

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

## **22. Joint Operations**

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

# STATEMENT OF ACCOUNTING POLICIES

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operators involve the use of assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its expenses, including its share of any expenses incurred jointly.

## 23. 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.

## 24. Employee Benefits

### Benefits Payable During Employment

Short-term employee benefits (other than termination benefits) are those due to be settled wholly within 12 months after the end of the reporting period. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits (i.e. benefits in kind) for current employees and are recognised as an expense for services in the year in which the employee renders service to the Council.

An accrual is made for accumulating compensated absences, which are the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

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

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

# STATEMENT OF ACCOUNTING POLICIES

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paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

## Post-Employment Benefits

Employees of the Council are members of The Local Government Pensions Scheme which is accounted for as a defined benefit scheme.

- The liabilities of the Derbyshire County Council and Nottinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – 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, employees turnover rates, etc. and projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate determined by reference to market yields at the Balance Sheet date on high quality corporate bonds. The currency and term of the corporate bonds are consistent with the currency and estimated term of the post-employment benefit obligations. The interest cost is computed by multiplying the discount rate as determined at the start of the period by the present value of the defined benefit obligation throughout that period, taking account of any material changes in the obligation.
- The assets of the Derbyshire County Council and Nottinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value at their fair value. The fair value of scheme assets is deducted in determining the defined benefit liability. When no market price is available, the fair value of scheme assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the scheme assets and the maturity or expected disposal date of those assets. Scheme assets exclude unpaid contributions due from the Council to the fund and are reduced by any liabilities of the fund that do not relate to employee benefits, for example, trade and other payables and liabilities resulting from derivative financial instruments.

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

### **Service Cost comprising:**

- Current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit liability (asset) at the beginning of the period, taking into account

## STATEMENT OF ACCOUNTING POLICIES

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any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

### **Re-measurements comprising:**

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset), is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net position liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Asset Ceiling, if applicable, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

### **Contributions Paid:**

- Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits are replaced with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits**

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

## **25. Council Tax and Non Domestic Rates (England)**

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

# STATEMENT OF ACCOUNTING POLICIES

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## 26. Long Term Contracts

Long-term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

## 27. Exceptional Items

When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or as a Note to the Statement of Accounts, depending on how significant the items are to an understanding of the Council's financial performance.

## 28. Events after the Balance Sheet Date

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 event 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 as a Note to the Statement of Accounts of the nature of the events and their estimated financial effect.

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

## ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

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The Council is required to disclose information relating to the impact of an accounting change on the financial statements as a result of the adoption by the Code of a new standard that has been issued but is not yet required to be adopted by the Council. Full adoption will be required for the 2024/25 financial statements. However, the Council is required to make a disclosure in the 2023/24 financial statements of the estimated effect of the standard.

### **IFRS16 – Leases**

IFRS16 was issued in January 2016, however its adoption has been deferred several times, but is now required to be adopted from 1 April 2024, and will therefore first be accounted for in the 2024/25 financial statements.

IFRS16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the term of the lease is 12 months or less or the underlying asset has a low value.

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

#### Accounting by lessees

Upon lease commencement a lessee recognises a right-of-use asset and a lease liability within the Balance Sheet. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

#### Accounting by lessors

Lessors shall classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

#### Transition

The Council has begun reviewing its contracts and leases with a view to assessing the impact of IFRS16. The Council currently recognises all of its lessee leases as operating leases. Upon application of IFRS16 any operating leases of greater than 12 months in duration with a material underlying asset value will require the lessee to recognise a right-of-use of the asset and a lease liability within the Balance Sheet. It is therefore anticipated the introduction of IFRS16 is likely to have an impact on the recognition, measurement, presentation and disclosure of leases within the financial statements.

### **IAS 1 - Presentation of Financial Statements**

IAS1 Presentation of Financial Statements sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their

## ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

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content and overriding concepts such as going concern, the accrual basis of accounting and the current/noncurrent distinction.

The amendment provides clarification on the classification of a liabilities with covenants as current or non-current. The Council has no such liabilities, so the amendment will have no impact on the Council's financial statements.

# CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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## **Critical Judgements**

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

### **Future Funding Levels**

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

### **Depreciation**

The depreciation periods applied to non-current assets are set out in the accounting policies section of the statement. There is a possibility that the actual depreciation differs from this so that there may be a misstatement in the accounts.

### **Contingent Liabilities**

The Council has to take a judgement on when a potential future loss ceases to be a contingent liability and instead be matched by a provision in the Balance Sheet. An assessment is made by senior managers of the likelihood that events will come to fruition and at what point a provision should be made. Contingent liabilities are reviewed annually to assess the relevant treatment.

### **Investment Properties**

The Council holds a number of fixed assets for investment purposes. These are defined as assets which are held by the Council solely to earn rentals or for capital appreciation or both. If any asset is held for these reasons but also for any additional purpose, then they have not been classified as investments. Further details of the Council's investment properties are included in Note 12 page 69.

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

## Key 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 Balance Sheet at 31<sup>st</sup> March 2024 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	Depreciation of non-current assets. The length of time over which non-current assets are fully depreciated is set out in the accounting policies section of the statement. This is based on an average life span of each asset. However, in practice, assets may depreciate at different rates and so there is the possibility that the depreciation charged to some assets may be mis-stated.	<p>If the useful life of assets is reduced depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £25,194 for each year that useful lives have to be reduced.</p>
Provisions	The Balance Sheet amounts for provisions are based on the best information available to form an estimate of the likely financial impact. The provision in the Balance Sheet relates entirely to a NNDR appeals.	There is a possibility that the amount of the provision is inadequate to fund the actual liability when realised. The effect of such would be that additional resources may have to be drawn from revenue reserves in order to fully fund the actual expenditure.
Pensions Liability/Asset	The Council's outstanding pensions liability is based on advice provided to the Derbyshire County Council Pension Fund by their actuaries. The actuary's forecasts are based on future assumptions about a wide variety of variables, such as the longevity of pensioners receiving pensions, the future size of the workforce contributing to the scheme, and the future returns on the assets of the fund.	There is a possibility that the assumptions differ from the actual outcomes. The effect of such would be to increase or decrease the pension liability/asset. This will have implications on the contributions payable by the Council to the pension fund which would impact on the Council's revenue reserves.

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>For 2023/24, the closing position is a net pension asset of £3.559m. Accounting standards dictate that any declared surplus must be restricted to the lower of the net pension asset or asset ceiling, which is the surplus that could be refunded to the Council or that the Council could expect in future reductions in contributions. The asset ceiling has been calculated by the actuaries as a net liability of £6.896m. Therefore, the net pension asset of £3.559m has been reduced by £10.495m to the asset ceiling amount and is recorded in the Balance Sheet as a liability of £6.896m. More information on the Pension Asset can be found at Note 29.</p>	<p>There is a possibility that the assumptions used to calculate the asset ceiling differ from the actual outcome. The effect of such would be to increase or decrease the pension liability/asset reported in the Balance Sheet.</p>
Debtors	<p>The debtors figure in the Balance Sheet is shown net of provision for bad debts which is currently 10% of gross debtors. The Council consider that this is sufficient even in the current economic climate. However, if collection rates were to deteriorate then this provision would need to be reviewed.</p>	<p>If collection rates were to deteriorate, a 10% rise in doubtful debts would require an additional £167,400 to be set aside as an allowance.</p>

## EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, Council tax and business rates) by the Council 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.

2023/24	Adjustments between the Funding and Accounting Basis							Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
	Net Expenditure as reported to Council Executive £'000	Adjustments (Note 1) £'000	Net Expenditure Chargeable to the General Fund £'000	Adjustments for Capital Purposes (Note 2) £'000	Net charge for Pension Adjustments (Note 3) £'000	Other Differences (Note 4) £'000	Total adjustments £'000	
Resources	4,870	975	5,845	125	(203)	(31)	(109)	5,736
Environmental and Community Services	8,448	127	8,575	1,785	(306)	(20)	1,459	10,034
Non-directorate	399	12	411	50	(20)	2	32	443
<b>Net Cost of Services</b>	<b>13,717</b>	<b>1,114</b>	<b>14,831</b>	<b>1,960</b>	<b>(529)</b>	<b>(49)</b>	<b>1,382</b>	<b>16,213</b>
Other Income and Expenditure			(13,818)	(2,380)	164	(1,255)	(3,471)	(17,289)
<b>(Surplus) or Deficit on Provision of Services</b>			<b>1,013</b>	<b>(420)</b>	<b>(365)</b>	<b>(1,304)</b>	<b>(2,089)</b>	<b>(1,076)</b>
Opening General Fund			6,866					
(Less Deficit) or plus Surplus on General Fund in Year			(1,013)					
<b>Closing General Fund Balance</b>			<b>5,853</b>					

## EXPENDITURE AND FUNDING ANALYSIS

2022/23				Adjustments between the Funding and Accounting Basis				Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
	Net Expenditure as reported to Council Executive £'000	Adjustments (Note 1) £'000	Net Expenditure Chargeable to the General Fund £'000	Adjustments for Capital Purposes (Note 2) £'000	Net charge for Pension Adjustments (Note 3) £'000	Other Differences (Note 4) £'000	Total adjustments £'000	
Resources	4,794	432	5,226	195	480	(84)	591	5,817
Environmental and Community Services	7,965	117	8,082	1,163	715	(15)	1,863	9,945
Non-directorate	459	6	465	40	65	(9)	96	561
<b>Net Cost of Services</b>	<b>13,218</b>	<b>555</b>	<b>13,773</b>	<b>1,398</b>	<b>1,260</b>	<b>(108)</b>	<b>2,550</b>	<b>16,323</b>
Other Income and Expenditure			(11,630)	(2,170)	1,073	(1,564)	(2,661)	(14,291)
<b>(Surplus) or Deficit on Provision of Services</b>			<b>2,143</b>	<b>(772)</b>	<b>2,333</b>	<b>(1,672)</b>	<b>(111)</b>	<b>2,032</b>
Opening General Fund			9,009					
(Less Deficit) or plus Surplus on General Fund in Year			(2,143)					
<b>Closing General Fund Balance</b>			<b>6,866</b>					

### Note 1 – Adjustments

This column details transactions reported to Council Executive, but which are reported below Net Cost of Services in the Comprehensive Income and Expenditure Account. The transactions within Resources relate to investment interest. Within Environmental and Community Services is income, expenditure, and changes in fair value of investment properties. The transactions within Non-directorate are in relation to Bramcote Crematorium interest income.

# EXPENDITURE AND FUNDING ANALYSIS

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## Note 2 – Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposals of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing 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.

## Note 3 – Net Charge for Pension Adjustments

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

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

## Note 4 – Other Differences

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

- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for Council tax and non-domestic rates 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.



## MOVEMENT IN RESERVES STATEMENT

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The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'other' 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 for the year. The Net Increase/ Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

Full details of the Movement in Reserves Statement are shown in Note 5 to the financial statements on page 56.

## MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Reserve £'000	Total General Fund Reserves £'000	Usable Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
<b>Movement in Reserves during 2023/24</b>									
Balance at 31 <sup>st</sup> March 2023	4,784	1,984	98	6,866	2,936	3,697	13,499	39,407	52,906
Total Comprehensive Income and Expenditure	1,076	0	0	1,076	0	0	1,076	(2,678)	(1,602)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 4)	(2,089)	0	0	(2,089)	(456)	2,539	(6)	6	0
Transfers (from) to Earmarked Reserves	(1,173)	120	1,053	0	0	0	0	0	0
Net Increase (Decrease) in 2023/24	(2,186)	120	1,053	(1,013)	(456)	2,539	1,070	(2,672)	(1,602)
<b>Balance at 31<sup>st</sup> March 2024</b>	<b>2,598</b>	<b>2,104</b>	<b>1,151</b>	<b>5,853</b>	<b>2,480</b>	<b>6,236</b>	<b>14,569</b>	<b>36,735</b>	<b>51,304</b>
<b>Purpose Analysis</b>									
-Capital	0	0	1,151	1,151	2,480	6,236	9,867	43,034	52,901
-Revenue	2,598	2,104	0	4,702	0	0	4,702	(6,299)	(1,597)
	<b>2,598</b>	<b>2,104</b>	<b>1,151</b>	<b>5,853</b>	<b>2,480</b>	<b>6,236</b>	<b>14,569</b>	<b>36,735</b>	<b>51,304</b>
<b>Movement in Reserves during 2022/23</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 31 <sup>st</sup> March 2022	5,177	3,325	507	9,009	3,567	2,682	15,258	437	15,695
Total Comprehensive Income and Expenditure	(2,032)	0	0	(2,032)	0	0	(2,032)	39,243	37,211
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 4)	(111)	0	0	(111)	(631)	1,015	273	(273)	0
Transfers (from) to Earmarked Reserves	1,750	(1,341)	(409)	0	0	0	0	0	0
Net Increase (Decrease) in 2022/23	(393)	(1,341)	(409)	(2,143)	(631)	1,015	(1,759)	38,970	37,211
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>4,784</b>	<b>1,984</b>	<b>98</b>	<b>6,866</b>	<b>2,936</b>	<b>3,697</b>	<b>13,499</b>	<b>39,407</b>	<b>52,906</b>

## BALANCE SHEET

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

The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

The second category of reserves is those that the Council is not able to use to provide 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 in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31st March 2023 £'000	Note	31st March 2024 £'000	31st March 2024 £'000
<b>Property Plant and Equipment</b>			
34,338	11	32,450	
2,959	11	3,194	
384	11	326	
805	11	1,644	
38,486			37,614
<b>Other Long-term Assets</b>			
812	12	741	
4,094	12	4,331	
190	12	116	
Asset relating to defined Benefit Pension			
58	29	0	
471	17	384	
5,625		5,572	
44,111			43,186
<b>Current Assets</b>			
145	16	152	
12,464	17	11,335	
10,979	18	15,573	
23,588			27,060
67,699			70,246

# BALANCE SHEET

31st March 2023 £'000		Note	31st March 2024 £'000	31st March 2024 £'000
	<b>Current Liabilities</b>			
(9,651)	Short-term Creditors	19	(11,085)	
(1,337)	Provisions	20	(961)	
(10,988)	<b>Total Current Liabilities</b>		<b>(12,046)</b>	
56,711	<b>Total Assets less Current Liabilities</b>			<b>58,200</b>
	<b>Long-term Liabilities</b>			
	Liability Relating to Defined Benefit Pension			
(3,805)	Schemes	29	(6,896)	
(3,805)	<b>Total Long-term Liabilities</b>			<b>0</b>
52,906	<b>Net Liabilities</b>			<b>51,304</b>
	<b>Financed by:</b>			
	<b>Usable Reserves</b>			
4,784	General Fund Balance	5	2,598	
1,984	Earmarked Revenue Reserves	6	2,104	
2,936	Usable Capital Receipts Reserve	5	2,480	
98	Capital Reserves	6	1,151	
3,697	Capital Grants Unapplied Account	5	6,236	
13,499				<b>14,569</b>
	<b>Unusable Reserves</b>			
19,675	Revaluation Reserve	7	18,675	
24,187	Capital Adjustment Account	7	24,359	
(596)	Collection Fund Adjustment Account	7	660	
(3,747)	Pensions Reserve	7	(6,896)	
	Short-term Accumulating Compensated			
(112)	Absences	7	(63)	
39,407				<b>36,735</b>
52,906	<b>Total Reserves</b>			<b>51,304</b>

*S. Della Rocca*

Saverio Della Rocca

Director of Resources and S151 Officer

Date

*25/2/2025*

These financial statements replace the unaudited financial statements certified on 29 May 2024.

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of the 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.

2022/23 £'000	2023/24 £'000
(2,032) Net surplus or (deficit) on the provision of services	1,075
(9,789) Adjustments to net surplus or deficit on the provision of services for non-cash movements	7,883
(2,035) Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(3,859)
<b>(13,856) Net Cash flow from Operating Activities</b>	<b>5,099</b>
(711) Investing Activities	(505)
<b>(14,567) Net Increase or (Decrease) in Cash and Cash Equivalents</b>	<b>4,594</b>
(25,546) Cash and cash equivalents at the beginning of the reporting period	(10,979)
10,979 Cash and cash equivalents at the end of the reporting period	15,573
<b>(14,567) Net Increase or (Decrease) in Cash and Cash Equivalents</b>	<b>4,594</b>

Full details of the above are shown in Note 21 to the financial statements page 86.

# NOTES TO THE ACCOUNTS

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## 1. Events after the Balance Sheet Date

The unaudited Statement of Accounts was authorised for issue by the Director of Resources on 29<sup>th</sup> May 2024. Events taking place after this date are not reflected in the Financial Statements or accompanying Notes. When events taking place before this date provided information about conditions existing at 31<sup>st</sup> March 2024, the figures in the financial statements and accompanying Notes have been adjusted in all material respects to reflect the impact of this information.

## 2. Segmental Income and Expenditure

### Income

Revenue received from external customers on a segmental basis is analysed below:

Income	2022/23 Income from Services £'000	2023/24 Income from Services £'000
<b>Services</b>		
Resources	(570)	(459)
Environmental and Community Services	(3,833)	(4,009)
Non Directorate	(1,372)	(1,351)
<b>Total Income</b>	<b>(5,775)</b>	<b>(5,819)</b>

The Resources segment includes: £337,000 of income from planning and £106,000 from legal fees and land charges. Environmental and Community Services segment includes £1,312,000 from waste management, £468,000 from building control income, £786,000 from car parking income and £444,000 from green space and street scene income. Non Directorate includes income from Bramcote Crematorium of £1,351,000.

Income from external customers increased by £44,000 in 2023/24 compared to 2022/23. The main reasons for the change are;

- £101,000 – increase in car parking income following new charging scheme being introduced for 2023/24.
- £95,000 – decrease in building control income, continuation of a reduction in applications.
- £2,000 - increase in planning income. A provision for potential refunds of £86,000 has been established (Note 20) resulting in a net decrease for the year of £84,000
- £77,000 additional income from recycling credits.

# NOTES TO THE ACCOUNTS

## Expenditure

Material items of expenditure by segment are detailed in the table below.

Expenditure	Resources £'000	Environmental and Community Services £'000	Non Directorate £'000	Total £'000
<b>2023/24</b>				
Depreciation	125	1,343	50	<b>1,518</b>
Employee costs	4,020	7,593	290	<b>11,903</b>
Discretionary grants <sup>1</sup>	179	44	0	<b>223</b>
Bramcote Crematorium	0	0	1,076	<b>1,076</b>
<b>2022/23</b>				
Depreciation	196	1,265	40	1,501
Employee costs	4,870	8,274	469	13,613
Discretionary grants <sup>1</sup>	412	21	0	433
Bramcote Crematorium	0	0	1,068	1,068

<sup>1</sup> Household Support Fund grants of £223,000 (2022/23 £248,000).

### 3. Income and Expenditure Analysed by Nature

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

	2022/23 £'000	2023/24 £'000
<b>Income</b>		
Fees, charges and other service income	(5,715)	(5,969)
Interest and investment income	(685)	(1,275)
Income from Council tax	(7,174)	(7,425)
Income from non-domestic rates	(5,397)	(6,101)
Government grants and contributions	(22,959)	(27,160)
REFCUS	(988)	(1,355)
<b>Total Income</b>	<b>(42,918)</b>	<b>(49,285)</b>
<b>Expenditure</b>		
Employee benefits expenses	14,657	12,077
Other services expenses <sup>1</sup>	27,951	30,555
Depreciation, amortisation, impairment and REFCUS	2,386	3,316
Precepts and levies	463	559
Investment property revaluations	(101)	(55)
Interest and investment property expenditure	130	162
Loss/(gain) on disposal of non current assets	(39)	1,854
Income relating to non asset disposals	(497)	(259)
<b>Total Expenditure</b>	<b>44,950</b>	<b>48,209</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>2,032</b>	<b>(1,076)</b>

# NOTES TO THE ACCOUNTS

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## **4. Adjustments between Accounting Basis and Funding Basis Under Regulations**

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

### General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority 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 empowered statutorily 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.

### Usable Capital Receipts Reserve

The Usable 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 the Balance Sheet date.

### Capital Grants Unapplied

The Capital Grants Unapplied (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.

## NOTES TO THE ACCOUNTS

2023/24	Usable Reserves		
	General Fund Balance £'000	Usable Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to the Revenue Resources</b>			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
• Pension costs (transfers to or from the Pensions Reserve)	365	0	0
• Council Tax and NNDR (transfers to or from the Collection Fund)	1,255	0	0
• Holiday Pay (transfers to or from the Accumulated Absences Reserve)	49	0	0
• 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)	(2,950)	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>(1,281)</b>	<b>0</b>	<b>0</b>
<b>Adjustments between Revenue and Capital Resources</b>			
Transfer of Non-current asset sale proceeds from revenue to the Capital Receipts Reserve	287	(287)	0
Capital expenditure charged against the General Fund balance (transferred to the Capital Adjustment Account)	104	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>391</b>	<b>(287)</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>			
Use of Capital Receipts Reserve to finance capital expenditure	0	743	0
Application of capital grants to finance capital expenditure	2,979	0	(2,539)
<b>Total Adjustments to Capital Resources</b>	<b>2,979</b>	<b>743</b>	<b>(2,539)</b>
<b>Total Adjustments</b>	<b>2,089</b>	<b>456</b>	<b>(2,539)</b>

## NOTES TO THE ACCOUNTS

2022/23	Usable Reserves		
	General Fund Balance £'000	Usable Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to the Revenue Resources</b>			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
• Pension costs (transfers to or from the Pensions Reserve)	(2,333)	0	0
• Council Tax and NNDR (transfers to or from the Collection Fund)	1,563	0	0
• Holiday Pay (transfers to or from the Accumulated Absences Reserve)	108	0	0
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,264)	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>(1,926)</b>	<b>0</b>	<b>0</b>
<b>Adjustments between Revenue and Capital Resources</b>			
Transfer of Non-current asset sale proceeds from revenue to the Capital Receipts Reserve	536	(536)	0
Capital expenditure charged against the General Fund balance (transferred to the Capital Adjustment Account)	485	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>1,021</b>	<b>(536)</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>			
Use of Capital Receipts Reserve to finance capital expenditure	0	1,167	0
Application of capital grants to finance capital expenditure	1,016	0	(1,015)
<b>Total Adjustments to Capital Resources</b>	<b>1,016</b>	<b>1,167</b>	<b>(1,015)</b>
<b>Total Adjustments</b>	<b>111</b>	<b>631</b>	<b>(1,015)</b>

# NOTES TO THE ACCOUNTS

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## 5. Movement in Reserves

<b>Reserve</b>	<b>Purpose of Reserve</b>
General Fund Balance	Resources available to meet future revenue expenditure.
Earmarked Revenue Reserves	Various discretionary reserves established by the Council to fund specific items of revenue expenditure.
Usable Capital Receipts Reserve	Proceeds from non-current assets available to meet future capital commitments.
Capital Reserves	Funds set aside to meet known capital commitments.
Capital Grants Unapplied Account	Grants received to fund known capital commitments, but which have yet to be applied to meet expenditure.
Revaluation Reserve	Accumulated gains on revaluation of non-current assets not realised through sales.
Capital Adjustment Account	Accumulated capital resources set aside to meet past capital expenditure.
Short-Term Accumulating Compensated Absences	This is a balancing account to match the liability for untaken staff holiday pay.
Collection Fund Adjustment Account	This shows the adjustment between the actual Council tax and NNDR collected and that required by statute to be credited to the Comprehensive Income and Expenditure Statement.
Pensions Reserve	Balancing account to allow the inclusion of the pension's liability in the Balance Sheet.

### **Note**

The reserves relating to Bramcote Bereavement Joint Committee Services accounts have been consolidated into the Council's accounts. Further details of the movement on the reserves are shown in Notes 6 and 7 to the financial statements on pages 58-63.

## NOTES TO THE ACCOUNTS

<b>Movement in Reserves</b>	<b>Balance as at 31/03/2022 £'000</b>	<b>Additions during 2022/23 £'000</b>	<b>Expenditure during 2022/23 £'000</b>	<b>Balance as at 31/03/2023 £'000</b>	<b>Additions during 2023/24 £'000</b>	<b>Expenditure during 2023/24 £'000</b>	<b>Balance as at 31/03/2024 £'000</b>
<b><u>Usable Reserves</u></b>							
<b>Revenue Reserve</b>							
General Fund	5,177	0	(393)	4,784	0	(2,186)	2,598
Other Earmarked General Fund Reserves	3,325	1,253	(2,594)	1,984	1,026	(906)	2,104
<b>Total Revenue Reserves</b>	<b>8,502</b>	<b>1,253</b>	<b>(2,987)</b>	<b>6,768</b>	<b>1,026</b>	<b>(3,092)</b>	<b>4,702</b>
<b>Capital Reserves</b>							
Capital Reserve	507	0	(409)	98	1,068	(15)	1,151
Usable Capital Receipts Reserve	3,567	582	(1,213)	2,936	334	(790)	2,480
Capital Grants Unapplied Account	2,682	2,036	(1,021)	3,697	5,217	(2,678)	6,236
<b>Total Capital Reserves</b>	<b>6,756</b>	<b>2,618</b>	<b>(2,643)</b>	<b>6,731</b>	<b>6,619</b>	<b>(3,483)</b>	<b>9,867</b>
<b>Total Usable Reserves</b>	<b>15,258</b>	<b>3,871</b>	<b>(5,630)</b>	<b>13,499</b>	<b>7,645</b>	<b>(6,575)</b>	<b>14,569</b>
<b><u>Unusable Reserves</u></b>							
Revaluation Reserve	18,633	1,504	(462)	19,675	2,051	(3,051)	18,675
Capital Adjustment Account	23,355	3,392	(2,560)	24,187	5,496	(5,324)	24,359
Short-term Accumulating Compensated Absences	(220)	220	(112)	(112)	112	(63)	(63)
Collection Fund Adjustment	(2,159)	1,563	0	(596)	1,256	0	660
Pension Reserve	(39,172)	40,016	(4,591)	(3,747)	2,290	(5,439)	(6,896)
<b>Total Unusable Reserves</b>	<b>437</b>	<b>46,695</b>	<b>(7,725)</b>	<b>39,407</b>	<b>11,205</b>	<b>(13,877)</b>	<b>36,735</b>

## NOTES TO THE ACCOUNTS

### 6. Transfers to/from Earmarked Reserves

The table below shows the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure, and amounts transferred from earmarked reserves to meet General Fund expenditure. It also shows any transfers to and from the General Fund in respect of capital reserves.

Reserves	Balance as at 31/03/2022 £'000	Transfers to General Fund during 2022/23 £'000	Transfers from General Fund during 2022/23 £'000	Balance as at 31/03/2023 £'000	Transfers to General Fund during 2023/24 £'000	Transfers from General Fund during 2023/24 £'000	Balance as at 31/03/2024 £'000
<b>Earmarked Revenue Reserves</b>							
IT equipment	130	(51)	0	79	(79)	0	0
Insurance	346	(29)	0	317	(4)	0	313
Community safety	10	(7)	0	3	(3)	0	0
Shopmobility	9	0	0	9	(9)	0	0
Museum purchases	4	0	0	4	0	0	4
Museum donations	15	0	1	16	0	1	17
Funding risk <sup>1</sup>	2,808	(2,506)	951	1,253	(751)	374	876
Digital Transformation	0	0	300	300	(60)	0	240
Invest to Save Reserve <sup>2</sup>	0	0	0	0	0	500	500
Homelessness and Housing	0	0	0	0	0	150	150
Crematorium donations	3	0	0	3	0	1	4
	<b>3,325</b>	<b>(2,593)</b>	<b>1,252</b>	<b>1,984</b>	<b>(906)</b>	<b>1,026</b>	<b>2,104</b>
<b>Capital Reserves</b>							
Vehicles, Plant and Equipment <sup>2</sup>	388	(388)	0	0	0	1,068	1,068
Crematorium repairs and renewals	119	(21)	0	98	(15)	0	83
	<b>507</b>	<b>(409)</b>	<b>0</b>	<b>98</b>	<b>(15)</b>	<b>1,068</b>	<b>1,151</b>

<sup>1</sup> The £0.751m transfer to the Funding Risk reserve is Section 31 monies received in 2022/23 in relation to business rate reliefs which have been utilised against the NNDR Collection Fund deficit in 2023/24.

<sup>2</sup> £1m of the General Fund Balance has been repurposed to the newly established Invest to Save Reserve (£0.5m) and the Vehicles, Plant and Equipment renewals reserve (£0.5m) as approved in the Budget Strategy report to Council in December 2023.

# NOTES TO THE ACCOUNTS

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## 7. Movement in Reserves Statement – Movement on Unusable Reserves

### 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 only contains revaluation gains accumulated since 1<sup>st</sup> 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.

2022/23 £'000		2023/24 £'000
18,633	Balance at 1 <sup>st</sup> April	19,675
1,349	Upward revaluation of assets	2,051
155	Revaluation gain on heritage assets	0
(7)	Revaluation (loss) on heritage assets	(28)
	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the	
(11)	Provision of Services	(1,137)
1,486	<b>Surplus (Deficit) on Revaluation of long-term assets not posted to the Surplus or Deficit on the Provision of Services</b>	886
	Difference between fair value depreciation and	
(444)	historical cost depreciation	(447)
0	Disposals	(1,315)
0	Investment property reclassification	(124)
19,675	Balance at 31 <sup>st</sup> March	18,675

### Capital Adjustment Account

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

## NOTES TO THE ACCOUNTS

The account also contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council. It also contains revaluation gains accumulated on property, plant and equipment before 1<sup>st</sup> April 2007, the date that the Revaluation Reserve was created to hold such gains.

The following Note provides details of the sources of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2022/23 £'000		2023/24 £'000
23,355	<b>Balance at 1<sup>st</sup> April</b>	24,187
	<b>Reversal of items relating to capital expenditure shown in the Comprehensive Income and Expenditure Statement:</b>	
(1,318)	Charges for depreciation on non current assets	(1,421)
(183)	Amortisation of intangible assets	(97)
101	Revaluation gains/(losses) on Investment Properties	56
(25)	Revaluation losses on Property, Plant and Equipment	(126)
0	Revaluation losses on Heritage Assets	(51)
(988)	Revenue expenditure funded from capital under statute	(1,701)
0	Amounts of non-current assets written off on disposal or sale to the Comprehensive Income and Expenditure Statement	(1,882)
127	Reversal of previous revaluation losses	28
(2,286)		<b>(5,194)</b>
	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	
	Difference between fair value depreciation and historical cost depreciation	447
444	Disposals	1,315
444		<b>1,762</b>
	<b>Capital Financing applied in the year:</b>	
1,213	Use of capital receipts to finance new capital expenditure	790
1,021	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied in capital financing	2,192
1	Use of unapplied grants	440
485	Capital expenditure charged against the General Fund	104
(46)	Leisure services capital loan	(46)
2,674		<b>3,480</b>
0	Transfer of balances in the Revaluation Reserve in respect of reclassification of Investment Properties	124
24,187	<b>Balance at 31<sup>st</sup> March</b>	<b>24,359</b>

## NOTES TO THE ACCOUNTS

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### Pensions Reserve

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

<b>2022/23</b> <b>£'000</b>	<b>2023/24</b> <b>£'000</b>
(39,172) <b>Balance at 1<sup>st</sup> April</b>	<b>(3,747)</b>
37,758 Actuarial gains or (losses) on pensions assets and liabilities	<b>(3,513)</b>
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services (4,591) in the Comprehensive Income and Expenditure Statement	<b>(1,926)</b>
Employer's pension contributions and direct payments to 2,258 pensioners payable in the year	<b>2,290</b>
<u>(3,747) <b>Balance at 31<sup>st</sup> March</b></u>	<u><b>(6,896)</b></u>

## NOTES TO THE ACCOUNTS

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### Collection Fund Adjustment Account

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

2022/23 £'000	2023/24 £'000
<b>Council Tax</b>	
(169) <b>Balance at 1<sup>st</sup> April</b>	<b>(100)</b>
Amount by which Council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	<b>(17)</b>
<b>(100) Balance at 31<sup>st</sup> March</b>	<b>(117)</b>
<b>NNDR</b>	
(1,990) <b>Balance at 1<sup>st</sup> April</b>	<b>(496)</b>
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	<b>1,273</b>
5 Cost of collection allowance adjustment deferral	<b>0</b>
<b>(496) Balance at 31<sup>st</sup> March</b>	<b>777</b>
<b>(596) Total Collection Fund Adjustment Account</b>	<b>660</b>

## NOTES TO THE ACCOUNTS

### Short-term Accumulating Compensated Absences Adjustment Account

The Short-term Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise have arisen on the General Fund balance from accruing for compensated absences earned but not taken in the year, for example annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

2022/23 £'000	2023/24 £'000
(220) <b>Balance at 1<sup>st</sup> April</b>	(112)
220 Settlement or cancellation of accrual made at the end of the preceding year	112
0	0
(112) Amounts accrued at the end of the current year	(63)
(112) <b>Balance at 31<sup>st</sup> March</b>	(63)

### 8. Capital Expenditure

The Council's capital expenditure, on an accrual's basis, including amounts owed but not paid during the financial year, have been analysed by type of asset and are set out below. The amounts also include revenue expenditure funded from capital under statute (REFCUS).

2022/23 £'000	2023/24 £'000
<b>Type of Asset</b>	
100 Other land and buildings	75
814 Vehicles, plant, furniture and equipment	866
722 Assets under construction and work in progress	839
57 Intangibles	23
988 Revenue expenditure funded from capital under statute	1,701
2,681	3,504
<b>Sources of Finance</b>	
(1,213) Capital Receipts	(790)
(1,021) Grants and contributions received in year	(2,192)
0 Capital Grants Unapplied account	(440)
(447) Earmarked Reserves	(82)
(2,681)	(3,504)
0 <b>Closing Capital Financing Requirement</b>	0

# NOTES TO THE ACCOUNTS

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## 9. Capital Commitments

At 31 March 2024, the Council had entered into contracts totalling £0.909m (£0.729m 2022/23) to take place in 2024/25. The breakdown is as follows:

Capital Commitments	£'000
Vehicle replacement programme	245
Towns Fund	664

## 10. Valuation of Non-Current Assets and Long Term Assets

Non-current assets are initially recognised at their cost of acquisition or purchase, plus any expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Subsequent valuation of assets is based on the following:

- Land and Buildings, and Vehicles, Plant and Equipment - fair value in existing use or historical cost;
- Infrastructure Assets, Community Assets and Assets under Construction - depreciated historic cost;
- Investment Properties - market value;
- Intangible Assets - amortised historic cost.

Plant, furniture and equipment that are normally regarded as forming part of the building service installation have been included in the property valuation figure. However, under International Financial Reporting Standard 16 *Property, Plant and Equipment* significant components within buildings are valued and depreciated separately from the rest of the structure. Assets are only componentised if valued over £200,000 in total.

All valuations of non-current assets are based upon a valuation exercise carried out by an external valuer, Guy Harbord of Wilks Head and Eves LLP, who is a member of the Royal Institute of Chartered Surveyors. To comply with IAS16 *Property, Plant and Equipment* if one asset is chosen to be revalued, then all assets within that category must be revalued i.e. if one car park is revalued then all car parks must be revalued. All of the Council's assets will be revalued over a five-year rolling programme.

## NOTES TO THE ACCOUNTS

### 11. Movement on Property, Plant and Equipment (excluding Infrastructure Assets)

	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Assets under Construction £'000	Total Plant & Equipment (excluding Infrastructure Assets) £'000
<b>Cost or Valuation at 31<sup>st</sup> March 2023</b>	<b>34,576</b>	<b>10,565</b>	<b>805</b>	<b>45,946</b>
Additions	75	888	839	1,802
Derecognition - disposals	(1,929)	(653)	0	(2,582)
Revaluation (+/-) recognised in the Revaluation Reserve	194	0	0	194
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	(149)	0	0	(149)
Reclassifications	(181)	0	0	(181)
<b>Cost or Valuation at 31<sup>st</sup> March 2024</b>	<b>32,586</b>	<b>10,800</b>	<b>1,644</b>	<b>45,030</b>
<b>Cumulative Depreciation at 31<sup>st</sup> March 2023</b>	<b>(238)</b>	<b>(7,606)</b>	<b>0</b>	<b>(7,844)</b>
Depreciation charge for the year	(716)	(647)	0	(1,363)
Depreciation written out to the Revaluation Reserve	715	0	0	715
Derecognition - disposals	53	647	0	700
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	45	0	0	45
Reclassification	5	0	0	5
<b>Cumulative Depreciation at 31<sup>st</sup> March 2024</b>	<b>(136)</b>	<b>(7,606)</b>	<b>0</b>	<b>(7,742)</b>
<b>Net Book Value at 31<sup>st</sup> March 2024</b>	<b>32,450</b>	<b>3,194</b>	<b>1,644</b>	<b>37,288</b>
Net Book Value at 1 <sup>st</sup> April 2023	<b>34,338</b>	<b>2,959</b>	<b>805</b>	<b>38,102</b>
<b>Asset Financing at 31<sup>st</sup> March 2024</b>				
-Owned	<b>32,433</b>	<b>3,194</b>	<b>1,644</b>	<b>37,271</b>

## NOTES TO THE ACCOUNTS

	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Assets under Construction £'000	Total Plant & Equipment excluding Infrastructure Assets £'000
<b>Cost or Valuation at 31<sup>st</sup> March 2022</b>	<b>33,681</b>	<b>10,518</b>	<b>97</b>	<b>44,296</b>
Additions	100	852	722	1,674
Derecognition - disposals	(100)	(821)	0	(921)
Revaluation (+/-) recognised in the Revaluation Reserve	864	0	0	864
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	47	0	0	47
Reclassifications	(16)	16	(14)	(14)
<b>Cost or Valuation at 31<sup>st</sup> March 2023</b>	<b>34,576</b>	<b>10,565</b>	<b>805</b>	<b>45,946</b>
<b>Cumulative Depreciation at 31<sup>st</sup> March 2022</b>	<b>(176)</b>	<b>(7,874)</b>	<b>0</b>	<b>(8,050)</b>
Depreciation charge for the year	(691)	(553)	0	(1,244)
Depreciation written out to the Revaluation Reserve	474	0	0	474
Derecognition - disposals	100	821	0	921
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	55	0	0	55
<b>Cumulative Depreciation at 31<sup>st</sup> March 2023</b>	<b>(238)</b>	<b>(7,606)</b>	<b>0</b>	<b>(7,844)</b>
<b>Net Book Value at 31<sup>st</sup> March 2023</b>	<b>34,338</b>	<b>2,959</b>	<b>805</b>	<b>38,102</b>
Net Book Value at 1 <sup>st</sup> April 2022	33,505	2,644	97	36,246
<b>Asset Financing at 31<sup>st</sup> March 2023</b>				
<b>-Owned</b>	<b>34,338</b>	<b>2,959</b>	<b>805</b>	<b>38,102</b>

## NOTES TO THE ACCOUNTS

In November 2022, CIPFA issued an Update to the Code of Practice on Local Authority Accounting. This Update allows for the movement between the opening and closing balance of infrastructure assets to be presented at net book value (rather than gross cost/accumulated depreciation) basis for a temporary period up to and including 2024/25, in recognition that authorities do not typically hold sufficient granular detail regarding historical expenditure on their infrastructure assets in order to accurately account for derecognitions on a gross basis.

Furthermore, an amendment to the Local Authorities (Capital Financing and Accounting) Regulations was also laid in November 2022 which permits local authorities, when they replace a component of an infrastructure asset, to determine the carrying amount to be derecognised in respect of that replaced component as nil. This statutory override also applies up to and including 2024/25. Erewash Borough Council has made this determination since 2021/22 in its Statement of Accounts.

Infrastructure assets have therefore been excluded from the previous tables which analyse the movement on Property, Plant and Equipment on a gross book value/accumulated depreciation basis. The movement on infrastructure assets is instead presented in the following Note, along with a reconciliation to the total Property Plant and Equipment as reported on the Balance Sheet and elsewhere within these financial statements. In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this Note does not include disclosure of gross cost and accumulated depreciation for the infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

<b>Net Book Value</b>	<b>Infrastructure Assets £'000</b>	<b>Other Property, Plant &amp; Equipment £'000</b>	<b>Total Property, Plant &amp; Equipment £'000</b>
<b>At 1 April 2023</b>	<b>384</b>	<b>38,102</b>	<b>38,486</b>
Additions	0	1,802	1,802
Depreciation charge	(58)	(1,363)	(1,421)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	909	909
Revaluation increases/(decreases) recognised in the Surplus deficit on the Provision of Services	0	(104)	(104)
Disposals	0	(1,882)	(1,882)
Reclassifications	0	(176)	(176)
<b>Net Book Value at 31<sup>st</sup> March 2024</b>	<b>326</b>	<b>37,288</b>	<b>37,614</b>

## NOTES TO THE ACCOUNTS

Net Book Value	Infrastructure Assets £'000	Other Property, Plant & Equipment £'000	Total Property, Plant & Equipment £'000
<b>At 1 April 2022</b>	<b>458</b>	<b>36,246</b>	<b>36,704</b>
Additions	0	1,674	1,674
Depreciation charge	(74)	(1,244)	(1,318)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	1,338	1,338
Revaluation increases/(decreases) recognised in the Surplus deficit on the Provision of Services	0	102	102
Disposals	0	0	0
Reclassifications	0	(14)	(14)
<b>Net Book Value at 31<sup>st</sup> March 2023</b>	<b>384</b>	<b>38,102</b>	<b>38,486</b>

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years.

	Other Land and Buildings £' 000	Vehicles, Plant, Furniture & Equipment £' 000	Infrastructure Assets £' 000	Assets under construction £' 000	Total £' 000
<b>Carried at historical cost</b>	<b>131</b>	<b>10,800</b>	<b>1,875</b>	<b>1,644</b>	<b>14,450</b>
Valued at fair value as at:					
31 <sup>st</sup> March 2020	0	0	0	0	0
31 <sup>st</sup> March 2021	874	0	0	0	874
31 <sup>st</sup> March 2022	604	0	0	0	604
31 <sup>st</sup> March 2023	629	0	0	0	629
31 <sup>st</sup> March 2024	30,342	0	0	0	30,342
<b>Cost or Valuation at 31<sup>st</sup> March 2024</b>	<b>32,580</b>	<b>10,800</b>	<b>1,875</b>	<b>1,644</b>	<b>46,899</b>

## NOTES TO THE ACCOUNTS

### 12. Movement on Investment Properties, Assets Held for Sale, Intangible Assets and Heritage Assets

	Investment Properties £' 000	Intangible Assets £' 000	Heritage Assets £' 000	Total £' 000
<b>Cost or Valuation at 1<sup>st</sup> April 2023</b>	<b>4,094</b>	<b>1,378</b>	<b>812</b>	<b>6,284</b>
Additions	0	23	0	23
Derecognition - disposals	0	(989)	0	(989)
Revaluation (+/-) recognised in the Revaluation Reserve	56	0	(28)	28
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	0	0	(43)	(43)
Reclassifications	181	0	0	181
<b>Cost or Valuation at 31<sup>st</sup> March 2024</b>	<b>4,331</b>	<b>412</b>	<b>741</b>	<b>5,484</b>
<b>Cumulative Amortisation and Depreciation at 1<sup>st</sup> April 2023</b>	<b>0</b>	<b>(1,188)</b>	<b>0</b>	<b>(1,188)</b>
Amortisation charge for the year	0	(97)	0	(97)
Revaluation (+/-) recognised in the Revaluation Reserve	0	0	0	0
Disposals	5	989	0	994
Revaluations written out to the Surplus/Deficit on the Provision of Services	0	0	0	0
Depreciation on Reclassifications	(5)	0	0	(5)
<b>Cumulative Amortisation and Depreciation at 31<sup>st</sup> March 2024</b>	<b>0</b>	<b>(296)</b>	<b>0</b>	<b>(296)</b>
<b>Net Book Value at 31<sup>st</sup> March 2024</b>	<b>4,331</b>	<b>116</b>	<b>741</b>	<b>5,188</b>
Net Book Value at 1 <sup>st</sup> April 2023	4,094	190	812	5,096
<b>Asset Financing at 31<sup>st</sup> March 2024</b>				
- Owned	4,331	116	741	5,188

## NOTES TO THE ACCOUNTS

	Investment Properties £' 000	Intangible Assets £' 000	Heritage Assets £' 000	Total £' 000
<b>Cost or Valuation at 1<sup>st</sup> April 2022</b>	<b>3,993</b>	<b>1,307</b>	<b>665</b>	<b>5,965</b>
Additions	0	57	0	57
Derecognition - disposals	0	0	0	0
Revaluation (+/-) recognised in the Revaluation Reserve	0	0	147	147
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	101	0	0	101
Reclassifications	0	14	0	14
<b>Cost or Valuation at 31<sup>st</sup> March 2023</b>	<b>4,094</b>	<b>1,378</b>	<b>812</b>	<b>6,284</b>
<b>Cumulative Amortisation and Depreciation at 1<sup>st</sup> April 2022</b>	<b>0</b>	<b>(1,005)</b>	<b>0</b>	<b>(1,005)</b>
Amortisation charge for the year	0	(183)	0	(183)
Revaluation (+/-) recognised in the Revaluation Reserve	0	0	0	0
Disposals	0	0	0	0
Revaluations written out to the Surplus/Deficit on the Provision of Services	0	0	0	0
Depreciation on Reclassifications	0	0	0	0
<b>Cumulative Amortisation and Depreciation at 31<sup>st</sup> March 2023</b>	<b>0</b>	<b>(1,188)</b>	<b>0</b>	<b>(1,188)</b>
<b>Net Book Value at 31<sup>st</sup> March 2023</b>	<b>4,094</b>	<b>190</b>	<b>812</b>	<b>5,096</b>
Net Book Value at 1 <sup>st</sup> April 2022	3,993	302	665	4,960
<b>Asset Financing at 31<sup>st</sup> March 2023</b>				
- Owned	<b>4,094</b>	<b>190</b>	<b>812</b>	<b>5,096</b>

# NOTES TO THE ACCOUNTS

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## **Impairments (material items only)**

There were no material impairments during the year for both Operational and Non Operational Non Current Assets.

## **Nature of Intangible Assets**

The Intangible Assets are all purchased computer software.

## **Investment Property**

The following amounts are shown in the Comprehensive Income and Expenditure Statement for Investment Properties:

- direct operating expenditure £161,958
- rental income - £288,490

## **Fair Value Hierarchy**

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Accounting Policy 4 Fair Value Measurement p21 for an explanation of the fair value levels).

## **Valuation Techniques Used to Determine Level 2 Fair Value for Investment Property**

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rental yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's investment asset portfolio. 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 as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for investment properties.

# NOTES TO THE ACCOUNTS

## 13. Heritage Assets: Reconciliation of the Carrying Value

	Art Collection £'000	Civic Regalia £'000	Other Assets £'000	Total Assets £'000
Cost or Valuation at 1 <sup>st</sup> April 2023	222	424	166	812
Revaluation	(71)	0	0	(71)
<b>Cost or Valuation at 31<sup>st</sup> March 2024</b>	<b>151</b>	<b>424</b>	<b>166</b>	<b>741</b>
Cost or Valuation at 1 <sup>st</sup> April 2022	222	277	166	665
Revaluation	0	147	0	147
<b>Cost or Valuation at 31<sup>st</sup> March 2023</b>	<b>222</b>	<b>424</b>	<b>166</b>	<b>812</b>

There were no acquisitions, donations, disposals, or impairments of heritage assets during 2023/24 or 2022/23.

### Art Collection

The Council's collection of art is reported in the Balance Sheet at market value where available otherwise at the insurance valuation. The Council has a large art collection which has been donated from various sources including 'The Howitt Bequest'. Other donated collections include artists John Lally and Norman Whitehead. Some of the collection is displayed publicly at the Erewash Museum and Long Eaton Civic Centre with the remainder in secure storage at Merlin Way.

The art collection was valued during 2023/24 on the basis of insurance value by Bonhams – independent valuers. Revaluations will be assessed for impairment on an annual basis. It is considered the collection has an indefinite life and therefore depreciation has not been charged. Restoration is proposed to be carried out on the more important items in the collection in the near future.

### Civic Regalia

The Council's civic regalia collection comprises the various chains of office associated with the ceremonial functions of the Council and the office of mayor (including deputies), i.e. chains, pendants, mace etc. Some of the items pre-date local government reorganisation in 1974 such as the Sterling Silver Flagons and the mayoral chain. The collection (when not in use) is held in secure storage.

The majority of the civic regalia was last valued during 2022/23 on the basis of insurance value by Vaughtons – independent valuers. Revaluations will be undertaken within a maximum period of 5 years, although the regalia will be assessed for impairment on an annual basis. It is considered the collection has an indefinite life and therefore depreciation has not been charged.

### Other Heritage Assets

The Council also holds other heritage assets as follows:

## NOTES TO THE ACCOUNTS

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- Fountain in the market place at Ilkeston
- Bateman Ornamental Gates at West Park, Long Eaton
- Two World War One Death Plaques

Both the Fountain and Bateman Ornamental gates are considered important to the borough with both having been restored at cost by the Council. They are both held on the Balance Sheet at the cost of previous restorations and are assessed for impairment on an annual basis. The Death Plaques are held on the Balance Sheet based on the valuation performed by an expert in the field.

The Council has also accumulated a number of miscellaneous items (historic and local memorabilia) that have been acquired or donated to the Erewash Museum over many years. It is considered that the value of these items is de minimis. As such they are not held on the asset register as the Council considers that the cost of obtaining valuations is not commensurate to the potential benefit to the users of the Statement of Accounts.

### 14. Leasing

#### Assets Held Under Leases (Council as Lessee)

##### Finance Leases

A review of the Council's leases undertaken during the year concluded that all the existing leases should continue to be treated as operating rather than finance leases.

##### Operating Leases

The Other Land and Building obligations in previous years were in respect of a 99 year lease with an annual rental of £14,000 at Sandiacre Friesland Sports Centre, this lease was terminated in December 2023. There was no sublease income in relation to this lease. The Council has no other lease agreements and made no payments in respect of contingent rents or payments in respect of subleases.

There are no future minimum lease payments that the Council is contractually obliged to pay in respect of this lease.

	2022/23 Other Land & Buildings £'000	2023/24 Other Land & Buildings £'000
Obligations no later than one year	14	0
Obligations between 2 and 5 years	56	0
Obligations later than five years	902	0

# NOTES TO THE ACCOUNTS

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## Assets Held For Leases (Council as Lessor)

### Operating Leases

The Council owns a number of properties and land which are leased out to other organisations. During the year it received lease income of £197,378 (2022/23 £207,700). The future minimum lease payments that the Council will receive over the life of the current leases are set out in the table below:

	2022/23 £'000	2023/24 £'000
Receipts no later than one year	192	204
Receipts between two and five years	553	552
Receipts later than five years	1,988	1,924

The high value of lease income receivable later than five years arises from several long term leases, the main ones being: 99 year lease on the Indoor Bowls Centre £680k; 99 year lease for the Squash Courts at Manor Road £319k; 60 year lease on land and buildings on Beauvale Drive, Cotmanhay £302k; 25 year lease on land at Awsworth Road Playing Fields £195k; 15 year lease on land at Quarry Hill, Ilkeston £83k; 25 year lease on land at Grange Park, Long Eaton (Long Eaton United FC) £47k; 25 year lease on land at Grange Park, Long Eaton (Army Cadets) £46k; 25 year lease for the land and pavilion at Derwent Meadows £61k; and a 25 year lease for the changing rooms at West Park (Long Eaton Rugby FC) £67k.

## 15. 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 in another. The term financial instrument covers both financial assets and financial liabilities. Typical financial instruments are:

### Liabilities:

- trade payables and other payables,
- borrowings,
- financial guarantees.

### Assets:

- bank deposits,
- trade receivables,
- loans receivable,
- other receivables and advances,
- investments.

The Code disclosure requirements for financial instruments are largely irrelevant for the Council in 2023/24 for the following reasons:

## NOTES TO THE ACCOUNTS

- The Council does not use an external fund manager. It manages its investments in-house, supported by external professional treasury advisers.
- The Council continues to adopt a prudent and cautious approach to treasury management as set out in its Annual Treasury Management and Investment Strategy. All investments are simple loans to UK banks and building societies, the government's debt management office and other local authorities.

The following categories of financial instrument are carried in the Balance Sheet:

	Non Current		Current	
	31 <sup>st</sup> March 2023 £'000	31 <sup>st</sup> March 2024 £'000	31 <sup>st</sup> March 2023 £'000	31 <sup>st</sup> March 2024 £'000
<b>Financial Liabilities at Amortised Cost</b>				
Creditors	0	0	(3,563)	(3,785)
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>(3,563)</b>	<b>(3,785)</b>
<b>Financial Assets at Amortised Cost</b>				
Investments	0	0	10,979	15,573
Debtors	271	227	3,207	2,055
<b>Total Financial Assets</b>	<b>271</b>	<b>227</b>	<b>14,186</b>	<b>17,628</b>

The Council has made a number of loans to employees in the form of car loans or bike loans at less than market rates (soft loans). The present value of the interest foregone is not material so no adjustments to the Statement of Accounts are made for this.

### Fair Value of Financial Assets and Financial Liabilities

Except for financial assets carried at fair value, all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade or other receivables is taken to be the invoiced or billed amount.

## NOTES TO THE ACCOUNTS

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The fair values calculated are as follows:

	31 <sup>st</sup> March 2023		31 <sup>st</sup> March 2024	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
<b>Financial Liabilities</b>				
Short term creditors	(3,563)	<b>(3,563)</b>	(3,785)	<b>(3,785)</b>
<b>Total Financial Liabilities</b>	<b>(3,563)</b>	<b>(3,563)</b>	<b>(3,785)</b>	<b>(3,785)</b>
<b>Financial Assets</b>				
Short term investments	10,979	<b>10,979</b>	15,573	<b>15,573</b>
Short term debtors	3,207	<b>3,207</b>	2,055	<b>2,055</b>
Long term debtors	271	<b>271</b>	227	<b>227</b>
<b>Total Financial Assets</b>	<b>14,457</b>	<b>14,457</b>	<b>17,855</b>	<b>17,855</b>

### Nature and Extent of Risks Arising from Financial Instruments

#### Key Risks

The Council's activities expose it to a variety of risks relating to its financial instruments. The key risks are:

- Credit Risk - the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity Risk - the possibility that the Council may not have the funds available to meet its commitments to make payments.
- Market Risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

#### Overall Procedures for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework established by the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its Financial Regulations;

## NOTES TO THE ACCOUNTS

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- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The Council's overall borrowing.
  - Its maximum and minimum exposures to the maturity structure of its debt.
  - Its management of interest rate exposure; and
- by approving an Investment Strategy for the forthcoming year and setting out its criteria for both investing and selecting investment counterparties in compliance with the government guidance.

These are required to be reported and approved at or before the Council's annual Council tax setting meeting. These items are reported with the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported to members at Council Executive through the quarterly Treasury Management Service and Prudential Indicators report.

The Council maintains written principles for overall risk management as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard and Poors Rating Services. The Annual Investment Strategy also considers the maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial test is applied. Details of the Investment Strategy can be found on the Council's website.

A key component of the Investment Strategy is the minimum criteria for investment counterparties (both Specified and Non-Specified investments):

- Banks 1 – good credit quality – the Council will only use UK banks which have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
  - (a) Short term – F1
  - (b) Long term – A
- Banks 2 – Part nationalised UK banks – Royal Bank of Scotland. The bank can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
- Banks 3 – The Council's own banker (Lloyds) for transactional purposes if the bank falls below the above criteria. In this case balances will be minimised (less than £3million) and will be kept liquid.

## NOTES TO THE ACCOUNTS

- Building societies – The Council will use all societies which:
  - (a) meet the ratings for banks outlined above; or
  - (b) have assets in excess of £1bn;
- Money Market Funds – AAA (sovereign funds)
- UK Government Debt Management Account Deposit Facility (DMADF)
- Local authorities (including police authorities and fire authorities but excluding parish Councils)

Both the Capital Strategy for 2024/25 to 2026/27 and the Investment Strategy for 2024/25 to 2026/27 were approved by Council Executive on 27<sup>th</sup> February 2024 and ratified by full Council on 7<sup>th</sup> March 2024 and are accessible on the Council's website.

Counterparties are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings determined by the Council.

The Council's maximum exposure to credit risk in relation to its investment in banks and building societies of £2,000,000 cannot be assessed generally as the risk of any institution failing to make interest repayments or repay the principal sum but will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, however there was no evidence at 31<sup>st</sup> March 2024 that this was likely to crystallise.

The following table summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five years, adjusted to reflect current market conditions. The debtors figure relates to debtors beyond their due date, but excludes housing benefit overpayments.

<b>Deposits with Banks and Financial Instruments</b>	<b>Amount at 31<sup>st</sup> March 2024</b>	<b>Historical Risk of Default</b>	<b>Adjustment for Market Conditions at 31<sup>st</sup> March 2024</b>	<b>Estimated Maximum Exposure to Defaults</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>A x C = D</b>
	<b>£'000</b>	<b>%</b>	<b>%</b>	<b>£'000</b>
AAA rated counterparties	10,250	0.04	0.04	4
AA rated counterparties <sup>1</sup>	2,000	0.02	0.00	0
Trade Debtors <sup>2</sup>	776	3.10	3.10	24
	<b>13,026</b>			<b>28</b>

<sup>1</sup>The £2m the Council has invested at year end is with other local authorities for which credit losses are not recognised by CIPFA.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits or bonds.

## NOTES TO THE ACCOUNTS

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The table below shows that £273,000 of the trade debtor's balance of £776,000 is more than one year overdue. An analysis of debtors by age is as follows:

Period Past Due Date	31 <sup>st</sup> March	31 <sup>st</sup> March	31 <sup>st</sup> March
	2022	2023	2024
	£'000	£'000	£'000
Less than 3 months	204	1,366	454
Three to six months	22	35	17
Six months to one year	118	40	32
More than one year	223	387	273
	<hr/>	<hr/>	<hr/>
	567	1,828	776

### Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury and Investment Strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to the money markets to borrow funds in order to cover any day-to-day cash flow need and can also access loans from the Public Works Loan Board if necessary. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

All financial assets are due within one year.

### Refinancing and Maturity Risk

The Council maintains an investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. The risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits, placed on investments for greater than one year in duration, are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the officer responsible for treasury management assesses the operational risks within the approved parameters. This includes monitoring of the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments to provide stability of maturities and returns in relation to the longer term cash flow.

The Council has no longer term financial liabilities at 31<sup>st</sup> March 2024. The maturity analysis of financial assets and liabilities is disclosed in the Note below.

## NOTES TO THE ACCOUNTS

Maturity Date	Financial Assets		Financial Liabilities	
	31 <sup>st</sup> March 2023 £'000	31 <sup>st</sup> March 2024 £'000	31 <sup>st</sup> March 2023 £'000	31 <sup>st</sup> March 2024 £'000
Less than 1 year - cash	(2,446)	(3,090)	0	0
Less than 1 year – debtors and creditors	(3,207)	(2,055)	3,563	3,785
Less than 1 year - other financial instruments	(8,533)	(12,483)	0	0
Between 1 - 2 years	(271)	(227)	0	0
Between 2 - 5 years	0	0	0	0
Between 5 - 10 years	0	0	0	0
Over 10 years	0	0	0	0
<b>Total Financial Assets and Liabilities</b>	<b>(14,457)</b>	<b>(17,855)</b>	<b>3,563</b>	<b>3,785</b>

### Market Risk

There are three elements to market risk:

- interest rate risk,
- price risk,
- foreign exchange risk.

### Interest Rate Risk

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

- investments at variable rates would result in interest credited to the Comprehensive Income and Expenditure Statement increasing,
- investments at fixed rates would see the fair value of assets fall.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From the Strategy a treasury indicator is set which provides maximum limits for fixed and variable rate exposure. The treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately.

During the financial year the Council did not have any variable rate investments. The Council had no long term investments at 31<sup>st</sup> March 2024. No fair value adjustment is therefore required for fixed rate investments.

## NOTES TO THE ACCOUNTS

The table below shows the impact of a 1% increase in interest rates at 31<sup>st</sup> March 2024.

	£'000
Increase in interest receivable <sup>1</sup>	(166)
Impact on Surplus or Deficit on the Provision of Services	(166)

<sup>1</sup> Applied to short term and variable rate instruments.

### Equity Price Risk

The Council does not directly invest in equity shares. It therefore has no exposure to loss arising from movements in the price of shares. Pension Fund investments are made on the Council's behalf by the Derbyshire County Council Pension Fund and Nottinghamshire County Council Pension Fund.

### Foreign Exchange Risk

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

## 16. Inventories

The transport, parks and other inventories only show the net change within the year. These items are kept for service provision purposes only and no trading account is therefore maintained.

	31 <sup>st</sup> March 2022 £'000	Additions £'000	Disposals £'000	31 <sup>st</sup> March 2023 £'000	Additions £'000	Disposals £'000	31 <sup>st</sup> March 2024 £'000
Wheeled bins	38	69	(68)	39	104	(106)	37
Recycling bins	10	2	(8)	4	0	0	4
	48	71	(76)	43	104	(106)	41
Transport	113	159	(199)	73	41	(26)	88
Parks	10	66	(56)	20	45	(51)	14
Other	9	1	(1)	9	3	(3)	9
	132	226	(256)	102	89	(80)	111
	180	297	(332)	145	193	(186)	152

# NOTES TO THE ACCOUNTS

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## 17. Debtors

This Note analyses debtors between short term (less than 12 months) and long term (12 months or longer).

### Short Term Debtors

	<b>31<sup>st</sup> March 2023 £'000</b>	<b>31<sup>st</sup> March 2024 £'000</b>
Central government bodies	1,530	922
Other local authorities	7,599	7,810
Other entities and individuals	4,168	3,734
	<hr/>	<hr/>
	13,297	12,466
Payments in advance	517	543
Less provision for bad debts	(1,350)	(1,674)
<b>Total</b>	<hr/>	<hr/>
	12,464	11,335

### Long Term Debtors

	<b>31<sup>st</sup> March 2023 £'000</b>	<b>31<sup>st</sup> March 2024 £'000</b>
Other local authorities	199	157
Other entities and individuals	272	227
	<hr/>	<hr/>
	471	384
Less provision for bad debts	0	0
	<hr/>	<hr/>
	471	384

## NOTES TO THE ACCOUNTS

Short term and long term debtors can be analysed as follows:

	31 <sup>st</sup> March 2023 £'000	31 <sup>st</sup> March 2024 £'000
<b>Short Term</b>		
Trade customers	93	116
Related parties	9,763	9,088
Prepayments	517	543
Other amounts	3,441	3,262
Less provision for bad debts	(1,350)	(1,674)
	12,464	11,335
<b>Long Term</b>		
Related parties	224	183
Other amounts	247	201
	471	384

The Council maintains three provisions for bad debts namely: general debtors and housing benefit overpayments, Council tax debtors and NNDR debtors. The movements on these provisions are shown in the tables below:

	31 <sup>st</sup> March 2023 £'000	31 <sup>st</sup> March 2024 £'000
<b>General Debtors and Housing Benefit Overpayments Bad Debt Provision</b>		
Opening balance	689	727
Additions/(reductions)	58	222
Use in year	(20)	(142)
<b>Closing balance</b>	727	807

	31 <sup>st</sup> March 2023 £'000	31 <sup>st</sup> March 2024 £'000
<b>Council Tax Bad Debt Provision</b>		
Opening balance	347	363
Additions	38	69
Use in year	(22)	(51)
<b>Closing balance</b>	363	381

The provision for Council tax bad debts represents the Council's share of an overall provision which is divided between the precepting authorities on the basis of their respective share of the Council tax income.

## NOTES TO THE ACCOUNTS

	<b>31<sup>st</sup> March 2023 £'000</b>	<b>31<sup>st</sup> March 2024 £'000</b>
<b>NNDR Bad debt Provision</b>		
Opening balance	276	<b>260</b>
Additions	30	<b>308</b>
Use in year	(46)	<b>(82)</b>
<b>Closing balance</b>	<b>260</b>	<b>486</b>

The provision for NNDR debts represents the Council's share of an overall provision which is divided between the precepting authorities on the basis of their respective share of the NNDR income.

### 18. Cash and Cash Equivalents

Cash is represented by Notes and coins held by the Council and deposits available on demand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

	<b>31<sup>st</sup> March 2023 £'000</b>	<b>31<sup>st</sup> March 2024 £'000</b>
Cash held by the Council	2,246	<b>3,090</b>
Short term investments of less than 3 months duration	8,733	<b>12,483</b>
Short term investment of less than 1 year duration	0	<b>0</b>
	<b>10,979</b>	<b>15,573</b>

### 19. Creditors

#### Short Term Creditors

	<b>31<sup>st</sup> March 2023 £'000</b>	<b>31<sup>st</sup> March 2024 £'000</b>
Central government <sup>1</sup>	3,881	<b>3,322</b>
Other local authorities	2,212	<b>3,313</b>
Other entities and individuals	3,558	<b>4,450</b>
	<b>9,651</b>	<b>11,085</b>

The Council does not have any material long term creditors.

# NOTES TO THE ACCOUNTS

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## 20. Provisions

The following tables show both short term and long term provisions.

	Balance 1 <sup>st</sup> April 2023 £'000	Additions £'000	Amounts Used £'000	Balance 31 <sup>st</sup> March 2024 £'000
NNDR provision for appeals	1,337	0	(462)	875
Funding Guarantee refunds	0	86	0	86
	<b>1,337</b>	<b>86</b>	<b>(462)</b>	<b>961</b>

### NNDR Provision for Appeals

Under the rates retention scheme the Council is liable for refunding ratepayers who appeal successfully against the rateable value of their property on the rating list. The Collection Fund included a provision of £3,341,977 in respect of appeals lodged by 31<sup>st</sup> March 2023 of which the Council's share was £1,336,791. The level of refunds on successful appeals for the Collection Fund as a whole was £1,154,513 of which the Council's share was £461,805.

A provision, based on the Valuation Office Agency's report has been established for appeals lodged at 31<sup>st</sup> March 2024. The Council has engaged an external expert, Wilks Head and Eve, to calculate the level of provision required at 31 March 2024. A provision of £2,187,464 has been included in the Collection Fund at 31<sup>st</sup> March 2024 in respect of these appeals, of which the Council's share is £874,985.

### Funding Guarantee Refunds

In 2013 the Government introduced the "Planning Guarantee", which requires local planning authorities to refund planning fees for any applications that take longer than 6 months to determine, unless the determination period had been extended with the written agreement of the applicant. Erewash Borough Council has been complying with this requirement by promptly providing qualifying refunds on request.

However, in November 2023 Bolton Borough Council's Monitoring Officer published a Section 5 Report for that authority concluding that failing to make or attempt refunds, even when not requested, was in breach of the legal requirements. Erewash Borough Council's Monitoring Officer has consequently issued similar advice.

A review of planning records for the last 10 years has identified £86,304 of historical planning fee income that meets the qualifications for a refund under the Planning Guarantee but was not refunded at that time. Attempts are now being made to trace the applicants and secure the details required to make those refunds.

# NOTES TO THE ACCOUNTS

## 21. Cash Flow Statement

The below table provides more detail on the figures contained within the Cash Flow Statement.

2022/23 £'000		2023/24 £'000
(2,032)	<b>Net (deficit) or surplus on the provision of services</b>	1,075
	<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	
1,318	Depreciation	1,421
183	Amortisation	97
35	(Increase) / decrease in inventories	(7)
(1,752)	Decrease / (increase) in debtors	892
38	(Increase) / decrease in provision for bad debts	324
(12,867)	Increase / (decrease) in creditors	1,434
2,340	Net pension liability	(364)
(374)	Carrying amount of non-current assets sold	1,877
	<b>Other non-cash items charged to the net surplus or deficit on the provision of services</b>	
103	(Decrease) / increase in provisions	(376)
1,015	Capital grants unapplied	2,539
172	Movement in the value of investment properties and property, plant and equipment	46
(9,789)		7,883
	<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	
(438)	Proceeds from short term and long-term investments	(987)
(39)	Proceeds from the sale of property, plant and equipment, investment property, and intangible assets	(28)
(543)	Other receipts from investing activities	(305)
(1,015)	Capital grants unapplied	(2,539)
(2,035)		(3,859)
(13,856)	<b>Net Cash flow from Operating Activities</b>	5,099
	<b>Investing Activities</b>	
(1,731)	Purchase of property, plant and equipment, investment property and intangible assets	(1,825)
39	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	28
438	Proceeds from short term and long-term investments	987
543	Other receipts from investing activities	305
(711)	Net cash outflow from investing activities	(505)
(14,567)	<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	4,594

## NOTES TO THE ACCOUNTS

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### 22. Agency Income and Expenditure

The Council has an agency agreement with Derbyshire County Council whereby the Council is responsible for amenity maintenance within the borough on behalf of the county Council. The county Council reimburses the Council for this work. A summary of the expenditure incurred in respect of the activity is as follows:

	2022/23 £'000	2023/24 £'000
Amenity maintenance	149	149
Administrative costs	12	12
	<u>161</u>	<u>161</u>

### 23. Members' Allowances

During 2023/24 a total of £305,816 (2022/23 £313,916) was paid to Members of the Council in the form of allowances and expenses. These figures include superannuation and national insurance contributions.

# NOTES TO THE ACCOUNTS

## 24. Officers' Remuneration

The remuneration paid to the Council's senior officers is as follows:

		Salary £	Benefit in Kind £	Compensation for loss of employment £	Employers' Pension Contribution £	Total £
Chief Executive	<b>2023/24</b>	<b>128,275</b>	<b>1,239</b>	<b>0</b>	<b>26,553</b>	<b>156,067</b>
	2022/23	123,937	1,239	0	17,475	142,651
Director of Resources <sup>1</sup>	<b>2023/24</b>	<b>96,641</b>	<b>1,239</b>	<b>0</b>	<b>20,005</b>	<b>117,885</b>
	2022/23	6,526	87	0	920	7,533
Director of Resources and Deputy Chief Executive <sup>2</sup>	<b>2023/24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2022/23	98,784	265	0	3,030	102,079
Director of Environmental <sup>3</sup> and Community Services	<b>2023/24</b>	<b>96,641</b>	<b>1,239</b>	<b>0</b>	<b>20,005</b>	<b>117,885</b>
	2022/23	81,563	1,109	0	11,500	94,172
Director of Environmental <sup>4</sup> and Community Services	<b>2023/24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2022/23	11,378	310	0	0	11,688
Head of Personnel <sup>5</sup>	<b>2023/24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2022/23	67,997	1,019	32,131	7,925	109,072
Head of Green Space and Street Scene	<b>2023/24</b>	<b>70,717</b>	<b>1,239</b>	<b>0</b>	<b>14,638</b>	<b>86,594</b>
	2022/23	69,826	1,239	0	9,845	80,910
Head of Environment Health and Housing	<b>2023/24</b>	<b>70,717</b>	<b>1,239</b>	<b>0</b>	<b>14,638</b>	<b>86,594</b>
	2022/23	68,326	1,239	0	9,634	79,199
Head of Planning and Regeneration	<b>2023/24</b>	<b>70,717</b>	<b>1,239</b>	<b>0</b>	<b>14,638</b>	<b>86,594</b>
	2022/23	68,326	1,239	0	9,634	79,199
Head of Law and Governance <sup>6</sup>	<b>2023/24</b>	<b>57,714</b>	<b>1,239</b>	<b>0</b>	<b>11,947</b>	<b>70,900</b>
	2022/23	51,781	823	0	7,301	59,905
Head of Law and Corporate Governance <sup>7</sup>	<b>2023/24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2022/23	1,050	17	0	241	1,308
Head of Property and Estates <sup>8</sup>	<b>2023/24</b>	<b>64,710</b>	<b>1,239</b>	<b>0</b>	<b>13,395</b>	<b>79,344</b>
	2022/23	61,858	1,005	0	8,722	71,585

The following changes in respect of the Council's senior officers occurred during 2023/24 and 2022/23 and are relevant to the table of remuneration paid to the Council's senior officers above:

<sup>1</sup> Director of Resources commenced employment with the Council on 6 March 2023.

<sup>2</sup> Director of Resources and Deputy Chief Executive ceased employment with the Council on 17 June 2022.

<sup>3</sup> Director of Environmental and Community Services commenced employment with the Council on 9 May 2022

<sup>4</sup> Director of Environmental and Community Services ceased employment with the Council on 30 June 2022.

<sup>5</sup> Head of Personnel was made redundant on 27 January 2023.

<sup>6</sup> Head of Law and Governance commenced this employment on 2 August 2022.

<sup>7</sup> Head of Law and Corporate Governance ceased employment with the Council on 5 April 2022.

<sup>8</sup> Head of Property and Estates commenced this employment on 9 June 2022.

## NOTES TO THE ACCOUNTS

The number of employees, whose remuneration excluding employer's pension contributions, was £50,000 or more per year are set out below. This Note includes senior officers whose remuneration is disclosed above.

	Number of Employees 2022/23	Number of Employees 2023/24
£50,000 – £54,999	7	2
£55,000 – £59,999	2	6
£60,000 – £64,999	1	1
£65,000 – £69,999	2	2
£70,000 – £74,999	1	3
£75,000 – £79,999	0	0
£80,000 – £84,999	1	0
£85,000 – £89,999	0	0
£90,000 – £94,999	0	0
£95,000 – £99,999	1	2
£100,000 – £104,999	1	0
£105,000 – £109,999	0	0
£110,000 – £114,999	0	0
£115,000 – £119,999	0	0
£120,000 – £125,000	0	0
£125,000 - £130,000	1	1
	17	17

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

Exit package cost band (including special payments)	Number of redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
							£	£
£0 - £20,000	0	3	2	1	2	4	3,298	34,712
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	1	0	0	0	1	0	43,924	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
<b>Total</b>	1	3	2	1	3	4	47,222	34,712

### 25. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims and statutory inspections provided by the Council's external auditors, Ernst & Young LLP.

## NOTES TO THE ACCOUNTS

	2022/23 £'000	2023/24 £'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year <sup>1</sup>	47	158
Fees payable in respect of other services provided during the year	0	0
	<u>47</u>	<u>158</u>

<sup>1</sup>The fees in the above Note reflect the agreed fees as per the Audit Plan only. In addition but not included in the above note the Council have accrued £24,250 for 2020/21 and £40,000 for 2021/22 towards anticipated additional audit fees.

### 26. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2022/23 £'000	2023/24 £'000
<b>Credited to Taxation and Non Specific Grant Income:</b>		
NNDR retention scheme distribution	5,397	6,101
- Revenue Support Grant	109	260
- New Homes Bonus Scheme	182	156
- Lower Tier Services Grant	152	134
- Services Grant	229	0
- Funding Guarantee Grant	0	173
- Other Government Grants	343	375
Non Ring Fenced Government Grants	1,015	1,098
Capital Grants and Contributions	1,049	3,816
	<u>7,461</u>	<u>11,015</u>
<b>Credited to Services:</b>		
- Council Tax and Housing Benefit Subsidy	18,766	19,285
- Council Tax and Housing Benefit Administration	429	513
- NNDR cost of collection	131	131
- Homelessness	258	723
- Towns Fund	203	83
- Levelling Up Fund	125	0
- Shared Prosperity Fund	9	410
- Council Tax Energy rebate discretionary grants	185	0
- Containment Outbreak	75	50
- Sports and Health Development	144	152
- Community Safety	45	141
- Household Support Grant	243	259
- S106 Grants	202	57
- Storm Babet	0	200
- Homes Delivery Grant	0	99
- Other	80	143
	<u>20,895</u>	<u>22,246</u>

The NNDR income retention is made up of the following elements.

## NOTES TO THE ACCOUNTS

	2022/23 £'000	2023/24 £'000
Collection Fund NNDR income	21,492	21,718
Distributed to Central Government, Derbyshire County Council and Derbyshire Fire Authority	(12,895)	(13,031)
Erewash Borough Council NNDR income	8,597	8,687
Business rate tariff	(6,507)	(6,601)
Net NNDR income	2,090	2,086
S31 grant received	3,324	3,512
Levy account surplus redistribution	28	28
Growth payable to the Derbyshire NNDR pool	(618)	(876)
Pooling benefit receivable	710	860
Pooling benefit actual outturn adjustment 2020/21	(8)	0
Previous year pooling benefit accrual adjustment	251	0
NNDR Surplus/(Deficit)	(380)	491
	<b>5,397</b>	<b>6,101</b>

Grants and contributions may be received in advance of expenditure, or may have conditions attached that have to be met prior to the funds being applied. In addition, the Council occasionally receives donated assets. Where there are no conditions to the donation, it is treated as income in the Comprehensive Income and Expenditure Statement and reversed out to the Capital Adjustment Account. The following table shows the year end balances on these grants.

Capital Grants Unapplied	Balance 31 <sup>st</sup> March 2023 £'000	Grants received in year £'000	Transfer of funds between phases £'000	Grants applied in year £'000	Grants returned in year £'000	Balance 31 <sup>st</sup> March 2024 £'000
Disabled Facilities Grants	2,818	1,155	0	(852)	0	3,121
The Old Stables, Dalby House – learning & visitor centre	3	0	0	0	0	3
Barling Lane	1	0	0	0	0	1
Towns Fund	188	3,404	0	(827)	0	2,765
Shared Prosperity Fund	286	167	0	(275)	0	178
LAD Midlands Energy Hub	306	336	40	(668)	0	14
Home Upgrade Grant	95	28	(40)	0	(46)	37
Devolution retrofit	0	117	0	0	0	117
Flat roof replacement works	0	10	0	(10)	0	0
	<b>3,697</b>	<b>5,217</b>	<b>0</b>	<b>(2,632)</b>	<b>(46)</b>	<b>6,236</b>

# NOTES TO THE ACCOUNTS

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## 27. Related Party Transactions

The Council is required to disclose material transactions with related parties i.e. bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. Disclosure of these transactions allows an assessment of 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, provides the majority of the funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council tax charges, housing benefits). Grant receipts at 31<sup>st</sup> March 2024 are shown in Note 26 on page 90.

### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in Note 23 on page 87. The only matters reported were those where members held positions within charitable or community organisations which received some financial support from the Council. Where necessary members declared such interests when relevant to their duties and thus no further disclosure is considered necessary. The register of interests for each Council Member can be found on the Council's website using the following link: [Councillors and meetings / your Councillors](#), and then by clicking on each Council Member.

### Officers

Officers of the Council have not declared any related party transactions.

The most significant transactions with related parties are disclosed elsewhere in the Statement of Accounts as follows:

- Capital grants from central government - Note 26 page 90;
- Precepts paid to other local authorities - Collection Fund Accounts, pages 106 - 110;
- Superannuation contributions – Note 29 page 94.

## NOTES TO THE ACCOUNTS

The following table details the other significant transactions for the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024 with organisations with which the Council has a related party interest.

	2022/23 Receipts £'000	2022/23 Payments £'000	2023/24 Receipts £'000	2023/24 Payments £'000
<b>Revenue</b>				
Bramcote Bereavement Services Joint Committee	(400)	0	(350)	0
Derbyshire County Council, amenity maintenance	(161)	0	(161)	0
Derbyshire County Council, registrar services	(8)	0	(8)	0
Concurrent function grants to Parish Councils	0	192	0	173
Other grants to Parish Councils	0	5	0	0
Mid-Derbyshire Citizens Bureau	0	60	0	60
Erewash Partnership	0	118	0	211
Erewash Community Transport	0	6	0	6
Derbyshire Wildlife Trust	0	11	0	14
District Councils Network	0	3	0	3
Derbyshire Economic Partnership	0	15	0	0
Erewash Voluntary Action	0	3	0	3
Active Partnership Trust	0	15	0	15
Stirland Paterson	0	1	0	0
Derby County Community Trust	0	2	0	2
Canal and River Trust	0	2	0	0
<b>Capital</b>				
East Midlands Housing Agency	(484)	0	(258)	0

Brief details of the nature of the transactions with the organisations are set out below. There are no outstanding material sums relating to the 2023/24 financial year.

Bramcote Bereavement Services Joint Committee (BBSJC) – the Council jointly operates Bramcote Crematorium with Broxtowe Borough Council. During the year the Council received a payment of £350,000 as a share of the operating surplus.

The Council pays an agreed annual sum to the parishes in respect of concurrent functions.

The Council has related party transactions (including the payment of grants) to the following organisations as follows;

- Derbyshire Districts Citizens Advice Bureau – financial contribution towards operating expenses.
- Erewash Partnership. Financial contribution towards running costs. For 2023/24 this was funded through the Shared Prosperity Fund grant. The membership of this organisation includes over 350 local businesses, Erewash Borough Council, Derbyshire County Council and representatives from the education sector and the community.
- Derbyshire County Council - the Council undertakes amenity maintenance, and the payment is a reimbursement for the cost of the work and administrative costs;
- Derbyshire County Council - share of room hire for weddings and rental income from the lease of part of Ilkeston Town Hall and Long Eaton Town Hall for use by the Registrar Services.
- Erewash Community Transport – a contribution towards the operating expenses.
- Derbyshire Wildlife Trust – a contribution towards the upkeep of local wildlife sites.

## NOTES TO THE ACCOUNTS

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- Erewash Voluntary Action – Health Improvement grant.
- Active Partnership Trust – sports development grant.
- Derby County Community Trust – sports development grant.
- District Councils Network – annual subscription.

### **28. Employment Benefits - Short-Term Accumulating Compensated Absences**

As at 31st March a number of the Council's employees had not taken their annual leave entitlement or had worked additional hours for which they are entitled to compensatory time off. This represents a liability for the Council and under IAS 19 the Council is required to disclose the nature of this liability in its Balance Sheet. In order that there is no ultimate impact upon the General Fund balance. The accrual set up in the Balance Sheet is matched by an unusable reserve - the Short-Term Accumulating Compensated Absences Reserve. The total of short-term accumulating compensated absences for 2023/24 is £63,000 (2022/23, £112,000).

### **29. Employee Benefits – Post-Employment Benefits**

#### **Participation in Pension Scheme**

##### Erewash Borough Council employees

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 retirement benefits will not be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS) administered by Derbyshire County Council. The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008.

This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

##### Bramcote Bereavement Services Joint Committee (BBSJC) employees.

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

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

## NOTES TO THE ACCOUNTS

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Arrangements for the award of discretionary post-retirement benefits upon early retirement is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they fall due.

The Local Government Pension Scheme in Nottinghamshire is operated under a regulatory framework and the governance of the scheme is the responsibility of the Pension Fund Committee at Nottinghamshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Joint Committee of the scheme are the longevity assumptions, statutory changes to the scheme, and structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund balance the amounts required by statute.

### **Leisure Services**

On 1 February 2019 the Council outsourced the management of leisure services to Parkwood Leisure Limited. This involved the transfer of staff to Legacy Leisure Limited (subcontractor to Parkwood) under Transfer of Undertakings (Protection of Employment) Regulations. The contractual arrangement between the Council and Legacy Leisure Limited is that a pass-through arrangement is in place in relation to the pension membership of the Leisure Services employees. This means that the risks and obligations of the assets and liabilities relating to leisure services employees remains with the Council.

### **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 that the Council is required to make against the Council tax is based on the cash payable in the year. The real cost of retirement benefits, including the gain on settlement detailed above, is reversed out of the General Fund in the Statement of Movement in Reserves, in the line headed 'Adjustment Between Accounting Basis and the Funding Basis under Regulation'. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Statement of Movement in Reserves.

## NOTES TO THE ACCOUNTS

Comprehensive Income and Expenditure Statement	2022/23			2023/24		
	Funded £'000	Unfunded £'000	Total £'000	Funded £'000	Unfunded £'000	Total £'000
<b>Net Cost of Services</b>						
Current service cost	(3,494)	0	(3,494)	(1,762)	0	(1,762)
Past service costs	(24)	0	(24)	(1)	0	(1)
<b>Financing and Investment Income and Expenditure</b>						
Net interest on the net defined benefit liability	(1,073)	0	(1,073)	(164)	0	(164)
<b>Total post employment benefit charged to the Surplus or Deficit on the Provision of Services</b>	(4,591)	0	(4,591)	(1,927)	0	(1,927)
<b>Other post employment benefits charged to the Comprehensive Income and Expenditure Statement</b>						
Remeasurement of the net defined benefit liability comprising:						
• Other actuarial gains/(losses)	1	0	1	0	0	0
• Return on plan assets (excluding the amount included in the net interest)	(6,115)	0	(6,115)	4,758	0	4,758
• Actuarial gains and losses arising on changes in demographic assumptions	1,487	0	1,487	718	0	718
• Actuarial gains and losses arising on changes in financial assumptions	50,705	0	50,705	4,841	0	4,841
• Changes in effect of asset ceiling	0	0	0	(10,495)	0	(10,495)
• Actuarial gains and losses arising on other experience	(8,320)	0	(8,320)	(3,336)	0	(3,336)
	37,758	0	37,758	(3,514)	0	(3,514)
<b>Total post employment benefits charged to the Comprehensive Income and Expenditure Statement</b>	33,167	0	33,167	(5,441)	0	(5,441)
<b>Statement of Movement in Reserves</b>						
Adjustment between accounting basis and funding basis under regulation	(35,350)	(75)	(35,425)	3,227	(78)	3,149
<b>Actual amount charged against the General Fund balance for pensions in year</b>						
Employer's contributions payable to the scheme	2,183	75	2,258	2,214	78	2,292

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement has not been provided by the actuaries.

# NOTES TO THE ACCOUNTS

## Pension 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 benefits plans are as follows:

	2022/23			2023/24		
	Funded £'000	Unfunded £'000	Total £'000	Funded £'000	Unfunded £'000	Total £'000
Erewash Borough Council	(108,057)	(821)	(108,878)	(108,273)	(729)	(109,002)
BBSJC (crematorium)	(858)	0	(858)	(882)	0	(882)
<b>Present value of the defined benefit obligation</b>	<b>(108,915)</b>	<b>(821)</b>	<b>(109,736)</b>	<b>(109,155)</b>	<b>(729)</b>	<b>(109,884)</b>
Erewash Borough Council	105,073	0	105,073	112,461	0	112,461
BBSJC (crematorium)	916	0	916	1,022	0	1,022
<b>Fair value of plan assets</b>	<b>105,989</b>	<b>0</b>	<b>105,989</b>	<b>113,483</b>	<b>0</b>	<b>113,483</b>
Erewash Borough Council	(2,984)	(821)	(3,805)	4,188	(729)	3,459
BBSJC (crematorium)	58	0	58	140	0	140
<b>Net asset/(liability) arising from defined benefit obligation</b>	<b>(2,926)</b>	<b>(821)</b>	<b>(3,747)</b>	<b>4,328</b>	<b>(729)</b>	<b>3,599</b>

## Reconciliation of the Movements in the Fair Value of Schemes Assets

	2022/23			2023/24		
	EBC £'000	BBJSC £'000	Total £'000	EBC £'000	BBJSC £'000	Total £'000
<b>Opening fair value of scheme assets</b>	109,853	920	110,773	<b>105,073</b>	<b>916</b>	<b>105,989</b>
Interest income on plan assets	2,942	24	2,966	<b>4,938</b>	<b>45</b>	<b>4,983</b>
Remeasurement gain / (loss): The return on plan assets, excluding the amount included in the net interest expense	(6,074)	(41)	(6,115)	<b>4,721</b>	<b>37</b>	<b>4,758</b>
Contributions from employer	2,233	25	2,258	<b>2,255</b>	<b>37</b>	<b>2,292</b>
Contributions from employees into the scheme	493	7	500	<b>519</b>	<b>9</b>	<b>528</b>
Benefits paid	(4,374)	(20)	(4,394)	<b>(5,045)</b>	<b>(22)</b>	<b>(5,067)</b>
Other actuarial gains/(losses)	0	1	1	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing fair value of scheme assets</b>	<b>105,073</b>	<b>916</b>	<b>105,989</b>	<b>112,461</b>	<b>1,022</b>	<b>113,483</b>

The estimated bid value of the Derbyshire Local Government Pension Scheme fund's assets at 31<sup>st</sup> March 2024 is £5.63 billion (31<sup>st</sup> March 2023 £5.254 billion).

## NOTES TO THE ACCOUNTS

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

The total contributions made by the Council to the Derbyshire Local Government Pension Scheme in 2023/24 was £2,255,000 (2022/23 £2,233,000). The total contributions made by the BBJSC to the Nottinghamshire Local Government Pension Scheme in 2023/24 was £37,000 (2022/23 £25,000).

### Reconciliation of Present Value of the Schemes Liabilities (Defined Benefit Obligation)

	EBC £'000	2022/23 BBJSC £'000	Total £'000	EBC £'000	2023/24 BBJSC £'000	Total £'000
<b>Opening balance at 1<sup>st</sup> April</b>	(148,258)	(1,687)	(149,945)	<b>(108,878)</b>	<b>(858)</b>	<b>(109,736)</b>
Current service cost	(3,441)	(53)	(3,494)	<b>(1,735)</b>	<b>(27)</b>	<b>(1,762)</b>
Past service cost	(24)	0	(24)	<b>(1)</b>	<b>0</b>	<b>(1)</b>
Interest cost on defined benefit obligations	(3,995)	(44)	(4,039)	<b>(5,106)</b>	<b>(41)</b>	<b>(5,147)</b>
Contribution from scheme participants	(493)	(7)	(500)	<b>(519)</b>	<b>(9)</b>	<b>(528)</b>
Remeasurement (gains) and losses:						
• Actuarial gains (losses) on liabilities arising on changes in financial assumptions	50,139	566	50,705	<b>4,818</b>	<b>23</b>	<b>4,841</b>
• Actuarial gains (losses) on liabilities arising on changes in demographic assumptions	1,050	437	1,487	<b>705</b>	<b>13</b>	<b>718</b>
• Actuarial gains (losses) on liabilities arising on changes in other experience	(8,230)	(90)	(8,320)	<b>(3,331)</b>	<b>(5)</b>	<b>(3,336)</b>
Benefits paid	4,374	20	4,394	<b>5,045</b>	<b>22</b>	<b>5,067</b>
<b>Closing balance at 31<sup>st</sup> March</b>	<b>(108,878)</b>	<b>(858)</b>	<b>(109,736)</b>	<b>(109,002)</b>	<b>(882)</b>	<b>(109,884)</b>

# NOTES TO THE ACCOUNTS

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## Schemes History

The movement on the pension schemes' assets and liabilities over the last 5 years is shown below.

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(124,717)	(158,263)	(149,945)	(109,736)	(109,884)
Fair value of scheme assets (LGPS)	88,543	106,034	110,773	105,989	113,483
<b>Surplus/(deficit) in the scheme</b>	<b>(36,174)</b>	<b>(52,229)</b>	<b>(39,172)</b>	<b>(3,747)</b>	<b>3,599</b>
Change in effect of Asset Ceiling	0	0	0	0	(10,495)
<b>Adjusted surplus/(deficit) in the scheme</b>	<b>(36,174)</b>	<b>(52,229)</b>	<b>(39,172)</b>	<b>(3,747)</b>	<b>(6,896)</b>

The liabilities show the underlying commitments that the Council has in the long term to pay post-employment (retirement benefits).

## Asset Ceiling

Following the pension valuation by the Council's actuary, Hymans Robertson LLP, and the BBJSC actuary, Barnett Waddingham, the Council determined that the fair value of its pension assets outweighed the present value of the plan obligations at 31 March 2024, resulting in a pension plan asset. IAS 19 Employee Benefits requires that, where a pension plan net asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; or
- The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan(s) or reductions in future contributions to the plan(s). The Council's actuaries have calculated the asset ceiling as the net present value of future service costs less the net present value of future contributions.

The calculated asset ceiling for the Council is a net liability of £6.832m, which is £10.291m less than the surplus in the scheme benefit plan of £3.459m. Therefore the surplus in the scheme has been reduced by £10.291m to measure the scheme at the asset ceiling level.

The calculated asset ceiling for the BBJSC is a net liability of £0.064m, which is less than the surplus in the scheme benefit plan of £0.140m. Therefore the surplus in the scheme has been reduced by £0.204m to measure the scheme at the asset ceiling level.

# NOTES TO THE ACCOUNTS

## Local Government Pension Scheme assets

The assets of the Local Government Pension Scheme are valued at fair value and consist of the following categories by proportion of the total assets held by the Fund. All of the assets relate to the funded part of the scheme, the unfunded part has no assets to cover its liabilities.

Erewash Borough Council's share of the Derbyshire Local Government Pension Scheme assets was as follows:

Asset Category	2022/23				2023/24			
	Quoted prices in active markets £'000	Quoted prices not in active market £'000	Total £'000	% of total assets	Quoted prices in active markets £'000	Quoted prices not in active market £'000	Total £'000	% of total assets
<b>Cash and cash equivalent</b>	0	3,090	3,090	3%	0	4,306	4,306	4%
<b>Equity Securities:</b>								
Consumer	330	0	330	0%	0	0	0	0%
Manufacturing	131	0	131	0%	0	0	0	0%
Energy and utilities	97	0	97	0%	0	0	0	0%
Financial institutions	132	0	132	0%	0	0	0	0%
Health and care	182	0	182	0%	0	0	0	0%
Information technology	218	0	218	0%	0	0	0	0%
Other	3,076	0	3,076	3%	3,041	0	3,041	3%
<i>Total equity</i>	4,166	0	4,166	3%	3,041	0	3,041	3%
<b>Debt Securities</b>								
Corporate bonds	5,986	7,479	13,465	13%	6,370	8,135	14,505	13%
UK Government	8,496	0	8,496	8%	9,979	0	9,979	9%
Other	1,748	0	1,748	2%	1,703	0	1,703	1%
<i>Total debt</i>	16,230	7,479	23,709	23%	18,052	8,135	26,187	23%
<b>Private Equity</b>	1,601	3,508	5,109	5%	1,903	3,767	5,670	5%
<b>UK Property</b>	248	8,045	8,293	8%	274	7,504	7,778	7%
<b>Investment funds and unit trusts</b>								
Equities	17,861	31,532	49,393	47%	20,988	33,185	54,173	47%
Infrastructure	2,110	9,203	11,313	11%	1,756	9,550	11,306	11%
<i>Total investment funds and unit trusts</i>	19,971	40,735	60,706	57%	22,744	42,735	65,479	57%
<b>Total</b>	42,216	62,857	105,073	100%	46,014	66,447	112,461	100%

## NOTES TO THE ACCOUNTS

Bramcote Bereavement Services Joint Committee's share of the Nottinghamshire Local Government Pension Scheme assets was as follows:

	2022/23		2023/24	
	Total £'000	Total £'000	Total £'000	% of total assets
Cash and cash equivalents	45	6%	62	6%
Equity instruments	613	66%	702	69%
Gilts	19	2%	25	2%
Other Bonds	57	6%	50	5%
Property	112	12%	109	11%
Infrastructure	70	8%	74	7%
<b>Total Assets</b>	<b>916</b>	<b>100%</b>	<b>1,022</b>	<b>100%</b>

### 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 levels etc.

The Derbyshire Local Government Pension Fund liabilities have been assessed by Hymans Robertson LLP, the funds actuaries, based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2024.

The significant assumptions for the Derbyshire Local Government Pension Scheme used by the actuary have been:

<b>Derbyshire local Government Pension Scheme Assumptions</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	4.00	3.80
Rate of increase in pensions	3.00	2.80
Rate of discounting scheme liabilities	4.75	4.80
<b>Mortality Assumptions</b>	<b>Years</b>	<b>Years</b>
Longevity at 65 for current pensioners		
- Men	21.0	20.8
- Women	24.0	23.8
Longevity at 65 for future pensioners		
- Men	21.8	21.6
- Women	25.5	25.3
Take up option to convert annual pension into retirement lump sum*	50	50

\* Members of the Local Government Pension Scheme retiring on or after 6<sup>th</sup> April 2006 are permitted to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of the actuaries the Council has

## NOTES TO THE ACCOUNTS

assumed that 50% of employees retiring after that date will take advantage of this change to the scheme.

The significant assumptions for the Nottinghamshire Local Government Pension Scheme used by the actuary have been:

<b>Nottinghamshire Local Government Pension Scheme Assumptions</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	3.85	<b>3.85</b>
Rate of increase in pensions	2.85	<b>2.85</b>
Rate of discounting scheme liabilities	4.80	<b>4.95</b>
<b>Mortality Assumptions</b>		
Longevity at 65 for current pensioners		
- Men	20.7	<b>20.4</b>
- Women	23.5	<b>23.3</b>
Longevity at 65 for future pensioners		
- Men	22.0	<b>21.7</b>
- Women	25.0	<b>24.7</b>

### Sensitivity Analysis

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the tables above. 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 assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practise this is unlikely to occur, and changes in some assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, and on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

<b>Derbyshire Local Government Pension Scheme</b>	<b>Approximate</b>	<b>Approximate</b>
<b>Change in assumptions at 31<sup>st</sup> March 2024</b>	<b>% increase</b>	<b>monetary</b>
	<b>to Employer</b>	<b>amount</b>
	<b>Liability</b>	<b>£'000</b>
	<b>%</b>	
0.1% decrease in real discount rate	2%	<b>1,864</b>
1 year increase in member life expectancy	4%	<b>4,360</b>
0.1% increase in the salary increase rate	0%	<b>89</b>
0.1% increase in the pension increase rate	1%	<b>1,807</b>

## NOTES TO THE ACCOUNTS

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<b>Nottinghamshire Local Government Pension Scheme Change in assumptions at 31<sup>st</sup> March 2024</b>	<b>Increase in Assumption £'000</b>	<b>Decrease in Assumption £'000</b>
0.1% decrease in real discount rate	25	(27)
0.1% increase in the salary increase rate	26	(26)
0.1% increase in the pension increase rate	27	(25)

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

Funding levels are monitored on an annual basis. The contributions paid are set by the Fund Actuary at each triennial actuarial valuation, or at any other time as instructed by the administering authorities, Derbyshire County Council for Erewash Borough Council and Nottinghamshire County Council for the Bramcote Bereavement Services Joint committee.

During the 2024/25 financial year it is estimated that the Council will make contributions totalling £2,165,000 to the Derbyshire Local Government Pension Fund in respect of Erewash Borough Council and £40,000 to the Nottinghamshire local Government Pension Fund in respect of the Bramcote Bereavement Services Joint Committee.

## **30. Contingent Liabilities and Contingent Assets**

### **Contingent Liabilities**

These relate to pending legal or contractual claims not included in the accounts and guarantees given by the Council for repayment of loans taken out by certain associated companies.

### **Leisure Services**

The Council has entered into a long-term contract for the provision of leisure services with Parkwood Leisure Limited. There has been a transfer of Council leisure services employees to Legacy Leisure Limited who are the subcontractors for Parkwood on the contract. Parkwood Leisure Limited are providing a parent company guarantee in respect of Legacy Leisure Limited. A pass-through arrangement is in place in relation to the pension membership of leisure services employees. This means that the risks and obligations of the assets and liabilities relating to leisure services employees remains with the Council.

In the event of the premature termination of the contract due to the insolvency, winding up or liquidation of the contractor, Parkwood has agreed to put in place a £200,000 bond to contribute towards any deficit on the Pension Fund, including redundancy costs. The Council is guaranteeing any amount above this figure but have agreed with the pension administrators that any sums due from the authority will be recouped via ongoing changes to the employers' contribution rates rather than as a lump sum.

At the normal end of the contract, if an exit payment is required to be paid to the Pension Fund then agreement has been made via the contract that the Council will meet any deficit

## NOTES TO THE ACCOUNTS

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in the first instance and, as above, the county Council has accepted that this can be recovered through contribution rate changes over the longer term. In mitigation of this, the starting point is one of a fully funded pension position on transfer, the opening contribution rate has been set at a prudent level and there is a full 'pass through' arrangement in place whereby the Council is liable for any changes needed to the employers' contribution rate over the life of the contract. The scheme is also 'closed' i.e. not open to new employees. The Pension Fund is revalued on a triennial basis.

The likelihood of any potential liability will be assessed at each balance sheet date during the lifetime of the contract. The likelihood of any liability occurring during the current year has been assessed as remote.

### Contingent Assets

The treatment for VAT of local authorities providing leisure services has been challenged by a number of local authorities. The litigation has now concluded, and the courts have found that local authorities' leisure services are provided under a statutory framework and can be treated as non-business for VAT purposes. The Council had previously submitted a claim to HMRC for overpaid VAT on leisure services income for the period April 2007 to March 2014. It is now likely that HMRC will repay the overpaid VAT to the Council. Negotiations are currently ongoing with HMRC, but it is anticipated that the refund could be in the region of c£390k.

### 31. Joint Venture - Bramcote Bereavement Services Joint Committee

The role of Erewash Borough Council and Broxtowe Borough Council with regard to the Bramcote Bereavement Services Joint Committee is such that the Crematorium is considered to be a joint operation as defined by IFRS11 *Joint Arrangements*. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity such that no individual contracting party has control.

Under the terms of the joint arrangement the Council has the rights to the assets, and obligations for the liabilities, relating to the arrangement and therefore is classified under IFRS11 as a joint operation.

The Council accounts for the joint operation under IFRS11 only for its 50% share of the jointly controlled assets, liabilities, and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint operation and income that it earns from the joint operation.

The accounts of Bramcote Bereavement Services Joint Committee have been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. Further information about the accounts can be obtained by contacting the Deputy Chief Executive, Broxtowe Borough Council, Council Offices, Foster Avenue, Beeston, Nottingham NG9 1AB.

## NOTES TO THE ACCOUNTS

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### 32. Charitable Stewardship

The Council has a stewardship role in a number of charitable accounts which it administers but which are not included in the Balance Sheet. These amounts are summarised below:

<b>2023/24</b>	<b>Opening Balance £'000</b>	<b>Expenditure £'000</b>	<b>Income £'000</b>	<b>Closing Balance £'000</b>
Long Eaton United Charities *	14	0	0	14
Copley Charity	2	(1)	1	2
Mayor's Charity	2	(3)	3	2
	<b>18</b>	<b>(4)</b>	<b>4</b>	<b>18</b>

<b>2022/23</b>	<b>Opening Balance £'000</b>	<b>Expenditure £'000</b>	<b>Income £'000</b>	<b>Closing Balance £'000</b>
Long Eaton United Charities *	13	0	1	14
Copley Charity	5	(4)	1	2
Mayor's Charity	3	(3)	2	2
	<b>21</b>	<b>(7)</b>	<b>4</b>	<b>18</b>

\* The amounts shown above is the cash held at bank for Long Eaton United Charities. In addition the charity has holdings with an investment fund. The holding at 31 March 2024 had a bid market value of £23,699 (31 March 2023 £21,705).

The purposes of the above charities are as follows:

- Long Eaton United Charity - this charitable bequest is used to provide small grants to charities operating in the former Long Eaton Urban District Council area.
- Copley Charity - the charity is the bequest of the late Reverend Copley. Each Christmas an amount is given to aged, sick and other deserving residents of the Ilkeston area. The amount is determined each year by the trustees.
- Mayor's Charity - each year the Mayor has the option to nominate a charity they would like to support during their year in office.

## COLLECTION FUND

### Collection Fund

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 and distribution to local authorities and the government of Council tax and non domestic rates.

2022/23 £'000	2023/24 Non Domestic Rates £'000	2023/24 Council Tax £'000	2023/24 Total £'000
<b>Amounts required by statute to be credited to the Collection Fund</b>			
<b>Income</b>			
(67,068) Council tax receivable	-	(70,079)	(70,079)
(204) Council tax discretionary reliefs	-	(366)	(366)
(20,920) Non domestic rates receivable	(22,075)	-	(22,075)
(85) Transitional Protection Payments	(632)	-	(632)
0 Interest	14	-	14
<b>(88,277) Total amount credited to the Collection Fund</b>	<b>(22,693)</b>	<b>(70,445)</b>	<b>(93,138)</b>
<b>Amounts required by statute to be debited to the Collection Fund</b>			
<b>Expenditure</b>			
<b>Precepts and shares from major preceptors and the Council</b>			
10,746 - Central Government	10,858	-	10,858
15,879 - Erewash Borough Council	8,687	7,746	16,433
50,122 - Derbyshire County Council	1,954	51,157	53,111
8,511 - Police and Crime Commissioner for Derbyshire	0	9,228	9,228
2,949 - Derbyshire Fire Authority	217	2,971	3,188
<b>88,207</b>	<b>21,716</b>	<b>71,102</b>	<b>92,818</b>

## COLLECTION FUND

2022/23 £'000	2023/24 Non Domestic Rates £'000	2023/24 Council Tax £'000	2023/24 Total £'000
<b>Contributions to major precepting authorities and the Council in respect of the surplus/(deficit) on the Collection Fund</b>			
(2,335) - Central Government	(983)	-	(983)
(1,916) - Erewash Borough Council	(786)	(122)	(908)
(750) - Derbyshire County Council	(177)	(808)	(985)
(58) - Police and Crime Commissioner for Derbyshire	-	(143)	(143)
(66) - Derbyshire Fire Authority	(20)	(46)	(66)
(5,125)	(1,966)	(1,119)	(3,085)
<b>Charges to Collection Fund</b>			
116 - Increase/(decrease) in provision for bad debts	566	154	720
256 - Increase/(decrease) in provision for appeals	(1,154)	-	(1,154)
321 - Debts written off	204	467	671
131 - Cost of collection allowance	132	-	132
824	(252)	621	369
83,906 <b>Total Amount Debited to the Collection Fund</b>	19,498	70,604	90,102
(4,371) <b>Net Movement on Collection Fund Balance</b>	(3,195)	159	(3,036)
6,537 <b>(Surplus)/deficit brought forward 1<sup>st</sup> April</b>	1,253	913	2,166
2,166 <b>(Surplus)/deficit carried forward 31<sup>st</sup> March</b>	(1,942)	1,072	(870)

## COLLECTION FUND

2022/23 £'000	2023/24 Non Domestic Rates £'000	2023/24 Council Tax £'000	2023/24 Total £'000
<b>Share of Collection Fund (surplus) / deficit</b>			
626 - Central Government	(971)	-	(971)
601 - Erewash Borough Council	(777)	117	(660)
773 - Derbyshire County Council	(175)	771	596
116 - Police and Crime Commissioner for Derbyshire	-	139	139
50 - Derbyshire Fire Authority	(19)	45	26
<u>2,166</u>	<u>(1,942)</u>	<u>1,072</u>	<u>(870)</u>

# NOTES TO THE COLLECTION FUND

## 1. Council Tax Base

The Council's tax base at January 2023, the number of chargeable dwellings in each valuation band net of discounts converted to an equivalent number of Band D dwellings, was calculated as follows:

Valuation band	Number of dwellings per valuation list	Revised number of dwellings after discounts and exemptions	Ratio	Band D equivalent dwellings	Reduction for Council tax support	Band D equivalents
A*	46.0	43.0	5/9	23.9	6.7	17.2
A	22,000.0	19,333.7	6/9	12,889.1	2,696.6	10,192.5
B	14,284.0	12,987.0	7/9	10,101.0	892.1	9,208.9
C	7,895.0	7,296.3	8/9	6,485.6	335.8	6,149.8
D	5,138.0	4,851.0	1	4,851.0	115.5	4,735.5
E	2,357.0	2,246.2	11/9	2,745.4	47.7	2,697.7
F	912.0	867.3	13/9	1,252.7	5.5	1,247.2
G	523.0	496.0	15/9	826.7	6.9	819.8
H	37.0	35.8	18/9	71.5	0	71.5
<b>Total</b>	<b>53,192.0</b>	<b>48,156.3</b>		<b>39,246.9</b>	<b>4,106.8</b>	<b>35,140.1</b>
Adjustment for Non-Collection 1.5%						(527.1)
						<b>34,613.0</b>
* disabled relief						

The level of Council tax is calculated at the beginning of the year and is calculated so as to ensure that the Council has sufficient funds to pay for the services that it provides. The amount of tax paid by local residents is based on the value of their property in 1991 assessed by the Valuation Office.

The total required by the Collection Fund is divided by the Council tax base. This represents the number of properties in the borough, expressed as equivalent Band D properties.

A provision for bad debts has been established for Council tax. The Council's share of this provision was £381,000 at 31<sup>st</sup> March 2024 (£363,000 at 31<sup>st</sup> March 2023). The movement on this provision is shown in Note 17 page 82.

# NOTES TO THE COLLECTION FUND

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## 2. Council Tax and Non Domestic Rates Precepts

The following table shows the Councils and other bodies that have made a demand or precept on the Collection Fund:

2022/23	2023/24	2023/24	2023/24
Total £'000	Non Domestic Rates £'000	Council Tax £'000	Total £'000
10,746 Central Government	10,858	-	10,858
15,416 Erewash Borough Council	8,687	7,187	15,874
463 Parish Councils	-	559	559
50,122 Derbyshire County Council	1,954	51,157	53,111
8,511 Police and Crime Commissioner for Derbyshire	-	9,228	9,228
2,949 Derbyshire Fire Authority	217	2,971	3,188
<u>88,207</u>	<u>21,716</u>	<u>71,102</u>	<u>92,818</u>

## 3. National Non Domestic Rates

Under the arrangements for uniform business rates, the Council collects National Non-Domestic Rates for its area which are based on local rateable values. In 2023/24 Central Government set two rates in the pound: a standard Non-Domestic Rate Multiplier of 51.2p (2022/23 51.2p) and a Small Business Rate Multiplier of 49.9p (2022/23 49.9p).

The total non-domestic rateable value for Erewash Borough at 31<sup>st</sup> March 2024 was £69.7m (31<sup>st</sup> March 2023 £62.4m). Mandatory relief for empty, charitable, and void properties and small business rate relief was £7.9m (2022/23 £7.5m). This resulted in a net yield of £22.1m (2022/23 £20.9m).

A provision for bad debts has been established for non-domestic rates. The Council's share of this provision was £486,000 at 31<sup>st</sup> March 2024 (£260,000 at 31<sup>st</sup> March 2023). The movement on this provision is shown in Note 17 page 82.

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# GLOSSARY OF TERMS

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## **Accounting period**

This is the length of time covered by the accounts. It is normally a period of twelve months commencing on 1<sup>st</sup> April. The end of the accounting period is in the balance Sheet.

## **Accruals**

Income or expenditure relating to goods or services received/provided during the accounting period where payment has not been made or received at the end of the accounting period.

## **Amortisation**

This is a charge made to the service revenue accounts each accounting period to reflect the reduction in the value of the intangible assets used in the delivery of services.

## **Asset**

An item having value measured in monetary terms. Assets can be defined as non current or current. A non current asset has a value for more than one year (for example a building or long term investment). A current asset can be readily converted into cash (for example stocks or short term debtors).

## **Audit of Accounts**

An independent examination of the Council's financial statements.

## **Balances**

The total level of funds a Council has accumulated over the years which are available to support revenue expenditure within the year.

## **Billing Authority**

A Council that has the power to set and collect Council tax.

## **Budget**

The spending plans of a Council over a specific period of time.

## **Capital Adjustment Account**

An unusable reserve which is charged with the historic cost of creating or enhancing non-current assets over the life of those assets. This account also contains the appropriations needed to ensure that any depreciation or impairment losses debited to the Comprehensive Income and Expenditure Statement do not impact on the level of local taxation.

## **Capital Charge**

A charge to service revenue accounts to reflect the cost of non-current assets used in the provision of services.

## **Capital Expenditure**

Expenditure on the acquisition of a fixed asset, or expenditure which adds to and not merely maintains, the value of an existing non-current asset.

## GLOSSARY OF TERMS

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### **Capital Financing Requirement**

An amount calculated as long-term assets less the balances on the capital adjustment account, revaluation reserve and grants received in advance account. The Council is required to make a provision from revenue resources to meet its debt repayment obligations. This is known as the minimum revenue provision (MRP).

### **Capital Programme**

The capital schemes the Council intends to carry out over a specified time period.

### **Capital Receipt**

Money received from the disposal of land and other assets and from the repayment of grants and loans made by the Council.

### **CIPFA**

The Chartered Institute of Public Finance Accountancy helps local authorities to develop and maintain their own codes of governance and discharge their accountability for the proper conduct of public business.

### **Collection Fund**

A fund administered by the Council recording receipts from Council tax and NNDR and payments to the General Fund and other public authorities.

### **Consistency**

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

### **Creditors**

An amount owed by the Council for work done, goods received, or services rendered but for which payment has not been made at the end of the year.

### **Depreciation**

The measure of the wearing out, consumption or other reduction in the useful economic life of a non-current asset.

### **Debtors**

Sums of money owed to the Council but not received at the end of the year.

### **Defined Benefit Pension Scheme**

A retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

### **Earmarked Reserve**

A sum set aside for a specific purpose.

# GLOSSARY OF TERMS

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## **Emoluments**

Payments received in cash and benefits for employment.

## **Existing Use Value**

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction, disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

## **Fair Value**

The fair value of a non-current asset is the price at which it could be exchanged in an arms length transaction less, where applicable, any grants receivable towards the purchase or the use of the asset.

## **Fees and Charges**

Income arising from the provision of services.

## **Financial Instruments Adjustment Account**

This account holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Statement and the financing costs required to be charged to the General Fund Balance.

## **Finance Lease**

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance.

## **General Fund**

This is the main revenue account from which payments are made to meet the cost of providing services.

## **Government Grants**

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to Council, in return for past or future compliance with certain conditions relating to the activities of the Council.

## **Heritage Assets**

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal.

## **Housing Benefits**

A system of financial assistance to individuals towards certain housing costs administered by local Councils and subsidised by central government.

# GLOSSARY OF TERMS

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## **Impairment**

The fall in value upon revaluation of an asset due to a significant decline in the market value, obsolescence, physical damage or a significant change in the statutory or regulatory environment in which the asset operates.

## **Income**

Amounts which the Council receives, or expects to receive from any source, including rents, fees, charges, sales, and grants.

## **Infrastructure Assets**

These are non-current assets belonging to the Council that cannot be readily sold, do not necessarily have a resale value and for which a useful life span cannot be readily assessed.

## **International Accounting Standards**

International Accounting Standards are older accounting standards issued by the International Accounting Standards Committee, which were replaced in 2001 by International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board.

## **International Accounting Standards Board**

The Board is an independent group of experts with an appropriate mix of recent practical experience in setting accounting standards, in preparing, auditing, or using financial reports and in accounting education.

## **International Financial Reporting Interpretations Committee (IFRIC)**

This committee reviews on a timely basis, widespread accounting issues that have arisen within the context of current International Financial Reporting Standards (IFRSs). The work of the Interpretations Committee is aimed at reaching consensus on the appropriate accounting treatment and providing authoritative guidance on those issues.

## **International Financial Reporting Standards (IFRS)**

These cover all aspect of accounting practice and set out the correct accounting treatment. They are issued by the International Accounting Standards Board and their application to public sector accounts within the UK is now mandatory.

## **Investments**

A long-term investment is an investment that is intended to be held for use on a continuing basis. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

## **Investment Properties**

Interest in land and/or buildings in respect of which construction work and development have been completed, or which is held for its investment potential, with rental income being negotiated at arm's length.

## **Liabilities**

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

# GLOSSARY OF TERMS

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## **Long Term Debtor**

Amounts due to the Council more than one year after the Balance Sheet date.

## **Market Value**

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

## **Materiality**

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

## **National Non-Domestic Rates (NDR)**

Rates which are levied on business properties.

## **Net Assets**

Total assets less total liabilities. This is the amount by which the total assets of the Council exceed its total liabilities and equals the Reserves of the Council.

## **Net Book Value**

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

## **Net Defined Benefit Liability or Asset**

The present value of the defined benefit obligation less the fair value of the plan assets (adjusted for the asset ceiling if applicable).

## **Non Operational Assets**

Non-current assets held by the Council but not directly occupied, used or consumed in the delivery of services.

## **Operational Assets**

Non-current assets held, occupied, used or consumed in the direct delivery of services for which the Council has a statutory duty or discretionary power to provide.

## **Operating Leases**

A type of lease where the ownership of the asset remains with the lessor.

## **Post Balance Sheet Events**

Material events which can be either favourable or unfavourable which occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

## **Precept**

Amounts levied on the Council by other Councils or public bodies (police commissioner, fire and rescue authorities and parish Councils), that cannot directly raise Council tax themselves.

# GLOSSARY OF TERMS

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## **Prior Year Adjustments**

Those material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in previous years.

## **Property, Plant and Equipment**

Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

## **Provisions**

Contributions to provisions are amounts charged to the revenue account during the year for costs with uncertain timing where a reliable estimate of the cost can be made.

## **Prudence**

This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in the light of the information available.

## **Rateable Value**

The annual assumed rental value of a property, which is used to assess the amount of business rate payable.

## **Related Party**

There is a detailed definition of related parties in FRS8. For the Council's purposes, related parties are deemed to include the elected members of the Council and their partners, the chief officers of the Council and companies in which the Council has an interest.

## **Reserves**

Surpluses and deficits that have been accumulated over past years. Revenue reserves are available to be spent or earmarked at the discretion of the Council. Some capital reserves, such as the revaluation reserve, cannot be used to meet current expenditure.

## **Revaluation Reserve**

A reserve created as a result of the current capital accounting regulations that enables assets to be shown in the accounts at current values.

## **Revenue Expenditure**

Expenditure on the day-to-day running costs of services e.g. employees, premises, supplies and services.

## **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure which may properly be incurred but does not result in an asset owned by the Council. Examples of these are expenditure on items such as improvement grants.

## **Revenue Support Grant (RSG)**

A grant from central government towards the cost of providing services.