



North East Derbyshire District Council

STATEMENT OF ACCOUNTS

2022/23

NARRATIVE REPORT

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Introduction

North East Derbyshire District Council covers an area of 100 square miles, with a population of just over 102,000 people and operates alongside Derbyshire County Council in providing local authority services to our residents. The Council has 408 employees. This report sets out how the Council has served our community during the 2022/23 financial year outlining both our service delivery and financial performance. Whilst the main emphasis is on the previous financial year, the report also covers the ability of the Council to continue to provide sustainable services which meet local needs, and outlines how the Council works in partnership to enhance the prosperity of the communities served.

The Council's Performance and Outcomes for Local Residents

The emphasis of the Statement of Accounts which follows this narrative report is upon the financial performance of the Council. Our financial performance, however, needs to be considered in conjunction with our ability as a Council to provide a sustainable comprehensive range of value for money services that meet both our statutory obligations and the needs of our local area. This narrative outlines some of the services and projects which the Council has delivered during the course of 2022/23, while linking current performance to our strategic objectives and plans for the future.

2022/23 was the last year of the Council Plan 2019 – 2023. The vision is for the district to be a place that is clean and attractive, a place where people are proud to live and work, where they will prosper and are safe, happy and healthy.

The Council has four strategic aims designed to deliver this vision through priorities that cover the life of the Council Plan. In order to better understand how the Council has performed during the course of the current financial year, the table below sets out headline progress against the Council's agreed Strategic Aims and Priorities

Strategic Aim / Priorities	Progress Against Key Targets
<p>Our Economy - Creating a business friendly District that develops skills and jobs</p> <ul style="list-style-type: none">○ Supporting businesses to maximise their potential skills○ Develop and promote a visitor economy across the District○ Implementing a revised District Growth Strategy○ Town centre regeneration	<ul style="list-style-type: none">○ Delivered four successful job fairs○ Awarded £2.5 million UK Shared Prosperity funding to deliver grant schemes for town centre improvements including new shop fronts. These schemes are open and receiving applications.○ Supported a further 200 local businesses through advice and signposting (500 since 2021).○ Determined 87% of major planning applications within standard, exceeding the national target of 60%○ Determined 70.6% of non-major planning applications within

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	<p>standard exceeding the national target of 60%</p>
<p>Our Residents - Enhancing our residents' quality of life</p> <ul style="list-style-type: none"> ○ Providing a range of leisure facilities for our communities ○ Engage better with our Communities ○ Improving our housing ○ Protecting the most vulnerable within our communities ○ Help communities address local issues and concerns 	<ul style="list-style-type: none"> ○ Across our leisure centres we have achieved our highest level of gym membership and swimming lesson figures ○ Killamarsh leisure centre fully refurbished and re-opened with improved facilities and choice for leisure users and visitors ○ Awarded 24 community action grants totalling £10,258.09. This included 6 applications for Queen's Platinum Jubilee and 8 applications for Coronation celebrations. ○ Exceeded our target of 25% of affordable homes on new sites at 38%. ○ The Council continues to invest in the voluntary and community organisations to assist vulnerable and disadvantaged households. Over 20,000 households supported in 2022/23. (Actual for 2022/23 confirmed at end of June) ○ Delivered in partnership with Rykneld Homes nine new bungalows in Danesmoor of which two are fully wheelchair accessible and all have carbon reduction features including air source heat pumps ○ Exceeded our targets for processing new Housing Benefit and Council Tax Support claims providing a quicker service for residents ○ Held a specific engagement event for BSL speaking residents to build on our consultation commitment under the BSL Charter

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<p>Our Environment - Protecting and promoting the character of our District</p> <ul style="list-style-type: none"> ○ Protect the character of our District ○ Tackle climate change ○ Ensure a clean, green environment ○ Enhance the natural environment 	<ul style="list-style-type: none"> ○ Made external wall insulation improvements to 427 council properties ○ Completed decarbonisation works at Dronfield Leisure Centre ○ Conducted 19 litter picks and Love Where You Live initiatives in 2022/23 ○ The Council continues to actively provide information to residents and businesses to support its climate change pledges via its website, social media and events ○ Exceeded its target for fixed penalty notices for litter and dog fouling (51 against a target of 39) to continue to protect the district
<p>Delivering high quality cost effective services by engaging with residents, partners and Council staff</p> <ul style="list-style-type: none"> ○ Transforming how our Council works ○ Creating a safe District in which to live and work ○ Being a listening Council ○ Providing high quality street scene ○ Providing an effective Planning Service 	<ul style="list-style-type: none"> ○ 57.8% of Contact Centre transactions were digital exceeding our target of 50% ○ Made more efficient use of its space at its offices at Mill Lane and embedded hybrid working ○ Continues to use its powers to tackle antisocial behaviour by issuing 21 Community Protection Warning and 6 Community Protection Notices ○ Responded to 95% of noise complaints within 3 working days ○ Replied to 92% of complaints concerning licensable activities within 3 working days exceeding our target. ○ Carried out 90 enforcement visits to check compliance with waste arrangements exceeding our target ○ The Council provide an effective and friendly customer contact centre, supported by telephony, text, webchat, BSL video relay and internet access to services. ○ The Council is predicting an outturn of 36% against its recycling target of 50% and falls

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	<p>short of its ambition in this area. The long hot summer in 2022 greatly affected the amount of garden waste collected together with fewer residents than expected choosing to use their caddy for food waste</p> <ul style="list-style-type: none">○ The Council met its street cleanliness target of 96% - (sample survey methodology)○ Undertaking proactive planning enforcement exercises after securing additional resource
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The above provides a 'snapshot' of the Council's performance for 2022/23. During this year we have seen significant recovery to our leisure participation figures following recovery from the impact of the Covid legacy. There has also been notable successes in achieving our digital transactions target and leisure centre investment projects. More work is needed to improve the Council's recycling target, new Government initiatives due to be launched in 2024 will aid this alongside our own initiatives. The Council is currently putting together its new council plan and will be reviewing its ambition following local elections in May 2023.

As part of the Performance Management Framework the Council systematically collect details of complaints and compliments. This information allows us to address any specific issues that have arisen and also to better understand where services are in need of improvement. Our performance management arrangements mean that the Council is well placed to identify and address areas of concern before they escalate into matters which could undermine service delivery. There is a Customer Service Code of Practice and Standards in place and a Compliments, Comments and Complaints Policy.

The longer term sustainability of both our service delivery and the Council's financial position are protected by Corporate, Service and Financial Plans. These are supported by a Risk Management Framework which identifies and mitigates the strategic and operational risks which could hinder or prevent our plans being achieved.

Although the Council takes steps to manage and mitigate the risks it faces it does need to be recognised that some of the major strategic risks are only partially within its direct influence. Key strategic risks recorded in the Councils risk register comprise:

- National Funding, Priorities, Policy or Regulatory change which affects the Council area and impacts upon the business of the Council negatively.
- Failure to deliver a balanced budget.
- Operational service failure which has a major impact upon the Council as a whole or significant impact upon the local community

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- Emergency Planning and Business Continuity arrangements fail to meet required standards when tested by incidents such as pandemic, natural disaster, a loss of data / systems which results in the inability to provide core services and potential reputational damage.
- Difficulty in recruiting to key posts or in replacing key staff who leave.
- Delivery of major initiatives and key projects whilst implementing a range of new government reforms against a backdrop of challenging financial targets and maintaining service quality
- Ineffective engagement with local communities and stakeholders including Parish Councils and other local partners
- Ineffective 'Good Governance' arrangements including; Performance, Finance and Risk Management.
- Staff morale / sickness levels adversely affected as a result of the pace of change, tightening financial circumstances or external circumstances.
- Failure to have in place robust, comprehensive and up to date policies and procedures for safeguarding children and vulnerable adults.
- Cyber security attack which severely impacts ICT systems and data. E.g. Ransomware attack rendering access to ICT unavailable for some time.
- Meeting the challenge and impact upon the organisation in its environment of Climate Change.
- Impact on the organisation and its communities of rising cost of living.
- Impact of Asylum Dispersal Area Status now it is no longer voluntary for LA's to decide.
- Devolution and County Deals
- Refusals of planning consent being issued based on non-evidenced decisions
- Risks associated with the Company's development joint venture, Northwood Group Ltd, following the collapse of the main contractor.
- Threat to recruitment and retention of senior officers.

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

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

Financial Performance

General Fund

The Council's main revenue account is known as the General Fund. The costs of all services (excluding Council Housing) are charged against it. The General Fund budget is supported by the council tax and in 2022/23 a 2.58% (£5) increase was levied, increasing the Band D Council Tax charge to £198.34

During 2022/23, the Council continued its established approach of robust financial management to help maintain high quality services for our residents. The original budget was set in January 2022 with a savings target of £0.111m to be identified from transformation savings, property rationalisation and income generation.

The Council managed to balance the final year end position without having to utilise funds from the Resilience Reserve as had been anticipated in the revised budget. This is largely as a result of savings in pay costs.

As detailed below, the net cost of services outturn position of £12.377m was £0.576m lower than the budget forecast:

	Current Budget 2022/23 £000	Outturn 2022/23 £000	Variance £000
Finance and Resources Directorate	3,550	3,366	(184)
Organisation and Place Directorate	6,541	6,388	(153)
Growth and Assets Directorate	2,862	2,623	(239)
Net Cost of Services	12,953	12,377	(576)

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

Effective financial management over the past few years has enabled the Council to maintain the level of General Fund balances at £2m which is considered a realistic level.

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Against the background of recovery, from firstly the pandemic then the cost of living crisis and ongoing reductions in the level of Government funding, it is crucial that the Council continues to maintain robust budgetary control and secure its ongoing savings targets. The balances will be required to provide the initial investment to generate income growth and fund reconfiguration of services necessary for us to meet our savings targets over the coming years.

The Housing Revenue Account (HRA)

The Housing Revenue Account is a legally separate account which ring fences the income from council house rents. This income is required to meet the costs of managing and maintaining the Council's housing stock. In April 2020 the new Social Housing Rent Standard came into force which is externally regulated by the Housing Regulator and applies to all registered providers of social housing. For the first time, the Government directed the Regulator to apply the rent standard to all registered providers and this includes local authorities. The Standard confirms that rent increases of up to CPI + 1% for the next five years will be permitted, commencing April 2020. A rent increase of 4.1% was applied in 2022.

The management of the Council's housing is undertaken by Rykneld Homes Limited, a wholly owned subsidiary of the Council. Rykneld Homes Limited is funded by the Council's Housing Revenue Account through the payment of a Management Fee which for 2022/23 was agreed at £10.398m.

Alongside the housing investment programme being delivered by Rykneld Homes, the Council has continued to support the drive to improve the council stock with a strong commitment to both new build, together with an appropriate level of investment in existing properties.

The HRA net cost of services outturn position was £0.581m less than anticipated, as detailed below. The HRA reserves remain at £3m as at 31 March 2023. A contribution of £0.164m was transferred to the Insurance Reserve to meet known future commitments. Again these are considered to be adequate rather than a generous level of financial reserves in the light of the risks facing the Council's HRA.

	Current Budget 2022/23 £000	Outturn 2022/23 £000	Variance £000
Housing Revenue Account	(10,124)	(9,543)	581
Net Cost of Services	(10,124)	(9,543)	581

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Capital expenditure and resources

The Council has invested £29.274m on capital schemes in the year. This is split between the Housing Revenue Account (£20.304m) and General Fund capital expenditure (£8.970m).

The main capital schemes delivered in 2022/23 by the Council were:

- Council housing stock investment programme of £17.289m;
- Pine View Redevelopment Scheme of £1.310m;
- HRA parking solutions of £0.158m
- North Wingfield New Build Scheme of £0.139m
- Stock Purchase scheme of £0.836m;
- Private Sector Disabled Facilities Grants of £0.572m;
- Eckington Swimming Pool Energy Efficiency Scheme of £0.132m;
- Dronfield Sports Centre Energy Efficiency Scheme of £1.582m
- Killamarsh Leisure Centre Refurbishment of £1.174m;
- Clay Cross Towns Fund Programme including Sharley Park of £3.233m;
- Vehicle Replacement £0.884m;
- UK Shared Prosperity Fund of £0.281m
- Eckington Depot Refurbishment £0.776m
- Other capital schemes of £0.908m.

The capital programme was fully financed in the year utilising grants (£6.361m), prudential borrowing (£1.772m), major repairs and development reserves (£18.350m), RCCO (£0.085m) and usable capital receipts from asset sales (£2.706m).

Treasury Management

At 31 March 2023, the Council has a total capital financing requirement (Council debt) of £192.269m. This shows a net increase in the year of £4.857m. The net increase reflects prudential borrowing of £1.772m and increase to general debt of £3.085m due to loans to Rykneld Homes Ltd and Northwood Group, this is offset by contributions towards general debt. The prudential borrowing relates to the refurbishment of Killamarsh Leisure Centre (£1.132m), borrowing for the North Wingfield project (£0.139m) and the purchase of dwellings for the HRA (£0.501m). The level of debt repayment reflects the Council's commitment to repay the approved scheduled debt repayments in the year (£0.410m).

To meet the capital financing requirement the Council has external borrowing from the Public Works Loans Board (£146.921m). The remainder is effectively financed from utilising the Council's own reserves and balances (£45.348m). During the year the Council repaid £0.111m to the PWLB as loans matured.

The Council has a general policy of not utilising leasing arrangements to finance capital acquisitions, as other means of finance are considered to be more cost effective. No new leasing arrangements were entered into 2022/23, so no leasing liabilities remain.

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Assets

During 2022/23 the Council completed the sale of 46 council dwellings under the Right to Buy Legislation and 1 dwellings on the open market, these were offset by the addition of 9 dwellings for affordable rent to the HRA stock.

While Assets have been revalued during the year the changes to asset values detailed in the accounts have no impact on the Council Tax Payer or Housing Tenants but show as an increase or reduction in the net worth on the Council's Balance Sheet.

Reserves and Balances

The Council holds usable reserves and balances totalling £69.894m. These include general reserves of £5.000m (General Fund and Housing Revenue Account general reserves discussed earlier). Additionally, the Council has £7.928m that relates to unapplied capital grants, earmarked general fund revenue reserves of £21.272m and earmarked HRA reserves of £30.860m. The Council also has £3.863m of usable capital receipts at 31 March 2023. It should be noted that many of these resources are committed to fund future service delivery or spend is subject to specific grant conditions. Reserves are necessary to enable sound financial management and to safeguard service delivery at a time when our revenues streams and expenditure commitments are increasingly volatile.

Collection Fund

Business Rates

As part of the Business Rates Retention Scheme, a number of years ago local authorities were given the opportunity to work with neighbouring authorities to establish a business rates pool. Being part of a pool allows member authorities to be treated as a single authority for the purpose of certain calculations under the scheme. With effect from 1 April 2015, the Council became a member of the Derbyshire Pool which is administered by Derby City Council. The advantage of the pool is the opportunity to generate additional business growth through collaborative working and to smooth out the impact of volatility in business rates income across a wider economic area.

In 2022/23, £15.901m of Business Rates income was raised. An anticipated deficit of £4.157m was forecast in the previous year. During the year £16.229m was paid on account with the in-year surplus of £4.042m and opening deficit balance of £2.940m leaving a surplus balance of £1.102m at 31 March 2023. The Council's share of the surplus is £0.441m.

Council Tax

In 2022/23 £67.874m of Council Tax Income was raised. After taking account of appropriate charges to the Collection Fund the balance (£67.171m) is shared between the precepting authorities. In 2022/23, £66.193m was precepted on the Collection Fund account and a further £0.703m was paid out in relation to previous years surpluses. This leaves a surplus in year of £0.197m which when added to the opening surplus on the

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fund (£0.654m) leaves a surplus on the fund of £0.851m at 31 March 2023. The Council's share of the surplus is £0.125m.

Pension Fund Reserve

The Council's position with regard to the pension fund administered on its behalf by Derbyshire County Council has seen a decrease in the liabilities of £40.539m and a decrease in the fair value of assets of £3.704m. The fund shows a net decrease in the pension liability of the Council by £36.835m to £6.014m at 31 March 2023.

Financial Planning

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

In the Autumn Statement the Chancellor announced that difficult decisions will be necessary to put national public finances back on to a sustainable footing in the medium term. Further, all public sector bodies will be required to keep spending focused on their priorities and to help manage pressures from higher inflation they will need to identify efficiency savings in their day-to-day budgets.

In the local government finance policy statement 2023-24 – 2024-25 published on 12 December 2022, the Government confirmed that the next two years will essentially be rollover settlements but stated that there are still several matters that remain unresolved for 2024/25. The policy statement encourages local authorities to utilise reserves to maintain services in the face of immediate inflationary pressures, taking account, of course, of the need to maintain appropriate levels of reserves to support financial sustainability.

Funding reforms or changes to funding distribution will not be implemented until 2025-26 at the earliest now which relieves some pressure on the next two years. However, forecasting for the remainder of the financial plan is challenging whilst little is known about the next Spending Review. There is a real lack of certainty from 2025/26 which makes financial planning with any accuracy for future years difficult, especially in light of the medium term fiscal forecasts and the need to achieve sustainable public services, as outlined in the Autumn Statement and subsequent Financial Settlement.

Whilst the Council continues to face significant financial challenges over the next four years, it has a good track record of delivering efficiencies, an experienced and well qualified management team, robust governance arrangements and a workforce committed to delivering good quality services and so is well placed to meet these challenges. It is these key factors that support my view that the Council can continue to perform effectively, whilst ensuring that it maintains a balanced budget.

General Fund

The UK's economic and fiscal outlook has deteriorated significantly since March 2022. Higher inflation and interest rates, coupled with slower economic growth, have hit the [North East Derbyshire District Council Statement of Accounts 2022/23](#)

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national public finances. The increase in energy costs and the higher than forecast pay awards have caused significant funding pressures for all public bodies. Further, these financial pressures were placed on organisations after they had set their budgets and shaped their medium term financial forecasts. Like many other public bodies, this has led to the Council facing a number of significant and unforeseen external pressures in 2023/24, some of which continue into the medium term. The main pressures related to pay and energy cost rises which resulted in an additional £2m being built into 2023/24 forecasts. A council tax increase of 2.99% was approved by Council in respect of 2023/24.

The Council set the budget in February 2023, with a shortfall of £0.784m in respect of 2022/23, which can be funded from the Resilience Reserve should it be required. The estimated cumulative shortfall in the medium term financial plan until 2026/27 is £5.3m. This is largely the result of increased shortfalls in the latter years when uncertainty over government funding has been estimated.

Whilst there is little detail available yet on the financial impact of the national funding reforms, it is likely that some form of transitional protection or “damping” will be provided to minimise the initial impact for those councils in a worse financial position. At this stage the nature and impact of the funding reforms and the potential for damping payments to be made is hugely uncertain so it is prudent in the absence of any assurance to exclude these from the forecasts in the medium term financial plan at this time. Whilst it is good financial management to do so, it is this assumption that largely creates the pressure on the later years in the financial plan. The future of local government funding and proposed reforms will be kept under close review.

Housing Revenue Account (HRA)

The Council continues to operate its HRA within the context of a 30 year Business Plan which shows the Council’s housing operation to be sustainable over that period. The Council is working with Rykneld Homes to ensure that properties continue to be maintained to a decent standard and provide affordable accommodation with a secure tenure which meets the housing needs of local residents. As part of this programme the Council is seeking both to maintain a high standard of housing services, whilst investing in maintaining and refurbishing existing stock. The Council continues to invest in the stock spending in the region of £12m per annum, including investment in the high number of non-traditional properties in the district.

Capital Projects

The Council has invested considerable sums in its assets over recent years and continues to do so over the next four years. Proposed capital investment for the General Fund totals £45m and includes delivery of the Clay Cross Town Deal projects and a vehicle replacement programme.

The capital investment for the HRA over the next four years totals £82.5m. This includes £44m investment into our housing stock plus a further £20m invested into energy wall insulation and other energy saving measures for our non-traditional build stock. £17m has been included for new build development and acquisition programmes.

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Management Arrangements

Following a period of considerable change over recent years, there has been the opportunity over the past year to build stability through the senior management team and embed the collaborative leadership and “one team” ethos throughout.

**Jayne Dethick CPFA,
Director of Finance & Resources (S151 Officer)**

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Introducing the Accounts of North East Derbyshire District Council

The Legal Basis

The maintenance, preparation and format of the Council's accounts are governed by statute and recognised good practice. They follow the requirements for the publication of financial information governing local authorities. The Accounts are set out in order to show the day to day income and expenditure and to highlight changes to the financial position of the Council during the year.

The document has several statements; these are explained in the summary below:

A Narrative Report (Pages 1-15)

This sets out an overview of the Council's financial position as at 31 March 2023 and its financial performance during the year.

Introductory Statements and Notes (Pages 16-49)

This section includes:

Statement of Responsibilities for the Statement of Accounts (Page 17)

Accounting Policies (Pages 18-39)

The Accounting Policies sets out the basis on which the figures have been compiled into the various accounts which comprise this document.

General Notes (Pages 40-43)

This section identifies any issues that may be useful to the reader prior to reading the Financial Statements.

Movement in Reserves Statement (Pages 45-46)

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

Comprehensive Income and Expenditure Statement (Page 47)

The Comprehensive Income and Expenditure Statement shows the Council's actual financial performance for the year, measured in terms of resources consumed and generated over the past twelve months.

The Balance Sheet (Page 48)

This statement details the financial position of the Council as at 31st March 2023; its assets, liabilities, balances and reserves.

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The Cash Flow Statement (Page 49)

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement, as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

Notes to the Core Single Entity Financial Statements (Pages 50-119)

The notes provide explanations of the figures in the main financial statements. Where figures shown in the financial statements are expanded in detail, a cross reference is made to the statement in which the explanatory note is provided.

Expenditure and Funding Analysis Statement Notes (Pages 51-55)

Movement in Reserves Statement Notes (Pages 56-57)

Comprehensive Income and Expenditure Statement Notes (Pages 58-62)

Balance Sheet Notes (Pages 63-96)

Cash Flow Statement Notes (Pages 97-98)

Other Notes (Pages 99-119)

Supplementary Single Entity Financial Statements (Pages 120-132)

These consist of the Housing Revenue Account and the Collection Fund.

The Housing Revenue Account (HRA) (Pages 121-128)

This account reflects the statutory obligation to maintain a revenue account for local authority housing provision. It includes the debit and credit items required to be taken into account in determining the surplus or deficit on the HRA for the year. The HRA is incorporated into the Comprehensive Income and Expenditure Statement.

HRA Income and Expenditure Statement (Page 121)

This account shows in detail the income and expenditure on HRA services included in the whole authority Comprehensive Income and Expenditure Statement.

Movement on Housing Revenue Account Statement (Page 122)

This statement shows how the HRA Income and Expenditure Statement surplus or deficit for the year reconciles to the movement on the Housing Revenue Account balance for the year.

The Collection Fund (Pages 129-132)

This statement details income received by the fund from council taxpayers and business ratepayers.

Council Tax Precept payments are made from the fund to North East Derbyshire District Council, Derbyshire County Council, Derbyshire Police Authority and the Derbyshire Fire Authority.

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NNDR payments are made to the Government, North East Derbyshire District Council, Derbyshire County Council and Derbyshire Fire Authority.

Group Accounts (Pages 133-142)

The Council established an Arm's Length Management Organisation (ALMO) Rykneld Homes Limited from 1 April 2007 to manage the Council's housing dwellings and associated capital programme. The ALMO is a wholly owned subsidiary of the Council. Local authorities with a subsidiary are required to prepare group accounts in addition to the single entity financial statements (Accounts and Audit Regulations 2015). The group accounts reflect the transactions of both organisations in one set of statements. These comprise of the following key financial statements:-

- **Group Movement in Reserves Statement**
- **Group Comprehensive Income and Expenditure Statement**
- **Group Balance Sheet**
- **Group Cash Flow Statement**
- **Notes to the Group Accounts**

Glossary (Pages 143-149)

This provides an explanation of some of the terms used within the Statement of Accounts.

Annual Governance Statement (Page 151-162)

This statement identifies the systems that the Council has in place to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded

INTRODUCTORY STATEMENTS

INTRODUCTORY STATEMENTS

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

Section 151 of the Local Government Act 1972 requires the Council 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 Finance and Resources.

The Council is required to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Council is required to approve the Statement of Accounts.

The Director of Finance and Resources Responsibilities

The Director of Finance and Resources is responsible for the preparation of the authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in United Kingdom ("the Code"), is required to present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2023.

In preparing this Statement of Accounts, I have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

I have also:

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

I can confirm that I certify these accounts to give a true and fair view of the financial position of the authority at the reporting date and of its expenditure and income for the year ended 31 March 2023.

Signed by:

Jayne Dethick CPFA
Director of Finance and Resources and Section 151 Officer
Date: 24/05/23

ACCOUNTING POLICIES

Accounting Policies and General Notes

This section explains the accounting policies applied in producing the Statement of Accounts and identifies any notes that may be useful to the reader prior to reading the Financial Statements.

1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require them to be prepared in accordance with proper accounting practices. These practices primarily consist of the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 supported by UK endorsed International Financial Reporting Standards (IFRS).

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

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

The Council has followed the requirements of International Accounting Standard (IAS) 1 in preparing the Statement of Accounts. Its objectives are to ensure that for all material items the Council:

- Adopts accounting policies most appropriate to its particular circumstances for the purpose of giving a true and fair view;
- Reviews the accounting policies regularly to ensure that they remain appropriate, and changes them when a new policy becomes more appropriate;
- Ensures that sufficient information is disclosed in the financial statements to enable users to understand the accounting policies adopted and how they have been implemented.

The general principles adopted in compiling the accounts are those set out by CIPFA in the Code of Practice on Local Authority Accounting in the United Kingdom, which is recognised by statute as representing proper accounting practice. In addition the Local Authority Accounting Panel Standards Committee periodically issue bulletins on accounting practice. These accounting policies conform with those principles, which are applicable to Local Authorities.

2 Accounting Concepts

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

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

3 Accruals of Income and Expenditure

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

- Revenue from fees, charges and rents due from customers are recognised when the Council transfers the risk and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for in the year to which it relates and are based on an effective interest rate for the relevant financial instrument rather than the cash flow fixed or determined by the contract;
- Where income and expenditure has been recognised but cash has not been received or paid a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

An exception to this principle relates to electricity and other similar periodic payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

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

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Grant claims are submitted on an actual basis wherever possible, however if the information to do this is not available then a best estimate basis is adopted.

4 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that mature within three months and are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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

5 Charge to revenue for Non Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year.

- depreciation – attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which 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. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation costs are therefore replaced by the contribution in the General Fund of a Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Council's policy for the calculation of the statutory provision for the repayment of debt is determined each year by the Council in the Treasury Management Strategy. The Council has decided that for 2022/23 the outstanding general fund debt prior to 1 April 2007 will be repaid at a rate of £56,000 per year until the debt is extinguished. All other prudential borrowing for the General Fund is repaid based on the life of the asset.

6 Collection Fund

The transactions of the Collection Fund are wholly prescribed by legislation. Billing authorities have no discretion to determine which receipts and payments are accounted for within the fund and which outside.

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NNDR - Impairment of Appeals

Each year the Council commissions an independent assessment of the outstanding appeals lodged with the Valuation Office. The assessment has reviewed every individual appeal and estimate of the likelihood of the appeal succeeding based on the category of appeal and previous appeal determinations.

The rateable value and the period covered by the appeal have been used to establish a prudent provision to meet the estimated costs of successful appeals.

7 Contingent Assets

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

8 Contingent Liabilities

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

9 Expected Credit Losses

The Council's accounting policy does not strictly comply with the expectations of IFRS9 which requires a credit loss estimation approach. The Council is satisfied that there are no material differences in the overall value of the estimated loss and provision under the two approaches. Provisions for expected credit losses are made to ensure that the Council can finance any sums due to the Council which are subsequently deemed to be irrecoverable after all recovery measures have been exhausted. This sum is reduced annually by sums written off and increased by any contributions from the revenue account. The provision is netted off against debtors in the Balance Sheet and not included in the provisions total.

The provision in respect of overdue council tax, housing benefit overpayments, rents and NNDR is calculated by category on a percentage basis based upon previous experience of the recovery of debts of that type. The provision for other sundry debts is calculated by reference to the age of the debt involved, and the Council's previous experience of recovering such debt.

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10 Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end but which can be carried forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, as this is the period in which the employee takes the benefit. The accrual is charged to the relevant service area of the Comprehensive Income and Expenditure Statement, but then is reversed out through the Movement in Reserves Statement so that the annual leave is charged to revenue in the financial year in which the annual leave occurs.

Termination Benefits

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

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

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme administered on behalf of the Council by Derbyshire County Council. The scheme provides defined benefits to members (lump sums and pensions) earned as employees working for the Council.

The Local Government Pension Scheme

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

- The liabilities of the Derbyshire County Council Pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the [*North East Derbyshire District Council Statement of Accounts 2022/23*](#)

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projected unit method – i.e. an assessment of future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.

- Liabilities are discounted to their value at current prices using a discount rate.
- The assets of the Derbyshire County Council Pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price;
 - unquoted securities – professional estimate;
 - unitised securities – average of the bid and offer rates;
 - property – market value.

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

- Current Service Cost - the increase in liabilities as result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past Service Cost - the increase in liabilities arising as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. These costs are debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement, as part of Non Distributed Costs.
- Interest Costs - the expected increase in the present value of liabilities during the year as they move one year closer to being paid. The cost is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Remeasurements – comprising:

- The Return on Plan Assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Actuarial Gains and Losses – change in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the County Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; 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 [North East Derbyshire District Council Statement of Accounts 2022/23](#)

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accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve therefore measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows, rather than as benefits are earned by employees.

Discretionary Benefits

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

11 Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial impact.

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

12 Exceptional Items

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

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

Prior period adjustments may arise as a result in a change of accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected and do not give rise to a prior period adjustment.

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Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made it is applied retrospectively by adjusting the opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

14 Financial Instruments

The Council is required to recognise, measure, present and disclose information about any financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Typical financial assets include bank deposits, trade receivables and other receivables, loans receivable and advances. Typical financial liabilities include trade payables and other payables, borrowings and financial guarantees. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

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

There are three main classes of financial assets measured at:

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

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

Financial Assets Measured at Amortised Cost

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

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

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

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Financial Assets Measured at Fair Value through Profit or Loss

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

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

- instruments with quoted market prices - the market price.
- other instruments with fixed and determinable payments - discounted cash flow analysis.
- equity shares with no quoted market prices - multiple valuation techniques (which include market approach, income approach and cost approach).

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

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

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

Where fair value cannot be measure reliably, the instrument is carried at cost (less any impairment losses).

15 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.

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

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

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

16 Heritage Assets

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

Recognition

Heritage assets are classed as “a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge or culture” or “an intangible asset with cultural, environmental or historical significance”. A general de-minimis limit of £10,000 is applied to all fixed assets.

Measurement

Only heritage assets that have a cost or value available are required to be entered into the Balance Sheet. Where information on the cost or value is not available and the cost of obtaining the information outweighs the benefits to the user of the statements, the code does not require that the asset is recognised in the Balance Sheet, although appropriate disclosure is needed where heritage assets are not recognised in the Balance Sheet.

Unlike other assets, a full valuation every five years is not required. Valuations can be done whenever the Council requires. The valuations may be made by any method that is appropriate and relevant, this may include insurance valuations.

However, the code does require that authorities review the carrying amounts of heritage assets with sufficient regularity to ensure they remain current. Because of this the Council has determined that a five year review will be carried out.

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Impairment

Impairment reviews are only required in limited circumstances. However, the Council has determined that a five year review will be carried out. An immediate review will need to be carried out where an asset has suffered physical deterioration or breakage of a heritage asset; or where new doubts arise as to the authenticity of a heritage asset.

Where impairment is identified as part of this review and it is deemed material, or as a result of a valuation exercise, this is accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to 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 lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on some heritage assets, ones with a definite life, by the systematic allocation of their depreciable amounts over their useful lives.

- Depreciation is calculated on a straight-line allocation over the useful life of the asset.

For any heritage assets with indefinite lives no depreciation is required.

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

Disposals

When it becomes probable that an asset is to be sold it is reclassified as an Asset Held for Sale. The asset is revalued before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to the fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

ACCOUNTING POLICIES

If assets no longer meet the criteria to be classed as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as assets held for sale. They are adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale.

Assets that are abandoned or scrapped are not classified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received from disposal proceeds in excess of £10,000 are categorised as capital receipts. The balance of receipts is credited to the Capital Receipts Reserve and can only be used either to finance new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts are appropriated to the Reserve from the Movement on Reserves Statement.

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

17 Intangible Assets

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

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

Intangible Assets are initially measured at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice no intangible asset, held by the Council, meets this criterion and they are therefore carried at amortised cost.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement.

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Each intangible asset is tested for impairment each year to see if there is an indication that the asset might be impaired; any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising from the disposal of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains or 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 sale proceeds above £10,000) the Capital Receipts Reserve.

18 Interests in Companies and Other Entities

The Council has a material interest in Rykneld Homes Limited, a company limited by guarantee, which is an Arms Length Management Organisation (ALMO).

The ALMO is a wholly owned subsidiary, which was formed on 1 April 2007 and as a result the Council are required to prepare Group Accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

The Council also has a joint venture in Northwood Developments Limited. This is being accounted for as an available-for-sale financial asset. Group accounts are not being prepared based on materiality.

19 Inventories

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

20 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 service 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 arm's-length. Properties are not depreciated but are re-valued according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement

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on Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds above £10,000) the Capital Receipts Reserve.

21 Jointly Controlled Operations and Jointly Controlled Assets

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

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

The Council has the following jointly controlled operations:

Internal Audit Services - with Bolsover District Council and Chesterfield Borough Council

ICT Services – with Bolsover District Council and Derbyshire Dales District Council

Environmental Health Services – with Bolsover District Council

The Council does have jointly controlled assets with Chesterfield Borough Council and Bolsover District Council regarding the operation of a crematorium. On the basis of materiality, the Council does not include any figures for the joint crematorium within the Statement of Accounts.

22 Leases

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

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

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

ACCOUNTING POLICIES

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease inception. The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

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

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

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

Operating Leases

The Council also has operating leases where the risk and rewards relating to the leased property remains with the lessor. Rentals payable are charged to the relevant service revenue account on a straight line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal, matched by a lease (long-term debtor) asset in the Balance Sheet.

ACCOUNTING POLICIES

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- Finance income credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt.

The Council currently has no finance leases for property where this policy applies.

Operating Leases

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

23 Overheads and Support Services

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

24 Property, Plant and Equipment

Property, Plant and Equipment are non-current assets that have physical substance are held for use in the provision of services, for rental to others, or for administrative purposes and are expected to be used during more than one financial year.

Recognition

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides is for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of the asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. A general de-minimis limit of £10,000 is applied to non-current assets.

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

ACCOUNTING POLICIES

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

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

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

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

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

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

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

Assets included in the Balance Sheet at current value are re-valued where there have been material changes in the value, but as a minimum every five years. Valuations are undertaken by a professionally qualified valuer. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

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

ACCOUNTING POLICIES

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

Impairment

At the end of each reporting period an assessment is made of whether there is any indication that an asset may be impaired. If there is an indication of impairment, and it is deemed material. The recoverable amount of the asset is estimated to determine the impairment loss.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance, up to the value of 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 lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Depreciation is calculated on the following bases: -

- Land – Not depreciated
- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Infrastructure Assets - Straight-line allocation over life of asset
- Vehicles, plant furniture and equipment – straight-line allocation over the useful life of the asset.
- Community assets – are not depreciated.
- Council Dwellings – Straight Line allocation over the life of the property (also, subject to componentisation)

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.

ACCOUNTING POLICIES

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

Where an item of Property, Plant and Equipment exceed £1m in value and has major components whose costs are significant in relation to the total cost of the item, the components are depreciated separately. The Council deems “significant” to be 25% or more of the total cost of the asset. The Council also applies the following de minimis levels with regard to component accounting.

Components are not separately identified where:

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

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

Disposals

When it becomes probable that an asset is to be sold it is reclassified as an Asset Held for Sale. The asset is re-valued before reclassification at its existing use value then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to the fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

ACCOUNTING POLICIES

If assets no longer meet the criteria to be classed as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as assets held for sale. They are adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale.

Assets that are abandoned or scrapped are not classified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

25 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 to the appropriate service revenue account in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured as a 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 set up in the Balance Sheet. Estimated settlements are reviewed at the end of the financial year – where it becomes more likely than not that a transfer of economic benefit will not be required (or lower settlement anticipated) the provision is reversed and credited back to the relevant service revenue account.

26 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

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ACCOUNTING POLICIES

to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to count 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 so that there is no net charge against Council Tax for the expenditure.

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

27 Revenue Expenditure Funded from Capital under Statute

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

28 Trust Funds

Details of the nature and amount of trust funds where the Council acts as the sole trustee are disclosed as a note to the Balance Sheet.

29 Value Added Tax (VAT)

The Council is normally able to recover all VAT. Where this is the case VAT is not included in the income and expenditure statements. Where the Council is unable to recover VAT it is charged to the appropriate service.

30 Segmental Analysis

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

Organisation & Place Directorate – Environmental Health, Streetscene, Planning, Legal, Governance, Elections, Scrutiny, Human Resources, Health and Safety.

Finance & Resources Directorate - Payroll, Procurement, Financial Services, Revenues and Benefits, Audit (client), Housing Strategy, Homelessness, Community Safety,

Growth & Assets Directorate – Emergency Planning, Regeneration & Programmes; Tourism, Property Estates & Assets; Leisure.

GENERAL NOTES

1 Changes in Accounting Policies

As recommended in the Code of Practice guidance notes, there have been a limited number of minor changes to the Accounting Policies which are seeking to clarify the policies adopted in respect of 2022/23.

2 Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting (the Code) requires the Council to disclose the expected impact of new standards that have been issued but not yet adopted by the Code for the financial year. This applies to the following new or amended standards within the 2023/24 code:

- Amendments to IFRS 16 Leases: only for those local authorities that have decided to adopt IFRS 16 in the 2023/24 year. Specific accounting change in 2022/23 for Authorities who adopted IFRS 16 in 2022/23 but chose to defer IFRS 16 implementation to PFI/PPP arrangements until 2023/24.
- Amendments to IAS 8 : Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 : Disclosure of Accounting Policies
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 3 : Updating a Reference to the Conceptual Framework

The Council does not anticipate that any of the above will have a material impact on the financial statements.

3 Critical Judgements in Applying Accounting Policies

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- A review is undertaken to assess whether capital spend restores or enhances an asset. A further judgement is then made as to whether there is a consequent requirement to derecognise any existing value of any component of the asset. The Council derecognises a component when the expenditure exceeds 75% of the carrying value of the component. Expenditure on components below this value is impaired through the Comprehensive Income and Expenditure Statement.
- The Council has determined the impairment of financial assets based on a range of factors including aged debt profiling of sundry debtors, housing benefit overpayments, council tax and business rates.

GENERAL NOTES

4 Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experiences, 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 Authority's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Arrears

At 31 March 2023, the Authority had total outstanding arrears of £6.405m. This was made up of a sundry debtor balance of £1.629m, rents of £1.582m, over paid housing benefits of £1.435m, NNDR payers of £0.470m, and council tax payers of £1.289m. A review of bad debt provision has been undertaken based on the age of the debt, and a total doubtful debt provision of £3.587m has been made in the Accounts. All allowances have been reviewed in the context of the financial impact of the cost of living crisis on collection rates.

If collection rates were to change, either positively or negatively, this would be reflected in the current year's budgets as an increase or decrease in provision requirements. Any change in the budgeted provision would impact on reserve balances. If collection rates were to deteriorate, 10% of the amount of the impairment of bad debts would require an additional provision of £0.350m.

Earmarked Reserves

A sum of £0.452m has been set aside to cover potential legal claims against the Council. The reserve will be reviewed annually and adjusted accordingly. If the reserve is not sufficient then General Fund balances will need to be utilised.

A sum has also been set aside for Business Rates (£7.082m). The amount of income retained from business rates each year is based on an estimate as at 31 January, the surplus or deficit is based on the outturn position and further adjustments are made for the levy and redistributions in and out of the pool. Due to the complexity of these estimates an earmarked reserve was been created to mitigate against any future impact to the General Fund.

Property, Plant and Equipment

The Council's assets are reviewed for impairment on an annual basis by the valuers procured by the Council. The impairment review considers the overall market conditions as well as any impairment relating to loss of economic benefit.

GENERAL NOTES

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.

If the level of impairment is changed, this will impact on the net worth of the Council. Impairment charges are reflected in the Accounts but are reversed through the Movement in Reserves Statement so that there is no impact on the council tax or rent payer.

It is estimated that the annual depreciation charge for buildings, including council dwellings, would increase by £1.131m for every year that useful lives had to be reduced.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

During 2022/23 the Council's actuaries advised that the net pension liability had decreased by £36.835m. This is made up of:

- £40.056m actuarial gain
- £3.221m loss arising from employer contributions of £3.329m being less than the pension obligations of £6.550m

The effect of changes in the individual assumptions can be measured. For instance a 0.1% decrease in the discount rate assumption would result in a decrease in the pension liability of £2.138m. A 0.1% increase in the assumed salary increase rate would result in a £0.282m increase in the pension liability and an increase of 0.1% in the assumed pension rate would increase the pension liability by £1.884m. A one year increase in member life expectancy would increase the defined benefit obligation by £5.144m

Business Rates Appeals Provision

Since the introduction of the Business Rates Retention Scheme effective from 1st April 2013, Local Authorities are liable for their proportionate share of successful appeals against business rates charged to businesses in 2015-16 and earlier financial years. Therefore, a provision has been recognised for the best estimate of the amount that businesses have overpaid. The estimate has been calculated using the latest Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31st March 2023. The Council's share of the balance of business rate appeals provisions is 40% and equates to £0.832m (2021/22: £1.045m).

GENERAL NOTES

5 Prior Period Adjustments

There have been no prior period adjustments to the published financial statements for 2022/23.

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2022/23

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Cost of All Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The increase/decrease line shows the net increase or decrease to reserves in year.

2022/23	General Fund Balances £'000	HRA Balances £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2022	22,569	35,355	2,983	2,239	3,070	66,216	245,240	311,456
Movement in Reserves during 2022/23:								
Total Comprehensive Income and Expenditure	4,537	3,836	0	0	0	8,373	63,019	71,392
Adjustments from I&E charged under the accounting basis to the funding basis under regulation	(3,834)	(5,331)	880	(1,268)	4,858	(4,695)	4,695	0
Increase or (decrease) in 2022/23	703	(1,495)	880	(1,268)	4,858	3,678	67,714	71,392
Balance at 31 March 2023	23,272	33,860	3,863	971	7,928	69,894	312,954	382,848

MOVEMENT IN RESERVES STATEMENT

2021/22	General Fund Balances £'000	HRA Balances £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2021	22,526	37,681	2,682	2,174	4,349	69,412	175,326	244,738
Movement in Reserves during 2021/22:								
Total Comprehensive Income and Expenditure	2,370	8,758	0	0	0	11,128	55,590	66,718
Adjustments from I&E charged under the accounting basis to the funding basis under regulation	(2,327)	(11,084)	301	65	(1,279)	(14,324)	14,324	0
Increase or (decrease) in 2021/22	43	(2,326)	301	65	(1,279)	(3,196)	69,914	66,718
Balance at 31 March 2022	22,569	35,355	2,983	2,239	3,070	66,216	245,240	311,456

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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Council's General fund Directorates changed in 2022/23 and the 2021/22 Cost of General Fund Services analysis has been restated to enable comparison.

2021/22 - Restated			2022/23			
Expenditure	Income	Net	Expenditure	Income	Net	
£'000	£'000	Expenditure	£'000	£'000	Expenditure	
		£'000			£'000	
3,896	(5,157)	(1,261)	Finance & Resources Directorate	23,325	(20,613)	2,712
41,407	(33,057)	8,350	Organisation & Place Directorate	15,588	(7,277)	8,311
3,450	(3,243)	207	Growth & Assets Directorate	11,490	(13,709)	(2,219)
48,753	(41,457)	7,296	Cost Of General Fund Services	50,403	(41,599)	8,804
16,750	(31,701)	(14,951)	Housing Revenue Account	23,253	(32,796)	(9,543)
0	0	0	HRA Exceptional Item (note 3)	0	0	0
65,503	(73,158)	(7,655)	Cost of All Services	73,656	(74,395)	(739)
		8,839	Other Operating Expenditure (note 4)		0	5,610
		3,510	Financing and Investment Income and Expenditure (note 5)			4,773
		(15,822)	Taxation and Non-Specific Grant Income (note 6)			(18,017)
		(11,128)	(Surplus) or Deficit on Provision of Services			(8,373)
		(36,775)	(Surplus) or Deficit on Revaluation of Fixed Assets (note 23)			(22,963)
		(18,815)	Actuarial (Gains)/Losses on Pension Assets/Liabilities (note 23 & 39)			(40,056)
		(55,590)	Other Comprehensive Income and Expenditure			(63,019)
		(66,718)	Total Comprehensive Income and Expenditure			(71,392)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority 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'.

31 March 2022	Note	31 March 2023	
£'000		£'000	
443,158	Property, Plant & Equipment	Note 10	473,533
62	Heritage Assets	Note 10 & 11	62
21,357	Investment Property	Note 12	21,813
34	Intangible Assets	Note 13	23
12,245	Long Term Debtors	Note 14	15,463
476,856	Long Term Assets		510,894
0	Assets Held for Sale	Note 15	0
119	Inventories	Note 16	131
8,688	Short Term Debtors	Note 17	10,206
42,243	Cash and Cash Equivalents	Note 18	28,072
51,050	Current Assets		38,409
(155)	Short Term Borrowing	Note 19	(4,156)
(24,389)	Short Term Creditors	Note 20	(11,554)
(1,053)	Provisions (short term)	Note 21	(1,053)
(25,597)	Current Liabilities		(16,763)
(1,081)	Provisions (long term)	Note 21	(867)
(146,921)	Long Term Borrowing	Note 19	(142,809)
(42,851)	Other Long Term Liabilities	Note 19 & 39	(6,016)
(190,853)	Long Term Liabilities		(149,692)
311,456	Net Assets		382,848
(66,216)	Usable Reserves	MIRS & 22	(69,894)
(245,240)	Unusable Reserves	MIRS & 23	(312,954)
(311,456)	Total Reserves		(382,848)

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing or 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority'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.

2021/22 £'000	2022/23 £'000
(11,128) Net (surplus) or deficit on the provision of services	(8,373)
Adjustment to surplus or deficit on the provision of services for noncash (20,557) movements	(9,376)
Adjust for items included in the net surplus or deficit on the provision of 9,235 services that are investing and financing activities	15,053
(22,450) Net Cash flows from operating activities (note 24)	(2,696)
16,617 Investing Activities (note 25)	16,756
2,205 Financing Activities (note 26)	111
(3,628) Net (increase) or decrease in cash and cash equivalents	14,171
(38,615) Cash and cash equivalents at the beginning of the reporting period	(42,243)
<u>(42,243) Cash and cash equivalents at the end of the reporting period (note 18)</u>	<u>(28,072)</u>

NOTES TO THE CORE SINGLE ENTITY
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EXPENDITURE & FUNDING ANALYSIS NOTES

1 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows the adjustment between the funding basis, which is that reported for management decision making and the accounting basis in the year.

The Council's General fund Directorates changed in 2022/23 and the 2021/22 Cost of Services analysis at Note 1 and Note 1a has been restated to enable comparison.

2022/23			
	Net expenditure chargeable to the GF/HRA £'000	Adjustments between Funding and accounting basis £'000	Net expenditure in CIES £'000
Finance and Resources Directorate	3,366	(654)	2,712
Organisation and Place Directorate	6,388	1,923	8,311
Growth and Assets Directorate	2,623	(4,842)	(2,219)
Housing Revenue Account	(4,212)	(5,331)	(9,543)
Net Cost of Services	8,165	(8,904)	(739)
Other Income and Expenditure	(7,372)	(261)	(7,634)
(Surplus) or Deficit on Provision of Services	793	(9,165)	(8,373)

EXPENDITURE & FUNDING ANALYSIS NOTES

2021/22 - Restated			
	Net expenditure chargeable to the GF/HRA £'000	Adjustments between Funding and accounting basis £'000	Net expenditure in CIES £'000
Finance and Resources Directorate	2,783	(610)	2,173
Organisation and Place Directorate	5,604	2,462	8,066
Growth and Assets Directorate	2,044	(4,987)	(2,943)
Housing Revenue Account	(3,240)	(11,711)	(14,951)
Net Cost of Services	7,191	(14,846)	(7,655)
Other Income and Expenditure	(4,908)	1,435	(3,473)
(Surplus) or Deficit on Provision of Services	2,283	(13,411)	(11,128)

General Fund and HRA Balances	2022/23 £'000	2021/22 £'000
Opening GF and HRA Balances @ 1 April	57,924	60,207
Net surplus/(deficit) on GF in year	(793)	(2,283)
Closing GF and HRA balance at 31 March	57,131	57,924

The note below shows the difference between the accounting basis and funding basis.

EXPENDITURE & FUNDING ANALYSIS NOTES

1a 2022/23

Note to the Expenditure and Funding Analysis: Adjustments between funding and accounting basis

Adjustments from GF to arrive at the CIES amounts	Adjustments for capital purposes £'000	Net changes for pension adjustments £'000	Other differences £'000	Total Adjustments £'000
Finance & Resources Directorate	96	(756)	6	(654)
Organisation & Place Directorate	35	1,879	9	1,923
Growth & Assets Directorate	(5,732)	914	(24)	(4,842)
Housing Revenue Account	(5,331)	0	0	(5,331)
Net Cost of Services	(10,932)	2,037	(9)	(8,904)
<i>Other operating expenditure and income</i>	200	1,184	(1,645)	(261)
Difference between GF (surplus) / deficit and CIES (surplus) / deficit	(10,732)	3,221	(1,654)	(9,165)

EXPENDITURE & FUNDING ANALYSIS NOTES

1a 2021/22 - Restated				
Note to the Expenditure and Funding Analysis: Adjustments between funding and accounting basis				
Adjustments from GF to arrive at the CIES amounts	Adjustments for capital purposes £'000	Net changes for pension adjustments £'000	Other differences £'000	Total Adjustments £'000
Finance & Resources Directorate	78	(666)	(21)	(609)
Organisation & Place Directorate	403	2,053	6	2,462
Growth & Assets Directorate	(5,910)	926	(4)	(4,988)
Housing Revenue Account	(11,711)	0	0	(11,711)
Net Cost of Services	(17,140)	2,313	(19)	(14,846)
<i>Other operating expenditure and income</i>	2,155	1,186	(1,906)	1,435
Difference between GF (surplus) / deficit and CIES (surplus) / deficit	(14,985)	3,499	(1,925)	(13,411)

Adjustments for Capital Purposes

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

EXPENDITURE & FUNDING ANALYSIS NOTES

Net Change for the Pensions Adjustments

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

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

Other Differences

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

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

The table below shows the amount of income received from external sources given on a segmental basis. The Council's General fund Directorates changed in 2022/23 and the 2021/22 Income from Services analysis has been restated to enable comparison.

	2022/23	2021/22
		Restated
	Income from Services	Income from Services
	£'000	£'000
Finance & Resources Directorate	(20,613)	(27,418)
Organisation & Growth Directorate	(7,277)	(8,436)
Growth & Assets Directorate	(13,709)	(5,603)
Housing Revenue Account	(32,796)	(31,701)
Other Operating Income	0	0
Total income analysed on a segmental basis	(74,395)	(73,158)

MOVEMENT IN RESERVES NOTES

2 Adjustments between Accounting Basis and Funding Basis under Regulations

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

2022/23	General Fund Balances £'000	HRA Balances £'000	Usable Reserves Usable Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
- Pension costs (transfers to or from the Pensions Reserve)	3,221	0	0	0	0
- Council Tax and NNDR (transfers to or from the Collection Fund)	(1,645)	0	0	0	0
- Pooled Funds (transfers to or from the Pooled Funds Investment Account)	(38)	0	0	0	0
- Holiday Pay (transfers to or from the Accumulated Absences Reserve)	(9)	0	0	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)	(904)	14,070	0	0	0
Total Adjustments to Revenue Resources	625	14,070	0	0	0
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(75)	(3,512)	3,587	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0	0	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	(15,423)	0	15,423	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	0	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	0	0	0	0
Total Adjustments between Revenue and Capital Resources	(75)	(18,935)	3,587	15,423	0
Adjustments to Capital Resources					
Use of Capital Receipts Reserve to finance capital expenditure	0	0	(2,707)	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	(16,691)	0
Application of capital grants to finance capital expenditure	(4,391)	(466)	0	0	4,858
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	7	0	0	0	0
Total Adjustments to Capital Resources	(4,384)	(466)	(2,707)	(16,691)	4,858
Total Adjustments	(3,834)	(5,331)	880	(1,268)	4,858

MOVEMENT IN RESERVES NOTES

2021/22	General Fund Balances £'000	HRA Balances £'000	Usable Reserves Usable Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
· Pension costs (transfers to or from the Pensions Reserve)	3,499	0	0	0	0
· Council Tax and NNDR (transfers to or from the Collection Fund)	(1,905)	0	0	0	0
· Pooled Funds (transfers to or from the Pooled Funds Investment Account)	10	0	0	0	0
· Holiday Pay (transfers to or from the Accumulated Absences Reserve)	(19)	0	0	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)	(6,478)	10,157	0	0	0
Total Adjustments to Revenue Resources	(4,893)	10,157	0	0	0
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(65)	(5,112)	5,177	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	2,393	0	(2,393)	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	(17,174)	0	17,174	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	0	0	(1,266)	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	0	0	0	0
Total Adjustments between Revenue and Capital Resources	2,328	(22,286)	1,518	17,174	0
Adjustments to Capital Resources					
Use of Capital Receipts Reserve to finance capital expenditure	0	0	(1,217)	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	(17,109)	0
Application of capital grants to finance capital expenditure	221	1,045	0	0	(1,279)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	17	0	0	0	0
Total Adjustments to Capital Resources	238	1,045	(1,217)	(17,109)	(1,279)
Total Adjustments	(2,327)	(11,084)	301	65	(1,279)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT NOTES

3 Material Items of Income and Expense

2022/23

There are no material items of Income and Expense to be disclosed separately during 2022/23.

2021/22

There are no material items of Income and Expense to be disclosed separately during 2021/22.

4 Other Operating Expenditure

2021/22 £'000		2022/23 £'000
3,387	Parish Council Precepts and Council Tax Reduction Contribution	3,467
2,393	Payments to the Government Housing Capital Receipts Pool	0
3,059	(Gains)/Losses on the disposal of non-current assets	2,143
<u>8,839</u>	Total	<u>5,610</u>

5 Financing and Investment Income & Expenditure

2021/22 £'000		2022/23 £'000
5,227	Interest payable and similar charges	5,901
1,186	Net interest on the net defined benefit liability	1,184
(503)	Interest receivable and similar income	(1,977)
(2,471)	Income and expenditure in relation to investment properties and changes in their fair value	(473)
71	Other investment income	138
<u>3,510</u>		<u>4,773</u>

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT NOTES

6 Taxation and Non Specific Grant Income

2021/22 £'000	2022/23 £'000
0 Services Grant	(193)
(205) Lower Tier Services Grant	(128)
(360) New Homes Bonus Grant	(720)
(497) Capital Grants and Contributions	(854)
0 Council Tax Freeze Grant	0
(1,062)	(1,895)
(5,107) Business Rates Retention	(6,159)
(9,653) Council Tax Income (includes parish precepts)	(9,963)
(15,822) Total Grants	(18,017)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT NOTES

7 Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2022/23.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT NOTES

	2022/23 £'000	2021/22 £'000
Credited to Taxation and Non Specific Grant Income		
See note 6	(1,895)	(1,062)
Credited to Services		
Contain Outbreak Management Grant	0	(127)
Council Tax Admin Grant	(112)	(269)
Disabled Facilities Grant	(820)	(820)
Discretionary Fund Grant	0	(162)
Energy Support New Burdens	(163)	0
Healthy North East Derbyshire Grant	0	(227)
Homelessness Prevention Grant	(244)	(171)
Homelessness Support Grant	0	(200)
Housing Benefit Admin Grant	(250)	(248)
Housing Benefit New Burdens Grants	(62)	(56)
Modern Planning Software Grant	340	(400)
New Towns Fund	(7,556)	(1,205)
Police & Crime Commissioner Elections Grants	0	(120)
Police Authority Contributions	(33)	(33)
PSDS3 Grant	(948)	0
Rent Allowances Grant	(5,019)	(5,224)
Rent Rebates Grant	(10,623)	(10,848)
Section 106 Grants	(1,111)	(1,051)
UK Shared Prosperity Fund	(331)	0
Other Contributions	(1,328)	(1,774)
Other Grants	(348)	(258)
Covid-19 Related Grants		
Additional Restrictions Grant	15	(726)
Business Restart Grant	0	(4,518)
Closed Business Lockdown Payments Grant	0	(17)
Covid-19 LA Support Grant	0	(491)
Covid-19 New Burdens Grant	(44)	(297)
Local Authority Discretionary Grants	10	0
Local Restriction Support Grant (Closed)	0	(8)
Local Restriction Support Grant (Open)	0	(84)
Omicron Hospitality & Leisure Grant	0	(715)
Test & Trace Grant	0	(310)
Total	(28,627)	(30,359)
Overall Grants Total	(30,522)	(31,421)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT NOTES

8 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2022/23.

	Balance at 31st March 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance at 31st March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance at 31st March 2023 £'000
General Fund:							
Revenue Grant Reserve	(5,965)	2,942	(3,176)	(6,199)	2,160	(2,272)	(6,311)
Legal Reserve	(460)	0	0	(460)	8	0	(452)
Car Park Enforcement	(4)	0	0	(4)	0	0	(4)
Planning Policy	(155)	22	(47)	(180)	0	(46)	(226)
Invest to Save	(3,460)	426	0	(3,034)	284	0	(2,750)
Crematorium	(440)	0	0	(440)	0	0	(440)
Revenue Projects	(24)	0	0	(24)	0	0	(24)
Insurance Reserve	(89)	0	0	(89)	0	0	(89)
Business Rates	(6,837)	296	0	(6,541)	0	(541)	(7,082)
Investment Properties R & M	(121)	6	0	(115)	85	0	(30)
Resilience Reserve	(2,320)	210	(491)	(2,601)	0	(327)	(2,928)
Other Reserves	(651)	42	(273)	(882)	66	(120)	(936)
Total	(20,526)	3,944	(3,987)	(20,569)	2,603	(3,306)	(21,272)
HRA:							
Insurance Reserve	(595)	0	(50)	(645)	0	(164)	(809)
Development Reserve	(2,382)	223	(391)	(2,550)	1,659	0	(891)
Debt Repayment Reserve	(31,700)	2,540	0	(29,160)	0	0	(29,160)
HRA Capital Grant Reserve	(4)	4	0	0	0	0	0
ALMO Deficit Reserve	0	0	0	0	0	0	0
Total	(34,681)	2,767	(441)	(32,355)	1,659	(164)	(30,860)
Total	(55,207)	6,711	(4,428)	(52,924)	4,262	(3,470)	(52,132)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT NOTES

9 Expenditure and Income by nature

	2022/23	2021/22
	£'000	£'000
Expenditure		
Employee Expenses	16,777	16,961
Premised Related Expenditure	2,503	1,828
Transport Costs	691	567
Supplies and Services	26,409	30,834
Support Services	1,672	1,559
Transfer Payments	15,856	16,303
Capital Financing Costs	14,228	1,214
Interest Payments	5,901	5,227
Precepts and Levies	3,467	3,387
Payments to Housing Capital Receipts Pool	0	2,393
Total Expenditure	87,504	80,273
Income		
Fees, Charges and Other Service Income	(45,451)	(43,068)
Interest and Investment Income	(1,977)	(478)
Government Grants	(30,507)	(31,408)
Business Rate Retention	(6,159)	(5,107)
Income From Council Tax	(9,963)	(9,653)
Recharges and Other Income	(1,820)	(1,687)
Total Income	(95,877)	(91,401)
Surplus or Deficit on the Provision of Services	(8,373)	(11,128)

The significance of IFRS15 has been considered and does not have material impact on amounts or timing of revenue recognition.

BALANCE SHEET NOTES

10 Property, Plant and Equipment

Movements in 2022/23											
	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Heritage Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment (Asset Register)	Leased Assets	Total Property, Plant & Equipment
Cost or Valuation & Impairment	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1st April 2022	402,265	35,346	6,759	213	62	1	14	3,681	448,341	0	448,341
Movement in cost or valuation											
Reclassification	911	2,750	(20)	0	0	0	0	(4,469)	(828)	0	(828)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve - 1 April	0	(1)	0	0	0	0	0	0	(1)	0	(1)
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of service - 1 April	0	(2)	0	0	0	0	0	0	(2)	0	(2)
Additions	16,856	159	933	0	0	138	0	7,812	25,898	0	25,898
Impairment of Additions - Revaluation Reserve	(2,306)	(324)	0	0	0	0	0	0	(2,630)	0	(2,630)
Impairment of Additions - CIES	(9,355)	(3,126)	0	0	0	(138)	0	0	(12,619)	0	(12,619)
Disposals	(5,840)	0	0	0	0	0	0	0	(5,840)	0	(5,840)
Revaluation increases/(decreases) recognised in the Revaluation Reserve - 31 March	13,859	3,163	0	0	0	0	0	0	17,022	0	17,022
Revaluation increases/(decreases) recognised in surplus/deficit on the provision of service - 31 March	8,533	1,333	0	2	0	0	0	0	9,868	0	9,868
As at 31st March 2023	424,923	39,298	7,672	215	62	1	14	7,024	479,209	0	479,209

BALANCE SHEET NOTES

Movements in 2022/23											
	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Heritage Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment (Asset Register)	Leased Assets	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation											
At 1st April 2022	0	0	(5,121)	0	0	0	0	0	(5,121)	0	(5,121)
Movement in depreciation reclassification	0	0	0	0	0	0	0	0	0	0	0
Depreciation Charge	(8,290)	(488)	(493)	(1)	0	0	0	0	(9,272)	0	(9,272)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0	0	0	0
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0
Depreciation written out to the surplus/deficit on provision of services	0	0	0	0	0	0	0	0	0	0	0
Disposals	206	0	0	0	0	0	0	0	206	0	206
Depreciation reversed due to impairment review	8,084	488	0	1	0	0	0	0	8,573	0	8,573
As at 31st March 2023	0	0	(5,614)	0	0	0	0	0	(5,614)	0	(5,614)
Net Book Value											
Balance Sheet Net Amount at 31st March 2023	424,923	39,298	2,058	215	62	1	14	7,024	473,595	0	473,595
Balance Sheet Net Amount at 31st March 2022	402,265	35,346	1,638	213	62	1	14	3,681	443,220	0	443,220

BALANCE SHEET NOTES

Movements in 2021/22											
	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Heritage Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment (Asset Register)	Leased Assets	Total Property, Plant & Equipment
Cost or Valuation & Impairment	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1st April 2021	363,436	25,092	6,242	293	58	1	10	1,610	396,742	0	396,742
Movement in cost or valuation											
Reclassification	1,580	0	0	0	0	0	0	(1,582)	(2)	0	(2)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve - 1 April	0	4,468	0	0	4	0	0	0	4,472	0	4,472
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of service - 1 April	0	(15)	0	0	0	0	0	0	(15)	0	(15)
Additions	18,753	4,695	517	0	0	0	0	3,653	27,618	0	27,618
Impairment of Additions - Revaluation Reserve	(1,555)	(63)	0	0	0	0	0	0	(1,618)	0	(1,618)
Impairment of Additions - CIES	(11,862)	(26)	0	0	0	0	0	0	(11,888)	0	(11,888)
Disposals	(8,319)	0	0	(138)	0	0	(10)	0	(8,467)	0	(8,467)
Revaluation increases/(decreases) recognised in the Revaluation Reserve - 31 March	24,573	852	0	57	0	0	9	0	25,491	0	25,491
Revaluation increases/(decreases) recognised in surplus/deficit on the provision of service - 31 March	15,659	343	0	1	0	0	5	0	16,008	0	16,008
As at 31st March 2022	402,265	35,346	6,759	213	62	1	14	3,681	448,341	0	448,341

BALANCE SHEET NOTES

Movements in 2021/22											
	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Heritage Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment (Asset Register)	Leased Assets	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation											
At 1st April 2021	0	(589)	(4,408)	(1)	0	0	0	0	(4,998)	0	(4,998)
Movement in depreciation reclassification	0	0	0	0	0	0	0	0	0	0	0
Depreciation Charge	(7,731)	(403)	(713)	(1)	0	0	0	0	(8,848)	0	(8,848)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0	0	0	0
Depreciation written out to the Revaluation Reserve	0	444	0	0	0	0	0	0	444	0	444
Depreciation written out to the surplus/deficit on provision of services	0	0	0	0	0	0	0	0	0	0	0
Disposals	293	0	0	1	0	0	0	0	294	0	294
Depreciation reversed due to impairment review	7,438	548	0	1	0	0	0	0	7,987	0	7,987
As at 31st March 2022	0	0	(5,121)	0	0	0	0	0	(5,121)	0	(5,121)
Net Book Value											
Balance Sheet Net Amount at 31st March 2022	402,265	35,346	1,638	213	62	1	14	3,681	443,220	0	443,220
Balance Sheet Net Amount at 31st March 2021	363,436	24,503	1,834	292	58	1	10	1,610	391,744	0	391,744

BALANCE SHEET NOTES

Depreciation

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

Council Dwellings –

Component	Useful Life
Land	Infinite Life
Building	20 - 80 years (see note below)
Roof	50 years
Windows & Doors	30 years
Bathroom	20 years
Heating	20 years
Kitchen	15 years

During 2022/23 the building component of council dwellings has been depreciated over the following number of years: -

Defective Houses – 20 years

Pre 1945 – 50 years

1945 – 1974 – 60 years

Post 1974 – 80 years

Post 2010 – 80 years

Other assets are depreciated over the following lives: -

Other Land and Buildings – 10 – 50 years

Vehicles, Plant, Furniture and Equipment – 1 – 25 years

There is no requirement to depreciate land assets. In calculating depreciation, the straight line method has been adopted using a prudent estimate for the useful economic life and residual value for individual assets within each category. The fixed asset register contains the detailed information used in the depreciation calculation.

Leased vehicles are depreciated on a straight line basis from the month of acquisition.

Assets under Construction

The current amount of assets under construction is £7,024,436 (£3,681,174, 2021/22). This figure is made up from work on the Refurbishing Council Dwellings £105,110, North Wingfield Scheme £255,597, Pine View Redevelopment £934,540, Redevelopment of Sharley Park Leisure Centre £2,596,922, Dronfield Sports Centre Energy Efficiency Project £1,581,829, Eckington Pool Energy Efficiency Project £1,532,110 and other projects £18,328.

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Impairment

The Council has impaired £15.249m of capital works undertaken during 2022/23 (£13.506m, 2021/22) of which £12.619m (£11.888m, 2021/22) has been put through the Comprehensive Income and Expenditure Statement and £2.630m (£1.618m, 2021/22) through the Revaluation Reserve. It is recognised that this expenditure is not reflected in the overall value of the property.

The 31 March 2023 impairment gains of £26.890m (£41.499m gains, 2021/22) arise as values are adjusted to reflect current market values within the asset categories shown, of which £9.868m gain (£16.008m gain, 2021/22) has been put through the Comprehensive Income and Expenditure Statement and a gain of £17.022m (£25.491m gain, 2021/22) through the Revaluation Reserve.

Capital Commitments

The following table identifies the capital commitments at the end of the financial year.

	31 March 2023 £'000	31 March 2022 £'000
Disabled Facilities Grants	210	214
Sharley Park Active Community Hub Rebuild Project	22,946	0
Total Commitments	23,156	214

Revaluations

A certified Valuation Report has been prepared by Barlow Property Consultancy for Council Dwellings and Wilks, Head and Eve, Chartered Surveyors and Town Planners for Operational and Non-Operational assets. The valuations are assessed on the basis of open market value (for existing use where appropriate) or depreciated replacement cost (where there is no market for the property) in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

Valuations are assessed at maximum five year periods with additional annual desk-top reviews. The date of the last full valuation of assets was 1 April 2019. Council Housing stock is valued on the basis of market value with vacant possession less a regional reduction. For 2022/23 this is 42% (2021/22 42%).

Vehicles, Plant and Equipment, Infrastructure and Community Assets are shown in the Balance Sheet at historic cost.

Assets are reviewed for any significant increases or decreases (impairment) in value every year. Impairment of assets is assessed in accordance with the guidance below. The Council has considered the following in respect of the valuations placed upon its assets in the Balance Sheet at 31 March 2023:

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- any significant increase or decline in a fixed asset's market value during the period;
- evidence of obsolescence or physical damage to the fixed asset;
- a significant adverse change in the statutory or other regulatory environment in which the Authority operates;
- a commitment by the Authority to undertake a significant reorganisation.

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The Council undertakes a full revaluation of all assets on a 5 year rolling programme with a desktop review of values each year as at 31 March. The following table shows the current value of the assets but is broken down into the year they last had their full inspected revaluation:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Heritage Assets	Community Assets	Surplus Assets	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historic Cost	0	0	7,672	215	0	1	0	7,024	14,912
Valued at current value:									
31st March 2023	0	29,964	0	0	0	0	14	0	29,978
31st March 2022	0	0	0	0	62	0	0	0	62
31st March 2021	0	633	0	0	0	0	0	0	633
31st March 2020	424,923	7,159	0	0	0	0	0	0	432,082
31st March 2019	0	1,542	0	0	0	0	0	0	1,542
Total cost or valuation	424,923	39,298	7,672	215	62	1	14	7,024	479,209

BALANCE SHEET NOTES

11 Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Authority: -

Cost or Valuation	Civic Regalia	Total Assets
	£'000	£'000
1 April 2021	58	58
Revaluations	4	4
31 March 2022	62	62
1 April 2022	62	62
Revaluations	0	0
31 March 2023	62	62

Civic Regalia

The Authority's collection of civic regalia is reported in the Balance Sheet at a jeweller's valuation which is based on market values. The most recent valuation has taken place during the 2021/22 financial year.

Heritage Assets: Five year summary of transactions

	2022/23 £'000	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000
Balance B/fwd	62	58	58	58	58
Revaluation of Assets					
Civic Regalia	0	4	0	0	0
Disposal of Assets					
Civic Regalia	0	0	0	0	0
Balance C/fwd	62	62	58	58	58

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12 Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2022/23	2021/22
	£'000	£'000
Rental Income from investment property	(566)	(579)
Direct operating expenses arising from investment property	53	110
Capital Transactions	40	(2,002)
Net (gain)/loss	(473)	(2,471)

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

The Council has disclosed the impact of COVID-19 on the valuer's process and the material uncertainty attached to these valuations as at 31 March 2023.

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2023 with comparators for 2021/22 are as follows:

	2022/23			Fair value
	Level 1	Level 2	Level 3	as at 31
	£'000	£'000	£'000	March 2023
				£'000
Industrial Units	0	10,197	0	10,197
Commercial Properties	0	1,179	0	1,179
Land	0	9,044	0	9,044
Shared Ownership Properties	0	1,393	0	1,393
Total	0	21,813	0	21,813

BALANCE SHEET NOTES

2021/22	Level 1 £'000	Level 2 £'000	Level 3 £'000	Fair value as at 31 March 2022 £'000
Industrial Units	0	9,809	0	9,809
Commercial Properties	0	1,155	0	1,155
Land	0	8,963	0	8,963
Shared Ownership Properties	0	1,430	0	1,430
Total	0	21,357	0	21,357

- Level 1 valuation uses quoted prices in active markets for identical assets.
- Level 2 valuation uses other observable inputs.
- Level 3 valuation uses significant unobservable inputs.

Valuation Techniques used to determine Level 2 (Significant Observable Inputs) Fair Values for Investment Properties

The fair value for the £21.813m has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the Council's area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

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

BALANCE SHEET NOTES

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

	2022/23 £'000	2021/22 £'000
Balance B/fwd	21,357	19,401
Reclassifications - Asset moved from OLB	541	0
<i>Additions:</i>		
Purchases	0	0
Enhancements	51	17
Disposals	(96)	(63)
Net gains/losses from fair value adjustments	(40)	2,002
Balance C/fwd	21,813	21,357

13 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include only purchased licences as the Council has no internally generated software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are:

Useful Life	Software Package
3 Years	Enterprise Software Capita AIM Software Mitel Software Tranman Software

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The movement on intangible asset balances during the year is as follows:

	2022/23 £'000	2021/22 £'000
Balance B/fwd		
<i>Gross carrying amount</i>	838	838
<i>Accumulated Amortisation</i>	(804)	(782)
Reclassification - Asset	0	0
Reclassification - Accumulated Amortisation	0	0
Net Carrying Amount 1 April	34	56
Additions:		
Purchases	10	0
Amortisation	(21)	(21)
Disposals:		
Assets at GBV	0	0
Amortisation	0	0
Balance C/fwd	23	35
Comprising:		
Gross carrying amounts	848	838
Accumulated amortisation	(825)	(804)
	23	34

The intangible assets relate to computer software. This includes amortisation costs of £0.021m (£0.021m, 2021/22) which have been charged to services in the Comprehensive Income and Expenditure Statement. The assets are being amortised over a period of 3 years using a straight line method. An impairment review of these assets was undertaken as at 31 March 2023 which has not impacted on the asset values.

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14 Long Term Debtors

	31st March 2023 £'000	31st March 2022 £'000
Housing Act Advances and Outstanding Mortgages	2	2
Rykneld Homes Loan	6,501	6,765
Northwood Group Loan	8,708	5,213
Northwood Shares - Long Term Investment	128	134
Works in Default	122	124
Long Term Finance Leases	2	7
	15,463	12,245

15 Assets Held For Sale

The Council has no Assets held for Sale at 31 March 2023.

16 Inventories

	Balance at 31st March 2023 £'000	Balance at 31st March 2022 £'000
Street Scene	109	100
Swimming Pools/Leisure Centres	16	13
Other	6	6
Total	131	119

17 Short Term Debtors

	31st March 2023 £'000	31st March 2022 £'000
Central Government Bodies	2,758	1,202
Other Local Authorities	3,017	3,267
Bodies external to Central Government	4,431	4,219
Total	10,206	8,688

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18 Cash and Cash Equivalents

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

	31st March 2023 £'000	31st March 2022 £'000
Cash held by Authority	6	6
Bank Current Accounts	1,980	5,122
Short Term Deposits	26,086	37,115
Total Cash and Cash Equivalents	28,072	42,243

19 Financial Instruments

Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

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

- long-term loans from the Public Works Loan Board,
- lease payables detailed in note 38, and
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following two classifications:

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

BALANCE SHEET NOTES

- cash in hand,
 - bank current and deposit accounts,
 - loans to other local authorities,
 - loans made for service purposes,
 - lease receivables detailed in note 38, and
 - trade receivables for goods and services provided.
- Fair value through profit and loss comprising:
 - money market funds managed by Sungard fund managers
 - Equity investment with Northwood Group Limited

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

Financial Instruments - Balances

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

a. Financial Liabilities	Long Term		Short Term	
	31st March 2023 £'000	31st March 2022 £'000	31st March 2023 £'000	31st March 2022 £'000
Loans at amortised cost:				
- Principal sum borrowed	(142,809)	(146,921)	(4,112)	(111)
- Accrued interest	-	-	(44)	(44)
Total Borrowing	(142,809)	(146,921)	(4,156)	(155)
Liabilities at amortised cost:				
- Deferred Capital Receipts Unapplied	(2)	(2)	-	-
Total Other Long-term Liabilities	(2)	(2)	-	-
Liabilities at amortised cost:				
- Trade payables*	-	-	(8,718)	(16,526)
Included in Creditors	-	-	(8,718)	(16,526)
Total Financial Liabilities	(142,811)	(146,923)	(12,874)	(16,681)

*The short term creditor's line in the Balance Sheet includes £2.836m (2021/22 £7.864m) that do not meet the definition of a financial liability as they relate to non-exchange transactions.

The total short-term borrowing includes £4.156m (2021/22: £0.155m) representing accrued interest and principal repayments due within 12 months on long-term borrowing.

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

b. Financial Assets	Long Term		Short Term	
	31st March 2023 £'000	31st March 2022 £'000	31st March 2023 £'000	31st March 2022 £'000
<i>At amortised cost:</i>				
- Principal	0	0	24,001	35,075
<i>At fair value through profit & loss:</i>				
- Fair Value	0	0	2,085	2,040
Total Investments	0	0	26,086	37,115
<i>At amortised cost:</i>				
- Principal	-	-	1,986	5,128
Total Cash and Cash Equivalents	-	-	1,986	5,128
<i>At amortised cost:</i>				
- Trade Receivables*	122	124	5,487	4,623
- Lease Receivables	2	7	5	7
- Loans made for service purposes	15,211	11,980	264	264
<i>At fair value through profit & loss:</i>				
- Fair Value	128	134	0	0
Included in Debtors	15,463	12,245	5,756	4,894
Total Financial Assets	15,463	12,245	33,828	47,137

*The short term debtors line in the Balance Sheet includes £4.450m (2021/22 £3.794m) that do not meet the definition of a financial asset as they relate to non-exchange transactions.

The total short-term investments includes £26.086m (2021/22: £37.115m) representing principal repayments due within 12 months.

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Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

c. Financial Instruments - Gains and Losses	Financial Liabilities		Financial Assets		2022/23 Total £'000	2021/22 Total £'000
	Amortised Cost £'000	Fair Value through Profit & Loss £'000	Amortised Cost £'000	Fair Value through Profit & Loss £'000		
Interest expense	(5,901)	0	0	0	(5,901)	(5,227)
Losses on de-recognition	0	0	0	0	0	0
Losses from changes in fair value	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0
Fees paid	0	0	0	0	0	0
Interest payable and similar charges **	(5,901)	0	0	0	(5,901)	(5,227)
Interest income	1,977	0	0	0	1,977	478
Dividend income	0	0	0	0	0	25
Gains on de-recognition	0	0	0	0	0	0
Gains from changes in fair value	0	0	0	38	38	10
Impairment loss reversals	0	0	0	0	0	0
Interest and investment income **	1,977	0	0	38	2,015	513
Net impact on surplus/deficit on provision of services	(3,924)	0	0	38	(3,886)	(4,714)
Net Gain/(Loss) for the Year	(3,924)	0	0	38	(3,886)	(4,714)

BALANCE SHEET NOTES

Financial Instruments - Fair Values

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms'-length transaction. Where liabilities are held as an asset by another party, such as Council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including money market funds and other pooled funds, the fair value is taken from the market price. The fair values of shares in Northwood Group Limited have been valued from the company's balance sheet net assets.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2023, using the following methods and assumptions:

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

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

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

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d. Financial Instruments - Fair Values Liabilities	Fair Value Level	Balance Sheet	Fair Value	Balance Sheet	Fair Value
		31st March 2023 £000	31st March 2023 £000	31st March 2022 £000	31st March 2022 £000
<i>Financial liabilities held at amortised cost:</i>					
Short and Long-term loans from PWLB	2	(146,921)	(145,650)	(147,032)	(179,912)
Accrued Interest (PWLB)	2	(44)	(44)	(44)	(44)
<i>Other liabilities:</i>					
Deferred Capital Receipts Unapplied	3	(2)	(2)	(2)	(2)
Trade Creditors	3	(8,718)	(8,718)	(16,526)	(16,526)
TOTAL		(155,685)	(154,414)	(163,604)	(196,484)
Liabilities for which fair value is not disclosed *		(10,770)		(52,846)	
TOTAL FINANCIAL LIABILITIES		(166,455)		(216,450)	
<i>Recorded on balance sheet as:</i>					
Short-term creditors		(11,554)		(24,389)	
Short-term borrowing		(4,156)		(155)	
Short-term provisions		(1,053)		(1,053)	
Long-term borrowing		(142,809)		(146,921)	
Long-term provisions		(867)		(1,081)	
Other long-term liabilities		(6,016)		(42,851)	
TOTAL FINANCIAL LIABILITIES		(166,455)		(216,450)	

The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

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

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e. Financial Instruments - Fair Values Assets	Fair Value Level	Balance Sheet	Fair Value	Balance Sheet	Fair Value
		31st March 2023 £000	31st March 2023 £000	31st March 2022 £000	31st March 2022 £000
<i>Financial assets held at fair value:</i>					
Money market funds	1	16,085	16,085	27,040	27,040
Bond, equity and property funds	1	0	0	0	0
Corporate, covered and government bonds	1	0	0	0	0
Shares in listed companies	1	128	128	134	134
Shares in unlisted companies	3	0	0	0	0
Forward contracts in the Council's favour	2	0	0	0	0
<i>Financial assets held at amortised cost:</i>					
Trade Receivables	3	5,609	5,609	4,747	4,747
Bank deposits	2	1,986	1,986	5,203	5,203
Loans to local authorities	2	10,000	10,000	10,000	10,000
Loans to Building Societies	2	0	0	0	0
Loans to External Bodies	3	15,473	15,473	12,242	12,242
Deferred Capital Receipts Unapplied	3	2	2	2	2
Lease receivables	3	7	7	14	14
TOTAL		49,290	49,290	59,382	59,382
Assets for which fair value is not disclosed *		4,582		3,913	
TOTAL FINANCIAL ASSETS		53,872		63,295	
<i>Recorded on balance sheet as:</i>					
Long-term debtors		15,335		12,111	
Long-term investments		128		134	
Short-term inventories		131		119	
Short-term debtors		10,206		8,688	
Short-term investments		26,086		37,115	
Cash and cash equivalents		1,986		5,128	
TOTAL FINANCIAL ASSETS		53,872		63,295	

The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

The fair value of financial assets held at amortised cost is the same than their balance sheet carrying amount because the interest rate on similar investments is now the same than that obtained when the investment was originally made.

BALANCE SHEET NOTES

Financial Instruments - Risks

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

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

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

The main risks covered are:

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

Credit Risk: Overview

The Council is exposed to credit risk on the following categories of financial assets and commitments:

f. Exposure Category	31st March	31st March
	2023	2022
	£'000	£'000
Treasury Investments	26,086	37,115
Trade Receivables	5,751	4,887
Lease Receivables	5	7
Service Loans	15,475	12,244
Total Credit Risk Exposure	47,317	54,253

Further information on these categories are included in the following sections.

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Credit Risk: Treasury Investments and Commitments

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

A limit of £5m is placed on the amount of money that can be invested with a single counterparty (other than the UK government). The Council's Treasury Management Strategy identifies approved counterparties with whom investments can be made including the duration of the investment. A full copy of the Council's Treasury Management Strategy can be found on the Council's Website.

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

g. Credit Risk Exposure Credit Rating	31st March 2023		31st March 2022	
	Long-term £'000	Short-term £'000	Long-term £'000	Short-term £'000
AAA	0	16,085	0	27,040
AA	0	0	0	18
A+	0	1	0	57
A	0	0	0	0
Unrated local authorities	0	10,000	0	10,000
Total	0	26,086	0	37,115
Credit risk not applicable *	0	0	0	0
Total Investments	0	26,086	0	37,115

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

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, adjusted for current and forecast economic conditions. These are not material so no adjustments have been made in the Accounts.

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Credit Risk: Trade and Lease Receivables and Contract Assets

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

The following analysis summarises the Council's trade and lease receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

h. Due date for receivables	31st March 2023		31st March 2022	
	Trade receivables	Lease receivables	Trade receivables	Lease receivables
	£'000	£'000	£'000	£'000
Neither past due nor impaired	3,622	5	2,752	7
Past due 3-6 months	209	0	65	0
Past due 6-12 months	81	0	106	0
Past due 12+ months	257	0	167	0
Individually impaired	1,582	0	1,797	0
TOTAL RECEIVABLES	5,751	5	4,887	7

Loss allowances on trade and lease receivables and contract assets have been calculated by reference to the Council's historic experience of default and to adjust for current and forecast economic conditions. Receivables are determined to have suffered a significant increase in credit risk where they are 30 or more days past due and they are determined to be credit-impaired where they are 365 or more days past due.

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

i. Credit risk for receivables	Range of allowances set aside	31st March 2023		31st March 2022	
		Gross receivable	Loss allowance	Gross receivable	Loss allowance
		£'000	£'000	£'000	£'000
HRA Tenants	40% - 90%	1,582	(901)	1,797	(1,006)
Sundry Debtors	40% - 100%	1,629	(415)	820	(250)
Other Trade Receivables	0%	2,276	0	2,006	0
Lease Receivables	0%	5	0	7	0
Loans made for Service Purposes	0%	264	0	264	0
Total		5,756	(1,316)	4,894	(1,256)

BALANCE SHEET NOTES

Receivables are written off to the Surplus or Deficit on the Provision of Services when they are identified as no longer collectable, but steps are still taken to collect sums owing wherever possible. The amount written off but still subject to enforcement action at 31st March 2023 is £0.579m (2021/22: £0.488m).

Credit Risk: Service Loans, Financial Guarantees and Loan Commitments

In furtherance of the Council's service objectives, it has lent money to Rykneld Homes Limited. It has also committed to lend money to Rykneld Homes Limited and Northwood Group Limited should it be requested to do so at market rates of interest.

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

Borrower	Exposure type	Balance Sheet	Risk exposure	Balance Sheet	Risk exposure
		31st March 2023	31st March 2023	31st March 2022	31st March 2022
		£'000	£'000	£'000	£'000
Council House Mortgages	Loans at market rates	2	2	2	2
Rykneld Homes Limited	Loans at market rates	6,765	3	7,029	3
Northwood Group Limited	Loans at market rates	8,708	89	5,213	53
TOTAL		15,475	94	12,244	58

The Council manages the credit risk inherent in its loans for service purposes, financial guarantees and loan commitments in line with its published Investment Strategy.

Loss allowances on loans for service purposes and loan commitments have been calculated by reference to the Council's historic experience of default and to adjust for current and forecast economic conditions.

Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 20% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial liabilities is as follows, shown both as discounted (principal plus accrued interest to date) and undiscounted (principal plus future interest payments) figures:

BALANCE SHEET NOTES

Time to maturity (years)	Discounted (principal)		Undiscounted (principal plus interest)	
	31st March 2023	31st March 2022	31st March 2023	31st March 2022
	Liabilities £'000	Liabilities £'000	Liabilities £'000	Liabilities £'000
Not over 1	(4,158)	(157)	(9,278)	(5,345)
Over 1 but not over 2	(6,109)	(4,112)	(11,042)	(9,232)
Over 2 but not over 5	(15,191)	(17,206)	(28,457)	(31,125)
Over 5 but not over 10	(24,419)	(20,466)	(43,790)	(40,565)
Over 10 but not over 20	(77,818)	(40,047)	(97,909)	(104,904)
Over 20 but not over 40	(19,272)	(65,090)	(22,167)	(26,771)
Over 40	0	0	0	0
Uncertain date *	(8,718)	(16,526)	(8,718)	(16,104)
Total	(155,685)	(163,604)	(221,361)	(234,046)

Market Risks: Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall

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

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. At 31 March 2023, £131.320m (2021/22: £134.656m) of net principal borrowed (i.e. borrowing net of investments) was exposed to fixed rates. There is currently no borrowing exposure at variable rates.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be £1.470m (2021/22: £1.492m). The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

BALANCE SHEET NOTES

Market Risks: Price Risk

The Council's investment in a pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £5m. Any fall in share prices result in a charge to Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

20 Short Term Creditors

	31st March 2023 £'000	31st March 2022 £'000
Central Government Bodies	(1,037)	(15,079)
Other Local Authorities	(358)	(880)
NHS Bodies	0	0
Bodies external to Central Government	(10,159)	(8,430)
Total	(11,554)	(24,389)

21 Provisions

Provisions have been made for known liabilities uncertain as to the amount or timing in compliance with IAS37.

Short Term Provisions <12 months		Use of		
	31 March 2022 £'000	Provision in Year £'000	Provision in Year £'000	31 March 2023 £'000
Water Claims	(1,053)	0	0	(1,053)
Total	(1,053)	0	0	(1,053)
Long Term Provisions >12 months				
NNDR Appeals Provision	(1,045)	3,219	(3,005)	(831)
Rykneld Homes Loss Provision	(36)	0	0	(36)
Total	(1,081)	3,219	(3,005)	(867)

Water Claims

This is a provision set aside to meet the potential water claims from tenants where the Council have taken commission on collection of water charges that may need to be repaid.

BALANCE SHEET NOTES

Rykneld Homes Loss

This is a provision set aside to meet the costs where Rykneld Homes Limited has recorded a trading loss. It is envisaged that the provision will be offset in future years when Rykneld Homes Limited make trading profits.

NNDR Appeals

The Collection Fund (NNDR) has a number of outstanding appeals regarding the Rateable Value applied to the premises within the District. These appeals are being heard by the District Valuer at the Valuation Office and are independent of the Council. The outstanding appeals at 31 March 2023, when assessed, may result in a reduction in the rateable value and as a result reduce the NNDR liability which will reduce NNDR income in the Collection Fund and therefore to the Council. Some of these outstanding appeals go back over a number of years. The Council has employed an independent company to assess the appeals and assist in the calculation of an appropriate provision. The figures above relate only to the Council's proportion of outstanding appeals as at 31 March 2023.

22 Usable Reserves

Movements in the Council's usable reserves are summarised below:

	31 March 2022 £'000	Transfers to in year £'000	Transfers from in year £'000	31 March 2023 £'000
Earmarked Reserves				
General Fund (note 8)	(20,569)	(3,306)	2,603	(21,272)
Housing Revenue Account (note 8)	(32,355)	(164)	1,659	(30,860)
Major Repairs Reserve	(2,239)	(15,423)	16,691	(971)
Capital Receipts Reserve	(2,983)	(3,586)	2,706	(3,863)
Capital Grants Reserve	(3,070)	(10,647)	5,789	(7,928)
	<u>(61,216)</u>	<u>(33,126)</u>	<u>29,448</u>	<u>(64,894)</u>
Balances				
General Fund	(2,000)	0	0	(2,000)
Housing Revenue Account	(3,000)	0	0	(3,000)
	<u>(5,000)</u>	<u>0</u>	<u>0</u>	<u>(5,000)</u>
Total	<u><u>(66,216)</u></u>	<u><u>(33,126)</u></u>	<u><u>29,448</u></u>	<u><u>(69,894)</u></u>

BALANCE SHEET NOTES

23 Unusable Reserves

	31 March 2023	31 March 2022
	£'000	Restated £'000
(a) Revaluation Reserve	(110,264)	(90,946)
(b) Capital Adjustment Account	(208,260)	(198,384)
(c) Pensions Reserve	6,014	42,849
(d) Deferred Capital Receipts Reserve	(7)	(14)
(e) Collection Fund Adjustment Account	(566)	1,079
(f) Accumulated Absences Account	192	201
(g) Pooled Funds and Shares Revaluation Reserve	(63)	(25)
Total Unusable Reserves	(312,954)	(245,240)

(a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment, including 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;
- Disposed of and the gains are realised.

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

BALANCE SHEET NOTES

31 March 2022 £'000	31 March 2023 £'000
(57,844) Balance 1 April	(90,946)
0 Upward revaluation of assets (Upward)/downward revaluation of assets and impairment losses not charged to	0
(36,776) surplus/deficit on provision of services	(22,963)
(36,776) Surplus or Deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of service	(22,963)
0 Write out - Investment Property	0
1,664 Difference between fair value depreciation and historic cost depreciation	2,141
2,010 Accumulated gains on assets sold or scrapped	1,504
3,674	3,645
(90,946) Balance 31 March	(110,264)

(b) Capital Adjustment Account

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

The Account contains accumulated gains and losses in Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the revaluation Reserve was created to hold such gains.

The revaluation gains shown in the Account reflects the values from the exceptional item that have been debited or credited to the Comprehensive Income and Expenditure Statement.

BALANCE SHEET NOTES

31 March 2022	31 March 2023	
£'000	£'000	£'000
(178,785) Balance 1 April		(198,384)
<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</u>		
4,727 Charges for depreciation and impairment of non current assets	12,022	
(4,591) Revaluation gains/losses on Property Plant and Equipment	2	
21 Amortisation of Intangible Assets	21	
3,034 Revenue Expenditure Funded from Capital under Statute	3,603	
Amounts of investment properties written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	0	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	5,729	
8,236	<u>5,729</u>	
11,427		21,377
(3,674) Adjusting amounts written out of Revaluation Reserve		<u>(3,645)</u>
Net written out amount of the cost of non-current assets consumed in the (171,032) year		(180,652)
<u>Capital financing applied in the year:</u>		
(1,266) Use of Capital Receipts Reserve to repay allowable debt	0	
(1,216) Use of Capital Receipts Reserve to finance new capital expenditure	(2,707)	
(17,109) Use of the Major Repair Reserve to finance new capital expenditure	(16,691)	
Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(5,714)	
Application of grants to capital financing from the Capital Grants		
(2,888) Unapplied Account	(646)	
Statutory Provision for the financing of capital investment charged against (628) the General Fund and HRA balances/reserves	(146)	
(227) Capital Expenditure charged against the General Fund and HRA balances	<u>(1,744)</u>	
(25,350)		(27,648)
Movements in the market value of Investment Properties debited or (2,002) credited to the Comprehensive Income & Expenditure Statement		40
Movements in the Donated Assets Account credited to the Comprehensive Income & Expenditure Statement		0
<u>(198,384) Balance 31 March</u>		<u>(208,260)</u>

BALANCE SHEET NOTES

(c) Pensions Reserve

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

	2022/23 £'000	2021/22 £'000
Balance at 1 April	42,849	58,165
Actuarial (gains) or losses on pension assets and liabilities	(40,056)	(18,815)
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	6,550	6,665
Employer's pension contributions and direct payments to pensioners payable in the year	(3,329)	(3,166)
Balance at 31 March	6,014	42,849

(d) Deferred Capital Receipts Reserve

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

BALANCE SHEET NOTES

	2022/23 £'000	2021/22 £'000
Balance at 1 April	(14)	(31)
Transfer of deferred sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	<u>0</u>	<u>0</u>
Transfer to the Capital Receipts Reserve upon receipt of cash	7	17
Closing Balance	<u><u>(7)</u></u>	<u><u>(14)</u></u>

(e) Collection Fund Adjustment Account

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

	2022/23 £'000	2021/22 £'000
Balance at 1 April		
Opening Balance	1,079	2,984
Amount by which council tax/business rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,645)	(1,905)
Balance at 31 March	<u><u>(566)</u></u>	<u>1,079</u>

(f) Accumulated Absences Account

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

BALANCE SHEET NOTES

	2022/23 £'000	2021/22 £'000
Balance at 1 April	201	220
Settlement or cancellation of accrual made at the end of the preceeding year	(201)	(220)
Amounts accrued at the end of current year	<u>192</u>	<u>201</u>
	0	
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(9)	(19)
Closing Balance	<u><u>192</u></u>	<u><u>201</u></u>

(g) Pooled Funds and Share Revaluation Reserve

The Pooled Funds and Share Revaluation Reserve Revaluation Reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

	2022/23 £'000	2021/22 £'000
Balance at 1 April	(25)	(35)
Upward Revaluation of Investments	(38)	0
Downward Revaluation of Investments	0	10
Change in Impairment Loss Allowances	<u>0</u>	<u>0</u>
	(63)	(25)
Accumulated gains or losses on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	0	0
Accumulated Gains or losses on assets sold and maturing assets written out to General Fund Balances for financial assets designated to fair value through other comprehensive income	0	0
Closing Balance	<u><u>(63)</u></u>	<u><u>(25)</u></u>

CASH FLOW NOTES

24 Cash Flow Statement – Operating Activities

	2022/23 £'000	2021/22 £'000
Net (surplus) or deficit on provision of services	(8,372)	(11,128)
Adjustments for non-cash movements	(9,376)	(20,557)
Adjustments for investing and financing activities	15,053	9,235
Net cash flows from operating activities	(2,695)	(22,450)

The cash flows from operating activities include the following items:

	2022/23 £'000	2021/22 £'000
Interest Received	1,264	478
Interest Paid	(5,188)	(5,229)
Dividends Received	0	25
Total	(3,924)	(4,726)

25 Cash Flow Statement – Investing Activities

	2022/23 £'000	2021/22 £'000
Purchase of property, plant and equipment, investment property and intangible assets	28,586	22,331
Purchase of short-term and long-term investments	0	0
Other payments for investing activities	3,496	3,797
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,594)	(5,194)
Proceeds from short-term and long-term investments	0	0
Other receipts from investing activities	(11,732)	(4,317)
Net cash flows from investing activities	16,756	16,617

CASH FLOW NOTES

26 Cash Flow Statement – Financing Activities

	2022/23 £'000	2021/22 £'000
Cash receipts for short and long-term borrowing	0	0
Other movements from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0	0
Repayments of short and long-term borrowing	111	2,205
Other payments for financing activities	0	0
Net cash flows from operating activities	111	2,205

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

2022/23	1st April 2022	Financing Cash Flows	Non-Cash Changes Acquisition	Other Changes	31st March 2023
	£'000	£'000	£'000	£'000	£'000
Long-term borrowings	(146,921)	0	0	4,112	(142,809)
Short-term borrowings	(111)	111	0	(4,112)	(4,112)
Total Liabilities from financing activities	(147,032)	111	0	0	(146,921)

2021/22	1st April 2021	Financing Cash Flows	Non-Cash Changes Acquisition	Other Changes	31st March 2022
	£'000	£'000	£'000	£'000	£'000
Long-term borrowings	(147,033)	0	0	112	(146,921)
Short-term borrowings	(2,205)	2,206	0	(112)	(111)
Total Liabilities from financing activities	(149,238)	2,206	0	0	(147,032)

OTHER NOTES TO THE ACCOUNTS

28 Acquired and Discontinued Operations

Acquired Services

The Council has not acquired any new services during the year.

Discontinued Services

The Council has not discontinued any of its services during the year.

29 Construction Contracts

At 31 March 2023 the Council had no construction contracts in place.

30 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance and Resources on 24 May 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

31 Agency and Contractual Agreements

The Council has a contractual agreement with Derbyshire County Council whereby the Council undertakes mowing, weeding and tree pruning on land adjoining highways within the district. The Council is reimbursed for expenditure incurred on these activities including a contribution towards administrative costs. A summary of expenditure incurred in respect of the contract is shown below and this is included within the Operations Directorate line of the Comprehensive Income & Expenditure Statement.

	2022/23	2021/22
	£'000	£'000
Amenity Maintenance	256	265
Total	256	265

32 Members' Allowances

The Council paid the following amounts to elected members during the year. These costs are included within the Growth Directorate line of the Comprehensive Income & Expenditure Statement.

OTHER NOTES TO THE ACCOUNTS

	2022/23 £'000	2021/22 £'000
Allowances	437	397
Expenses	1	1
Total	438	398

33 Officer Emoluments

In addition to those employees covered within this note who are directly employed by the Council, part of the Management Team are employed by Bolsover District Council. The costs associated with these arrangements are included within the Comprehensive Income and Expenditure Statement.

The number of employees (excluding senior officers) whose remuneration, **excluding employer's pension contributions**, was £50,000 or more in bands of £5,000 were:-

Remuneration Band	Number of Employees 2022/23	Number of Employees 2021/22
£50,000 - £54,999	4	3
£55,000 - £59,999	3	1
£60,000 - £64,999	0	0
£65,000 - £69,999	0	0
£70,000 - £74,999	0	0
£75,000 - £79,999	0	0
£80,000 - £84,999	0	0
£85,000 - £89,999	0	0
£90,000 - £94,999	0	0
£95,000 - £99,999	0	0
£100,000 - £104,999	0	0

Senior Employees

The Council is required to disclose all posts where the total remuneration exceeds £50,000 but does not exceed £150,000. Those posts identified as Senior Officers are within this remuneration range or report directly to the head of paid service.

The definition of a senior employee is: -

- An employee whose salary is £150,000 or more.
- An employee whose salary is £50,000 or more who is a statutory chief officer as per section 2(6) of the Local Government and Housing Act 1989.

OTHER NOTES TO THE ACCOUNTS

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

OTHER NOTES TO THE ACCOUNTS

Senior Officers emoluments - Salary is between £50,000 and £150,000 for 2022/23:

2022/23	Salary (including fees and allowances)	Benefits in Kind	Termination Payments & Pension Shortfall	Total Remuneration (excluding Pension Contributions)	Pension Contributions	Total Remuneration (including Pension Contributions)	Net Charge to BDC	Net Charge to NEDDC
	£	£	£	£	£	£	£	£
Employed by N.E.D.D.C.								
Managing Director and Head of Paid Service	101,778	0	0	101,778	14,826	116,604	0	116,604
Director of Finance & Resources (Section 151 Officer)	78,638	706	0	79,343	11,446	90,789	0	90,789
Director of Growth & Assets	82,316	0	0	82,316	11,976	94,292	0	94,292
Assistant Director - Governance (Monitoring Officer)	67,725	0	0	67,725	9,956	77,680	0	77,680
Assistant Director - Planning	53,029	83	0	53,112	7,368	60,480	0	60,480
Assistant Director - Street Scene	49,012	0	0	49,012	7,081	56,093	0	56,093
Assistant Director - Environmental Health	65,962	0	0	65,962	9,582	75,545	37,773	37,772
Overall Total	498,461	788	0	499,249	72,234	571,483	37,773	533,711

OTHER NOTES TO THE ACCOUNTS

Senior Officers emoluments - Salary is between £50,000 and £150,000 for 2021/22:

2021/22	Salary (including fees and allowances)	Benefits in Kind	Termination Payments & Pension Shortfall	Total Remuneration (excluding Pension Contributions)	Pension Contributions	Total Remuneration (including Pension Contributions)	Net Charge to BDC	Net Charge to NEDDC
	£	£	£	£	£	£	£	£
Employed by N.E.D.D.C.								
Managing Director and Head of Paid Service	63,865	0	0	63,865	9,246	73,110	0	73,110
Joint Director of Environment and Enforcement	30,186	0	0	30,186	4,385	34,571	17,285	17,286
Director of Growth & Economic Development	83,218	0	0	83,218	11,997	95,215	0	95,215
Director of Transformation	30,031	0	0	30,031	4,367	34,398	0	34,398
Head of Service - Governance (Monitoring Officer)	10,183	0	0	10,183	1,497	11,680	0	11,680
Head of Service - Finance & Resources (Section 151 Officer)	58,433	0	0	58,433	8,465	66,898	0	66,898
Head of Service - Planning	50,480	0	0	50,480	7,141	57,621	0	57,621
Head of Service - Street Scene	60,465	0	0	60,465	8,668	69,133	34,567	34,566
Head of Service - Environmental Health	62,621	0	0	62,621	9,051	71,672	35,836	35,836
Total	449,483	0	0	449,483	64,817	514,299	87,688	426,611
Employed by Bolsover D.C.								
Joint Director of Corporate Resources	29,894	0	0	29,894	4,445	34,339	17,200	17,139
Joint Head of Service - Governance (Monitoring Officer)	52,309	306	0	52,615	7,785	60,400	30,678	29,722
Joint Head of Service - Transformation & Organisation	36,448	0	0	36,448	5,431	41,879	20,940	20,939
Total	118,651	306	0	118,957	17,661	136,618	68,818	67,800
Overall Total	568,134	306	0	568,440	82,478	650,917	156,506	494,411

OTHER NOTES TO THE ACCOUNTS

The numbers of exit packages, excluding the senior officer emoluments set out in the above tables, with total cost per band and total cost of compulsory and other redundancies are set out in the table below:-

Exit package cost band (including special payments)	Number of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
							£000	£000
£0 - £20,000	0	0	7	3	7	3	22	18
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	1	0	1	0	52
£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
Total	0	0	7	4	7	4	22	70

OTHER NOTES TO THE ACCOUNTS

34 Termination Benefits

The Council terminated the contracts of a number of employees during 2022/23, incurring liabilities of £0.070m (£0.022m in 2021/22), excluding senior officer emoluments, presented separately above.

35 Audit Fees

During 2022/23 North East Derbyshire District Council incurred the following fees relating to external audit and inspection:

	2022/23 £'000	2021/22 £'000
Fees payable to the auditors with regard to external audit services carried out by the appointed auditor	53	54
Fees payable to the auditors in respect of statutory inspection	0	0
Fees payable to the auditors for the certification of grant claims and returns	16	11
Fees payable in respect of any other services provided by the appointed auditor	23	9
Refund of overpaid auditors fee from Public Sector Audit Appointments Ltd	0	(9)
Total	92	65

The final 2022/23 audit fees, including costs of any additional work required to meet the update Code of Audit Practice, have yet to be confirmed.

36 Related Parties

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

Central Government

Central Government has effective control over the general operations of the Council; it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the

OTHER NOTES TO THE ACCOUNTS

terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Grants received from government departments are set out in note 7.

Members

Members of the Council have direct control over the Council's financial and operating policies. Council Members make disclosures of relevant interests to the Council's Monitoring Officer, and also have to make declarations on individual committee decisions. The Council also nominates Members to sit on outside bodies. A number of Council Members are also Members of Derbyshire County Council, local parish councils, or various local voluntary organisations, which the Council supports financially. Four Members of the Council sit on the board of Rykneld Homes Limited as Council nominees. Where necessary, Members declared such interests when relevant to their duties and thus no further disclosure is considered necessary.

There is one member who has had a significant transaction with the Council in 2022/23. Councillor K Rouse purchase a Council property as part of the Right to Buy scheme for a total of £77,800.00.

Officers

In addition to the Register of Interests, key management personnel were required to complete a Declaration of Related Party Transactions Pro-Forma for the year 2022/23.

Other Significant Transactions

Other significant transactions with related parties, not included above, are as follows:

	Receipts £'000	Payments £'000
Revenue		
Bolsover District Council	(2,111)	559
Chesterfield Borough Council	(238)	204
Citizens Advice Bureau	0	85
Derbyshire County Council (excluding precepts)	(2,399)	1,062
Derbyshire Dales District Council	(315)	11
Parish Councils (excluding precepts)	(826)	365
Rykneld Homes Limited	(1,820)	10,618
Capital		
Rykneld Homes Limited	0	18,610
Northwood Group Limited	0	0
Loan		
Rykneld Homes Limited	(264)	0
Northwood Group Limited	0	3,495

OTHER NOTES TO THE ACCOUNTS

During 2022/23 the Council had partnership agreements with Bolsover District Council (BDC), Chesterfield Borough Council (CBC), and Derbyshire Dales District Council (DDDC) in the following areas:

- Internal Audit
- Procurement
- ICT Service
- Environmental Health Section
- HR & Payroll Section
- Legal Services
- Crematorium

The Internal Audit Consortium is hosted by CBC. The accounts reflect the payments made to CBC towards the costs of running the service.

The Council hosts the Joint ICT Service which covers BDC, Derbyshire Dales District Council and ourselves for the provision of the Council's ICT. The Council also hosts the Joint Environmental Health Service which covers BDC and ourselves. There are also joint sections between BDC and ourselves which cover HR & Payroll and Legal Services. The accounts reflect the total cost of these services less contributions from BDC and Derbyshire Dales District Council.

During 2022/23 the Rykneld Homes Limited repaid a total of £0.264m from the loans that the Council has provided them with.

The details of the loans made to Rykneld Homes Limited are shown below: -

Loans by Scheme	Loan Start Date £'000	Loan Period £'000	Initial Amount £'000	Amount Repaid £'000	Remaining Amount £'000
Eckington & Killamarsh	31/3/14	25 years	1,792	(830)	962
Dronfield	31/3/15	25 years	453	(230)	223
Grassmoor	31/3/15	25 years	1,066	(341)	725
North Wingfield	31/3/16	40 years	1,908	(259)	1,649
Calow	31/3/17	40 years	410	(51)	359
Stonebroom	31/3/17	2 years	425	(425)	0
Hallowes Court, Dronfield	31/3/19	40 years	3,048	(201)	2,847
Total			9,102	(2,337)	6,765

OTHER NOTES TO THE ACCOUNTS

The details of the loans made to Northwood Group Limited are shown below: -

Loans by Scheme	Loan Start Date £'000	Loan Period £'000	Initial Amount £'000	Accrued Interest £'000	Amount Repaid £'000	Remaining Amount £'000
Developer Loan	6/11/19	4 years	7,146	594	0	7,740
Shareholder Loan	6/11/19	4 years	893	75	0	968
Total			8,039	669	0	8,708

37 Capital Expenditure and Capital Financing

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

OTHER NOTES TO THE ACCOUNTS

	2022/23 £'000	2021/22 £'000
Opening Capital Financing Requirement	187,412	183,170
Movement in debtors - Borrowing	3,495	3,796
Movement in debtors - Repayment	(264)	(264)
<u>Capital Investment</u>		
Property, Plant & Equipment	25,661	23,032
Intangible Assets	10	0
Revenue Expenditure Funded from Capital under Statute: - Other REFCUS items	3,603	3,035
<u>Sources of Finance</u>		
Capital Receipts	(2,706)	(1,217)
Major Repairs Reserve	(16,691)	(17,109)
Government Grants and Other Contributions	(8,105)	(5,137)
<u>Amounts set aside from Revenue:</u>		
Repayment of Allowable Debt	0	0
Direct Revenue Contributions	0	(1,266)
Minimum Revenue Provision & Debt repayment from MRA	(146)	(628)
Closing Capital Financing Requirement	192,269	187,412
Movement on Capital Financing Requirement in year	4,857	4,242
<u>Explanation of Movement in the Year</u>		
Increase in underlying need to borrow (supported) - Decent Homes Programme	0	0
Increase in underlying need to borrow (prudential)	1,772	2,604
Repayment of debt	3,085	1,638
Increase/(decrease) in Capital Financing Requirement	4,857	4,242

38 Leases

Council as Lessee

Finance Leases

The Council holds one finance lease, this is for Killamarsh Leisure Centre and is held in the Balance Sheet at a value of £4.606. However, the lease liability for this lease is a peppercorn rent of £1 per annum and therefore below our materiality level so is not included in the Statement of Accounts.

OTHER NOTES TO THE ACCOUNTS

Operating Leases

Operating leases held by the Council comprise of photocopiers across various Council locations, a coffee machine at Dronfield Sport Centre Café and gym equipment at Killamarsh Leisure Centre. The total payment in 2022/23 was £0.089m (2021/22, £0.019m for photocopiers, coffee machine and gym equipment).

The following table identifies the Council's operating lease liability:

	31 March 2023 £'000	31 March 2022 £'000
Not later than one year	88	17
later than one year and not later than five years	233	29
later than five years	0	0
	321	46

Authority as Lessor

Finance Leases

The Council has leased out vehicles on a finance lease to Rykneld Homes Limited with a maximum term of 6 years. The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term. The minimum lease payments comprise settlement of the long term-debtor for the interest in the vehicles acquired by the lessee and finance income that will be earned in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts: -

	31 March 2023 £'000	31 March 2022 £'000
Finance lease debtor (NPV of minimum lease payments):		
Current	5	7
Non-Current	2	7
Unearned finance income	0	0
Unguaranteed residueal value of property	0	0
Gross investment in the lease	7	14

OTHER NOTES TO THE ACCOUNTS

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Not later than one year	5	7	7	9
later than one year and not later than five years	2	7	3	10
later than five years	0	0	0	0
	7	14	10	19

Operating Leases

The Council owns Investment Properties to the value of £21.813m (2021/22, £21.357m). These properties include industrial units, shops and other miscellaneous properties. The Council leases these properties out and generated rental income of £0.566m during 2022/23, (2021/22, £0.579m) No depreciation is charged on investment properties.

The table below shows the projected income from operating leases as at 31 March 2023:

	31 March 2023 £'000	31 March 2022 £'000
Not later than one year	347	359
later than one year and not later than five years	388	353
later than five years	385	418
	1,120	1,130

Business Centres with a gross book value of £2.814m (£2.346m, 2021/22), accumulated depreciation of £0.000m (£0.000m, 2021/22) and net book value of £2.814m (£2.346m, 2021/22) are also owned by the Council. During 2022/23 lease income of £0.517m (£0.506m, 2021/22) was received from these units.

39 Defined Benefit Pension Schemes

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

OTHER NOTES TO THE ACCOUNTS

Employees of North East Derbyshire District Council are admitted to the Derbyshire County Council Pension Fund (the Fund), which is administered by Derbyshire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The following notes on Pension Contributions do not include detailed figures for the Joint Crematorium.

The Council's Actuary, Hymans Robertson, has taken the approach detailed below to allow for recent legal judgements or otherwise. This has been incorporated into the accounts.

GMP equalisation/indexation treatment

An allowance for full GMP indexation has been included within the closing balance sheet position.

GMP equalisation – historical transfers

It is the actuary's view that this is unlikely to be significant in terms of impact on the pension obligations of a typical employer. As a result no allowance has been made within the calculations.

McCloud treatment

An allowance was made for McCloud in last year's results. No further adjustment has been made within year's results. No specific additional adjustment for McCloud has been added to the current service cost for 2022/23.

Transactions relating to Post-employment Benefits.

The cost of retirement benefits is recognised in the Net Cost of Services within the Comprehensive Income & Expenditure Statement, when they are earned by the employees rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Statement of Movement in the General Fund Balance in the year:

OTHER NOTES TO THE ACCOUNTS

	2022/23 £'000	2021/22 £'000
<u>Comprehensive Income and Expenditure Statement</u>		
<i>Cost of Service</i>		
Current Service cost	5,366	5,479
Past Service Cost	0	0
(Gain)/loss from settlements	0	0
<i>Financing and Investment Income and Expenditure</i>		
Net Interest Expense	1,184	1,186
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Service	6,550	6,665
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Re-measurement of the net defined benefit liability comprising: -		
Return on Plan Assets (excluding the amount included in the net interest expense)	7,014	(6,530)
Actuarial gains and losses arising on changes in demographic assumptions	(2,236)	(1,047)
Actuarial gains and losses arising on changes in financial assumptions	(60,786)	(11,546)
Other (if applicable)	15,952	308
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(40,056)	(18,815)
<u>Movement in Reserves Statement</u>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the code	3,221	3,499
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employers Contributions Payable to Scheme	3,329	3,166

OTHER NOTES TO THE ACCOUNTS

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2022/23 £'000	2021/22 £'000
Present value of the defined benefit obligation	(42,849)	(58,165)
Fair value of plan assets	(3,704)	8,166
Sub-total	(46,553)	(49,999)
Other movement in the liability (asset)	40,539	7,150
Net Total	(6,014)	(42,849)

The following tables analyse the movement in the values of the schemes assets and liabilities.

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	2022/23 £'000	2021/22 £'000
Opening fair value of scheme assets	126,279	118,113
Interest Income	3,397	2,353
<i>Re-measurement gain/(loss):</i>		
The return on plan assets, excluding the amount included in the net interest expense	(6,356)	6,530
The effects of changes in foreign exchange rates	0	0
Employer contributions	3,329	3,166
Contributions from employees into the scheme	736	667
Benefits paid	(4,810)	(4,550)
Closing fair value of scheme assets	122,575	126,279

OTHER NOTES TO THE ACCOUNTS

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

	2022/23	2021/22
	£'000	£'000
Opening balance at 1 April	(169,128)	(176,278)
Current service cost	(5,366)	(5,479)
Interest cost	(4,581)	(3,539)
Contributions from scheme participants	(736)	(667)
Contributions in respect of unfunded benefits	0	0
<i>Re-measurement gain/(loss):</i>		
Actuarial gains/losses arising from changes in demographic assumptions	2,236	1,047
Actuarial gains/losses arising from changes in financial assumptions	60,786	11,546
Other	(16,610)	(308)
Past service cost	0	0
Liabilities assumed on entity combinations	0	0
Benefits Paid	4,810	4,550
Return on assets excluding amounts included in net interest	0	0
Liabilities extinguished in settlements	0	0
Closing Defined Benefit Obligation	<u>(128,589)</u>	<u>(169,128)</u>

Scheme History

	2022/23	2021/22	2020/21	2019/20	2018/19
	£'000	£'000	£'000	£'000	£'000
Present value of liabilities	(128,589)	(169,128)	(176,278)	(138,071)	(159,614)
Fair value of assets	122,575	126,279	118,113	98,291	102,905
Scheme Surplus/(deficit)	(6,014)	(42,849)	(58,165)	(39,780)	(56,709)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £6.014m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

OTHER NOTES TO THE ACCOUNTS

The local government pension scheme's assets comprised of the following:

	2022/23	2021/22
	£'000	£'000
Cash and cash equivalents	3,604	5,675
<i>Equity instruments by industry type:</i>		
Consumer	385	500
Manufacturing	153	321
Energy and utilities	113	159
Financial institutions	154	241
Health and care	213	331
Information technology	254	452
Other	3,588	4,420
Sub-total - Equity	4,860	6,424
<i>Bonds by sector:</i>		
Corporate	15,708	16,435
Government	9,911	10,597
Other	2,039	2,242
Sub-total - Bonds	27,658	29,274
<i>Real estate:</i>		
UK	9,674	9,954
Overseas	0	0
Sub-total - Real Estate	9,674	9,954
<i>Private equity:</i>		
All	5,961	6,062
Sub-total - Private equity	5,961	6,062
<i>Other investment funds:</i>		
Equities	57,621	58,485
Bonds	0	0
Infrastructure	13,197	10,405
Sub-total - Other investment funds	70,818	68,890
Total Assets	122,575	126,279

OTHER NOTES TO THE ACCOUNTS

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 dependant on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The accounts have been prepared on the basis of the actuary's updated IAS19 valuation report dated 18 May 2023. No further adjustment has been made within this year's results for the McCloud judgement. No further adjustment has been made within this year's results for the GMP indexation.

The significant assumptions used by the actuary have been:

	2022/23	2021/22
Long term expected rate of return on assets in the scheme:		
Overall expected return	2.9%	7.5%
Mortality assumptions:		
<i>Longevity at 65 for current pensioners:</i>		
Men	21.0 Yrs	21.1 Yrs
Women	24.0 Yrs	23.8 Yrs
<i>Longevity at 65 for future pensioners:</i>		
Men	21.8 Yrs	22.2 Yrs
Women	25.5 Yrs	25.6 Yrs
Financial Assumptions:		
Rates of CPI inflation	3.00%	3.20%
Rate of increase in salaries	4.00%	3.90%
Rate of increase in pensions	3.00%	3.20%
Rate for discounting scheme liabilities	4.75%	2.70%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis 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 practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

OTHER NOTES TO THE ACCOUNTS

Impact on the defined benefit obligation in the scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
Rate of increase in salaries (increase or decrease by 0.1%)	282	0
Rate of increase in life expectancy (increase or decrease by 1 year)	5,144	0
Rate of increase in pensions (increase or decrease by 0.5%)	1,884	0
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	0	2,138

Within the IAS19 disclosures there is an element of unfunded benefits in respect of early retirement pension costs which amount to £1.256m at 31 March 2023, (2021/22, £1.520m). The Council makes annual payments to the local government pension scheme to cover this amount. In 2022/23 the Council paid £0.102m (2021/22, £0.102m).

The Council's contribution rate for 2022/23 was 13.7% (2021/22 13.7%).

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. A triennial valuation was completed as at 31 March 2022.

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

The authority is anticipated to pay £3.283m expected contributions to the scheme in 2023/24.

OTHER NOTES TO THE ACCOUNTS

40 Contingent Liabilities and Assets

Municipal Mutual Limited (MMI)

The Council's former insurers Municipal Mutual Limited (MMI) ceased its underwriting operations in September 1992 and entered into a Scheme of Arrangement in 1993. The Scheme of Arrangement means that the Council is potentially liable to pay for claims settled by MMI. The Scheme of Arrangement was triggered in 2012/13 with an initial levy set at 15%. The Council paid £0.125m levy in 2012/13. The Council was subsequently notified of a further levy of 10% (£0.084m) which was paid in 2016/17. No further payments have been made in 2022/23 but the liability remains.

The Council has set aside a reserve of £0.195m to cover potential future liabilities as the possibility remains that the Scheme of Arrangement will be triggered again and the Council may be required to meet its liability in full.

41 Interests in Companies

The Council has 100% interest in Rykneld Homes Limited, through the issue of a single £1 investment share, which does not impact on the Balance Sheet. The Balance Sheet includes inter-company balances of £3.305m owed to Rykneld Homes Limited and £0.192m owed by Rykneld Homes Limited.

In 2017/18 the Council entered into a joint venture with Woodhead Regeneration Ltd. Both parties purchased 50% of the shares in Northwood Group Ltd for £0.150m. Parties have equal controlling interests with 2 directors on the board. The driver for creating the company is to stimulate economic growth by delivering housing and commercial developments on Council owned land.

**SUPPLEMENTARY SINGLE ENTITY FINANCIAL
STATEMENTS**

**SUPPLEMENTARY
SINGLE ENTITY
FINANCIAL
STATEMENTS**

2022/23

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

The Housing Revenue Account (HRA) Income and Expenditure Statement details the major sources of income and expenditure relating to the Council's Housing Stock during the year.

2021/22 £'000	2022/23 £'000
Expenditure	
5,181 Repairs and maintenance	5,414
7,212 Supervision and management	8,383
93 Rents, rates, taxes and other charges	111
4,049 Depreciation and impairments of non-current assets	9,144
11 Debt management costs	11
18 Movement in the allowance for bad debt	5
0 Water Litigation liability	0
16,564	23,068
Income	
(31,098) Dwelling rents	(32,180)
(338) Garage rents	(363)
(98) Non-dwelling rents	(96)
(117) Charges for services and facilities	(107)
(50) Contribution towards expenditure	(50)
(31,701)	(32,796)
Net Cost of HRA Services as included in the whole authority Comprehensive Income & Expenditure Account	
	(9,728)
186 HRA share of Corporate and Democratic Core	185
HRA share of other amounts included in the whole authority	
0 Cost of Services but not allocated to specific services	0
(14,951) Net Cost of HRA Services	(9,543)
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement	
2,977 Gain or loss on sale of HRA non current assets	2,218
4,857 Interest payable and similar charges	5,538
(17) Interest receivable and similar income	(1,113)
Income and expenditure in relation to investment properties and	
(1,127) changes in their fair value	(82)
(497) Capital Grants	(854)
(8,758) (Surplus) or deficit for the year on HRA services	(3,836)

MOVEMENT ON THE HRA STATEMENT

Movement on the HRA Statement

2021/22 £'000		2022/23 £'000
(8,758)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(3,836)
11,083	Adjustments between accounting basis and funding basis under statute	5,331
2,325	Net (Increase) or decrease in the HRA Balance before transfers to or from reserves:	1,495
(2,325)	Transfer to or from reserves	(1,495)
0	Increase or Decrease in the year on the HRA	0
(3,000)	Balance on the HRA at the end of the previous year	(3,000)
(3,000)	Balance on the HRA at the end of the current year	(3,000)

Analysis of the adjustments between accounting and funding basis

2021/22 £'000		2022/23 £'000
0	Debt Repayment	0
3,717	Impairment and Revaluation of Assets	(822)
1,128	Change in the fair value of Investment Properties	82
222	Capital Expenditure funded by the HRA Reserves	1,659
(915)	REFCUS	(1,326)
(2,977)	Gain or loss on sale of HRA non-current assets	(2,218)
501	Capital Grants Utilised	388
0	Capital Grants Transfer to Capital Grant Reserve	467
9,408	Transfer to/from the Major Repairs Reserve	7,101
0	Exceptional Item	0
11,084		5,331

NOTES TO THE HOUSING REVENUE ACCOUNT

1 Ring Fenced Housing Revenue Account

Every housing authority is required to keep a Housing Revenue Account in which is recorded the revenue income and expenditure related to the provision of council housing, including land and other buildings, as defined in Schedule 4 of the Local Government and Housing Act 1989.

The provisions of the Local Government and Housing Act 1989 effectively "ring fenced" the Housing Revenue Account as from 1st April 1990. This means that the Housing Revenue Account and General Fund - except in certain specified circumstances – are not allowed to cross subsidise each other.

2 Rent Income

In April 2020 the new Social Housing Rent Standard came into force which is externally regulated by the Housing Regulator and applies to all registered providers of social housing. The Government directed the Social Housing Regulator to apply the rent standard to all registered providers, including local authorities. The Standard confirms that rent increases of up to CPI + 1% for five years will be permitted, commencing April 2020. A rent increase of 4.1% was applied in 2022. A 1.5% voids allowance is built into our rental budgets. Outturn against this was 1.5%.

3 Rent Arrears and Provision for Doubtful Debts

	31 March 2023	31 March 2022
Current tenant arrears	1,202	1,402
Former tenant arrears	380	395
Total HRA rent arrears	1,582	1,797
Expected Credit Losses	(901)	(1,006)
Net HRA rent arrears	681	791

NOTES TO THE HOUSING REVENUE ACCOUNT

4 Non-current Assets

	31 March 2023	31 March 2022
Houses	4,459	4,498
Flats	1,173	1,175
Bungalows	1,876	1,873
Total Housing Dwelling Stock	7,508	7,546
	£'000	£'000
Balance Sheet Value	424,923	402,265

During the year, the Council disposed of 47 dwellings (46 sold through the RTB Scheme and 1 on the open market) and bought 9 council dwellings. Reserved receipts are payable to the Government for houses sold. Usable receipts are available for the Council to finance capital expenditure or repay debt.

	31 March 2023 £'000	31 March 2022 £'000
Operational assets	426	443
Other land and buildings	8,531	5,678
HRA land	5,510	5,473
Surplus assets	0	0
Shared Ownership Properties	1,393	1,429
Total other HRA assets	15,860	13,023

5 Vacant Possession Value

The Council's housing stock is valued in the Balance Sheet based on the existing use value (social housing). The vacant possession value of the Council's housing stock as at 31 March 2023 was £1,011.721m (£957.775m at 31 March 2022). This compares against a value shown in the Balance Sheet as at 31 March 2023 of £424.923m (£402.266m as at 31 March 2022). The difference between the two values takes account of dwellings being occupied by secure tenants, in 2022/23 this is 42% (42%, 2021/22).

NOTES TO THE HOUSING REVENUE ACCOUNT

6 Revaluation/Impairment of HRA Assets

Revaluations and impairment of expenditure charged to HRA Income and Expenditure Statement on Council Dwellings and other HRA assets in the year amounted to a revaluation loss of £0.821m (2021/22 gain of £3.717m). Revaluation gains on HRA Investment Properties was £0.082m in 2022/23 (2021/22, gain of £1.755m). All impairment charges relate to council dwellings.

7 Major Repairs Reserve

	2022/23 £'000	2021/22 £'000
Balance 1 April	2,239	2,174
HRA Depreciation	8,322	7,766
Transfer (to)/from HRA (difference between depreciation and MRA)	7,101	9,408
Amount used to finance capital expenditure	(16,691)	(17,109)
Balance Carried Forward	971	2,239

8 Financing of Capital Expenditure

Capital expenditure associated with the improvement of the Council's housing stock amounted to £19.732m. This expenditure has been financed as follows:

	31 March 2023 £'000	31 March 2022 £'000
Grants received	388	1,546
Major repairs reserve	16,691	17,109
Usable capital receipts	354	512
Prudential borrowing	640	908
HRA capital investment reserve	1,659	221
Total HRA assets	19,732	20,296

NOTES TO THE HOUSING REVENUE ACCOUNT

9 Capital Receipts

	2022/23 Total £'000	2022/23 Pooled £'000	2022/23 Usable £'000	2021/22 Usable £'000
Sale of council houses	3,221	0	3,221	2,472
Sale of other assets	291	0	291	246
Mortgage receipts	0	0	0	1
Total	3,512	0	3,512	2,719

10 Depreciation Charges

	31 March 2023 £'000	31 March 2022 £'000
Housing Dwellings	8,290	7,731
Other Operational Assets	32	35
Total Depreciation	8,322	7,766

Details of how depreciation is calculated can be found within note 10 to the Balance Sheet.

11 Revenue expenditure funded from capital under statute

The Council's Net Cost of HRA Services includes expenditure of £1.326m that is associated with capital projects which did not result in an asset owned by the Council or could be allocated to a specific non-current asset. Of this figure there is £1.003m for work on communal flats, waste disposal and energy performance certificates, £0.158m for parking solutions and £0.165m for other expenditure.

12 Pension Transfer to Rykneld Homes Limited

The Council has agreed to meet the past service deficit attributable to those scheme members that transferred to Rykneld Homes on 1 April 2007. The cost is being paid over a 22 year period commencing in 2008/09. The cost is charged to the HRA on an annual basis. The cost in 2022/23 is £0.803m (2021/22, £0.767m) and the total liability outstanding is £6.753m. This is included within the pension deficit figure shown on the Balance Sheet.

NOTES TO THE HOUSING REVENUE ACCOUNT

13 Rent Rebates

Assistance with rents is available under the Housing Benefits Scheme. Approximately 35.9% of the Council's tenants received some help towards the cost of rent charges in 2022/23 (38.10% for 2021/22).

14 Water Charges Provision

On 29 November 2019 the High Court handed down judgment in the case of *Royal Borough of Kingston upon Thames v Moss (2019)*. This judgment impacts on social housing landlords who resold water and sewage services to its tenants for the purposes of the Water Industry Act 1991 under an agreement. Until 31 March 2018, the Council had such an agreement with Severn Trent Water Authority (STWA). The High Court's decision was subsequently appealed to the Court of Appeal. The judgment of the Court of Appeal in the *Royal Borough of Kingston upon Thames v Moss [2020]* was published on 27th October 2020. The result of that case is that Kingston lost its appeal to the Court of Appeal over the earlier High Court ruling that it overcharged tenants for water. As a result of this judgement it is likely that the Council is bound by the maximum charges provisions of the Water Resale Orders 2001 and 2006, it will have charged tenants sums in excess of the maximum charges and tenants will have a right to recover overpayments of charges. No claims have been received to date. The estimated liability at 31 March 2023 for the refund of these earlier years' charges is a provision of £1.053m and has been included as a provision.

15 HRA Debt Repayment Reserve

The introduction of self-financing to the Housing Revenue Account in 2012 meant the Council had to borrow £127.090m from the Public Works Loans Board to cover the balance of the settlement payment.

The loans of £127.090m were taken out with varying maturity dates ranging from 12 years to 35 years with the final repayment date of the loans being the 2046/47 financial year.

This reserve has been created to meet the repayments of the loans as they become due, if required, and is included in the Balance Sheet within earmarked reserves.

	2022/23 £'000	2021/22 £'000
Balance B/fwd 1st April	(29,160)	(31,700)
Transferred to Reserve in year	0	0
Transferred to HRA from Reserve in year	0	2,540
Repayment of debt from the Reserve in year	0	0
Balance as at 31st March	(29,160)	(29,160)

NOTES TO THE HOUSING REVENUE ACCOUNT

16 Exceptional Item

There are no exceptional items to be disclosed during 2022/23.

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

2021/22			2022/23		
Business Rates £'000	Council Tax £'000	Total £'000	Business Rates £'000	Council Tax £'000	Total £'000
INCOME					
-	(64,933)	(64,933)	-	(67,874)	(67,874)
(15,205)	-	(15,205)	(15,901)	-	(15,901)
(11)	0	(11)	0	0	0
<i>Apportionment of Previous Year Deficit</i>					
(2,642)	0	(2,642)	(2,078)	0	(2,078)
(2,114)	0	(2,114)	(1,663)	0	(1,663)
(476)	0	(476)	(374)	0	(374)
(53)	0	(53)	(41)	0	(41)
(20,501)	(64,933)	(85,434)	(20,057)	(67,874)	(87,931)
EXPENDITURE					
<i>Apportionment of Previous Year Surplus</i>					
0	0	0	0	0	0
0	2	2	0	105	105
0	6	6	0	485	485
0	0	0	0	28	28
-	1	1	-	85	85
0	9	9	0	703	703
Precepts, Demands and Shares					
8,679	0	8,679	8,114	0	8,114
6,943	9,508	16,451	6,492	9,830	16,322
1,562	43,785	45,347	1,461	45,699	47,160
174	2,510	2,684	162	2,593	2,755
-	7,649	7,649	-	8,071	8,071
17,358	63,452	80,810	16,229	66,193	82,422
Charges to Collection Fund					
0	0	0	0	0	0
0	0	0	54	0	54
(320)	514	194	163	781	944
(1,044)	0	(1,044)	(534)	0	(534)
102	0	102	103	0	103
(1,262)	514	(748)	(214)	781	567
(4,405)	(958)	(5,363)	(4,042)	(197)	(4,239)
7,345	304	7,649	2,940	(654)	2,286
2,940	(654)	2,286	(1,102)	(851)	(1,953)

The District Council precept and Council Tax contribution includes Parish Councils' requirements of £3.467m (2021/22 £3.387m).

NOTES TO THE COLLECTION FUND

1 General

The Collection Fund is a 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.

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

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is shown as a separate statement in the Council's Statement of Accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

Council Tax

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For NEDDC, the Council Tax precepting bodies are Derbyshire County Council, the Police and Crime Commissioner for Derbyshire and the Derbyshire Fire Authority.

NNDR

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the District. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The scheme allows the Council to retain a proportion of the total NNDR received. The NEDDC share is 40% with the remainder paid to precepting bodies; Central Government (50% share), Derbyshire County Council (9% share) and Derbyshire Fire Authority (1% share).

The total non domestic rateable value for 2022/23 was £47.400m (£47.500m for 2021/22). The general national non-domestic multiplier for the year was 51.2p (51.2p in 2021/22). The small business non-domestic multiplier for the year was 49.9p (49.9p in 2021/22).

As part of the above scheme, all local authorities were given the opportunity to form a business rates pool. With effect from 1 April 2015, the Council became a member of the Derbyshire Business Rates Pool.

NOTES TO THE COLLECTION FUND

NNDR surpluses or deficits declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions.

2 Council Tax Yield

The Council Tax Base is calculated each year as the estimated Band D equivalent number of dwellings in the Council's area for the year after taking into account any discounts. For 2022/23 the calculation was as follows:

Council Tax Band	2022/23 Number of Band D Equivalents (adjusted for discounts)	2021/22 Number of Band D Equivalents (adjusted for discounts)
	8,241.32	8,198.55
B	6,090.50	6,013.23
C	6,005.04	5,933.02
D	4,698.99	4,606.48
E	3,532.92	3,469.58
F	2,087.84	2,025.56
G	1,311.10	1,306.88
H	111.92	105.07
	32,079.63	31,658.37

3 Business Rates

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office multiplied by a uniform business rate set nationally by Central Government. Prior to March 2013 the total amount due, less certain allowances, was paid to a central pool (the NNDR pool) administered by Central Government, which, in turn, paid to Local Authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. The tariff paid by the Council in 2022/23 was £3.258m

NOTES TO THE COLLECTION FUND

From 1 April 2015, the Council became a member of the Derbyshire Pool. Under its accounting arrangements, the Council pays a levy to the pool and receives a redistribution of growth back from the pool at the end of each financial year. The levy payable in 2022/23 was £1.210m.

In addition to the local management of business rates, authorities are expected to meet their share of the cost of appeals made in respect of rateable values as defined by the Valuation Office. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares.

4 Breakdown of Collection Fund (Surplus) /Deficit

At 31st March 2023 there was a surplus on the Collection Fund amounting to £1.953m (2021/22 deficit £2.286m). The breakdown of this figure between the preceptors and NEDDC is:

Council Tax	Business Rates		Council Tax	Business Rates
31 March 2022	31 March 2022		31 March 2023	31st March 2023
£'000	£'000		£'000	£'000
(97)	1,176	North East Derbyshire District Council	(125)	(441)
(451)	265	Derbyshire County Council	(587)	(99)
(80)	-	- Derbyshire Police & Crime Commissioner	(105)	-
(26)	29	Fire Authority	(34)	(11)
-	1,470	Central Government	-	(551)
<u>(654)</u>	<u>2,940</u>		<u>(851)</u>	<u>(1,102)</u>

These amounts are included in the Balance Sheet and will be paid to the preceptors in 2023/24 and future years.

GROUP ACCOUNTS

GROUP ACCOUNTS

2022/23

GROUP MOVEMENT IN RESERVES STATEMENT

2022/23	NEDDC Usable Reserves £'000	NEDDC Unusable Reserves £'000	Total NEDDC Reserves £'000	RHL Reserves £'000	Total Group Reserves £'000
Balance at 31 March 2022	66,216	245,240	311,456	(1,650)	309,806
Movement in Reserves during 2022/23:					
Total Comprehensive Income and Expenditure	8,373	63,019	71,392	11,876	83,268
Adjustments from I&E charged under the accounting basis to the funding basis under regulation	(4,695)	4,695	0	0	0
Increase or (decrease) in 2022/23	3,678	67,714	71,392	11,876	83,268
Balance at 31 March 2023	69,894	312,954	382,848	10,226	393,074

GROUP MOVEMENT IN RESERVES STATEMENT

2021/22	NEDDC Usable Reserves £'000	NEDDC Unusable Reserves £'000	Total NEDDC Reserves £'000	RHL Reserves £'000	Total Group Reserves £'000
Balance at 31 March 2021	69,412	175,326	244,738	(10,305)	234,433
Movement in Reserves during 2021/22:					
Total Comprehensive Income and Expenditure	11,128	55,590	66,718	8,655	75,373
Adjustments from I&E charged under the accounting basis to the funding basis under regulation	(14,324)	14,324	0	0	0
Increase or (decrease) in 2021/22	(3,196)	69,914	66,718	8,655	75,373
Balance at 31 March 2022	66,216	245,240	311,456	(1,650)	309,806

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2021/22 Restated			2022/23			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
29,044	(25,336)	3,708	Finance & Resources Directorate	23,325	(20,613)	2,712
16,503	(8,436)	8,067	Organisation & Place Directorate	14,827	(5,932)	8,895
2,660	(5,603)	(2,943)	Growth & Assets Directorate	11,490	(13,709)	(2,219)
48,207	(39,375)	8,832	Cost Of General Fund Services	49,642	(40,254)	9,388
7,035	(30,848)	(23,813)	Housing Revenue Account	12,850	(31,989)	(19,139)
0	0	0	HRA Exceptional Item	0	0	0
9,946	(1,020)	8,926	Operating Costs of Rykneld Homes	12,068	(1,207)	10,861
65,188	(71,243)	(6,055)	Cost of All Services	74,560	(73,450)	1,110
		8,839	Other Operating Expenditure			5,611
		4,173	Financing and Investment Income and Expenditure			5,365
		0	Surplus or Deficit of Discontinued Operations			0
		(15,776)	Taxation and Non-Specific Grant Income			(17,969)
		(8,819)	(Surplus) or Deficit on Provision of Services			(5,883)
		(38,366)	(Surplus) or Deficit on Revaluation of Fixed Assets			(23,519)
		0	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets			0
		(28,188)	Actuarial (Gains)/Losses on Pension Assets/Liabilities			(53,866)
		(66,554)	Other Comprehensive Income and Expenditure			(77,385)
		(75,373)	Total Comprehensive Income and Expenditure			(83,268)

GROUP BALANCE SHEET

31 March 2022 £'000	Note	31 March 2023 £'000
462,547	Property, Plant & Equipment	492,600
62	Heritage Assets	62
21,357	Investment Property	21,812
92	Intangible Assets	63
12,238	Long Term Debtors	15,461
496,296	Long Term Assets	529,998
0	Assets Held for Sale	0
175	Inventories	170
7,623	Short Term Debtors	10,214
40,239	Cash and Cash Equivalents	27,047
48,037	Current Assets	37,431
0	Cash and Cash Equivalents	0
(154)	Short Term Borrowing	(4,156)
(21,868)	Short Term Creditors	(11,488)
(1,053)	Provisions (short term)	(1,052)
(23,075)	Current Liabilities	(16,696)
0	Long Term Creditors	0
(1,081)	Provisions	(867)
(153,687)	Long Term Borrowing	(149,311)
(56,684)	Other Long Term Liabilities	(7,481)
(211,452)	Long Term Liabilities	(157,659)
309,806	Net Assets	393,074
(67,028)	Usable Reserves	(70,360)
(242,778)	Unusable Reserves	(322,714)
(309,806)	Total Reserves	(393,074)

GROUP CASH FLOW STATEMENT

2021/22 £'000	2022/23 £'000
8,819	5,883
Net (surplus) or deficit on the provision of services	
23,751	13,636
Adjustment to surplus or deficit on the provision of services for noncash movements	
(28,574)	(31,304)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	
3,996	(11,785)
Net Cash flows from operating activities	
2,230	(864)
Investing Activities	
(2,453)	(543)
Financing Activities	
3,773	(13,192)
Net (increase) or decrease in cash and cash equivalents	
36,466	40,239
Cash and cash equivalents at the beginning of the reporting period	
<u>40,239</u>	<u>27,047</u>
Cash and cash equivalents at the end of the reporting period	

NOTES TO THE GROUP ACCOUNTS

1 Rykneld Homes Limited

North East Derbyshire District Council (NEDDC) set up a wholly owned subsidiary company, Rykneld Homes Limited (RHL), on 1 April 2007 to manage its housing stock. The Company was established as an Arms Length Management Organisation (ALMO) in accordance with a Government policy initiative for local authority housing management.

NEDDC pay Rykneld Homes Limited an agreed management fee to undertake the management and maintenance of 7,508 Council owned homes in North East Derbyshire. NEDDC is the only shareholder but it allows Rykneld Homes Limited to operate independently on day to day matters. Four representatives of the Council sit on the Board of Rykneld Homes Limited as Council nominees.

Within the group accounts the setting up of a subsidiary is treated as an acquisition (IAS 27). To avoid overstating the figures within the group financial statements, all transactions and balances between members of the group (the Council and its subsidiary) have been eliminated. As NEDDC set up Rykneld Homes Limited as a subsidiary there was no consideration paid for the company. All set up costs have been paid for by NEDDC and there were no assets acquired or transferred between the two organisations.

2 Accounting Policies

The Accounting Policies of the two organisations have been examined for any fundamental differences that may impact on the treatment of the group accounts. The accounting policies used to produce the financial statements of Rykneld Homes Limited only differ slightly from those utilised by North East Derbyshire. The need to revalue assets is not part of the accounting policies of Rykneld Homes Limited and as such North East Derbyshire have revalued the properties so they reflect the accounting policies of the parent company. This is done as the difference in policy has a material impact upon the Group Accounts produced above.

3 Retained Surplus / Deficit

In 2022/23 Rykneld Homes Limited made a loss of £2.489m (2021/22 loss of £2.309m).

4 Post Consolidation Adjustment

There are no post consolidation adjustments during the current financial year.

5 Pensions

Employees of North East Derbyshire District Council and Rykneld Homes Limited are admitted to the Derbyshire County Council pension fund which is administered under the regulations governing Local Government Pension Schemes.

The following transactions have been made in the group Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement in the year.

[*North East Derbyshire District Council Statement of Accounts 2022/23*](#)

NOTES TO THE GROUP ACCOUNTS

	2022/23 £'000	2021/22 £'000
Comprehensive Income and Expenditure Statement		
<i>Cost of Service</i>		
Current Service cost	8,306	8,440
Past Service Cost	36	4
(Gain)/loss from settlements	0	0
<i>Financing and Investment Income and Expenditure</i>		
Net Interest Expense	1,523	1,579
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Service	9,865	10,023
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Re-measurement of the net defined benefit liability comprising: -		
Return on Plan Assets (excluding the amount included in the net interest expense)	10,615	(9,864)
Actuarial gains and losses arising on changes in demographic assumptions	(3,481)	(1,519)
Actuarial gains and losses arising on changes in financial assumptions	(88,966)	(17,265)
Other (if applicable)	27,966	460
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(53,866)	(28,188)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	2022/23 £'000	2021/22 £'000
Opening fair value of scheme assets	190,920	178,275
Interest Income	5,141	3,555
<i>Re-measurement gain/(loss):</i>		
The return on plan assets, excluding the amount included in the net interest expense	(9,957)	9,864
The effects of changes in foreign exchange rates	0	0
Employer contributions	4,501	4,181
Contributions from employees into the scheme	1,157	1,053
Benefits paid	(6,404)	(6,008)
Other	(10,372)	0
Closing fair value of scheme assets	174,986	190,920

NOTES TO THE GROUP ACCOUNTS

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

	2022/23 £'000	2021/22 £'000
Opening balance at 1 April	(245,436)	(255,137)
Current service cost	(8,306)	(8,440)
Interest cost	(6,664)	(5,134)
Contributions from scheme participants	(1,157)	(1,053)
Contributions in respect of unfunded benefits	0	0
<i>Re-measurement gain/(loss):</i>		
Actuarial gains/losses arising from changes in demographic assumptions	3,481	1,519
Actuarial gains/losses arising from changes in financial assumptions	88,966	17,265
Other	(18,252)	(460)
Past service cost	(36)	(4)
Losses/(gains) on curtailment	0	0
Liabilities assumed on entity combinations	0	0
Benefits Paid	6,404	6,008
Return on assets excluding amounts included in net interest	0	0
Liabilities extinguished in settlements	0	0
Closing Defined Benefit Obligation	(181,000)	(245,436)

Scheme History

	2022/23 £'000	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000
Present value of liabilities	(181,000)	(245,436)	(255,137)	(197,227)	(224,995)
Fair value of assets	174,986	190,920	178,275	147,983	154,279
Scheme Surplus/(deficit)	(6,014)	(54,516)	(76,862)	(49,244)	(70,716)

The basis for estimating assets and liabilities for the group is the same as for North East Derbyshire District Council, as detailed in note 39 to the single entity financial statements.

6 Related Party Transactions

North East Derbyshire District Council paid Rykneld Homes Limited a total amount of £29.774m (2021/22, £29.294m) made up of net management fee of £10.398m (2021/22, £9.715m) to undertake the management and maintenance function of the Council's housing stock, the Council made 0 loans to Rykneld Homes Limited during 2022/23 for £0.000m (2021/22, £0.184m), other transactions amounting to £0.766m (2021/22, £0.363m) and £18.610m (2021/22, £19.032m) for capital works to the Council's housing stock.

NOTES TO THE GROUP ACCOUNTS

Rykneld Homes Limited purchased goods and services from the Council to the value of £2.153m (2021/22 £2.935m).

7 Inter-organisation Balances

The Group Accounts require that inter-organisation balances be removed. The table below shows the reconciliation of inter organisation debtors and creditors for 2022/23.

	NEDDC Balance Sheet £'000	RHL Balance Sheet £'000	NEDDC IOB £'000	RHL IOB £'000	Total £'000
Short Term Debtors	10,206	3,510	(5)	(3,497)	10,214
Short Term Creditors	(11,554)	(3,436)	3,497	5	(11,488)
	<u>(1,348)</u>	<u>74</u>	<u>3,492</u>	<u>(3,492)</u>	<u>(1,274)</u>

At 31 March 2023, Rykneld Homes Limited owed the Council £0.192m for goods and services received while the Council owed Rykneld Homes Limited £3.305m for goods and services received. The majority of this is in relation to the capital programme.

8 The Statement of Accounts for Rykneld Homes Limited can be obtained from

Rykneld Homes Limited
Pioneer House
Mill Lane
Wingerworth
Chesterfield
Derbyshire
S42 6NT

GLOSSARY

ACCRUAL

A sum included in the Final Accounts attributable to the year but for which payment has yet to be made or income received. Accruals are made for revenue and capital expenditure and income.

ASSET

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

AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

BILLING AUTHORITY

A local authority that has the power to set and collect council tax.

BUDGET

The spending plans of the Authority over a specific period of time - generally the financial year, 1st April to 31 March.

CAPITAL CHARGES

A charge to service revenue accounts to reflect the cost of using fixed assets in the provision of services.

CAPITAL EXPENDITURE

Expenditure to acquire or enhance fixed assets that will be used to provide services beyond the current financial year.

CAPITAL FINANCING

The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure, including borrowing, leasing, using capital receipts, grants or contributions from third parties, or direct from revenue budgets.

CAPITAL PROGRAMME

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

GLOSSARY

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. A proportion of capital receipts can be used to finance new capital expenditure, within rules set down by the Government, but they cannot be used for revenue purposes.

CODE

The Code refers to the Code of Practice on Local Authority Accounting. The way in which the statement of accounts is produced is outlined within the Code.

COLLECTION FUND

A separate fund to record the expenditure and income relating to council tax, non-domestic rates and residual community charges.

COMMUNITY ASSETS

Assets that the Authority intends to hold in perpetuity, or that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are paintings and civic regalia.

CONSISTENCY

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

CONTINGENT LIABILITY

Potential losses from a future event where a liability may exist.

COUNCIL TAX

The local tax that pays for a proportion of council services.

COUNCIL TAX BENEFIT

Help provided to people on low incomes to assist them to pay their council tax bills.

CREDITOR

Amounts owed by the Council for works done, goods received or services rendered before the end of the accounting period but for which payments had not been made by the end of that period.

CURRENT EXPENDITURE

This is the general term for “running costs” including employee costs and running expenses but not debt charges.

GLOSSARY

DEBTOR

Amounts due to the Council for works done, goods received or services rendered before the end of the accounting period but for which payments had not been received by the end of that period.

DEFINED BENEFIT SCHEME

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

(A defined contribution scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits)

DEPRECIATION

The loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

FINANCIAL REPORTING STANDARD (FRS) AND STATEMENTS OF STANDARD ACCOUNTING PRACTICES (SSAP)

These cover particular aspects of accounting practice, and set out the correct accounting treatment – for example, of depreciation. FRS's are issued by, and SSAP's have been adopted by, the Accounting Standards Board.

GENERAL FUND

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

GOVERNMENT GRANTS

Grants made by the Government towards either revenue or capital expenditure to support the cost of the provision of local authority services. These grants may be specifically towards the cost of particular schemes or to support the general revenue spending of the Authority (Revenue Support Grant).

HOUSING ADVANCES

Loans made by an authority to individuals or Housing Associations towards the cost of acquiring, constructing or improving dwellings. Loans made to individuals are termed mortgages.

GLOSSARY

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by local authorities and subsidised by Central Government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account, that includes all the expenditure and income arising from the provision of council housing by the Authority.

IFRS

IFRS refers to the International Financial Reporting Standards by which the Council must comply with when producing the statement of accounts.

IMPAIRMENT

In accordance with FRS11, Impairment of Fixed Assets and Goodwill, impairment is a permanent decrease in the recoverable amount of a fixed asset below its carrying amount. The 'recoverable amount' is the higher of:

- net realisable value [disposal proceeds less direct selling costs];
- value in use — the present value of the future cash flows obtainable as a result of the continued use of the asset, including its ultimate disposal.

INCOME

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

INFRASTRUCTURE ASSETS

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

LIABILITY

An amount owed by the Authority, which will be paid at some time in the future.

MAJOR REPAIRS ALLOWANCE (MRA)

The major repairs allowance forms part of the housing subsidy calculation. It is an allowance given to the Council based on the number of dwellings to finance capital expenditure on council dwellings.

MAJOR REPAIRS RESERVE (MRR)

The major repairs reserve is where the major repairs allowances transactions are processed and any balance carried forward.

GLOSSARY

MINIMUM REVENUE PROVISION (MRP)

The minimum revenue provision is the amount of debt repayment made based on the life of the asset.

NON-DOMESTIC RATE (NDR)

The Non-Domestic Rate is a standard rate in the pound set by the Government on the assessed rateable value of business properties.

NON-OPERATIONAL ASSETS

Fixed assets held by the Authority, but not directly occupied or used in the delivery of services. Examples are investment properties, or assets that are surplus to requirements, pending sale or redevelopment.

OPERATING LEASE

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

OPERATIONAL ASSETS

Fixed assets held by the Authority and directly occupied or used in the delivery of its services.

PRECEPT

The levy made by precepting authorities on billing authorities. Derbyshire County Council, Derbyshire Fire Authority and Derbyshire Police Authority levy a precept on the District Council.

PROVISION

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. Provisions are required to be recognised when:

- the Authority has a present obligation (legal or constructive) as a result of a past event
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision should be the best estimate taking into account the risks and uncertainties surrounding the events and should be regularly reviewed.

PRUDENCE

The concept that revenue is not anticipated but recognised only when realised or reasonably certain to be realised.

GLOSSARY

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government agency, which provides loans for one year and above to local authorities at interest rates only slightly higher than those at which the Government itself can borrow.

RATEABLE VALUE

The annual assumed rental value of a property, which is used for business rate purposes.

REFFCUS (Revenue expenditure funded from capital under statute)

Capital expenditure which is of benefit beyond the current accounting period, but which does not result in a tangible fixed asset to the Authority. An example of a deferred charge would be capital expenditure on improvement grants.

RESERVES

Surpluses and deficits which have been accumulated over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the Fixed Asset Restatement Reserve cannot be used to meet current expenditure.

REVENUE ACCOUNT

The main account of the Authority into which grants and other income is paid and from which the cost of providing services is met.

REVENUE EXPENDITURE

The day to day expenses of providing services.

REVENUE SUPPORT GRANT (RSG)

A grant paid by Central Government to authorities, contributing towards the cost of services.

STATEMENT OF RECOMMENDED PRACTICE (SORP)

The SORP, issued by CIPFA in accordance with the Accounting Standards Board, governs the way local authorities must produce their financial statements and report their spending and income.

STOCKS

Comprise the following categories: goods and other assets purchased for resale; consumable stores; long term contract balances and finished goods.

GLOSSARY

TEMPORARY LOAN

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Council for such purposes as charities and specific projects.

AUDITOR'S REPORT

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Introduction

The Council sets out our vision in the Council Plan for the period 2019-2023:

North East Derbyshire is:

- ***Clean and attractive***
- ***A place where people are proud to live and work***
- ***A place where people will prosper***
- ***A place where people will feel safe, happy and healthy***

The Council's core business is to provide good quality services fit for the 21st Century. We will do this by transforming our services whilst ensuring our residents receive value for money for the council tax they pay.

This Annual Governance Statement reviews arrangements in place for the financial year 2022/23. The services and projects which the Council has delivered during the course of the year, are linked to our strategic objectives and plans for the future, alongside monitoring current performance and risks. One of the key priorities and risks this year has been managing the impact of the rising cost of living on both the Council and the wider community.

The Annual Governance Statement

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

This Statement explains how the Council has complied with the code for the year ended 31 March 2023 and also meets the requirements of Accounts and Audit Regulations 2015 (as amended).

The Scope of the Council's Responsibility

North East Derbyshire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and for facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

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The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled, together with those activities through which it accounts to, engages with and leads the local community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework

The Governance Framework identifies the assurance needed to meet the Council's Strategic objectives and how this assurance is achieved. It also identifies areas that require improvement (detailed below in Significant Governance Issues).

Assurance Required:	Source of Assurance:	Assurance Received:
<ul style="list-style-type: none">• Delivery of Council Plan• Communication of Performance• Financial Management including compliance with CIPFA's Financial Management Code• Value for Money• Effective action against service failure• Members and Officers working effectively together• High standards• Transparency• Risk Management• Public Accountability• High ethical standards from members and officers•	<ul style="list-style-type: none">• Constitution• Senior Management Team• MTFP• Financial Regulations• Procurement rules• Organisational Development Strategy• Information Management Strategy• ICT & Digital Strategy• Health & Safety Policy• Risk Management Policy• Internal and External Audit• Audit/Scrutiny Committees• Standards Committees• Member/Officer Code of Conduct	<ul style="list-style-type: none">• Statement of Accounts• External Audit• Internal Audit• Risk Registers• Scrutiny Reviews• Annual Review of Constitution• Audit Committee reviews• Service reviews• External Assurance and advice• Standards Committee monitoring and review and advice

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The Council Plan

The Council Plan was launched in the summer of 2019 with a vision for North East Derbyshire as “*a place that is clean and attractive, a place where people are proud to live and work, a place where people will prosper and a place where people will feel safe, happy and healthy*”.

Our values are:

- ***To be honest, open and accountable***
- ***To treat everyone fairly and with respect***
- ***To listen, involve and respond***
- ***To embrace change and innovation***

Our Aims are:

- ***Enhancing our residents’ quality of life***
- ***Protecting and promoting the character of our District***
- ***Delivering high quality cost effective services by engaging with our residents, our partners and our staff***
- ***Growing our local economy and being a business friendly district.***

Performance Management

We perform regular monitoring and reporting in line with the Council Plan and ensure that we are transparent with the key performance measures we put in place. Each year we undertake to review our delivery through the Council’s performance management framework against the plan and report these findings.

As detailed above, the Council has four strategic aims designed to deliver this vision through priorities that cover the life of the Council Plan.

The successful achievement of the Council’s agreed priorities and targets is key to both ensuring effective delivery of services to local residents, whilst providing a sustainable future for the Council.

We also monitor the performance of the companies that we own and/or have an interest in. The Council has a 50% stakeholder interest in Northwood Group Limited, who build residential properties for sale in the district. The Council is

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represented on the Board by both a Director and an elected member and regular meetings are held to monitor performance and scrutinise governance, with both the Council's S151 Officer and Monitoring Officer in attendance. The Council also has a wholly owned subsidiary, Rykneld Homes Ltd, who manage the Council's housing stock under a management agreement. Again regular monitoring meetings are held, attended by senior officers from both organisations as well as the Chair of Rykneld Homes' board and representatives from the Council's Cabinet.

Risk

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

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

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

Although the Council can do much to manage the risks it faces, it does need to be recognised that some of the major Strategic Risks are only partially within its direct influence. Key risks included in the Strategic Risk Register at the end of the reporting period (31 March 2023) are:

- *National Funding, Priorities, Policy or Regulatory change which affects the Council area and impacts upon the business of the Council negatively.*
- *Failure to deliver a balanced budget.*
- *Operational service failure which has a major impact upon the Council as a whole or significant impact upon the local community*
- *Emergency Planning and Business Continuity arrangements fail to meet required standards when tested by incidents such as pandemic, natural disaster, a loss of*

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data / systems which results in the inability to provide core services and potential reputational damage.

- *Difficulty in recruiting to key posts or in replacing key staff who leave.*
- *Delivery of major initiatives and key projects whilst implementing a range of new government reforms against a backdrop of challenging financial targets and maintaining service quality*
- *Ineffective engagement with local communities and stakeholders including Parish Councils and other local partners*
- *Ineffective 'Good Governance' arrangements including; Performance, Finance and Risk Management.*
- *Staff morale / sickness levels adversely affected as a result of the pace of change, tightening financial circumstances or external circumstances.*
- *Failure to have in place robust, comprehensive and up to date policies and procedures for safeguarding children and vulnerable adults.*
- *Cyber security attack which severely impacts ICT systems and data. E.g. Ransomware attack rendering access to ICT unavailable for some time.*
- *Meeting the challenge and impact upon the organisation in its environment of Climate Change.*
- *Impact on the organisation and its communities of rising cost of living.*
- *Impact of Asylum Dispersal Area Status now it is no longer voluntary for LA's to decide.*
- *Devolution and County Deals*
- *Refusals of planning consent being issued based on non-evidenced decisions*
- *Risks associated with the Company's development joint venture, Northwood Group Ltd, following the collapse of the main contractor.*
- *Threat to recruitment and retention of senior officers.*

Decision making

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The Council consists of 53 elected members with a Cabinet of lead members who are supported by scrutiny committees. The Council has a formal Constitution in place which sets out how it operates, how decisions are made and the procedures for ensuring that the organisation is efficient, transparent and accountable to local people. It contains the basic rules that govern the Council's business and a section on responsibility for functions which may be exercised by officers. It also contains the rules, protocols and codes of practice under which the Council, its members and officers operate.

Following a period of considerable change over recent years, there has been the opportunity over the past year to build stability through the senior management team and embed the collaborative leadership and "one team" ethos throughout.

The Constitution is available on the Council's website and is reviewed annually through the Standards Committee and Annual Council. The Constitution sets out the functions of key governance officers, including statutory posts of *Head of Paid Service* (Managing Director), *Monitoring Officer* (Assistant Director of Corporate Governance and Solicitor to the Council) and *Section 151 Officer* (Director of Finance and Resources) and explains the role of these officers in ensuring that processes are in place for enabling the Council to meet its statutory obligations and also for providing advice to members, officers and committees on staff management, financial, legal and ethical governance issues.

The Council is also the Accountable Body for the Clay Cross Town Deal. The Clay Cross Town Board has been awarded £24.1m to shape and deliver a programme of investment in the Town due for completion by 2026.

Compliance with the Financial Management Code

CIPFA's Financial Management Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The code focuses on value for money, governance and financial management styles, financial resilience and financial sustainability. It identifies the risks to financial sustainability and introduces an overarching framework of assurance which builds on existing financial management good practice. The Code is structured around seven areas of focus:

- The Responsibilities of the Chief Finance Officer and Leadership team
- Governance and Financial Management style
- Medium to Long-term Financial Management
- The Annual Budget
- Stakeholder Engagement and Business Cases
- Financial Performance Monitoring
- External Financial Reporting

Demonstrating compliance with the Code is a collective responsibility of the Elected Members, the Chief Finance Officer and the Senior Management Team. In doing this the statutory role of the Section 151 Officer will not only be recognised but also

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supported, to achieve the combination of leadership roles essential for good financial management.

The Internal Audit team regularly audit compliance and in the most recent audit concluded that the Council has substantial compliance with the Code requirements. A benchmarking methodology is used to demonstrate the Council's financial resilience which is reported to the Audit Committee. The benchmarking results continue to show that the Council's revenue and capital health is healthy, with sufficient revenue reserves to cover net expenditure requirements and a CFR that is in proportion to asset values. The real risk to financial resilience comes from the current national funding assessment, and whilst business rates growth generates income to assist, the Council's low taxbase limits the ability to generate additional income through council tax which is a major income source in the current funding regime.

The Chief Financial Officer remains responsible for the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972. Our financial management arrangements are compliant with the governance requirements set out in the Chartered Institute of Public Finance and Accountancy's "*Statement on the Role of the Chief Financial Officer in Local Government (2016)*" The Council's Chief Financial Officer is a qualified finance professional, a full member of the Senior Management Team and is supported by appropriately qualified and experienced staff.

Managing Information

Information is central to the Council and we recognise that we have a responsibility to safeguard the information we hold and to manage it with care and accountability.

The Council complies with the Transparency Agenda, Freedom of Information obligations and the requirements of the General Data Protection Regulations (GDPR) regarding the collection, use and transfer of personal data with an appropriately qualified and experienced Data Protection Officer in post.

Assurance from Audit

The Council's external auditor is Mazars LLP. In accordance with their statutory requirements, their annual audit includes examining and certifying whether the financial statements are "true and fair" and assessing our arrangements for securing value for money in the use of resources. In 2022, Mazars LLP gave an unqualified audit opinion on both the financial statements and the use of resources.

The Council's Internal Audit function is provided on a consortium basis and is independently managed by the Head of the Internal Audit Consortium. Internal Audit Service is a key means of assurance. It is responsible for reviewing the adequacy of the controls throughout all areas of the Council and is compliant with the Public Sector Internal Audit Standards. The Internal Audit function meets the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019)

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The Head of the Internal Audit Consortium is responsible for the delivery of an annual audit opinion that can be used by the Council to inform its governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of Governance, risk management and control.

The Head of the Internal Audit Consortium concludes:

“In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2022/23. Sufficient work has been completed and assurances ascertained to be able to provide an unlimited opinion on the systems of governance, risk management and control in place.

Assurance can never be absolute. In this context “reasonable assurance” means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas where improvements are required.

As well as internal audit work assurance has also been gained from previous years' work, the work of the risk management group, PSN compliance, external audit and compliance with the Code of Corporate Governance.

Overall, 100% of the areas audited received Substantial or Reasonable Assurance demonstrating that there are effective systems of governance, risk management and control in place.”

The Role of the Audit Committee

The Audit and Corporate Governance Scrutiny Committee carries out the functions of an Audit Committee at the Council. The Committee provides independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment. It is a statutory requirement and comprises 9 members appointed annually on a politically balanced basis by the Council. Its main functions include:

- *Agreeing the Annual Governance Statement and the Annual Statement of Accounts*
- *Overseeing Internal Audit's independence, objectivity, performance and professionalism and supporting their effectiveness*
- *Considering the effectiveness of risk management including risks of fraud, bribery and corruption*
- *Considering the reports of external auditors and inspectors*

The effectiveness of the committee is reviewed annually utilising CIPFA's self-assessment of good practice, specifically aimed at Audit Committees.

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Conduct

Our codes of conduct for members and employees clearly set out the standards and behaviour required. They are regularly reviewed and updated as required and both members and staff are periodically reminded of the requirements.

These include the need for members to register personal interests and the requirements for employees and members concerning gifts and hospitality, outside commitments and personal interests.

Whistleblowing

People who work for or with the Council are often the first to realise that there may be something wrong within. However, they may feel unable to express their concerns for various reasons, including the fear of victimisation. The Council has a Whistleblowing Policy that advises staff and others who work for us how to raise concerns about activities in the workplace. This is reviewed annually by the Standards Committee who also consider any entries on the whistleblowing register for the preceding 12 months. A copy of the policy can be found on the Council's website.

Anti-Fraud and Corruption

We recognise that as well as causing financial loss, fraud and corruption also detrimentally impact on service provision and morale and undermine confidence in the Council's governance arrangements and that of public bodies generally.

There is little evidence that the incidence of fraud is a major issue for the Council but the risk is increasing nationally. The Council has a zero tolerance approach to Anti-Fraud and Corruption.

Significant Governance Issues

The progress made during 2022/23 on the significant issues identified in the 2021/22 Annual Governance Statement is shown below:

Issue Identified	Mitigation
<p>Pressure on the Council's Budget.</p> <p>Efficiencies of £4.6m need to be identified by March 2026 as identified in the Medium Term Financial Plan (MTFP). The impact of the funding settlement will have a significant bearing on this in future years.</p>	<p>The Council has a track record of achieving savings. Further delays to the Government's funding and business rates reviews also aids the position however it should be recognised that these delays do make medium term financial planning more challenging.</p>

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	<p>The Council has a well-established culture of working to identify and implement both income generating and service redesign opportunities. Progress is regularly reviewed and reported by senior management, Cabinet and Scrutiny.</p>
<p>Planning Approvals</p> <p>Refusals of planning consent being issued based on non-evidenced decisions and not based on material planning considerations with potential for financial and reputational loss.</p>	<p>Routine training for decision makers on the Planning Committee, professional planning and legal representatives at meetings to offer advice and assistance.</p>
<p>Difficulty in recruiting to key roles</p> <p>The Council is experiencing some difficulties in recruiting to key posts across the organisation potentially leading to deteriorating service delivery, reduction in key controls and increased pressure on existing staff</p>	<p>A number of measures including applications by CV, standardised recruitment packs and use of social media for advertising have been introduced alongside promotion of opportunities to work from home where the role allows.</p> <p>More detailed workforce planning to build resilience is being introduced along with the innovative Talent Pipeline recruitment scheme.</p>
<p>Cost of Living Increases</p> <p>The pressure the current cost of living price increases are placing on both the Council as an organisation and the wider community.</p>	<p>Detailed data collection and analysis has aided forecasting in key risk areas such as energy costs. Utilisation of the Resilience Reserve to fund short term pressures has also helped.</p> <p>Proactive communications and signposting initiatives for the community alongside delivery of grants for energy support</p>
<p>Cyber Security</p> <p>To keep under review the arrangements in place to manage the</p>	<p>A review of arrangements has been undertaken and reported to the Joint ICT partners. This includes increasing</p>

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increased risk of cyber security attacks.	resilience in the ICT team, incorporating a lead officer who is a member of the Senior Management Team to take responsibility for risks and strategic decision making. Work is underway to work with a team of specialists in this area to health check, train and provide advice on increased risk areas.
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Based on our review of the Governance Framework, the following issues will be addressed in 2023/24:

Issue Identified
<p>Pressure on the Council's Budget.</p> <p>Efficiencies of £m need to be identified by March 2027 as identified in the Medium Term Financial Plan (MTFP). The impact of the funding settlement will have a significant bearing on this in future years.</p>
<p>Planning Approvals</p> <p>Refusals of planning consent being issued based on non-evidenced and not based on material planning considerations decisions with potential for financial and reputational loss.</p>
<p>Difficulty in recruiting to key roles including senior officers</p> <p>The Council continues to experience difficulties in recruiting to key posts including senior officer roles, across the organisation potentially leading to deteriorating service delivery, reduction in key controls and increased pressure on existing staff.</p>
<p>Cyber Security</p> <p>To keep under review the arrangements in place to manage the increased risk of cyber security attacks.</p>
<p>Governance Arrangements for Council owned companies</p> <p>Following the collapse of the main contractor, the risks associated with the Company's development joint venture Northwood Group Ltd need to be kept under close scrutiny.</p> <p>The expectations of the new regulatory environment for social housing landlords from April 2023 hold the Council directly to account for how tenants' homes are managed and the governance and assurance systems need review to ensure they robustly demonstrate this.</p>

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These issues will be monitored during 2023/24 and reported to senior management and to the Audit Committee. No other major changes to the Council's governance framework are planned at this time, but we will continue to review and adapt it to ensure that the Framework remains proportionate to the risks that are faced.

Opinion

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Cabinet and the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas identified for improvement form part of the Annual Governance Statement action plan. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.



Lee Hickin
Managing Director
(Head of Paid Service)

Cllr Nigel Barker
Leader of the Council