

# Statement of Accounts 2021/22





# Contents

<b>1</b>	<b>Narrative Report</b>	
	Overview of Nottingham City Council	3
	Financial Strategy and Performance	8
	Explanation of Accounting Statements for 2021/22	15
	Post Balance Sheet Update as at April 2024	18
<b>2</b>	<b>Statement of Responsibilities</b>	21
<b>3</b>	<b>Core Financial Statements</b>	
	Comprehensive Income and Expenditure Statement (CIES)	23
	Balance Sheet	24
	Movement in Reserves Statement (MIRS)	25
	Cash Flow Statement	27
<b>4</b>	<b>Notes to the Financial Statements (see over for details)</b>	
	Accounting Policies	28
	Expenditure and Funding Analysis (EFA) and Notes	45
	Comprehensive Income and Expenditure Statement Notes	53
	Balance Sheet Notes	60
	Movement in Reserves Statement Notes	85
	Cash Flow Statement Notes	90
	Other Notes	93
	Accounting Standards issued but not adopted	116
	Critical Judgements in applying Accounting Policies	116
	Assumptions about the Future and Major Sources of Estimation	117
	Events after the Reporting Date	118
<b>5</b>	<b>Supplementary Financial Statements and Notes</b>	
	Housing Revenue Account (HRA)	119
	Collection Fund	124
<b>6</b>	<b>Group Financial Statements and Notes</b>	127
<b>7</b>	<b>Appendix A – Pension Schemes</b>	153
<b>8</b>	<b>Abbreviations/Glossary</b>	166
<b>9</b>	<b>Independent Auditors Report</b>	175

# Contents - Notes to the Financial Statements

4.1	<b>Accounting Policies</b>	28
4.2	<b>Expenditure and Funding Analysis (EFA) and Notes</b>	
	Expenditure and Funding Analysis	45
	Adjustments between Funding and Accounting Basis	47
	Analysis of Items in Net Expenditure Chargeable to the General Fund and HRA	49
	Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA Balances	51
4.3	<b>Comprehensive Income and Expenditure Notes</b>	
	Prior Year Reclassifications	53
	Specific Grants Credited to Services	54
	Other Operating Expenditure	54
	Financing and Investment Income and Expenditure	55
	Taxation and Non-Specific Grant Income	55
	Expenditure and Income Analysed by Nature	56
	Revenue from Contracts with Service Recipients	56
	Revaluation of Property, Plant and Equipment (PPE) / Heritage Assets	58
	Transactions Relating to Post-Employment Benefits (including Pensions)	59
4.4	<b>Balance Sheet Notes</b>	
	Property, Plant and Equipment	60
	Heritage Assets	66
	Investment Property	66
	Inventories	68
	Short Term Debtors	68
	Debtors for Local Taxation	68
	Cash and Cash Equivalents	69
	Short Term Creditors	69
	Provisions	69
	Usable Reserves	71
	Unusable Reserves	73
	Grants Received in Advance	77
	Defined Benefit Pension Schemes	78
	Financial Instruments	79
4.5	<b>Movement in Reserves Statement Notes</b>	
	Adjustments between Accounting Basis and Funding Basis under Regulations	85
	Post-employment Benefits Transactions	89
4.6	<b>Cash Flow Statement Notes</b>	
	Non Cash Movements in Surplus/Deficit on the Provision of Services	90
	Investing or Financing Activities in Surplus/Deficit on Provision of Services	90
	Operating Activities	90
	Investing Activities	91
	Financing Activities	91
	Reconciliation of Liabilities Arising from Financing Activities	91
4.7	<b>Other Notes</b>	
	Agency Services	93
	Jointly Controlled Operations	93
	Councillors Allowances	94
	Officers Remuneration	95
	External Audit Costs	97
	Dedicated Schools Grant	97
	Related Parties	99
	Pooled Budgets	101
	Road Charging Schemes under the Transport Act 2000	102
	Leases	102
	Capital Expenditure and Capital Financing	105
	Capital Financing Requirement	106
	Private Finance Initiatives and Similar Contracts	107
	Trust Funds	109
	Contingent Liabilities	109
	Nature and Extent of Risks arising from Financial Instruments	110
4.8	<b>Accounting Standards Issued but not Adopted</b>	116
4.9	<b>Critical Judgements in Applying Accounting Policies</b>	116
4.10	<b>Assumptions about the Future and Other Major Sources of Estimation</b>	117
4.11	<b>Events after the Reporting Date</b>	118

# Section 1

# Narrative Report

## 1.1 Overview of Nottingham City Council

Nottingham City Council is a unitary local authority in the East Midlands region of England that provides a wide range of services and facilities for the benefit of the citizens of Nottingham.

The Council provides a diverse range of services including social care, education, waste collection and leisure centres that impact positively on the day to day lives of citizens. It delivers regulatory functions to ensure the health & safety of citizens and visitors through the licensing of premises and taxis, enforcement of environmental health legislation and ensuring compliance with planning and building regulations.

In numbers for 2021-22 that equated to:

- 8.5million domestic waste collections;
- 774km of carriageway maintained;
- 1,848 hectares of parks maintained;
- 2.7million visitors to Council organised events;
- 145,700 tonnes of waste diverted from landfill;
- 1.7million visitors to NCC Leisure Centres (numbers lower than previous years due to impact of pandemic);
- 6,500 adults supported with social care packages;
- 3,200 food premises regulated;
- 4,500 businesses supported;
- 1,700 hackney carriage and private hire licences issued;
- 722 children in care; and
- 1,500 other children and care leavers supported.

The Council takes a strategic lead in the life of the city of Nottingham, assessing needs, determining local priorities and planning how those needs can be met within the funding constraints within which it operates. The Council works with local and national stakeholders within both the public and private sector to deliver these priorities.

The Council recognises its responsibilities to the environment and has developed a Carbon Action Plan setting out the actions it will take to deliver a resilient and Carbon Neutral Nottingham 2028. The Council has a national reputation as a leader in this field and continues to undertake innovative projects to improve the energy efficiency of its vehicles and estate. This includes innovative retrofitting projects to improve the energy efficiency of Council houses, installing energy efficiency measures on Council buildings and increasing the number of electric vehicles in the Council fleet.

The Council and its citizens face a number of challenges in meeting their aspirations, these include;

- 11<sup>th</sup> most deprived area in UK
- On average men and women in some of our poorest areas die 12 years earlier than those in the most affluent areas
- Average earnings 77% of England average

## Section 1 – Narrative Report

---

- 65% of properties in Council Tax Band A compared to 25% nationally
- Most people (51%) who work in the city do not live in it
- Entry level skills (equivalent to 5 good GCSE passes) is nearly 6% below the national average

### Strategic Council Plan

Despite these challenges the Council remains ambitious for Nottingham and its citizens. A new Strategic Council Plan covering 2021 to 2023 was adopted by the Full Council in September 2021 following a review of the Council Plan (2019-23) in light of the new context the Council is operating in, including two critical external reports, the impact of the Covid pandemic and significant real terms funding reductions from central government.

The plan can be viewed at:

<https://committee.nottinghamcity.gov.uk/documents/s126300/Enc.%201%20for%20DRAFT%20Strategic%20Council%20Plan%202021-23.pdf>

### Council Vision Statement

The Council's vision for Nottingham is:

“We want **Nottingham** to be a city where people feel **safe** to live and work, that is an exciting and welcoming place to play, study and visit, a city that it is **clean** and environmentally sustainable, where we are **ambitious** for Nottingham people and businesses, and a city that is creative and culturally vibrant, where local people are **proud** of their city, their neighbourhood and their local community.”

#### 1.1.1 Population

Initial details from the 2021 Census show that the population of Nottingham had risen to 323,700, an increase of 5.9% from the 2011 Census. Nottingham is now the 33rd most populous local authority in England and the second most densely populated local authority in the East Midlands, with 4,338 residents per square kilometre

Nottingham has a young population, with a high number of residents aged between 15 and 64 (71%), with only four authorities outside London having a higher proportion of their population in that age range. This is primarily due to the large number of students from the two universities in the city and affects the services the Council provides and its ability to finance them.

#### 1.1.2 Employees

At 31 March 2022 the Council employed 5,949 people, of which 3,529 were full time employees and 2,420 part time. In the latest pay gap report published in March 2021 the Council reported that the median pay gap between male and female employees was 0.5% whilst the mean pay gap was 2.9% in favour of male employees.

The Council reported that the median pay gap between those who identify as White British and those who identify as Black and Minority Ethnic (BAME) was 9.4% and the mean pay gap was 5.6% in favour of those who identify as White British.

The Council reported that the median pay gap between disabled and non-disabled employees was 10.4% and the mean pay gap was 1.1% both in favour of disabled employees.

The report can be found on the Council's website at

[Collective Pay Gap Reports - Nottingham City Council](#)



### 1.1.3 Political and Management Framework

The City of Nottingham comprises 20 electoral wards from which 55 councillors are elected once every 4 years to represent citizens. The last election took place in May 2019 with the resulting composition of the Council as below.

Labour Party	50
Independent	3
Conservative Party	2

The Council is controlled by the party with the largest number of councillors, currently the Labour Party.

Decisions within the Council are taken at several levels depending on the nature of the decision.

The City Council comprises all 55 elected Councillors and is responsible for agreeing the Policy Framework that governs how services are delivered and providing direction for the city. It is also legally required to approve the Council budget and set Council Tax; this is done annually in March.

The Council has adopted the Strong Leader and Cabinet model as set out in the provisions of the Local Government Act 2000 as its political management structure. The Leader of the Council is elected by the ruling party; the current leader, Councillor David Mellen, has been the leader of the Council since May 2019.

The Executive Board of the Council consists of 10 Councillors, including the leader, each with specific areas of responsibility and is responsible for major decisions on service delivery. The Executive Councillors are also able to take decisions on service delivery within their areas of responsibility in accordance with the Council's constitution.

There are some decisions, known as non-executive decisions that are taken by committees of Councillors as the law does not permit the Executive Councillors to make them. These include decisions on licensing and planning matters. In addition there are some decisions relating to electoral ward matters that the Council has chosen to delegate to Area Committees.

The Council has an Overview and Scrutiny Committee which is made up of 12 non-executive councillors and is able to review the decisions made by the Executive Councillors collectively or individually and hold them to account for them.

The Audit Committee is made up of 9 non-executive councillors and is responsible for overseeing the financial reporting of the Council, including the production of the Financial Statements and ensuring that the Council has adequate control and risk management processes in place.

The agendas and minutes of these and other Council committees are published on the Council website as are decisions made by Executive Councillors.

The most senior officer of the Council is the Chief Executive. They lead the Senior Management Team which includes 4 Corporate Directors each of whom has management responsibility for a range of services. Management responsibility within the Council is delegated to officers in accordance with the Council's constitution to ensure that decisions can be made in a timely and effective manner whilst ensuring that the Council fulfils its legal duties and ensures that public funds are properly managed.

## Section 1 – Narrative Report

---

### 1.1.4 Financial Objectives and Framework

The Council is legally required to set a balanced budget every year, this is developed by the Senior Management Team and Executive Councillors and approved by City Council in March.

The Medium-Term Financial Strategy (MTFS) sets the financial framework to deliver the aims and objectives of the Council. The MTFS is set on a rolling 4-year basis and is key to ensuring the ongoing financial stability of the Council.

The key objectives of the MTFS are:

- A balanced budget and sustainable Medium-Term Financial Plan on a rolling 4-year basis;
- To reduce the Council's exposure to commercial risk;
- To ensure that core services are affordable for the long term; and
- To ensure that Councillors and officers have oversight and accountability for the financial performance of the Council.

In addition to the MTFS the Council has strategies covering the Capital Programme, and Treasury Management which guide how these activities are managed.

These strategies, for future years, were approved by Executive Board on 22 Feb 2022, details can be found on the Council website at:

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=9114&Ver=4>

The Council has adopted the CIPFA Financial Management Code. This code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The first full year of compliance with the code is 2021/22 but authorities were expected to demonstrate how they were working towards compliance in 2020/21. More details are included in the Annual Governance Statement.

### 1.1.5 Matters arising in 2021/22

Like the previous year, 2021/22 was a challenging year for the Council in many ways. The ongoing impact of the global pandemic continued to create challenges in terms of supporting citizens and service delivery whilst also impacting the local and national economy. In addition, the Council continued to deal with the impact of a Public Interest Report by its external auditors issued in the summer of 2020 which resulted in a non-statutory review by DLUHC (formally MHCLG) and the appointment of the Improvement and Assurance Board in January 2021 by the Secretary of State. The Corporate Director of Finance and Resources then issued a Section 114 notice in December 2021 following the discovery that Housing Revenue Account funds had been allocated unlawfully.

#### **Global Pandemic**

The Government declared a public health emergency on 16th March 2020 and enacted legislation to regulate society and help the country weather the impact of the pandemic and lead to recovery. The roadmap out of lockdown was published by Government on 22 February 2021. Most legal limits on social contact were removed by 19th July 2021 and the final sectors of the economy reopened at the same time.

However, legislation remained in place and some indoor restrictions including the compulsory wearing of face masks were reintroduced in December 2021 in response to a new variant of Covid. Fortunately, the impact was milder than previous variants



and restrictions were eased at the end of January 2022. The Government published guidance entitled 'Living with COVID' and domestic legal restrictions ended on 24 February 2022. From 1 April 2022 the Government stopped providing universal testing for the general public in England.

The Council proactively encouraged the population to get vaccinated and supported that with putting into place additional rapid testing in the spring of 2021. Whilst it was not possible to run bigger events such as the Nottingham Beach, Goose Fair and the Riverside Festival due to uncertainty at the beginning of the year, lots of smaller-scale events took place in the city such as the Nonsuch Summer Festival, Arboretum Sunsets, Open Air Theatres and Nottinghamshire Pride. It was possible to run a Christmas Market in the Old Market Square, although this was scaled back from the usual Winter Wonderland.

### **Recovery & Improvement Plan**

A Report in the Public Interest (PIR) was published on 11 August 2020 by the Council's external auditor Grant Thornton. Following the publication of the Public Interest Report into the Council a non-statutory review into the Council was carried out in November 2020 by Max Caller on behalf of DLUHC (formally MHCLG).

As a result of the non-statutory rapid review the Council was required to produce a Recovery & Improvement Plan to demonstrate how it would address the issues raised. This plan was approved at a meeting of the City Council on 25 January 2021. Details of all these can be found on the Council's website or by following the links below.

- Recovery and Improvement Plan  
<https://committee.nottinghamcity.gov.uk/documents/s114569/11.4%20Enc.%2003%20for%20Nottingham%20City%20Council%20Recovery%20and%20Improvement%20Plan.pdf>;
- Public Interest Report [Agenda for City Council \(Extraordinary\) on Thursday, 27th August, 2020, 2.00 pm - Nottingham City Council](#); and
- Non-statutory rapid review  
<https://committee.nottinghamcity.gov.uk/documents/s114567/11.2 Enc. 1 for Nottingham City Council Recovery and Improvement Plan.pdf>

### **Improvement and Assurance Board**

The Board, chaired by Sir Tony Redmond, was appointed by the Secretary of State in January 2021 with the stated purpose being:

- To provide external advice, challenge and expertise to Nottingham City Council in driving forward the development and delivery of its three-year Recovery Plan.
- To provide assurance to the Secretary of State on Nottingham City Council's progress in delivering this Plan.

The Board provides regular advice, challenge and support to the Council on the full range of improvement activities and in particular the delivery of the recommendations in the non-statutory review. The Chair of the Board submitted his first report to the Secretary of State at the end of January 2021 and subsequently

## Section 1 – Narrative Report

---

submitted quarterly reports through 2021/22 and will continue to do so until March 2024.

### 1.1.6 Achievements in 2021/22

Despite the challenges identified above the Council still managed a number of significant achievements in 2021/22.

These included:

- The Council's Woodthorpe Park Plant Shop and Nursery won the category of Best Commercialisation and Entrepreneurship Initiative at the APSE (Association for Public Sector Excellence) awards
- At Wollaton Hall, the Titus: rex is King exhibition included the first real Tyrannosaurus Rex skeleton on display in England for over 100 years
- The Nottingham Works programme was completed, over its 5 years in existence it worked with over 6,000 young, unemployed Nottingham residents and helped over 3,300 into education, training or employment
- The Council's Leisure Service was one of only 9 organisations to achieve the Gold Standard in the RoSPA (Royal Society for the Prevision of Accidents) Awards for the Leisure Sector
- The Council's catering team won the 'Green' Menu & Marketing Award 2021 at the annual LACA (The School Food People) Awards for Excellence
- The Parks service maintained its Green Flag Awards, bringing the total parks in the city with the nationally recognised standard to 72, the most for any council area in the country
- The Council retained its 'Best Local Authority' title at the East Midlands Energy Efficiency Awards. In addition, the council and its leading approach towards climate change at a local level was represented on the world stage at the 26th United Nations Climate Change Conference, COP26. And in February 2022 was recognised as the Local Authority of the Year at the National Energy Efficiency Awards
- The new Broad Marsh car park, believed to be one of the greenest in the country, opened to motorists on 1 November 2021. The state-of-the-art building is central to plans to transform the south side of the city centre and features 81 electric vehicle charging points, the most in one location anywhere in the UK. The building has 720 solar panels on the roof, expected to generate enough energy to power the whole building

In addition, the Council successfully bid for additional funding from Government for a range of projects including £12.53m from the Future High Street Fund, £2.88m from the UK Community Renewal Fund and £18m from the Levelling Up Fund.

## 1.2 Financial Strategy and Performance

### 1.2.1 Economic and Funding Overview

Nottingham City Council, like all other local authorities across the country, has seen a substantial and sustained reduction in Government funding due to austerity policies.

Alongside the reduction in grant income, Nottingham has seen increased demand for a number of services notably Adult Social Care and Children in Care. In the period 2011/12 to 2021/22, the Council has had to make cumulative savings in excess of £250m, a further £14.9m of savings are included within the 2022/23 budget.

This challenging budget position has resulted in the Council having a number of overspend outturn positions since 2017/18, compensated for by underspends in some years. The positions from previous years are shown in the table below

Revenue Outturn 2017/18 – 2020/21				
Year	2017/18	2018/19	2019/20	2020/21
Over/(under)spend £m	4.215	1.681	(4.768)	(18.650)

The Medium Term Financial Outlook for the authority is expected to continue to be challenging for the Council with uncertainties over the ongoing impact of the COVID-19 pandemic and anticipated increases in demand for services.

It is expected that additional savings of £21.486m and £26.396m will be required in 2022/23 and 2023/24 to balance the Council's budget.

Medium Term Financial Outlook 2022/23 – 2025/26				
	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
2021/22 Net Budget Requirement	243.744	243.744	243.744	243.744
Updated Budget Assumptions	(1.156)	40.251	50.697	61.117
<b>Sub-Total</b>	<b>242.588</b>	<b>283.995</b>	<b>294.441</b>	<b>304.861</b>
2022/23 Savings Proposals	(13.473)	(14.595)	(14.759)	(15.641)
Transformation Savings	(1.465)	(6.891)	(11.048)	(14.028)
Wave 3 Savings	0.000	0.000	(0.589)	(4.144)
<b>Assumed Net Budget</b>	<b>227.649</b>	<b>262.509</b>	<b>268.045</b>	<b>271.048</b>
Assumed Funding	(227.649)	(262.509)	(268.045)	(271.048)
<b>Balanced MTFP</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

### 1.2.2 Revenue Outturn

The Council's pre-audit 2021/22 revenue outturn position was a net underspend of £13.894m against a budget of £243.744m, before additional movements to earmarked reserves were agreed. This is summarised in the table below.

Revenue Outturn 2021/22			
	Budget	Outturn	Variance
	£m	£m	£m
Services	203.624	190.680	(12.944)
Corporate Items	48.167	43.534	(4.633)
Companies	(8.047)	(4.364)	3.683
<b>Total</b>	<b>243.744</b>	<b>229.850</b>	<b>(13.894)</b>
Contributions to Reserves	0.000	13.894	13.894
<b>Total post reserve movement</b>	<b>243.744</b>	<b>243.744</b>	<b>0.000</b>

The main reasons for the budget variances on services were:

## Section 1 – Narrative Report

---

- Underspends on Care Purchasing for adults
- Better than expected footfall at Leisure Centres coupled with cost reductions across Sport and Leisure services
- Employees focused on Covid grant funded activities sooner than existing budgeted activities across a number of areas
- Review of loss on collection allowances previously increased during the pandemic generating one off savings

The Corporate Items favourable variance was driven by lower than anticipated borrowing requirements, whilst the adverse variance on Companies was primarily the result of the Section 114 notice issued in December 2021 which led to no income from Nottingham City Homes.

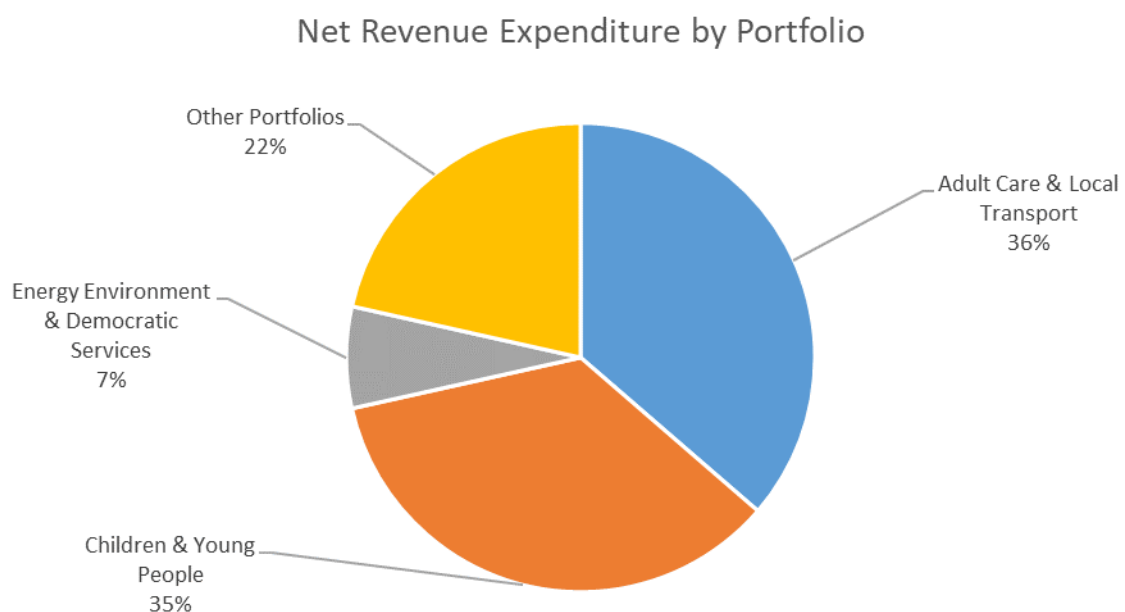
The underspend was used to make contributions to the IT reserve and to the resilience reserve to support the Council in delivering the changes identified in the Recovery & Improvement Plan.

For budget management purposes, specific grant income, charges to users and expenditure items such as employees, premises, supplies and services are organised by groups of services known as portfolios. The draft outturn, which was reported to Executive Board on 19 July 2022, was shown on this basis and also on a departmental basis.

Nearly 80% of the net revenue expenditure on services was incurred within 3 portfolios, namely

- Adult Care & Local Transport
- Children & Young People
- Energy, Environment & Democratic Services

This is illustrated in the chart below



Further information on the Council’s Revenue Financial Outturn for 2021/22 can be found in the report presented to Executive Board on 19 July 2022 at <https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=9777&Ver=4> (Agenda Item 27).

### 1.2.3 Capital Position

Capital expenditure in 2021-22 was £100.745m, the approved capital programme for 2021-22 was £181.841m. A summary of this expenditure by scheme category is shown in the table below.

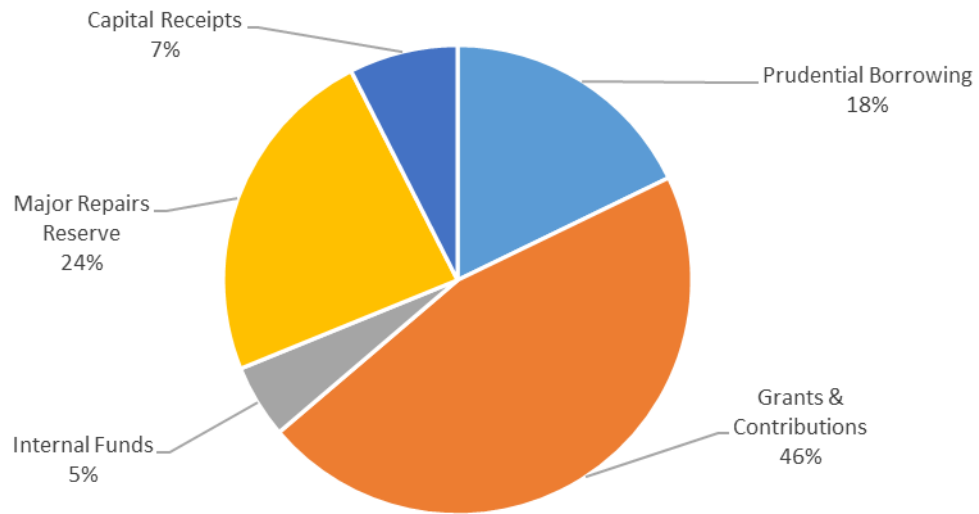
Capital Outturn 2021/22			
	Budget	Outturn	Variance
	£m	£m	£m
Transport	74.912	35.176	(39.736)
Energy, Sustainability & Carbon Neutrality	8.384	8.841	0.457
Planning & Regeneration	19.499	3.732	(15.767)
Other Services	14.064	15.048	0.984
<b>Total General Fund</b>	<b>116.859</b>	<b>62.797</b>	<b>(54.062)</b>
Public Sector Housing	64.982	37.948	(27.034)
<b>Total Capital Expenditure</b>	<b>181.841</b>	<b>100.745</b>	<b>(81.096)</b>

Much of the variance is due to slippage in expenditure on approved schemes, this expenditure is still required and will be incurred in future years.

The main source of funding of capital expenditure in 2021/22 was grants and contributions which funded 46.0% of total expenditure with a further 23.6% funded by the HRA’s Major Repairs Reserve. This balance reflects the shift away from prudential borrowing as Council looks to reduce its level of indebtedness in line with the requirements of the Recovery & Improvement Plan.

This is illustrated in the chart showing the funding of 2021/22 capital expenditure and the 2022/23 – 2026/27 programme.

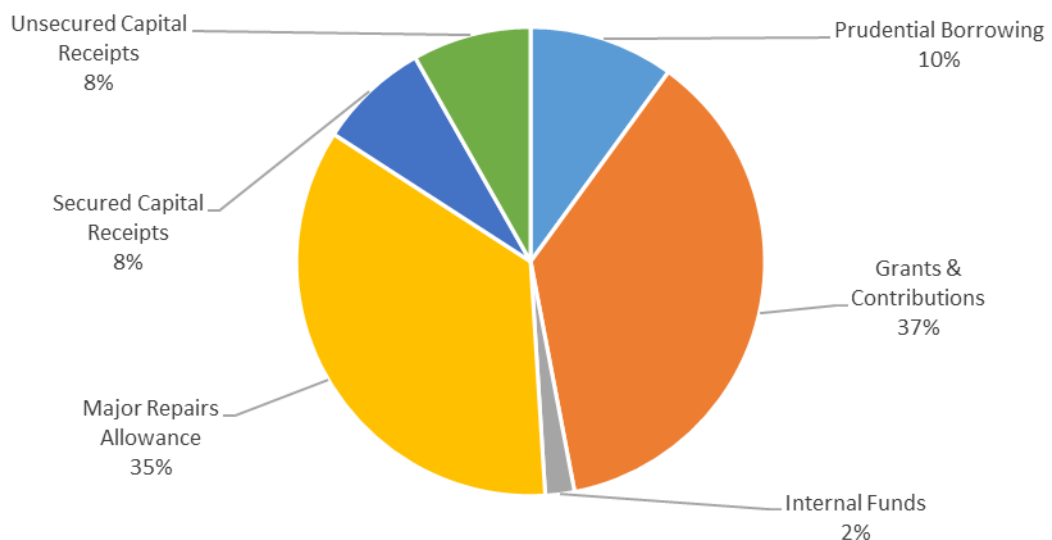
**Capital Expenditure Funding 2021/22**



The Council has acknowledged that a sustainable capital programme, and the strategy and controls to shape and manage it, is a critical contributor to the future financial stability of the Council. The Council has reviewed the capital programme to reduce the level of borrowing and unsecured capital receipts required to fund it.

The draft 5-year capital programme for 2022/23 to 2026/27 was approved at Executive Board on 22 February 2022. The programme contains schemes with a total value of £491m; £260m on General Fund schemes and £231m of Public Sector Housing Schemes.

**Funding of Capital Programme 2022/23 -2026/27**



Over the life of the programme the Council will be reducing the use of Prudential Borrowing and Unsecured Capital Receipts to fund capital expenditure to ensure that the programme is sustainable and affordable.



### 1.2.4 Impact of prior year audits

After the initial closedown of the accounts for 2021/22, work has continued to finalise the accounts for previous years and several changes to the accounts have resulted in impacts on the previously reported figures for 2021/22.

#### Revised Revenue Outturn

Revised Revenue Outturn 2021/22	
	Outturn £m
Original Service Outturn	229.850
Capital Recharge amendment	2.618
Other Amendments	0.505
<b>Revised Service Outturn</b>	<b>232.973</b>
Contributions to Reserves	13.894
<b>Revised outturn</b>	<b>246.867</b>

#### Revised Capital Programme Outturn

Revised Capital Outturn 2021/22	
	Outturn £m
Original Outturn	100.745
Amendments re Grants where acting as Accountable Body	66.342
Amendments re Recharges to Capital	(2.618)
<b>Total Capital Expenditure</b>	<b>164.469</b>

### 1.2.5 Addressing Risk and Future Challenges

#### Increased Demand for Services

The MTFP was updated in February 2022 and reflects the fact that the Council expects demand for services to increase, particularly those that support children and the older population.

#### Collection Fund

The pandemic impacted on the Council's ability to collect debts and reduced the Council's income from Council Tax and Business Rates in both 2020/21 and 2021/22. This negative impact on the Collection Fund materialises in later years and will be a significant pressure for a few years.

#### Commercial Income

In previous years, investments in commercial property were made to raise income to offset the reductions in government funding. Given the uncertainties over the economy due to the pandemic and remaining uncertainties following the exit from the European Union, it is difficult to predict whether these investments will be adversely affected in the longer term. Investments were made following sound business cases from the

outset, which were checked and challenged, and robust and there is rigorous monthly monitoring.

The Council suffered substantial losses in commercial income raised from parking, commercial waste, leisure centres and other services through the pandemic. As restrictions were eased in 2021/22 these losses reduced, however it remains to be seen if demand will return to previous levels. Budget pressures to reflect an estimate of performance in future years are included in the MTFP. This will be monitored and managed through the Council's financial monitoring processes and reported to Executive Board on a quarterly basis.

### **General Data Protection Regulation (GDPR)**

This bill came into effect on 25 May 2018. It has a huge impact on all local authorities and carries fines of up to 4% of annual turnover for serious breaches of compliance. In mitigation, the Council has appointed a Data Protection Officer who will update all policies and privacy notices. Annual training sessions are delivered across the authority in addition to mandatory refresher e-learning.

### **Group Companies**

The Council has material financial interests in several companies over which it has varying degrees of control or influence. There is a risk of exposure should any of the companies run into financial difficulties. The Recovery & Improvement Plan includes a theme dedicated to the Council's companies which will seek to reach a clear determination of the future and direction of each company and provide greater visibility of their financial performance and any risks to the wider Council group.

The group companies faced significant financial challenges as a result of the pandemic. Many were affected by lockdown restrictions either because of being forced to close or by people not accessing the City. The extent to which the financial performance will recover following the removal of restrictions remains unclear however it is unlikely that it will return to previous activity levels in the short term. The Council will keep the position under review through its ongoing monitoring reports.

The group accounts included as part of the Statement of Accounts consolidate the results of the companies with which the Council has a material interest. The relationship and further details can be found in the group accounts (section 6).

### **Reserves**

As a result of the financial pressures caused by the pandemic, overspends, and unachieved savings the Council used a significant amount of its reserves to support service delivery over several years. Therefore, the underspend in 2021-22 has been utilised to replenish reserves. The council will need to continue to replenish reserves in future years to ensure the financial stability of the Council, this is reflected in the MTFP.

### **Universal Credit**

Universal Credit in Nottingham commenced in October 2018. As the Council needs to recover Council Tax and rents directly from residents, this could give rise to a potential increase in the level of bad debts and increase in the cost of collection.

### **Exit from the European Union**

The exit from the European Union continues to cause a level of uncertainty. Nottingham has benefitted from European funding in the past and it is unclear whether or what other similar sources of funds will be available. The Council continues to keep the situation under constant review.

### Future Outlook

In February 2022, the Council approved a budget for 2022/23 and a Medium Term Financial Plan. The level of ongoing uncertain in the financial environment combined with the actions from the Recovery and Improvement Plan make forecasting beyond a 12 month period difficult and outlook for the period to March 2026 remains uncertain, however a balanced plan was agreed. The long-term impacts of the pandemic both in terms of additional costs and lost income remain difficult to predict but could impact both the Council and the trading prospects of its company interests. Service pressures are expected in a number of key areas but in particular in Children’s Services and Adult Social Care.

The Council has embarked on an ambitious transformation programme to reform and modernise its services to live within a smaller funding envelope with less reliance on commercial and trading income to fund core services. The Recovery and Improvement Plan and the Transformation Programme form the vehicle for delivering change and will in turn feed into medium term financial forecasts.

A key part of the Recovery and Improvement Plan is that the Council takes a medium-term approach to financial planning aligned with a refreshed Council Plan. A revised process has been put in place for 2022/23 which will link the Council’s ambitions to the resources available to fulfil them and enable a robust 4-year Medium Term Financial Strategy to be developed.

The need to transform services was one another of the key outcomes of the Non-Statutory Review. The Council was granted a capitalisation direction of up to £35m, of which £20m was utilised in 2020/21 and the remainder related to 2021/22 but was not required.

The Council is also reviewing its asset portfolio to release capital, reducing its overall level of debt and increasing revenue budget flexibility and developing a coherent and effective commercial strategy within which the companies in the group will operate.

The Council is reducing its capital programme to put it on a sustainable footing moving forward and reduce the level of debt. Historically the Council has relied on borrowing to finance the capital programme; in 2021/22 new borrowing was restricted to the amount of debt repaid in year and from 2022/23 – 2025/26 the Council will incur no net new borrowing to finance capital expenditure.

### 1.3 Explanation of Accounting Statements for 2021/22

The Statement of Accounts sets out the Council’s financial performance for 2021/2022. It is comprised of core statements and supplementary financial statements with relevant supporting notes and is shown as both single entity accounts and as consolidated group accounts. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and International Financial Reporting Standards defines the format of the Statement of Accounts.

An Abbreviation and Glossary section has been included in section 8 of this document.

The Statement of Accounts Core Statements are:

## Section 1 – Narrative Report

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

The Comprehensive Income and Expenditure Statement shows the Council's income and expenditure for the financial year. The top half of the statement analyses income and expenditure by portfolio. The bottom half of the statement gives a breakdown of corporate transactions and funding. Expenditure is made up of:

- The statutory services and activities that the Council is required to deliver, for example street cleaning and refuse collection and
- Discretionary expenditure for local priorities and needs.

### 1.3.2 Movement in Reserves Statement (MIRS)

The Movement in Reserves Statement (MIRS) summarises the changes within the Council's reserves over the financial year. These reserves are either:

- Useable (those that can be applied to fund expenditure or reduce local taxation), or
- Unusable (not available to support services and are set aside for specific purposes).

Surpluses and deficits from previous financial years are reflected in the reserve figures brought forward in the Movement in Reserves Statement - see section 3.3 Core Financial Statements in the Statement of Accounts.

The movements in reserves in 2021/22 are summarised below:

	31 March 2021 £m	Movement 2021/22 £m	31 March 2022 £m
General Fund	55.371	(40.412)	14.959
Earmarked General Fund Reserves	156.465	62.431	218.896
Other Usable Reserves	81.426	20.743	102.169
Unusable Reserves	660.283	580.761	1,241.044
<b>TOTAL AUTHORITY RESERVES</b>	<b>953.545</b>	<b>623.523</b>	<b>1,577.068</b>

### 1.3.3 Balance Sheet

The Balance Sheet is a snapshot of the Council's assets, liabilities, cash balances and reserves as at 31 March 2022.

The Balance Sheet is summarised below:

	31 March 2021 £m	31 March 2022 £m
Long Term Assets	3,206.773	3,393.981
Net Current Liabilities	29.808	175.597
Long Term Liabilities	(2,283.036)	(1,992.510)
<b>NET ASSETS</b>	<b>953.545</b>	<b>1,577.068</b>
Usable Reserves	293.262	336.024
Unusable Reserves	660.283	1,241.044
<b>TOTAL RESERVES</b>	<b>953.545</b>	<b>1,577.068</b>

The 2021/22 increase in Long Term Assets is mainly due to:

- A net increase in Property Plant & Equipment of £155.099m. Further details regarding movements in Property Plant and Equipment can be found in note 4.4.1.
- A net increase in Investment properties of £8.707m. Further details regarding Investment Properties can be found in note 4.4.3.
- Increase in Long Term Investments of £26.404m. Further details can be found in the Financial Instruments note 4.4.14.
- A decrease in Long Term Debtors of £11.505m. Further details can be found in the Financial Instruments note 4.4.14.

The Council had one material provision (greater than £5m) carried within the balance sheet at 1 April 2021 for Insurance compensation claims (Long Term Provision). The carrying value at 31 March 2022 (£15.379m) is to meet the cost of claims arising from self-insured risks and risks, which fall below the external policy retention levels, and for payment of external insurance premiums.

For further information, please refer to note 4.4.9 Provisions in the Balance Sheet Statement of Accounts notes.

### **Pension Liability**

The Council is a member of the Nottinghamshire County Council pension fund. An independent actuary evaluates the assets and liabilities of the fund attributed to the Council on an annual basis. The actuary has estimated that, at 31 March 2022, the Council's fund was in deficit by £714.716m which (£1,066.517m as at 31 March 2021). Actuarial valuations are undertaken every three years and a deficit recovery plan is in place to reduce the liability to zero within 22 years.

For further information, please refer to note 4.4.13 and Section 7.

### **1.3.4 Cash Flow Statement**

The Cash Flow Statement explains the movement in the Council's cash balances during the year and sets out whether the change is due to operating activities, new investment or financing activities.

### **1.3.5 Supplementary Financial Statements**

The Supplementary Financial Statements are:

- The **Annual Governance Statement**, which sets out the governance structures of the Council and its key internal controls. A copy of the document can be viewed here:  
[draft-annual-governance-statement-2021-22-v6.pdf \(nottinghamcity.gov.uk\)](https://www.nottinghamcity.gov.uk/draft-annual-governance-statement-2021-22-v6.pdf)
- The **Group Accounts** which report the consolidated assets and liabilities of the Council and the companies and entities over which the Council has control or significant influence.
- The **Housing Revenue Account (HRA)** records all revenue expenditure and income relating to the provision of council dwellings and related services.

## Section 1 – Narrative Report

---

- The **Collection Fund** summarises the collection of Council Tax and National Non-Domestic Rates (NNDR), and the redistribution of some of the money to the precepting authorities and central government.
- The **Expenditure and Funding Analysis** (EFA) shows how annual expenditure is used and funded from resources (government grants, rents, Council Tax and NNDR) by the Council in comparison with those resources consumed or earned by the Council in accordance with International Financial Reporting Standards (IFRS's).

The notes to these financial statements provide more detail about the Council's accounting policies and transactions.

### 1.4 Post Balance Sheet Update as at April 2024

#### 1.4.1 Outstanding Accounts 2019/20 to 2022/23

The Council has experienced delays with the audit of its 2019/20 accounts due to issues with property valuations for specialist assets, subsidiary company figures required for group accounts and delays experienced at a national level throughout the local government audit system. At the time of writing the Council currently has four sets of accounts that should have already been published with audit opinions. The Council's Audit Committee have been provided with regular updates on the issues, as well as progress in resolving the issues.

#### 1.4.2 Addressing the Local Government Audit Backlog

The Government published a cross-system statement on proposals to clear the backlog and embed timely audits in the Summer of 2023. This was followed up by three consultations (DLUHC, National Audit Office and CIPFA) on specific proposals in early 2024. There have been delays in implementation due to the General Election. In a written statement on 30 July 2024 the new Government have confirmed their support to overhaul the local audit system.

A core element of the consultation proposals for Phase 1: Reset is the proposed implementation of backstop dates covering all outstanding Accounts up to and including 2022/23. The proposed backstop date for the accounts covered by the Reset phase is 13 December 2024. The Council is actively working to preparing draft accounts which have been subject to a period of public inspection, as well as approved by the Section 151 Officer and Audit Committee. However, under the proposals the accounts for these years will not be subject to external audit, as such a 'backstop disclaimer' opinion is expected to be issued for each outstanding year.

At this time of writing the Council is awaiting the outcome of the consultations and the implementation of the resulting legislation, guidance and changes to accounting requirements.

#### 1.4.3 Significant Event Updates

The information in this Narrative Report sets out the position for the 2021/22 financial year. The following bullet points provide an update on significant events for the Council since 2021/22 up until the time of writing:



- Housing Revenue Account (HRA). In December 2021, the Corporate Director of Finance and Resources (the Section 151 Officer) issued a report under section 114 of the Local Government Finance Act 1988 to all Councillors of the Council. This report detailed acts of unlawfulness regarding the treatment of the annual management fee rebate from Nottingham City Homes (NCH) since 2014/15. As a result, the Council commissioned a report from CIPFA which confirmed that funds from the Housing Revenue Account had been incorrectly used by the Council for other council services since 2014/15. The outcome of the report led to the Council formally requesting a Ministerial Direction under item 9 (Credit Direction) Schedule 4, Part 1 of Local Government & Housing Act 1989, to enable the General Fund to transfer to the HRA the monies identified in the CIPFA review as being attributable to it. The amount requested under the direction was for £27.703m covering the period 2014/15 to 2020/21.

The Minister for Local Government formally signed the Item 9 Credit determination on 3 August 2022. This formally requires the Council to carry to the HRA from its General Fund £27.703m as the repayment of sums debited from the HRA to meet ineligible costs in its General Fund during the period 1 April 2014 to 31 March 2021. The direction is formally the Item 9 Credit (Nottingham City Council) Direction 2022 and applies in relation to the financial year beginning on 1 April 2022. A prior period adjustment has been reflected in the 2019/20 Accounts, and therefore is reflected in the opening balances for the 2021/22 financial year.

Further work is continuing to identify if a further breaches of the HRA ring-fence has occurred. An update of this was provided to City Council as part of approving the 2024/25 budget. An Item 9 Credit application has yet to be made to Government.

- The Strategic Council Plan 2023-2027 was approved by Council in March 2023. A copy of which can be found at the following link [EXECUTIVE BOARD 2004 \(nottinghamcity.gov.uk\)](https://www.nottinghamcity.gov.uk/EXECUTIVE%20BOARD%202004)
- The Council transferred the core operations of two of its third-party companies, Nottingham City Homes and Nottingham Revenues & Benefits, back in-house on 1 April 2023.
- In line with the four-year electoral cycle there was an election of a new council in May 2023. The outcome of the election was Labour (51 seats), Nottingham Independents (3 seats) and Independent (1 seat).
- In November 2023 a Section 114 (part 3) report was issued due to the financial sustainability of the Council. The report was considered by City Council in December 2023, a copy of the report can be found at the following link [Agenda for City Council \(Extraordinary\) on Monday, 18th December, 2023, 6.00 pm - Nottingham City Council](#)
- Government intervention. In December 2023 the Government announced it was 'minded to' appoint Commissioners at the Council to replace the Improvement and Assurance Board. Commissioners were formally appointed in February 2024.

## Section 1 – Narrative Report

---

- A Statutory Recommendation was issued by Grant Thornton and considered by Council in March 2024 in relation to the financial sustainability. A copy can be found at the following link [EXECUTIVE BOARD 2004 \(nottinghamcity.gov.uk\)](https://www.nottinghamcity.gov.uk/EXECUTIVE%20BOARD%202004)

# Section 2

# Statement of Responsibilities

## 2.1 Statement of Responsibilities for the Statement of Accounts

### The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that responsibility rests with the Corporate Director, Finance and Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The statement of accounts was approved at a meeting of the Audit Committee on (to be confirmed)

Signed:

Date:

**Councillor Adele Williams**  
Chair of the Audit Committee

### The Corporate Director, Finance and Resources Responsibilities

I am responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

I became the Section 151 Officer on 3 January 2023. The auditors had previously raised concerns about the preparation of and evidence to support the Statement of Accounts for 2019/20, particularly in relation to specialist Property Plant & Equipment valuations. The Narrative Report and Annual Governance Statement included with these Accounts provide more detail on the Council's historic issues. In addition, a previous Section 151 Officer had issued a Section 114 Part 2 Report following concerns regarding the misappropriation of resources between the General Fund and Housing Revenue Account, an independent external review confirmed the misappropriations.

## Section 2 – Statement of Responsibilities

---

In response to these findings I commissioned an independent external review by EY which identified significant weaknesses in financial management, financial processes and systems of internal control.

Based on the detailed work undertaken since my appointment, the statement of accounts for 2021/22 have been updated with material transactions and balances either confirmed or restated as necessary. Whilst I cannot comment on the quality of the financial processes in operation prior to my appointment, I am satisfied that sufficient evidence has been obtained to support the overall Balance Sheet and the overall year-end position on General Fund balances and reserves.

In preparing this Statement of Accounts, and within the context set out above, I have:

- Selected suitable accounting policies and then applied them consistently.
- Made judgments and estimates that were reasonable and prudent.
- Complied with the Code.
- Kept proper accounting records which were up-to-date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.
- Assessed the Authority's and the Group's ability to continue as a going concern disclosing, as applicable, matters relating to going concern.
- Used the going concern basis of accounting on the assumption that the functions of the Authority and the Group will continue in operational existence for the foreseeable future.
- Maintained such internal control as determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that these financial statements give a true and fair view of the financial position of the Authority at 31 March 2022 and of its income and expenditure for the year then ended.

Signed:

Date: 12<sup>th</sup> September 2024



**Ross Brown**

Corporate Director, Finance and Resources (s151)  
Loxley House  
Station Road  
Nottingham  
NG2 3NG

# Section 3

## Core Financial Statements

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

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 statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

As outlined in note 4.3.1 Prior Year Reclassifications, the 2020/21 CIES has been restated to align with the 2021/22 portfolio position of the Council. This restatement only alters the classification of the portfolios and overall the total value is unchanged.

Notes	Restated 2020/21			2021/22		
	Gross Expenditure	Gross Income	Net	Gross Expenditure	Gross Income	Net
	£m	£m	£m	£m	£m	£m
Adults and Health	190.240	(120.586)	69.654	197.080	(121.136)	75.944
Children and Young People	111.324	(39.932)	71.392	117.445	(34.975)	82.470
Energy, Environment and Waste Services	41.555	(20.259)	21.296	52.086	(32.203)	19.883
Finance and Resources	69.920	(29.946)	39.974	69.802	(27.238)	42.564
Highways, Transport and Cleansing Services	78.990	(40.180)	38.810	100.099	(36.597)	63.502
Housing, Planning and Heritage	99.559	(123.614)	(24.055)	96.909	(119.923)	(23.014)
Leisure, Culture and Schools	151.665	(129.166)	22.499	164.119	(144.375)	19.744
Neighbourhoods, Safety and Inclusion	31.705	(14.631)	17.074	21.134	(10.309)	10.825
Skills, Growth and Economic Development	21.329	(16.039)	5.290	18.153	(16.145)	2.008
Strategic Regeneration and Communications	33.777	(25.974)	7.803	16.248	(24.468)	(8.220)
Corporate Items	171.976	(190.728)	(18.752)	160.238	(193.438)	(33.200)
Revaluation (gain) / loss on HRA Council Dwellings	(52.501)	-	(52.501)	(36.973)	-	(36.973)
4.3.1 &						
4.3.2 <b>Cost of Services</b>	<b>949.539</b>	<b>(751.055)</b>	<b>198.484</b>	<b>976.340</b>	<b>(760.807)</b>	<b>215.533</b>
4.3.3 Other operating expenditure			2.062			8.307
4.3.4 Financing and investment income and expenditure:						-
Capitalisation Directive - Exceptional revenue pressures and income losses (REFCUS)			20.000			-
Other financing and investment income and expenditure			87.289			35.060
4.3.5 Taxation and non-specific grant income			(271.062)			(294.241)
4.3.6 <b>(Surplus)/Deficit on Provision of Services</b>			<b>36.773</b>			<b>(35.341)</b>
4.3.8 Revaluation of PPE/Heritage assets			(69.717)			(171.770)
4.3.9 Re-measurement of pension assets/liabilities			228.579			(416.412)
<b>Other Comprehensive (Income) and Expenditure</b>			<b>158.862</b>			<b>(588.182)</b>
<b>TOTAL COMPREHENSIVE (INCOME) AND EXPENDITURE</b>			<b>195.635</b>			<b>(623.523)</b>

## 3.2 Balance Sheet

This statement shows the value of assets and liabilities held by the Council as at 31 March. The net assets (i.e. assets less liabilities) are matched by the reserves held. Reserves are reported in two categories:

- Usable reserves - those reserves that may be used to help provide services or reduce taxation, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- Unusable reserves – those reserves that cannot be used to fund Council Services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to help 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’.

Notes	31 March 2021 £m	31 March 2022 £m
4.4.1 Property, Plant & Equipment	2,758.692	2,913.791
4.4.2 Heritage Assets	61.450	65.886
4.4.3 Investment Property	237.399	246.106
Intangible Assets	1.526	5.593
4.4.14 Long Term Investments	30.605	57.009
4.4.14 Long Term Debtors	117.101	105.596
<b>Long Term assets</b>	<b>3,206.773</b>	<b>3,393.981</b>
Assets Held for Sale (current)	3.660	6.585
Intangible Assets	-	0.044
4.4.14 Short Term Investments	105.094	284.258
4.4.4 Inventories	1.562	1.135
4.4.5 Short Term Debtors	176.890	171.617
4.3.7 Contract Assets	0.006	-
4.4.7 Cash and Cash Equivalents	44.237	55.546
<b>Current Assets</b>	<b>331.449</b>	<b>519.185</b>
4.4.14 Short Term Borrowing	(42.034)	(35.004)
4.4.8 Short Term Creditors	(185.679)	(207.423)
4.4.12 Revenue Grants Received in Advance	(55.424)	(80.554)
4.3.7 Contract Liabilities	(11.197)	(13.789)
4.4.9 Provisions (current provisions)	(7.307)	(6.818)
<b>Current Liabilities</b>	<b>(301.641)</b>	<b>(343.588)</b>
4.4.14 Long Term Borrowing	(899.628)	(874.589)
4.3.7 Long Term Contract Liabilities	(2.493)	(1.182)
4.4.14 Other Long Term Liabilities	(173.805)	(161.994)
4.4.9 Provisions (non-current)	(22.032)	(22.864)
4.4.12 Capital Grants Receipts in Advance	(118.561)	(217.102)
4.4.12 Revenue Grants Received in Advance	-	(0.063)
4.4.13 Defined Benefit Pension Scheme	(1,066.517)	(714.716)
<b>Long Term Liabilities</b>	<b>(2,283.036)</b>	<b>(1,992.510)</b>
<b>NET ASSETS</b>	<b>953.545</b>	<b>1,577.068</b>
4.4.10 Usable Reserves	293.262	336.024
4.4.11 Unusable Reserves	660.283	1,241.044
<b>TOTAL RESERVES</b>	<b>953.545</b>	<b>1,577.068</b>



### 3.3 Movement in Reserves Statement (MIRS)

This statement shows the in-year movement of reserves, analysed into 'usable reserves' and 'unusable reserves' (see section 3.2). The Total Comprehensive Income and Expenditure from the CIES is added to the opening balance for the year. Adjustments are then made to reflect the statutory amounts required to be charged to the General Fund Balance and the HRA for Council Tax setting and dwellings rent setting purposes, to arrive at the Net Increase / Decrease before Transfers to Earmarked Reserves. The Council then has discretion to earmark General Fund Reserves for specific purposes as shown by the Transfers to / from Earmarked Reserves line. The General Fund and Earmarked General Fund in total form the statutory General Fund.

2021/22	General Fund	Earmarked General Fund	General Fund Total	Housing Revenue Account	Capital Receipts	Major Repairs	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Actual ledger Balance at 31 March 2021</b>	<b>55.371</b>	<b>156.465</b>	<b>211.836</b>	<b>9.930</b>	<b>27.545</b>	<b>31.421</b>	<b>12.530</b>	<b>293.262</b>	<b>660.283</b>	<b>953.545</b>
<b>Outstanding Statutory (Item 9) Adjustments:</b>										
1st Item 9 Credit Direction	-	(27.703)	(27.703)	27.703	-	-	-	-	-	-
2nd Item 9 Credit Application	-	(3.472)	(3.472)	3.472	-	-	-	-	-	-
<b>Corrected Balance at 31 March 2021</b>	<b>55.371</b>	<b>125.290</b>	<b>180.661</b>	<b>41.105</b>	<b>27.545</b>	<b>31.421</b>	<b>12.530</b>	<b>293.262</b>	<b>660.283</b>	<b>953.545</b>
<b>Movement in 2021/22:</b>										
Total CIE* (Table 3.1)	(21.841)	-	(21.841)	57.182	-	-	-	35.341	588.182	623.523
Funding basis adjustments (Note 4.5.1)	42.714	-	42.714	(47.571)	14.646	7.352	(9.720)	7.421	(7.421)	-
<b>Net increase/decrease before transfers to earmarked reserves</b>	<b>20.873</b>	<b>-</b>	<b>20.873</b>	<b>9.611</b>	<b>14.646</b>	<b>7.352</b>	<b>(9.720)</b>	<b>42.762</b>	<b>580.761</b>	<b>623.523</b>
Transfers to/from earmarked reserves	(61.285)	61.285	-	-	-	-	-	-	-	-
<b>Movement in Year</b>	<b>(40.412)</b>	<b>61.285</b>	<b>20.873</b>	<b>9.611</b>	<b>14.646</b>	<b>7.352</b>	<b>(9.720)</b>	<b>42.762</b>	<b>580.761</b>	<b>623.523</b>
<b>BALANCE AT 31 MARCH 2022</b>	<b>14.959</b>	<b>186.575</b>	<b>201.534</b>	<b>50.716</b>	<b>42.191</b>	<b>38.773</b>	<b>2.810</b>	<b>336.024</b>	<b>1,241.044</b>	<b>1,577.068</b>
<b>Outstanding Statutory (Item 9) Adjustments:</b>										
1st Item 9 Credit Direction	-	27.703	27.703	(27.703)	-	-	-	-	-	-
2nd Item 9 Credit Application	-	4.618	4.618	(4.618)	-	-	-	-	-	-
<b>ACTUAL LEDGER BALANCE AT 31 MARCH 2022</b>	<b>14.959</b>	<b>218.896</b>	<b>233.855</b>	<b>18.395</b>	<b>42.191</b>	<b>38.773</b>	<b>2.810</b>	<b>336.024</b>	<b>1,241.044</b>	<b>1,577.068</b>

\* CIE - Comprehensive Income and Expenditure

## Section 3 – Core Financial Statements

2020/21	General Fund	Earmarked General Fund	General Fund Total	Housing Revenue Account	Capital Receipts	Major Repairs	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Actual ledger Balance at 31 March 2020</b>	<b>13.761</b>	<b>154.510</b>	<b>168.271</b>	<b>8.191</b>	<b>26.819</b>	<b>20.628</b>	<b>26.682</b>	<b>250.591</b>	<b>898.589</b>	<b>1,149.180</b>
<b>Outstanding Statutory (Item 9)</b>										
<b>Adjustments:</b>										
1st Item 9 Credit Direction	-	(24.474)	(24.474)	24.474	-	-	-	-	-	-
2nd Item 9 Credit Application	-	(2.340)	(2.340)	2.340	-	-	-	-	-	-
<b>Corrected Balance at 31 March 2020</b>	<b>13.761</b>	<b>127.696</b>	<b>141.457</b>	<b>35.005</b>	<b>26.819</b>	<b>20.628</b>	<b>26.682</b>	<b>250.591</b>	<b>898.589</b>	<b>1,149.180</b>
<b>Movement in 2020/21:</b>										
Total CIE* (Table 3.1)	(105.977)	-	(105.977)	69.204	-	-	-	(36.773)	(158.862)	(195.635)
Funding basis adjustments (Note 4.5.1)	145.181	-	145.181	(63.104)	0.726	10.793	(14.152)	79.444	(79.444)	-
<b>Net increase/decrease before transfers to earmarked reserves</b>	<b>39.204</b>	<b>-</b>	<b>39.204</b>	<b>6.100</b>	<b>0.726</b>	<b>10.793</b>	<b>(14.152)</b>	<b>42.671</b>	<b>(238.306)</b>	<b>(195.635)</b>
Transfers to/from earmarked reserves	2.406	(2.406)	-	-	-	-	-	-	-	-
<b>Movement in Year</b>	<b>41.610</b>	<b>(2.406)</b>	<b>39.204</b>	<b>6.100</b>	<b>0.726</b>	<b>10.793</b>	<b>(14.152)</b>	<b>42.671</b>	<b>(238.306)</b>	<b>(195.635)</b>
<b>BALANCE AT 31 MARCH 2021</b>	<b>55.371</b>	<b>125.290</b>	<b>180.661</b>	<b>41.105</b>	<b>27.545</b>	<b>31.421</b>	<b>12.530</b>	<b>293.262</b>	<b>660.283</b>	<b>953.545</b>
<b>Outstanding Statutory (Item 9)</b>										
<b>Adjustments:</b>										
1st Item 9 Credit Direction	-	27.703	27.703	(27.703)	-	-	-	-	-	-
2nd Item 9 Credit Application	-	3.472	3.472	(3.472)	-	-	-	-	-	-
<b>ACTUAL LEDGER BALANCE AT 31 MARCH 2021</b>	<b>55.371</b>	<b>156.465</b>	<b>211.836</b>	<b>9.930</b>	<b>27.545</b>	<b>31.421</b>	<b>12.530</b>	<b>293.262</b>	<b>660.283</b>	<b>953.545</b>

\* CIE - Comprehensive Income and Expenditure

### 3.4 Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents held by the Council during the reporting period and how these are generated or used by classifying cash flows as operating, investing and financing activities. The value of net cash flows arising from operating activities is a key indicator of the extent to which operations are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been used to generate resources intended to contribute to 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).

Notes	2020/21 £m	2021/22 £m
<b>Net Surplus/(Deficit) on the provision of Services</b>	<b>(36.773)</b>	<b>35.341</b>
4.6.1 Adjustments to net surplus or deficit on the provision of services for non-cash movements	123.846	173.732
4.6.2 Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(6.076)	(135.100)
4.6.3 <b>Net Cash Flows from Operating Activities</b>	<b>80.997</b>	<b>73.973</b>
4.6.4 Investing activities	(31.612)	(44.491)
4.6.5 Financing activities	(102.273)	(18.173)
<b>Net Increase or (Decrease) in Cash and Cash Equivalents</b>	<b>(52.888)</b>	<b>11.309</b>
Cash and cash equivalents at the beginning of the reporting period	97.125	44.237
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>44.237</b>	<b>55.546</b>

# Section 4

# Notes to the Financial Statements

These notes provide information to support and help in interpreting the Financial Statements.

## 4.1 Accounting Policies

This section explains the accounting policies applied in producing the Statement of Accounts.

### 4.1.1 General Principles

#### 4.1.1.1 Statutory Guidance and Accounting Standards used

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year end of 31 March 2022. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 21(2) of the Local Government Act 2003. The Statement of Accounts is prepared on a going concern basis.

#### 4.1.1.2 Accounting Convention

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

#### 4.1.1.3 Accounting Developments and Changes during 2021/22

The following accounting standards have been introduced by the Code for 2021/22:

- Definition of a Business: Amendments to IFRS 3 issued in October 2018. This amendment is not anticipated to have a material impact on the Council's Statement of Accounts.
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued in September 2019. This amendment is not anticipated to have a material impact on the Council's Statement of Accounts.
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) issued in August 2020. This amendment is not anticipated to have a material impact on the Council's Statement of Accounts.

The application date and initial adoption date of the above standards is 1 April 2021.

### 4.1.1.4 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

A prior period adjustment will be made to the accounts as a result of a change in accounting policies and the effect is material. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates will be accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to prior period adjustment.

Material errors in prior periods are corrected retrospectively by amending opening balances and comparative amounts for the prior period. A full disclosure as to the nature, circumstance and value of the adjustment will be disclosed in the notes to the accounts.

### 4.1.1.5 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the Balance Sheet date of 31 March and the date when the Statement of Accounts is authorised for issue. The two types of events and the accounting treatment are given below:

- For any material events after the balance sheet date which provide additional evidence regarding conditions existing at the balance sheet date, an adjustment has been made to the Statement of Accounts.
- Material events after the balance sheet date which concerned conditions not existing at 31 March have been disclosed as a separate note to the accounts.

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

### 4.1.1.6 Accruals of Expenditure and Income

The revenue and capital accounts of the Council are maintained on an accruals basis i.e. activity is accounted for in the year it takes place, not simply when cash payments are made or received. Further details are given below:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure in the period during which 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. For some quarterly payments including gas and electricity, expenditure is recorded at the date of meter reading rather than being apportioned between financial years. This practice is consistently applied each year and therefore does not have a material effect on the year's accounts.
- Expenses for goods or services are recorded as expenditure when the goods or services are received by the Council rather than when payments are made.
- Where income and expenditure has been recognised but cash has not been received or paid, an appropriate class of asset or liability for the relevant amount is recorded in the Balance Sheet. Cash received or paid and not yet recognised as income or expenditure is shown as a creditor (receipt in advance or contract liability) or debtor (payment in advance) in the Balance Sheet and the

## Section 4 – Notes to the Financial Statements

---

Comprehensive Income and Expenditure Statement (CIES) adjusted accordingly. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made against the loss allowance or to revenue in Financing and Investment Income and Expenditure (where there is no specific loss allowance). Loss allowances are set up for expected future credit losses and are offset against the debtor balance on the Balance Sheet. The level of loss allowance is periodically reviewed with any movements being debited or credited to the CIES.

- Works are charged as expenditure once complete, prior to completion (work in progress) they are carried as inventories on the Balance Sheet.
- For significant accruals such as pay awards, estimates are made based on the best information available at the time. Cost of pay awards not yet settled but likely to apply to part of the financial year to which the accounts relate are based on forecast cost.
- Interest payable on borrowings and interest receivable on investments is accounted for as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Income and expenditure are credited and debited to the relevant service in the CIES. Capital expenditure creates a fixed asset which is shown on the Balance Sheet.
- Accruals have been made on the basis of the known value of the transaction wherever possible. Where estimates have been required to be made, they are based on appropriate and consistently applied methods. In the case of highways and building works, the related assets or liabilities will be valued at the year-end by colleagues working in the relevant service. Where there has been a change to an estimation method from that applied in previous years and the effect is material, a description of the change and if practicable, the effect on the results for the current period is separately disclosed.
- A de minimis level of £5k is used for accruals.

### 4.1.1.7 Schools

The Code confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the group accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

### 4.1.1.8 Choices permitted under IFRS

For some policies, IFRS provides different options that can be used and the Council has for a number of years, chosen to apply the following:

#### **De Minimis Capital Expenditure**

All assets acquired can be included in the Balance Sheet, regardless of their cost. However, where the current value is less than the following amounts the Council may choose to exclude the asset from the Balance Sheet:

	£
Vehicles and Plant	3,000
Computer Equipment	5,000
Land & Buildings	10,000
Heritage Assets	5,000

### **Componentisation**

Where an asset consists of significant components that have different useful lives and/or depreciation methods, these components are separately identified and depreciated accordingly. The Council has chosen to only apply componentisation where the value of the asset is in excess of £3m.

### **Depreciation (including amortisation of intangible assets)**

Certain property, plant and equipment components and intangible assets are written down over time and charged to revenue. IFRS allows the Council to choose the asset life over which this write down occurs as well as the depreciation method. The following assets are depreciated on a straight line basis over their individually assessed useful life, unless otherwise stated:

- Buildings, dwellings, vehicles, plant, furniture and equipment.
- Infrastructure and Community are depreciated over 25 years.
- Intangible assets are depreciated over 5 years.

## **4.1.2 Policies primarily affecting the CIES**

### **4.1.2.1 Government Grants and Contributions**

Government grants and other contributions are recognised as being due to the Council when the conditions attached to them have been satisfied and there is reasonable assurance that the grant or contribution will be received.

Grants and contributions are credited to income when there is reasonable assurance that the attached conditions will be met. Any grants received where conditions have not been met are carried in the Balance Sheet as creditors. When all conditions are satisfied, the grant is credited to the relevant portfolio line and non-ring fenced grants and capital grants are credited to Taxation and Non-specific grant income in the CIES.

### **4.1.2.2 Business Improvement Districts (BID)**

A BID scheme applies across the city. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council is the BID billing authority and acts as agent under the scheme. The BID transactions are therefore not recognised in the CIES.

### **4.1.2.3 Operating Leases**

#### **Receivable (Council as lessor)**

Where the Council has granted an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the appropriate line in the CIES. Credits are made on a straight line basis over the life of the lease and any direct costs incurred in negotiating and arranging the lease are added to the carrying amount and charged as an expense over the lease term on the same basis as rental income.



## Section 4 – Notes to the Financial Statements

---

### **Payable (Council as lessee)**

Rentals paid under operating leases are charged to the service benefiting from use of the leased asset in the CIES. Charges are made on a straight-line basis over the life of the lease, regardless of the pattern of payments.

### **4.1.2.4 Employee Benefits**

#### **Benefits Payable During Employment**

Wages and salaries, paid annual leave and paid sick leave 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 the holiday entitlements or for any form of leave allowed under terms and conditions of service, which employees have earned during the year and are able to carry forward into the next financial year.

#### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy. They are charged on an accruals basis to the Corporate Items line or the relevant portfolio line in the CIES (depending on reason for termination) when the Council is demonstrably committed to the termination of the employment of an employee or group of employees or are making an offer to encourage voluntary redundancy.

#### **NHS Pension Scheme**

Pension costs relating to the NHS Pension Scheme have been treated as defined contribution schemes and the costs are charged to the relevant portfolio line in the CIES.

#### **Teachers' Pension Scheme**

Pension costs relating to Teachers' Pension Scheme have been accounted for as defined contribution schemes and the costs are charged to the relevant portfolio line in the CIES. The arrangements for the teachers' pension scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

#### **Defined Benefit Schemes (Local Government Pension Scheme)**

Within the CIES, services have been charged with their current service cost. This represents the extent to which the pension liability has increased as a result of employee service during the year.

Past service costs (the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years), and settlements have been charged to Corporate Items in the CIES.

Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority (the change during the period in the net defined benefit liability (asset) that arises from the passage of time) is charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

The CIES shows the re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

### 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 (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

#### 4.1.2.5 Charges to Service Revenue Accounts for Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service, and other losses where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets attributable to the service.

#### 4.1.2.6 Financing and Investment

The financing and investment line of the CIES is charged or credited for the following amounts relating to investments:

- Income, expenditure and changes in the fair value of investment properties – comprising of upward and downward movements in the value of properties, together with any gains and losses arising on disposal and rentals receivable and expenses incurred in relation to properties.
- Gains and losses of financial instruments including:
  - Interest revenue calculated using the effective interest method.
  - Gains and losses arising from de-recognition of financial assets measured at amortised cost.
  - Impairment losses (including reversals of impairment losses or impairment gains).
- Net interest on Defined Benefit Pension Schemes.

## Section 4 – Notes to the Financial Statements

---

### 4.1.2.7 Other Operating Expenditure

Other operating expenditure includes charges for:

- The proportion of receipts relating to HRA disposals payable to the Government.
- Gains or losses on sale and de-recognition of non-current assets (excluding investment properties).
- Levies.

### 4.1.2.8 Overheads and Support Services

Overheads and support services are reported within portfolio lines of the CIES, based on the organisational structure under which the Council operates.

### 4.1.2.9 Council Tax and National Non Domestic Rates (NNDR)

As a billing authority the Council acts as agent, collecting Council Tax and NNDR on behalf of the major preceptors and central government and, as principal, collecting rates for themselves. The Council maintains a separate Collection Fund that shows the transactions for the collection from taxpayers and distribution to preceptors, the Council and the Government of Council Tax and NNDR. The Council's share of the Council Tax and NNDR is credited to the CIES. The transactions presented in the Collection Fund statement are limited to the cash flows permitted by statute for the financial year, whereas the Council will recognise income on a full accrual basis.

There is no requirement for a Collection Fund Balance Sheet since the assets and liabilities arising from collecting Council Tax and NNDR belong to the bodies (i.e. preceptors, the Council and the Government) on behalf of which the Council collects these taxes.

The Council's balance sheet includes its share of the end of year balances in respect of Council Tax and NNDR relating to the arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood that payments due under statutory arrangements will not be made, the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### 4.1.2.10 Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that use the assets and resources of the venturers but is not a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the CIES with the expenditure it incurs and the share of income it earns from the activity of the operation.

### 4.1.2.11 Acquired Operations

Operations acquired by the Council are accounted for in accordance with the Code and are disclosed in the accounts. If these are material they will be disclosed separately in the CIES under the heading of 'acquired operations'.

### 4.1.2.12 Exceptional Items

Normally any material exceptional items are separately identified on the face of the CIES in order to give a fair presentation of the accounts. Where these items are less significant they are included within the cost of the relevant service.

### 4.1.2.13 Value Added Tax

Income and expenditure excludes any amounts related to VAT, except for input VAT that is irrecoverable under legislation which is charged to the service that incurs the cost.

## 4.1.3 Policies primarily affecting the Balance Sheet

### 4.1.3.1 Property, Plant and Equipment (PPE), Heritage Assets and Intangible Assets

#### PPE - Recognition

##### *General*

All expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, if it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be reliably measured. Expenditure that maintains but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as an expense when it is incurred.

##### *Surplus Assets*

Assets that are surplus to service needs but that do not meet the classification of Investment Property or Assets Held for Sale are classified as PPE 'Surplus', and held at fair value pending a decision on the future use of the asset.

##### *Private Finance Initiative (PFI) and Similar Contracts*

In accordance with the code, the Council accounts for its PFI contracts in accordance with IFRC 12 Service Concession Agreements. The Council is deemed to control the services that are provided under its PFI schemes and ownership will pass to the Council at the end of the contracts for no additional charge (with the exception of LIFT Joint Service Centres for which there is an option to purchase). The Council carries the assets used under the contracts, on its Balance Sheet as PPE and they are accounted for in the same way as the other assets. The original recognition of assets is at fair value with a corresponding liability for the amounts due to the scheme operator.

The amounts payable to the PFI operators are comprised of 5 elements. The Current Value of Services received during the year, Finance Cost, Contingent Rent, and Lifecycle replacement costs are all posted to the CIES. The final element is a payment towards the outstanding liability on the balance sheet.

##### *Finance Leases - General*

Leases are classified as finance leases where substantially all of the risks and rewards incidental to ownership of the PPE transfer from the lessor to the lessee. All other leases are classified as operating leases.

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

## Section 4 – Notes to the Financial Statements

---

### *Finance Leases – where the Council is Lessee*

The asset is matched by a liability for the obligation to pay the lessor. Any initial direct costs of the Council are added to the carrying amount of the asset.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the PPE – applied to write down the lease liability and
- A finance charge which is debited to the Financing and Investment Income and Expenditure line in the CIES.

### *Finance Leases – the Council as Lessor*

Where the Council grants a finance lease over a property or an item of plant or equipment, the carrying amount of the asset is written off and a long term debtor raised in the Balance Sheet.

Lease rentals receivable are apportioned between the principal repayment which reduces the debtor balance and interest which is credited to the Financing and Investment Income and Expenditure line in the CIES.

### *Heritage Assets*

Acquisitions are either purchased by the City Council or donated by a third party. Purchases are initially recorded at cost while donations are held at nil value until the assets related collection is externally valued within the heritage asset valuation cycle.

Items are omitted from the Balance Sheet where the Council is unable to obtain the valuations at a cost which is commensurate with the benefits it would provide to users of the financial statements.

### *Intangible Assets*

Intangible assets where the Council has control of the asset through either custody or legal protection, for example software licences, are capitalised at cost.

## **Measurement**

Assets are initially measured at cost, i.e. purchase price plus any costs incurred in bringing the asset into working condition for its intended use. The Council does not capitalise borrowing costs. Assets are then carried in the Balance Sheet using the following measurement bases:

- Community and Infrastructure assets for example parks and land used for cemeteries and crematoria are generally valued at depreciated historical cost.
- Council dwellings are valued at Existing Use Value for Social Housing as defined in the Royal Institute of Chartered Surveyors valuation manual. The valuation exercise was carried out in accordance with guidance issued by the Department for Communities and Local Government in 2016 based on a desktop revaluation of beacon properties by the Council's internal valuers.
- Other land and buildings are valued at current value, the amount that would be paid for the asset in its existing use. Where insufficient market based evidence of current value is available because an asset is specialised in nature, Depreciated Replacement Cost has been applied.
- Finance leases are recognised at present value of the minimum lease payments.

- Heritage assets are reported in the Balance Sheet at market value and have been valued periodically by an external valuer. These external valuations have been carried out by a variety of qualified experts in the relevant field. These external valuations are adjusted annually by the Council to provide an internal valuation which is used until the collection is periodically externally revalued. Acquisitions are held at their purchase price, adjusted annually each year (except in year of purchase), until the next valuation.
- All other assets are valued at current value.

Assets included in the Balance Sheet at current value are revalued as a minimum every 5 years. If there is evidence that there have been material changes in the value a further valuation will be undertaken.

Increases in valuations are credited to services within the CIES where they arise from the reversal of a revaluation or an impairment loss previously charged on the same asset. Any gains in excess of previous revaluation losses are matched by credits to the Revaluation Reserve.

Any revaluation losses are firstly written down against any previous revaluation gains held in the Revaluation Reserve. Where there are no previous revaluation gains, the losses are charged to the relevant portfolio line of the CIES.

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

### **Impairment**

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

- Where there is a balance of revaluation gains on the Revaluation Reserve for the relevant asset, the impairment loss is charged against that balance until it is used up. If there is no balance of revaluation gains the impairment loss is charged to the relevant portfolio line of the CIES.
- For intangible assets there will be no Revaluation Reserve balance, so impairment losses are charged to the relevant portfolio line of the CIES only.

### **Depreciation and Amortisation**

Depreciation is provided for on all PPE assets. The annual charge to the CIES is calculated by dividing the value less any residual value of the asset by the estimated asset life. There is no depreciation on the assets in the year of acquisition, although a full year of depreciation is charged in the year of disposal. In accordance with recommended accounting practice, depreciation is not provided for in respect of freehold land, Heritage Assets, certain Community Assets and assets under construction.

Depreciation is calculated on the following bases:

- Buildings and Dwellings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life.



## Section 4 – Notes to the Financial Statements

---

- Infrastructure and Community – straight-line allocation generally over 25 years.
- Finance leases - over the lease term. If the lease term is shorter than the asset's estimated useful life and ownership of the asset does not transfer to the authority at the end of the lease period.
- Intangible assets – amortised on a straight line basis over the economic life, which is generally assessed to be 5 years.

Where an item of PPE asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

The Revaluation Reserve is reduced for the depreciation relating to revaluation gains with a corresponding credit to the Capital Adjustment Account.

### Componentisation

Where an asset consists of significant components that have different useful lives and/or depreciation methods to the remainder of asset, these components are separately identified and depreciated. A component value must be at least 20% of the whole asset. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, the parts have been grouped to determine the depreciation charge. Componentisation only applies to enhancement and acquisition expenditure and revaluations carried out from 1st April 2010 with a de-minimis level of £3m.

### Fair Value Measurement

Some non-financial and financial assets of the Council are measured at fair value at the reporting date. Fair value assumes the transaction takes place either:

- In the principal market for the asset or liability, or
- The most advantageous market for the asset or liability.

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

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

Valuation techniques are used which maximise the use of observable inputs and minimise the use of unobservable inputs. After reviewing the inputs used the valuation is categorised within the following fair value hierarchy:

Level 1 – quote prices (unadjusted) in active markets for identical assets / liabilities that can be accessed at the measurement date.

Level 2 – inputs other than quoted prices within level 1, that are observable either directly or indirectly.

Level 3 – unobservable inputs

### Disposal

Assets are written out of the balance sheet on disposal through sale, granting of a finance lease, donation and transfer. This includes assets transferred because of schools academisation.



### 4.1.3.2 Investment Property

Investment properties are those used solely to earn rentals and/or for capital appreciation. It does not apply to properties which are being used to deliver services for the Council.

Investment properties are measured initially at cost. They are not depreciated but are revalued annually at fair value as outlined in note 4.1.3.1.

### 4.1.3.3 Interests in Companies and Other Entities

Inclusion in the Council's group accounts is, in accordance with the Code, dependent upon the extent of the Council's interest and control over an entity. In the Council's single-entity accounts, the interests in companies and other entities are shown as financial assets at cost, less any provision for losses.

### 4.1.3.4 PPE Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. Assets held for sale are carried at the lower of carrying value and fair value less costs to sell.

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

### 4.1.3.5 Inventories

Inventories are largely valued at latest purchase price and any difference between this and actual cost is not considered to be material. Other less significant stocks are valued at average or actual cost.

### 4.1.3.6 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (that is, where the cash flows do not take the form of a basic debt instrument).

#### **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 CIES 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

## Section 4 – Notes to the Financial Statements

---

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 CIES is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (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 CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, 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 – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), 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.

The Council has extended the simplified approach to lease receivables and trade receivables and contract assets where there is a significant financing component.

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.

The Council has a portfolio of a significant number of loans to local businesses. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

The Council has grouped the loans into three groups for assessing loss allowances:

Group 1 – these loans were made to companies under control of the Council and within the group accounts. A scoring matrix system has been used to assess the risk of default for each loan. Loss allowances for these loans can be assessed on an individual basis.

Group 2 – these loans were made to non-controlled companies (outside of the Council group accounts). A scoring matrix system has been used to assess the risk of default for each loan. Loss allowances for these loans can be assessed on an individual basis.

Group 3 – for the residual group of loans, the Council relies on past due information and calculates losses based on lifetime credit losses for all loans more than 30 days past due.

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

Financial assets that are measured at 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 arrive in the Surplus or Deficit on the Provision of Services.

### **Financial Assets Measured at Fair Value through other comprehensive income**

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Authority 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 other comprehensive income.

### **Fair value measurements of financial assets**

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.

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 de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

The Council may, where it sees fit, and within the guidelines of the Code decide to designate investments in equity instruments to FVOCI or transact reclassifications, modifications or de-recognition or transfer of financial assets when applicable transactions occur.

#### **4.1.3.7 Financial Liabilities**

Financial liabilities except those held for trading are recognised on the Balance Sheet initially at fair value and carried at their amortised cost. Interest payable is charged to the Financing and Investment Income and Expenditure line of the CIES. The amount shown in the Balance Sheet is the carrying amount of the loan as at 31<sup>st</sup> March.

Financial liabilities held for trading are recognised at fair value through profit and loss.

Financial guarantees are recognised as a provision held at fair value based on the expected probability of the guarantee being called as at the balance sheet date.

Where premiums and discounts have been charged to the CIES as part of restructuring the debt portfolio, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is

## Section 4 – Notes to the Financial Statements

---

managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### 4.1.3.8 Provisions

Provisions have only been recognised in the accounts where there is a legal or constructive obligation to transfer economic benefits as a result of a past event and where such an amount can be reliably estimated. Provisions are charged to the CIES and, depending on their materiality, are either disclosed as a separate item on the Balance Sheet or added to the carrying balance of an appropriate current liability. When expenditure is eventually incurred, it is charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it is apparent that the provision is not required or is lower than originally anticipated, the provision is reversed and credited back to the relevant service.

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

### 4.1.3.9 Contingent Liabilities

Where a potential provision cannot be accurately estimated or an event is not considered sufficiently certain, it has not been included in the accounts but is instead disclosed in the notes as a contingent liability. A contingent liability also occurs where a liability may arise but is dependent upon the outcome of future events before it can be confirmed.

### 4.1.3.10 Defined Benefit Schemes (Local Government Pension Scheme)

For defined benefit schemes, pension fund assets are accounted for at fair value.

Pension liabilities are measured on an actuarial basis, using an assessment of the future payments that will be made for retirement benefits earned to date by employees. This assessment includes assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.

Liabilities are discounted at the Balance Sheet date using a discount rate that takes into account the duration of the employer's liabilities and the requirements of IAS19. The discount rate chosen is the Single Equivalent Discount Rate which uses the annualised Merrill Lynch AA rated corporate bond yield curve and assumes the curve is flat beyond the 30 year point. The estimate of the Council's past service liability duration is 20 years.

### 4.1.3.11 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. Transfers to and from reserves are shown in the MIRS and not within services. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on Provision of Services in the CIES. The reserve is then transferred 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 the accounting processes for non-current assets, financial instruments, retirement, and employee benefits and are not usable resources for the Council.

### 4.1.4 Policies affecting the Cash Flow Statement

#### 4.1.4.1 Cash and Cash Equivalents

The Council's Cash Flow Statement reflects the movements in cash and cash equivalents during the year and is shown net of bank overdrafts that are repayable on demand. Cash is represented by cash in hand and deposits with the Council's own bank. Cash equivalents are deposits with financial institutions repayable without penalty on notice of not more than 24 hours. This includes Council deposits in other UK bank call accounts and Money Market Funds.

#### 4.1.5 Policies used to account on a Funding Basis

In a number of areas statutory provisions require the Council to account for transactions relating to the General Fund (and subsequently the amount to be raised from Council Tax) differently from the treatment required by IFRS. In each case the adjustment required is offset by a transfer to a specific reserve. The adjustments are shown within the MIRS as adjustments between accounting basis and funding basis under statutory provisions.

##### 4.1.5.1 Depreciation, amortisation, revaluation gains and losses and impairment

Instead of these charges the Council is required to make an annual provision from revenue to contribute towards the reduction in its borrowing requirement (in line with the Council's published Minimum Revenue Provision policy). The difference between the two transactions is adjusted within the Capital Adjustment Account.

For the HRA, depreciation is replaced by a contribution to the Major Repairs Reserve.

##### 4.1.5.2 Gains and Losses on Sale of Assets

Where sale proceeds are in excess of £10k, the gain or loss on sale or disposal (including finance leases) is removed from the CIES and adjusted with the Usable Capital Receipts Reserve (sale proceeds) and the Capital Adjustment Account (carrying value in the Balance Sheet).

A proportion of receipts relating to HRA disposals is payable to the Government and a corresponding sum is therefore transferred back from the Capital Receipts Reserve to the General Fund.

##### 4.1.5.3 Capital grants

Capital Grants are reversed out of the General Fund to the Capital Grants Unapplied Account. When the grant is applied to fund capital expenditure, it is posted to the Capital Adjustment Account.

##### 4.1.5.4 Revenue Expenditure Funded from Capital under Statute (REFCUS)

Certain items of expenditure and related grant funding charged to the CIES under IFRS may be treated as capital for funding purposes. A transfer is made between the General Fund and the Capital Adjustment Account reserve for these items.

##### 4.1.5.5 Employee Benefits

Accruals made for holiday entitlements or leave are reversed out of the General Fund to the Accumulated Absences Account.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund

## **Section 4 – Notes to the Financial Statements**

---

or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **4.1.5.6 Termination Benefits - Pension Enhancements**

Pension costs calculated according to IAS 19 are replaced by the actual pension payment for the year. The difference between the two transactions is transferred between the General Fund and the Pensions Reserve.

### **4.1.5.7 Financial Liabilities**

Where premiums and discounts have been charged to the CIES as part of restructuring the debt portfolio, regulations allow the impact on the General Fund to be spread over future years. The gain or loss is spread over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The difference between the two approaches is transferred between the General Fund and the Financial Instruments Adjustment Account.

### **4.1.5.8 Financial Assets**

Statutory provisions allow the General Fund to be charged with the actual interest receivable for the financial year. The adjustment to the CIES for soft loans is therefore removed and adjusted within the Financial Instruments Adjustment Account.

### **4.1.5.9 Use of Reserves**

The Council may make a charge against the General Fund to set aside specific amounts as reserves for future policy purposes or to cover contingencies. The Council may then also choose to use these reserves to reduce the impact on the General Fund when the expenditure is incurred.

### **4.1.6 Accounting Policies not relevant or not material**

The accounting policies are reviewed each year to assess whether it is appropriate for individual policies to be included. There are a number of accounting policies that have not been included above, because the statements are not materially affected by their implementation or they are not relevant. These policies include:

- Use of capital receipts to fund disposal costs
- Intangible Assets – Recognition of website development and other internally generated assets
- The treatment of bonds
- Community Infrastructure Levy
- Subsequent revaluation of assets held for sale
- Provision for back pay arising from unequal pay claims
- Treatment of foreign currency translations
- Discontinued operations
- Contingent Assets



## 4.2 Expenditure and Funding Analysis (EFA) and Notes

### 4.2.1 Expenditure and Funding Analysis

The objective of the EFA is to demonstrate to Council Tax payers how the funding available to the Council (government grants, rents, Council Tax and NNDR) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

As outlined in note 4.3.1 Prior Year Reclassifications, the 2020/21 EFA and associated notes have been restated to align with the 2021/22 portfolio position of the Council. This restatement only alters the classification of the portfolios and overall the total value is unchanged.

	2021/22				
	General Fund Revenue Outturn Reported to Members £m	Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA Balances £m	Net Expenditure Chargeable to the General Fund and HRA Balances £m	Adjustments Between Funding and Accounting Basis £m	Net Expenditure in the Comprehensive Income and Expenditure Statement £m
Adults and Health	69.302	0.251	69.553	6.391	75.944
Children and Young People	67.061	(0.097)	66.964	15.506	82.470
Energy, Environment and Waste Services	13.342	0.245	13.587	6.296	19.883
Finance and Resources	30.960	1.210	32.170	10.394	42.564
Highways, Transport and Cleansing Services	9.101	2.050	11.151	52.351	63.502
Housing, Planning and Heritage	7.464	(54.941)	(47.477)	24.463	(23.014)
Leisure, Culture and Schools	5.270	(2.078)	3.192	16.552	19.744
Neighbourhoods, Safety and Inclusion	8.854	0.032	8.886	1.939	10.825
Skills, Growth and Economic Development	1.282	(0.018)	1.264	0.744	2.008
Strategic Regeneration and Communications	(21.956)	16.903	(5.053)	(3.167)	(8.220)
Corporate Items	39.170	(79.054)	(39.884)	6.684	(33.200)
Revaluation (gain) / loss on HRA Council Dwellings	-	-	-	(36.973)	(36.973)
<b>Net Cost of Services</b>	<b>229.850</b>	<b>(115.497)</b>	<b>114.353</b>	<b>101.180</b>	<b>215.533</b>
Other income and expenditure	-	(144.837)	(144.837)	(106.037)	(250.874)
<b>(SURPLUS)/DEFICIT ON PROVISION OF SERVICES</b>	<b>229.850</b>	<b>(260.334)</b>	<b>(30.484)</b>	<b>(4.857)</b>	<b>(35.341)</b>
		Note 4.2.4	Note 4.2.3	Note 4.2.2	
Opening General Fund, Earmarked General Fund Reserves and HRA Balance at 1 April			(221.766)		
(Surplus)/Deficit on General Fund and HRA Balance in Year			<u>(30.484)</u>		
<b>Closing General Fund, Earmarked General Fund Reserves and HRA Balance at 31 March*</b>			<b><u>(252.250)</u></b>		

\*For a split of this balance between General Fund, Earmarked General Fund Reserves and HRA - see the Movement in Reserves Statement.



## Section 4 – Notes to the Financial Statements

	Restated 2020/21				
	General Fund Revenue Outturn Reported to Members	Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA Balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments Between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£m	£m	£m	£m	£m
Adults and Health	59.710	5.043	64.753	4.901	69.654
Children and Young People	58.548	(0.007)	58.541	12.851	71.392
Energy, Environment and Waste Services	16.297	(0.482)	15.815	5.481	21.296
Finance and Resources	33.063	(0.729)	32.334	7.640	39.974
Highways, Transport and Cleansing Services	8.925	2.829	11.754	27.056	38.810
Housing, Planning and Heritage	5.261	(51.100)	(45.839)	21.784	(24.055)
Leisure, Culture and Schools	7.229	(0.948)	6.281	16.218	22.499
Neighbourhoods, Safety and Inclusion	12.110	-	12.110	4.964	17.074
Skills, Growth and Economic Development	4.560	(0.184)	4.376	0.914	5.290
Strategic Regeneration and Communications	(12.985)	12.719	(0.266)	8.069	7.803
Corporate Items	16.691	(56.501)	(39.810)	21.058	(18.752)
Revaluation (gain) / loss on HRA Council Dwellings	-	-	-	(52.501)	(52.501)
<b>Net Cost of Services</b>	<b>209.409</b>	<b>(89.360)</b>	<b>120.049</b>	<b>78.435</b>	<b>198.484</b>
Other income and expenditure	-	(165.353)	(165.353)	3.642	(161.711)
<b>(SURPLUS)/DEFICIT ON PROVISION OF SERVICES</b>	<b>209.409</b>	<b>(254.713)</b>	<b>(45.304)</b>	<b>82.077</b>	<b>36.773</b>
		Note 4.2.4	Note 4.2.3	Note 4.2.2	
Opening General Fund, Earmarked General Fund Reserves and HRA Balance at 1 April			(176.462)		
(Surplus)/Deficit on General Fund and HRA Balance in Year			<u>(45.304)</u>		
<b>Closing General Fund, Earmarked General Fund Reserves and HRA Balance at 31 March*</b>			<b><u>(221.766)</u></b>		

\*For a split of this balance between General Fund, Earmarked General Fund Reserves and HRA - see the Movement in Reserves Statement.

4.2.2 EFA Note - Adjustments between Funding and Accounting Basis

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

	Restated 2020/21				2021/22			
	Adjustments for Capital Purposes £m	Net Change for the			Adjustments for Capital Purposes £m	Net Change for the		
		Adjustments £m	Pension Adjustments £m	Other Differences £m		Adjustments £m	Pension Adjustments £m	Other Differences £m
Adults and Health	0.652	4.249	-	4.901	0.515	5.876	-	6.391
Children and Young People	5.735	7.116	-	12.851	4.757	10.749	-	15.506
Energy, Environment and Waste Services	3.666	1.815	-	5.481	3.690	2.606	-	6.296
Finance and Resources	1.647	5.993	-	7.640	1.714	8.680	-	10.394
Highways, Transport and Cleansing Services	23.534	3.522	-	27.056	47.872	4.479	-	52.351
Housing, Planning and Heritage	20.375	1.409	-	21.784	22.666	1.797	-	24.463
Leisure, Culture and Schools	13.343	2.875	-	16.218	12.950	3.602	-	16.552
Neighbourhoods, Safety and Inclusion	2.728	2.236	-	4.964	(0.585)	2.524	-	1.939
Skills, Growth and Economic Development	0.366	0.548	-	0.914	0.003	0.741	-	0.744
Strategic Regeneration and Communications	7.516	0.553	-	8.069	(3.813)	0.646	-	(3.167)
Corporate Items	7.124	10.982	2.952	21.058	6.548	1.502	(1.366)	6.684
Revaluation (gain) / loss on HRA Council Dwellings	(52.501)	-	-	(52.501)	(36.973)	-	-	(36.973)
<b>Net Cost of Services</b>	<b>34.185</b>	<b>41.298</b>	<b>2.952</b>	<b>78.435</b>	<b>59.344</b>	<b>43.202</b>	<b>(1.366)</b>	<b>101.180</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(55.772)	18.793	40.621	3.642	(109.375)	21.409	(18.071)	(106.037)
<b>DIFFERENCE BETWEEN GENERAL FUND SURPLUS OR DEFICIT AND COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES</b>	<b>(21.587)</b>	<b>60.091</b>	<b>43.573</b>	<b>82.077</b>	<b>(50.031)</b>	<b>64.611</b>	<b>(19.437)</b>	<b>(4.857)</b>

**Adjustments for Capital Purposes**

Included within Net Cost of Services:

- Fixed asset adjustments for depreciation, impairment and revaluation gains and losses.
- Revenue expenditure funded from capital under statute (REFCUS).

Included within Other Income and Expenditure from the Expenditure and Funding Analysis:

- Other operating expenditure:
  - Net gains and losses on the disposal of fixed assets
  - HRA capital receipts pooling payment
- Financing and investment income and expenditure:
  - Investment Properties gains and losses on disposals and movements in valuation
  - Investment impairment
  - Statutory charges for capital financing including Minimum Revenue Provision
  - Capital expenditure funded from the General Fund Balance and transfers to the Major Repairs Reserve
- Taxation and non-specific grant income and expenditure:
  - Capital grants where conditions permit the application for capital financing

## Section 4 – Notes to the Financial Statements

---

### Net Change for the Pensions Adjustments

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

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

### Other Differences

For services this includes employee benefit accruals, and for:

- Financing and investment income and expenditure - timing differences for premiums and discounts.
- Taxation and non-specific grant income and expenditure - the difference between what is chargeable under statutory regulations for Council Tax and NNDR 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.

## 4.2.3 EFA Note - Analysis of Items in Net Expenditure Chargeable to the General Fund and HRA

This note shows the income and expenditure by portfolio.

2021/22	Adults and Health £m	Children and Young People £m	Energy, Environment and Waste Services £m	Finance and Resources £m	Highways, Transport and Cleaning Services £m	Housing, Planning and Heritage £m	Leisure, Culture and Schools £m	Neighbourhoods, Safety and Inclusion £m	Skills, Growth and Economic Development £m	Strategic Regeneration and Communications £m	Corporate Items £m	Included in Cost of Service £m	Other Operating Expenditure £m	Financing and Investment Income and Expenditure £m	Taxation and Non-Specific Grant Income £m	Included in Other Income and Expenditure £m	Included in (Surplus)/Deficit on Provision of Services £m
<b>Income</b>																	
Council Tax and NNDR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(221.115)	(221.115)	(221.115)
Fees, charges, other income	(16.882)	(0.225)	(17.700)	(15.283)	(30.600)	(116.924)	(22.338)	(5.318)	(1.911)	(14.334)	(0.958)	(242.473)	-	(21.321)	-	(21.321)	(263.794)
Government Grants and Contributions	(104.254)	(34.777)	(14.491)	(11.948)	(5.998)	(2.999)	(122.035)	(4.991)	(14.199)	(10.101)	(192.479)	(518.272)	-	-	(59.249)	(59.249)	(577.521)
Interest and investment income	-	-	(0.012)	-	-	-	(0.003)	-	(0.035)	(0.022)	(0.001)	(0.073)	-	(5.297)	-	(5.297)	(5.370)
<b>Total Income</b>	<b>(121.136)</b>	<b>(35.002)</b>	<b>(32.203)</b>	<b>(27.231)</b>	<b>(36.598)</b>	<b>(119.923)</b>	<b>(144.376)</b>	<b>(10.309)</b>	<b>(16.145)</b>	<b>(24.457)</b>	<b>(193.438)</b>	<b>(760.818)</b>	<b>-</b>	<b>(26.618)</b>	<b>(280.364)</b>	<b>(306.982)</b>	<b>(1,067.800)</b>
<b>Expenditure</b>																	
Employee expenses	32.509	41.596	12.847	34.670	22.122	10.475	85.028	13.193	3.746	2.521	9.225	267.932	-	0.908	-	0.908	268.840
Interest payments	-	-	-	-	-	-	-	-	-	-	-	-	-	57.041	-	57.041	57.041
Levies	-	-	-	-	-	-	-	-	-	-	-	-	0.078	-	-	0.078	0.078
Other service expenses	158.180	60.370	32.943	24.731	25.627	61.971	62.540	6.002	13.663	16.883	144.329	607.239	-	(6.509)	0.001	(6.508)	600.731
Adjustments for capital purposes	-	-	-	-	-	-	-	-	-	-	-	-	(0.019)	76.308	-	76.289	76.289
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	0.164	34.173	34.337	34.337
<b>Total Expenditure</b>	<b>190.689</b>	<b>101.966</b>	<b>45.790</b>	<b>59.401</b>	<b>47.749</b>	<b>72.446</b>	<b>147.568</b>	<b>19.195</b>	<b>17.409</b>	<b>19.404</b>	<b>153.554</b>	<b>875.171</b>	<b>0.059</b>	<b>127.912</b>	<b>34.174</b>	<b>162.145</b>	<b>1,037.316</b>
<b>TOTAL INCLUDED IN THE NET EXPENDITURE CHARGEABLE TO THE GENERAL FUND AND HRA BALANCES</b>	<b>69.553</b>	<b>66.964</b>	<b>13.587</b>	<b>32.170</b>	<b>11.151</b>	<b>(47.477)</b>	<b>3.192</b>	<b>8.886</b>	<b>1.264</b>	<b>(5.053)</b>	<b>(39.884)</b>	<b>114.353</b>	<b>0.059</b>	<b>101.294</b>	<b>(246.190)</b>	<b>(144.837)</b>	<b>(30.484)</b>

## Section 4 – Notes to the Financial Statements

Restated 2020/21	Adults and Health	Children and Young People	Energy, Environment and Waste Services	Finance and Resources	Highways, Transport and Cleaning Services	Housing, Planning and Heritage	Leisure, Culture and Schools	Neighbourhoods, Safety and Inclusion	Skills, Growth and Economic Development	Strategic Regeneration and Communications	Corporate Items	Included in Cost of Service	Other Operating Expenditure	Financing and Investment Income and Expenditure	Taxation and Non-Specific Grant Income	Included in Other Income and Expenditure	Included in (Surplus)/Deficit on Provision of Services
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Income</b>																	
Council Tax and NNDR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(218.290)	(218.290)	(218.290)
Fees, charges, other income	(14.588)	(0.769)	(12.249)	(15.551)	(23.600)	(119.338)	(8.453)	(4.036)	(1.609)	(15.092)	(0.821)	(216.106)	-	(21.439)	-	(21.439)	(237.545)
Government Grants and Contributions	(105.997)	(39.163)	(8.010)	(14.395)	(16.580)	(4.276)	(120.711)	(10.595)	(14.429)	(10.874)	(189.905)	(534.935)	-	(0.051)	(76.599)	(76.650)	(611.585)
Interest and investment income	-	-	-	-	-	-	(0.002)	-	-	(0.008)	(0.002)	(0.012)	-	(8.436)	-	(8.436)	(8.448)
<b>Total Income</b>	<b>(120.585)</b>	<b>(39.932)</b>	<b>(20.259)</b>	<b>(29.946)</b>	<b>(40.180)</b>	<b>(123.614)</b>	<b>(129.166)</b>	<b>(14.631)</b>	<b>(16.038)</b>	<b>(25.974)</b>	<b>(190.728)</b>	<b>(751.053)</b>	<b>-</b>	<b>(29.926)</b>	<b>(294.889)</b>	<b>(324.815)</b>	<b>(1,075.868)</b>
<b>Expenditure</b>																	
Employee expenses	30.398	41.402	12.217	37.448	22.392	10.853	84.402	15.757	(1.904)	3.898	18.068	274.931	-	0.909	-	0.909	275.840
Interest payments	-	-	-	-	-	-	-	-	-	-	-	-	-	58.449	-	58.449	58.449
Levies	-	-	-	-	-	-	-	-	-	-	-	-	0.078	-	-	0.078	0.078
Other service expenses	154.940	57.071	23.857	24.832	29.542	66.922	51.045	10.984	22.318	21.810	132.850	596.171	-	28.434	3.664	32.098	628.269
Adjustments for capital purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	71.773	-	71.773	71.773
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	0.180	(4.025)	(3.845)	(3.845)
<b>Total Expenditure</b>	<b>185.338</b>	<b>98.473</b>	<b>36.074</b>	<b>62.280</b>	<b>51.934</b>	<b>77.775</b>	<b>135.447</b>	<b>26.741</b>	<b>20.414</b>	<b>25.708</b>	<b>150.918</b>	<b>871.102</b>	<b>0.078</b>	<b>159.745</b>	<b>(0.361)</b>	<b>159.462</b>	<b>1,030.564</b>
<b>TOTAL INCLUDED IN THE NET EXPENDITURE CHARGEABLE TO THE GENERAL FUND AND HRA BALANCES</b>	<b>64.753</b>	<b>58.541</b>	<b>15.815</b>	<b>32.334</b>	<b>11.754</b>	<b>(45.839)</b>	<b>6.281</b>	<b>12.110</b>	<b>4.376</b>	<b>(0.266)</b>	<b>(39.810)</b>	<b>120.049</b>	<b>0.078</b>	<b>129.819</b>	<b>(295.250)</b>	<b>(165.353)</b>	<b>(45.304)</b>

## 4.2.4 EFA Note - Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA Balances

	2021/22							
	Items not included in Revenue Outturn but are included in 'Net Expenditure Chargeable to the General Fund and HRA Balances'				Earmarked General Fund Reserves movements & Other Items included in Revenue Outturn but are not included in 'Net Expenditure Chargeable to the General Fund and HRA Balances'	Movement of items that do not report into Net Cost of Service Portfolios in the CIES/EFA	Movements in the SoA post Outturn Report	Total Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA
	HRA	Collection Fund (Council Tax and NNDR)	Revenue Support Grant	Other				
£m	£m	£m	£m	£m	£m	£m	£m	
Adults and Health	-	-	-	-	-	-	0.251	0.251
Children and Young People	-	-	-	-	-	-	(0.097)	(0.097)
Energy, Environment and Waste Services	-	-	-	-	-	0.060	0.185	0.245
Finance and Resources	-	-	-	0.779	-	0.142	0.289	1.210
Highways, Transport and Cleansing Services	-	-	-	-	-	0.232	1.818	2.050
Housing, Planning and Heritage	(54.922)	-	-	0.007	-	-	(0.026)	(54.941)
Leisure, Culture and Schools	-	-	-	-	-	-	(2.078)	(2.078)
Neighbourhoods, Safety and Inclusion	-	-	-	-	-	-	0.032	0.032
Skills, Growth and Economic Development	-	-	-	-	-	-	(0.018)	(0.018)
Strategic Regeneration and Communications	-	-	-	0.049	-	15.901	0.953	16.903
Corporate Items	-	-	-	-	-	(16.561)	(62.493)	(79.054)
Revaluation (gain) / loss on HRA Council Dwellings	-	-	-	-	-	-	-	-
<b>Net Cost of Services</b>	<b>(54.922)</b>	<b>-</b>	<b>-</b>	<b>0.835</b>	<b>-</b>	<b>(0.226)</b>	<b>(61.184)</b>	<b>(115.497)</b>
Other income and expenditure	46.458	(217.857)	(25.887)	1.547	(13.630)	0.226	64.306	(144.837)
<b>(SURPLUS)/DEFICIT ON PROVISION OF SERVICES</b>	<b>(8.464)</b>	<b>(217.857)</b>	<b>(25.887)</b>	<b>2.382</b>	<b>(13.630)</b>	<b>-</b>	<b>3.122</b>	<b>(260.334)</b>

## Section 4 – Notes to the Financial Statements

Restated 2020/21												
	Items not included in Revenue Outturn but are included in 'Net Expenditure Chargeable to the General Fund and HRA Balances'					Prior Period Adjustments	Earmarked General Fund Reserves movements & Other Items included in Revenue Outturn but are not included in 'Net Expenditure Chargeable to the General Fund and HRA Balances'	Movement of items that do not report into Net Cost of Service Portfolios in the CIES/EFA	Movements in the SoA post Outturn Report	Total Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA		
	HRA	Collection Fund (Council Tax and NNDR)	Revenue Support Grant	Other								
	£m	£m	£m	£m	£m							
Adults and Health	-	-	-	-	-	-	-	(0.650)	5.693	5.043		
Children and Young People	-	-	-	-	-	-	-	(0.007)	-	(0.007)		
Energy, Environment and Waste Services	-	-	-	-	-	-	-	(0.482)	-	(0.482)		
Finance and Resources	-	-	-	-	1.103	-	-	(1.041)	(0.791)	(0.729)		
Highways, Transport and Cleansing Services	-	-	-	-	1.430	-	-	(0.055)	1.454	2.829		
Housing, Planning and Heritage	(47.923)	-	-	-	(3.178)	-	-	-	0.001	(51.100)		
Leisure, Culture and Schools	-	-	-	-	-	-	-	0.136	(1.084)	(0.948)		
Neighbourhoods, Safety and Inclusion	-	-	-	-	-	-	-	-	-	-		
Skills, Growth and Economic Development	-	-	-	-	-	-	-	(0.184)	-	(0.184)		
Strategic Regeneration and Communications	-	-	-	-	-	-	-	12.877	(0.158)	12.719		
Corporate Items	-	-	-	-	0.645	-	-	(51.616)	(5.530)	(56.501)		
Revaluation (gain) / loss on HRA Council Dwellings	-	-	-	-	-	-	-	-	-	-		
<b>Net Cost of Services</b>	<b>(47.923)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41.022)</b>	<b>(0.415)</b>	<b>(89.360)</b>		
Other income and expenditure	46.184	(222.314)	(25.745)	0.063	-	(11.713)	41.022	7.150	(165.353)			
<b>(SURPLUS)/DEFICIT ON PROVISION OF SERVICES</b>	<b>(1.739)</b>	<b>(222.314)</b>	<b>(25.745)</b>	<b>0.063</b>	<b>-</b>	<b>(11.713)</b>	<b>-</b>	<b>6.735</b>	<b>(254.713)</b>			

### HRA

The General Fund Revenue Outturn does not include the HRA. The HRA Outturn is reported separately. The HRA adjustment therefore reflects the adjustment required to reconcile to the 'Net Expenditure Chargeable to the General Fund and HRA Balances'.

### Movement of items that do not report into Net Cost of Service Portfolios in the CIES/EFA

These adjustments are in relation to those items that are not reported in the portfolios of the Net Cost of Service within the CIES and EFA. These items report into 'Financing and investment income and expenditure' or 'Taxation and non-specific grant income' lines of the CIES (Other income and expenditure line of the EFA). These include for example, items such as the Treasury Management function and some government grants - these are reported as Corporate Items in the Outturn figures.



## 4.3 Comprehensive Income and Expenditure Statement Notes

### 4.3.1 Prior Year Reclassifications

In line with the CIPFA reporting requirements the service part of the CIES is based on the organisational structure of the Council i.e. portfolios. It is the Council's policy to review and change the portfolio structures on an annual basis. A report is taken by the Leader of the Council to the City Council Committee in May each year detailing changes to the portfolios for the coming year. This results in a change in segmental reporting so that it aligns to the new reporting structure of the Council. The 2020/21 CIES and associated notes have been restated where required to align with the 2021/22 portfolio position of the Council. This restatement only alters the classification of the portfolios and overall the total value is unchanged.

The following table analyses the reclassification of portfolios within the CIES Cost of Services with regards to 2020/21 and the restated figures:

Portfolios as shown in the 2020/21 Statement of Accounts	Reclassification movements of 2020/21 to align with the 2021/22 Portfolios		Restated 2020/21 with the 2021/22 Portfolios	
	£m		£m	£m
Adult Care and Local Transport	93.843	Adults & Health Highways, Transport & Cleansing Services	81.482 12.361	Adults and Health Children and Young People Energy, Environment and Waste Services Finance and Resources Highways, Transport and Cleansing Services Housing, Planning and Heritage Leisure, Culture and Schools Neighbourhoods, Safety and Inclusion Skills, Growth and Economic Development Strategic Regeneration and Communications
			93.843	69.654 71.392 21.296 39.974 38.810 (24.055) 22.499 17.074 5.290 7.803
Children and Young People	71.392	Children & Young People	71.392	
Communities, Highways and Strategic Transport	32.466	Highways, Transport & Cleansing Services Neighbourhoods, Safety & Inclusion Finance & Resources Strategic Regeneration & Communications	23.680 7.061 1.668 0.057	
			32.466	
Employment and Community Protection	7.913	Neighbourhoods, Safety & Inclusion Finance & Resources	7.680 0.233	
			7.913	
Energy, Environment and Democratic Services	28.901	Neighbourhoods, Safety & Inclusion Energy, Environment & Waste Services Finance & Resources	0.095 21.296 7.510	
			28.901	
Finance, Growth and the City Centre	22.523	Neighbourhoods, Safety & Inclusion Finance & Resources Skills, Growth & Economic Development	2.238 18.557 1.728	
			22.523	
Health, HR and Equalities	(7.181)	Adults & Health Finance & Resources	(11.828) 4.647	
			(7.181)	
Housing, Planning and Heritage	(24.621)	Housing, Planning & Heritage	(24.621)	
Leisure, Culture and IT	34.850	Highways, Transport & Cleansing Services Finance & Resources Housing, Planning & Heritage Leisure, Culture & Schools Skills, Growth & Economic Development	2.769 7.359 0.566 22.769 1.387	
			34.850	
Regeneration, Safety and Communications	9.651	Leisure, Culture & Schools Strategic Regeneration & Communications Skills, Growth & Economic Development	(0.270) 7.746 2.175	
			9.651	
Corporate Items	(18.752)	Corporate Items	(18.752)	Corporate Items
				(18.752)
Revaluation gain on HRA Council Dwellings	(52.501)	Revaluation gain on HRA Council Dwellings	(52.501)	Revaluation gain on HRA Council Dwellings
				(52.501)
<b>COST OF SERVICES</b>	<b>198.484</b>		<b>198.484</b>	<b>198.484</b>

The portfolio reclassifications have also been applied to the EFA and other notes that are analysed by portfolios.

## Section 4 – Notes to the Financial Statements

### 4.3.2 Specific Grants Credited to Services

The following grants, contributions and donations for specific services are included within the Cost of Services as income:

	2020/21 £m	2021/22 £m
<b>Revenue Grants</b>		
Ministry of Housing, Communities and Local Government: PFI Grant	(2.898)	(2.898)
Department for Education: Dedicated School Grant	(115.569)	(120.650)
Department for Education: PFI Grant	(5.620)	(5.620)
Department for Education: Universal Free School Meals	(1.410)	(1.298)
Department of Transport: PFI Grants	(61.491)	(61.491)
Department for Work & Pensions: Housing Benefit Admin	(1.380)	(1.308)
Improved Better Care Fund	(16.115)	(16.115)
Mandatory Rent Allowances: Subsidy	(67.163)	(64.625)
Public Health	(34.171)	(34.490)
Pupil Premium Grant	(6.331)	(6.425)
Rent Rebates Granted to HRA Tenants	(45.527)	(42.330)
Social Care Grant	(9.793)	(12.840)
Covid 19 - LA Support Grant	(23.580)	(11.681)
Covid 19 - Business Grants Discretionary Element	(3.350)	-
Covid 19 - Job Retention Scheme	(2.985)	(0.108)
Covid 19 - Light Rail Grant	(18.494)	(12.578)
Covid 19 - Income Compensation Grant	(15.768)	(2.915)
Covid 19 - Infection Prevention Control	(5.808)	(5.220)
Covid 19 - Winter Grant	(1.320)	(0.525)
<i>Other Revenue Grants</i>	(43.284)	(63.950)
<b>Contributions</b>	(52.878)	(51.205)
<b>TOTAL</b>	<b>(534.935)</b>	<b>(518.272)</b>

### 4.3.3 Other Operating Expenditure

Other Operating Expenditure includes the following items:

	2020/21 £m	2021/22 £m
Removal of Schools converting to Academies	-	
Write out of asset values due to replacement and demolition	3.549	5.985
Payments to the Government Housing Capital Receipts Pool	2.085	2.084
Levies	0.078	0.079
Net Gain/Loss on the disposal of non-current assets	(3.650)	0.159
<b>TOTAL</b>	<b>2.062</b>	<b>8.307</b>

4.3.4 Financing and Investment Income and Expenditure

	2020/21			2021/22		
	Expenditure £m	Income £m	Net £m	Expenditure £m	Income £m	Net £m
Capitalisation Directive -						
Exceptional revenue pressures and income losses (REFCUS)	20.000	-	20.000	-	-	-
Net Interest on Pension Fund	18.731	-	18.731	21.317	-	21.317
Interest and similar charges and income	25.535	(0.440)	25.095	25.545	(1.213)	24.332
Interest revenue/costs calculated using the effective interest rate method	32.672	(6.760)	25.912	31.543	(4.187)	27.356
Impairment Losses	24.556	-	24.556	(10.821)		(10.821)
Trading Operations	1.842	(2.399)	(0.557)	2.087	(2.392)	(0.305)
Income and expenditure in relation to investment properties and changes in their fair value	13.053	(19.127)	(6.074)	(7.506)	(19.356)	(26.862)
Other Finance and Investment items	0.826	(1.200)	(0.374)	0.843	(0.800)	0.043
<b>TOTAL</b>	<b>137.215</b>	<b>(29.926)</b>	<b>107.289</b>	<b>63.008</b>	<b>(27.948)</b>	<b>35.060</b>

4.3.5 Taxation and Non-Specific Grant Income

	2020/21 £m	2021/22 £m
<b>Revenue:</b>		
<i>Council Tax income</i>		
Demand on the Collection Fund	(121.808)	(126.056)
Apportionment of Collection Fund Surplus/Deficit	1.993	(1.243)
Taxation - Loss of Income Compensation Grant	(0.035)	-
Hardship Fund Grant	(3.664)	(0.358)
Hardship Fund Grant applied to Council Tax account	3.664	-
Local Council Tax Support Scheme	-	(4.184)
<i>National Non Domestic Rates (NNDR)</i>		
Demand on the Collection Fund	(67.417)	(66.003)
Top Up Grant	(28.584)	(28.584)
Apportionment of Collection Fund Surplus/Deficit *	34.784	17.510
NNDR Section 31 Grant *	(40.032)	(23.809)
Taxation - Loss of Income Compensation Grant	(2.690)	(0.313)
Other	(0.482)	(0.473)
<i>Non-ringfenced government grants</i>		
Revenue Support Grant	(25.745)	(25.887)
New Homes Bonus	(4.433)	(4.013)
Lower Tier Services Grant	-	(0.683)
<b>Capital:</b>		
<i>Government Departments</i>		
Other	(7.493)	(26.881)
	(9.120)	(3.264)
<b>TOTAL</b>	<b>(271.062)</b>	<b>(294.241)</b>

\* The large deficit is in respect of the loss of NNDR income in 2020/21 due to COVID-19. The deficit is offset by the increase in NNDR Section 31 grant received from Central Government.

## Section 4 – Notes to the Financial Statements

### 4.3.6 Expenditure and Income analysed by Nature

	2020/21 £m	2021/22 £m
<b>Income</b>		
Council Tax and NNDR	(181.514)	(204.848)
Fees, charges, other income	(237.545)	(264.928)
Government grants and contributions	(628.200)	(607.666)
Interest and investment income	(8.448)	(5.370)
<b>Total Income</b>	<b>(1,055.707)</b>	<b>(1,082.812)</b>
<b>Expenditure</b>		
Employee expenses	320.153	310.766
Interest payments	77.180	78.358
Levies	0.078	0.078
Other service expenses	648.708	602.345
Capital charges including depreciation, amortisation, impairment, revaluations	47.097	47.856
Payments to Housing Capital Receipts Pool	2.085	2.084
Disposal of assets - loss / (gain)	(2.821)	5.984
<b>Total Expenditure</b>	<b>1,092.480</b>	<b>1,047.471</b>
<b>(SURPLUS)/DEFICIT ON THE PROVISION OF SERVICES</b>	<b>36.773</b>	<b>(35.341)</b>

### 4.3.7 Revenue from Contracts with Service Recipients

Revenue included in the CIES for contracts with service recipients:

	Restated 2020/21				2021/22			
	Fees and charges under statutory requirements	Sale of goods	Charges for services	Total	Fees and charges under statutory requirements	Sale of goods	Charges for services	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Adults and Health	-	(0.007)	(14.581)	(14.588)	-	(0.014)	(16.868)	(16.882)
Children and Young People	-	-	(0.755)	(0.755)	(0.025)	-	(0.200)	(0.225)
Energy, Environment and Waste Services	-	-	(12.249)	(12.249)	0.001	-	(17.701)	(17.700)
Finance and Resources	(0.042)	(3.970)	(11.594)	(15.606)	(0.025)	(4.548)	(9.656)	(14.229)
Highways Transport and Cleansing Services	(1.450)	(0.457)	(20.568)	(22.476)	(1.337)	(0.448)	(25.389)	(27.174)
Housing, Planning and Heritage	(104.165)	-	(9.835)	(114.001)	(103.743)	-	(13.085)	(116.829)
Leisure Culture and Schools	-	(0.982)	(7.138)	(8.120)	(0.001)	(1.490)	(20.681)	(22.172)
Neighbourhoods Safety and Inclusion	(1.781)	(0.050)	(0.714)	(2.546)	(1.961)	(0.040)	(0.665)	(2.666)
Skills Growth and Economic Development	(0.057)	-	(1.322)	(1.379)	(0.050)	-	(1.862)	(1.911)
Strategic Regeneration and Communications	-	-	(11.513)	(11.513)	-	-	(15.468)	(15.468)
Corporate Items	-	-	(1.387)	(1.387)	-	-	(0.958)	(0.958)
Financing and Investment Income and Expenditure	-	(0.392)	(20.446)	(20.838)	-	-	(21.321)	(21.321)
<b>Revenue from contracts with service recipients</b>	<b>(107.495)</b>	<b>(5.859)</b>	<b>(112.103)</b>	<b>(225.457)</b>	<b>(107.142)</b>	<b>(6.539)</b>	<b>(143.854)</b>	<b>(257.536)</b>
Impairment of receivables				8.090				(0.128)
<b>TOTAL INCLUDED IN THE CIES</b>				<b>(217.367)</b>				<b>(257.664)</b>

As outlined in note 4.3.1 Prior Year Reclassifications, 2020/21 has been restated to align with the 2021/22 portfolio position of the Council. This restatement only alters the classification of the portfolios and overall the total value is unchanged.

Transaction price is calculated and allocated in accordance with legislation and reflects the Council's legal ability to recover costs from the service recipients.

## Section 4 – Notes to the Financial Statements

The Council typically satisfies its performance obligations upon delivery of goods or services to recipients. Standard payment terms are either 30 days for services where invoices are raised e.g. Commercial Waste Collection or immediate where payment is made at the point at which the service or good is received e.g. admission to leisure centres. Contracts do not typically contain financing components and the consideration received is not variable.

Revenue is recognised either over time or at a point in time. Revenue recognised over time is measured using the input method, based on costs incurred or resources consumed as applicable to individual contracts. Revenue is recognised at a point in time when the service recipient obtains control of the promised goods or services from the Council.

Timing of revenue recognition	2020/21		2021/22	
	Over time	At a point in time	Over time	At a point in time
	£m	£m	£m	£m
Fees and charges under statutory requirements	(107.067)	(0.428)	(106.941)	(0.200)
Sale of goods	-	(5.859)	-	(6.539)
Charges for services	(92.821)	(19.282)	(112.613)	(31.241)
<b>TOTAL</b>	<b>(199.888)</b>	<b>(25.569)</b>	<b>(219.555)</b>	<b>(37.981)</b>

Amounts included in the Balance Sheet for contracts with service recipients are shown in the following table:

	31 March	31 March
	2021	2022
	£m	£m
Receivables included in debtors	53.474	55.661
Contract assets	0.006	-
Contract liabilities	(13.690)	(14.971)
<b>TOTAL</b>	<b>39.790</b>	<b>40.690</b>

For most goods and services provided by the Council payment is made at the point of provision or when an invoice is raised to the service recipient. Services where payment is made in advance of receipt are recognised as contract liabilities, these include:

- Planning and Building Control Fees
- Advance ticket sales for performances at the Theatre Royal and Concert Hall
- Licensing

For Planning and Building Control Fees income is recognised in the CIES when the application is approved or the inspection regime is completed. For advance ticket sales, income is recognised when the show has been performed and for Licensing income is recognised as licences are issued and enforcement activity is carried out. The contract liabilities balance is reduced as income is recognised in the CIES.

Where the right of the Council to income is conditional on the provision of further goods or services to the customer, such income is recorded as a contract asset. This is applicable to income relating to service charges for commercial property owned by the Council. Costs are recognised as services are provided to customers. At year end

## Section 4 – Notes to the Financial Statements

where services are not complete, the cost is de-recognised in the CIES and recognised as a contract asset on the balance sheet.

Changes in the contract assets and contract liabilities balances during the year are as follows:

	2020/21		2021/22	
	Contract Assets £m	Contract Liabilities £m	Contract Assets £m	Contract Liabilities £m
<b>Balances at 1 April</b>	<b>0.175</b>	<b>(11.000)</b>	<b>0.006</b>	<b>(13.690)</b>
Reversal for amounts recognised in the CIES in year	(0.175)	11.000	(0.006)	13.690
Increases (decreases) due to cash received (paid)	0.006	(13.690)	-	(14.971)
<b>BALANCE AT 31 MARCH</b>	<b>0.006</b>	<b>(13.690)</b>	<b>-</b>	<b>(14.971)</b>

The value of revenue that is expected to be recognised in the future but has performance obligations that are unsatisfied (or partially unsatisfied) at the yearend is shown in the following table:

	31 March 2021 £m	31 March 2022 £m
Not later than one year	(11.197)	(13.789)
Later than one year	(2.493)	(1.182)
<b>TOTAL</b>	<b>(13.690)</b>	<b>(14.971)</b>

### 4.3.8 Revaluation of Property, Plant and Equipment (PPE)/Heritage assets

During 2021/22 revaluation gains and losses charged to Other Comprehensive Income and Expenditure amounted to a net revaluation gain of £167.335m for PPE assets (see note 4.4.1) and £4.500m for Heritage Assets (see note 4.4.2). There are no charges within Other Operating Expenditure relating to physical damage and demolition of assets in 2021/22.

4.3.9 Transactions Relating to Post-Employment Benefits (including Pensions)

The tables below show how the IAS19 Employee Benefits standard impacts on the CIES:

	Local Government Pension Scheme		Teachers Benefits	
	2020/21	2021/22	2020/21	2021/22
	£m	£m	£m	£m
<b>Cost of Services:</b>				
Service cost	84.863	81.225	-	-
Administration expenses	0.518	0.686	-	-
<b>Financing and Investment Income and Expenditure:</b>				
Net interest on the defined liability (asset)	18.042	20.742	0.689	0.575
<b>Total Charged to (Surplus)/Deficit on Provision of Services</b>	<b>103.423</b>	<b>102.653</b>	<b>0.689</b>	<b>0.575</b>
<b>Other Comprehensive Income and Expenditure (OCIE):</b>				
Re-measurements of the net defined benefit liability (asset):				
Return on Fund assets in excess of interest	(213.140)	(88.812)	-	-
Other actuarial (gains)/losses on assets	-	10.520	-	-
Change in financial assumptions	482.992	(95.297)	4.135	(0.816)
Change in demographic assumptions	(20.239)	(104.408)	(0.367)	-
Experience (gain)/loss on defined benefit obligation	(24.396)	(137.676)	(0.406)	0.077
<b>Total Charged to OCIE</b>	<b>225.217</b>	<b>(415.673)</b>	<b>3.362</b>	<b>(0.739)</b>
<b>TOTAL CHARGED TO THE CIES</b>	<b>328.640</b>	<b>(313.020)</b>	<b>4.051</b>	<b>(0.164)</b>

These transactions are summarised in the following table:

	2020/21	2021/22
	£m	£m
<b>Comprehensive Income and Expenditure Statement:</b>		
Cost of services	85.381	81.911
Financing and Investment income and expenditure	18.731	21.317
Other Comprehensive Income and Expenditure	228.579	(416.412)
<b>TOTAL</b>	<b>332.691</b>	<b>(313.184)</b>



## 4.4 Balance Sheet Notes

### 4.4.1 Property Plant and Equipment

2021/22	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£m	£m	£m	£m	£m	£m	£m	£m
Gross Book Value b/f	1,132.098	865.196	99.399		23.974	57.644	97.018	<b>2,147.860</b> **
Accumulated Depreciation b/f	(0.005)	(2.212)	(55.110)		(10.603)	-	-	<b>(62.369)</b> **
Accumulated Impairment b/f	-	-	-		(0.200)	-	-	<b>(0.200)</b> **
<b>Net Book Value at 1 April 2021</b>	<b>1,132.093</b>	<b>862.984</b>	<b>44.289</b>	<b>551.493</b>	<b>13.171</b>	<b>57.644</b>	<b>97.018</b>	<b>2,758.692</b>
Additions - Capital Expenditure	27.359	13.099	7.693	24.421	0.251	0.042	16.458	<b>89.323</b>
Additions - PFI	-	0.220	-	0.824	-	-	-	<b>1.044</b>
Depreciation Charge	(20.573)	(26.401)	(9.232)	(26.534)	(0.860)	(0.359)	-	<b>(83.959)</b>
Revaluations - Recognised in Revaluation Reserve	83.279	49.439	-	-	-	34.617	-	<b>167.335</b>
Revaluations - Recognised in the CIES	36.973	(14.168)	-	-	-	2.867	-	<b>25.672</b>
Derecognition - Disposals	(11.146)	(1.734)	(0.160)	-	-	(14.126)	-	<b>(27.166)</b>
Derecognition - Other	(2.410)	(3.559)	(0.015)	-	-	-	-	<b>(5.984)</b>
Other Movements - Transfers to Assets Held for Sale	-	-	-	-	-	(6.585)	-	<b>(6.585)</b>
Other Movements - Other	1.521	73.824	0.106	(0.114)	0.007	4.775	(84.700)	<b>(4.581)</b>
<b>Net Book Value at 31 March 2022</b>	<b>1,247.096</b>	<b>953.704</b>	<b>42.681</b>	<b>550.090</b>	<b>12.569</b>	<b>78.875</b>	<b>28.776</b>	<b>2,913.791</b>
Gross Book Value c/f	1,247.096	955.936	95.378		24.232	78.875	28.776	<b>2,430.293</b> **
Accumulated Depreciation c/f	-	(2.232)	(52.697)		(11.463)	-	-	<b>(66.392)</b> **
Accumulated Impairment c/f	-	-	-		(0.200)	-	-	<b>(0.200)</b> **
<b>NET BOOK VALUE AT 31 MARCH 2022</b>	<b>1,247.096</b>	<b>953.704</b>	<b>42.681</b>	<b>550.090</b>	<b>12.569</b>	<b>78.875</b>	<b>28.776</b>	<b>2,913.791</b>

\*\* The Gross Book Value, Accumulated Depreciation and Accumulated Impairment do not total to the Net Book Value shown in the table as these figures are not provided for Infrastructure Assets. The Net Book Value total does include Infrastructure Assets.

### Highways Infrastructure Assets - Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets [Local Government Circular 09/2022] this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

### PFI Assets included in PPE

2021/22 PFI Asset Value	Other Land and Buildings	Infrastructure Assets
	£m	£m
Gross Book Value b/f	23.743	
Accumulated Depreciation b/f	(0.077)	
Accumulated Impairment b/f	-	
<b>Net Book Value at 1st April 2021</b>	<b>23.666</b>	<b>233.034</b>
Additions - Capital Expenditure	0.220	0.824
Additions - Donations	(0.708)	(7.048)
Additions - PFI	1.414	-
Depreciation Charge	0.380	-
<b>Net Book Value at 31st March 2022</b>	<b>24.972</b>	<b>226.810</b>
Gross Book Value c/f	25.093	
Accumulated Depreciation c/f	(0.121)	
Accumulated Impairment c/f	-	
<b>Net Book Value at 31 March 2022</b>	<b>24.972</b>	<b>226.810</b>

2020/21	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross Book Value b/f	1,002.178	901.439	97.856		23.259	43.826	79.302	2,147.860	**
Accumulated Depreciation b/f	-	(1.738)	(50.854)		(9.771)	-	(0.006)	(62.369)	**
Accumulated Impairment b/f	-	-	-		(0.200)	-	-	(0.200)	**
<b>Net Book Value at 1st April 2020</b>	<b>1,002.178</b>	<b>899.701</b>	<b>47.002</b>	<b>557.113</b>	<b>13.288</b>	<b>43.826</b>	<b>79.296</b>	<b>2,642.404</b>	
Additions - Capital Expenditure	28.102	1.508	7.225	18.938	0.714	(0.141)	34.339	90.685	
Additions - PFI	-	0.322	-	1.446	-	-	-	1.768	
Depreciation Charge	(18.235)	(28.698)	(9.877)	(26.004)	(0.831)	(0.045)	-	(83.690)	
Revaluations - Recognised in Revaluation Reserve	69.934	(12.236)	-	-	-	11.530	-	69.228	
Revaluations - Recognised in the CIES	52.501	(1.945)	-	-	-	0.906	-	51.462	
Derecognition - Disposals	(7.334)	(0.785)	(0.061)	-	-	(1.835)	-	(10.015)	
Derecognition - Other	(1.842)	(1.642)	-	-	-	(0.066)	-	(3.550)	
Other Movements - Transfers to Held for Sale	6.789	6.759	-	-	-	3.469	(16.617)	0.400	
<b>Net Book Value at 31st March 2021</b>	<b>1,132.093</b>	<b>862.984</b>	<b>44.289</b>	<b>551.493</b>	<b>13.171</b>	<b>57.644</b>	<b>97.018</b>	<b>2,758.692</b>	
Gross Book Value c/f	1,132.098	865.196	99.399		23.974	57.644	97.018	2,275.329	**
Accumulated Depreciation c/f	(0.005)	(2.212)	(55.110)		(10.603)	-	-	(67.930)	**
Accumulated Impairment c/f	-	-	-		(0.200)	-	-	(0.200)	**
<b>Net Book Value at 31 March 2021</b>	<b>1,132.093</b>	<b>862.984</b>	<b>44.289</b>	<b>551.493</b>	<b>13.171</b>	<b>57.644</b>	<b>97.018</b>	<b>2,758.692</b>	

\*\* The Gross Book Value, Accumulated Depreciation and Accumulated Impairment do not total to the Net Book Value shown in the table as these figures are not provided for Infrastructure Assets. The Net Book Value total does include Infrastructure Assets.

**PFI Assets included in PPE**

2020/21 PFI Asset Value	Other Land and Buildings	Infrastructure Assets
	£m	£m
Gross Book Value b/f	23.870	
Accumulated Depreciation b/f	(0.209)	
Accumulated Impairment b/f	-	
<b>Net Book Value at 1st April 2020</b>	<b>23.661</b>	<b>238.598</b>
Additions - PFI	0.322	1.446
Depreciation Charge	(0.699)	(7.010)
Revaluations - Recognised in Revaluation Reserve	(0.457)	-
Revaluations - Recognised in the CIES	0.839	-
<b>Net Book Value at 31st March 2021</b>	<b>23.666</b>	<b>233.034</b>
Gross Book Value c/f	23.743	
Accumulated Depreciation c/f	(0.077)	
Accumulated Impairment c/f	-	
<b>Net Book Value at 31 March 2021</b>	<b>23.666</b>	<b>233.034</b>

**Depreciation**

In line with the Accounting Policies for PPE (notes 4.1.1.8 and 4.1.3.1) the following useful lives and depreciation rates have been used in the calculation of depreciation:

	Overall Range
Council Dwellings – Existing Use Value - Social Housing	Up to 65 years
Other Land and Buildings	Up to 65 years
Furniture & Equipment	Up to 20 years
Vehicles	Up to 10 years
Infrastructure and Community Assets	Up to 100 years

Where the Council departs from standard lives, the lives used are within the overall range outlined in the table above.

**Revaluations**

The Council carries out a rolling programme that ensures that all PPE carried at ‘current value’ is revalued at least every 5 years. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated historical cost as a proxy for current value.

During 2021/22, the Council’s internal valuers completed asset valuations for operational properties in compliance with the 5-year requirement. In addition, internal valuers completed a number of reviews outside the Council's 5-year property revaluation programme, for properties undergoing significant changes because of capital investment, material impairment or reclassification.

## Section 4 – Notes to the Financial Statements

A desktop beacon valuation of Council Dwelling beacon properties by the Council's internal valuers was also completed in 2021/22.

### Valuers' Assumptions - Cyclical and Non-Cyclical Valuations

- States of Repair - All properties have been assumed to be in good condition unless specific disrepair has been identified and this has been taken into account in the valuation.
- Contamination – Unless there is specific evidence, it is assumed that the properties are not, nor are likely to be affected by land contamination and that there are no ground conditions that affect the present or future use of the properties. Where there is evidence of contamination, this has been reflected in the valuation unless the cost of decontamination work would be immaterial.
- Title - It is assumed that there are no encumbrances on title.
- Council Housing Stock Valuation – beacon revaluation (see note 5.1.3.3 for details).

### Material Revaluation Gains, Losses and Impairments

Revaluation movements included an overall increase of £120.252m for Council Dwellings. This included £36.973m gains posted to the Housing Revenue Account, reversing previous years revaluation losses posted to the HRA.

In line with the Accounting Policies for PPE, the Council's componentisation policy has been applied to recognition, revaluation and depreciation of fixed assets during 2021/22.

### Valuation at 31 March 2022

The Council's rolling revaluation programme is summarised below:

DESCRIPTION	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant, Furniture & Equipment £m	Infrastructure Assets £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Total £m
Carried at depreciated historical cost			42.681	550.090	12.569			605.340
Valued at depreciated current value as at:								
2017/18		12.580						12.580
2018/19		14.719						14.719
2019/20		28.257						28.257
2020/21		7.629						7.629
2021/22	1,247.096	890.519				78.875	28.776	2,245.266
<b>NET BOOK VALUE AT 31 MARCH 2022</b>	<b>1,247.096</b>	<b>953.704</b>	<b>42.681</b>	<b>550.090</b>	<b>12.569</b>	<b>78.875</b>	<b>28.776</b>	<b>2,913.791</b>

### Surplus Assets

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2022
	£m	£m	£m	£m
Land	-	36.926	-	36.926
Leisure / Other	-	12.949	-	12.949
Offices	-	28.915	-	28.915
Retail	-	0.085	-	0.085
Services	-	0.000	-	-
<b>Total</b>	-	<b>78.875</b>	-	<b>78.875</b>

Please refer to note 4.4.3 Investment Properties for Fair Value disclosures including methodologies, techniques and hierarchies.

### Capital Commitments

At 31 March 2022, the Council had entered into a number of contracts for the construction or enhancement of PPE with future costs estimated as £63.856. The equivalent figure as at 31 March 2021 was £48.150m. The commitments have increased due to a number of additional schemes being approved as at the 31 March 2022. The major commitments are summarised below:

Capital Programme Element	Major Schemes	31 March 2022 £m
Transport	Broad Marsh Public Realm	4.493
Transport	Transforming Cities Wigman / Beechdale	2.411
Transport	Transforming Cities Trent Cycle & Pedestrian Bridge	1.810
Transport	Transforming Cities Real Time Information	1.382
Transport	Other Transport Schemes under (£1.0m)	5.685
General Fund	Fleet Replacement	7.458
General Fund	HUG2 Private Homes Grants	2.519
General Fund	LAD3 Sustainable Warmth	1.924
General Fund	Other General Fund Schemes under (£1.0m)	6.021
HRA	Eastglade New Build	6.964
HRA	Padstow Ridgeway New Build	3.093
HRA	Social Housing Decarbonisation	2.813
HRA	Secure Windows	2.378
HRA	Beckhampton New Build	2.322
HRA	Secure Doors	1.324
HRA	Modern Living	1.162
HRA	Othert HRA Schemes under (£1.0m)	10.097
<b>TOTAL</b>		<b>63.856</b>

## Section 4 – Notes to the Financial Statements

### 4.4.2 Heritage Assets

The Council's register of Heritage Assets includes over 90,000 items (excluding the natural history collection). The natural history collection is a collection of animals, plants and other living things which hold no monetary value and are held by the Council solely for their scientific value. The Council holds its Heritage Assets as a contribution to the knowledge and cultural development of both citizens and visitors. The Heritage Assets items are either held on display at one of the Council's museums or held in storage, where access is encouraged.

These collections are reported either at cost or an adjusted external valuation, based on an annually updated market value, usually provided for insurance purposes. Items reported at cost are usually awaiting a market valuation.

Collections:	Byron	Costume	Decorative Art	Fine Art	Human & Social History	Industrial History	Civic Regalia & Silver	Wollaton Non-Operational Buildings	Non-Building Structures	TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 April 2020	15.493	0.605	4.261	37.546	0.702	0.015	1.460	0.372	0.507	<b>60.961</b>
Revaluations	0.108	0.004	0.035	0.327	0.005	-	0.010	-	-	<b>0.489</b>
<b>31 March 2021</b>	<b>15.601</b>	<b>0.609</b>	<b>4.296</b>	<b>37.873</b>	<b>0.707</b>	<b>0.015</b>	<b>1.470</b>	<b>0.372</b>	<b>0.507</b>	<b>61.450</b>
Additions	-	-	-	(0.064)	-	-	-	-	-	<b>(0.064)</b>
Revaluations	1.106	0.058	0.358	2.795	0.070	-	0.113	-	-	<b>4.500</b>
<b>31 MARCH 2022</b>	<b>16.707</b>	<b>0.667</b>	<b>4.653</b>	<b>40.604</b>	<b>0.777</b>	<b>0.015</b>	<b>1.583</b>	<b>0.372</b>	<b>0.507</b>	<b>65.886</b>

### Preservation and Management

Each of the collections is managed by a curator who is responsible for their care and management in accordance with Nottingham City Council policies and national guidelines. This policy requires that Heritage Assets are only disposed of when it is considered that they no longer contribute to the interest of the general public in their subject area. Although acquisitions are rare and primarily made by donation, on those rare occasions when a particularly important asset is available for purchase, the Council will apply for funding and undertake the purchase, provided that it meets the Council's objectives.

### 4.4.3 Investment Property

There are no restrictions on the Council's ability to sell its investment property or on its right to related income and the proceeds of disposal. There are no contractual obligations to purchase, construct or develop investment property or to conduct repairs, maintenance or enhancement.

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

	2020/21	2021/22
	£m	£m
<b>Balance at 1 April</b>	256.161	237.399
Additions	0.038	-
Disposals	(5.170)	(2.811)
Net gains/(losses) from fair value adjustments	(13.230)	11.421
Transfers to / from Property Plant and Equipment	(0.400)	0.097
<b>BALANCE AT 31 MARCH</b>	<b>237.399</b>	<b>246.106</b>



Details of related income and expenditure included in the CIES are shown in note 4.3.4.

### **Fair Value Hierarchy**

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

	Quoted prices in active markets for identical assets (Level 1) £m	Other significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Fair value as at 31 March 2022 £m
Industrial	-	50.260	-	50.260
Land	-	41.804	-	41.804
Leisure / Other	-	20.392	-	20.392
Office	-	54.886	-	54.886
Retail	-	64.027	-	64.027
Services	-	14.737	-	14.737
<b>Total</b>	-	<b>246.106</b>	-	<b>246.106</b>

### **Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties:**

Investment properties are assets which are judged to be held solely to generate rental income or for capital appreciation purposes. All valuations have been assessed at level 2 for valuation purposes. When assessing the value, the strongest regard is given to recent comparable market evidence for rents and yields, but other factors may also be integrated and considered such as covenant strength of occupiers, nearby factors that may affect value, general market movements, macro-economic and political factors, and general market knowledge acquired from actively managing a portfolio of investment properties.

### **Highest and Best Use of Investment Properties**

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

### **Valuation Techniques**

IFRS13 Fair Value accounting has been used during financial year 2021/22 for investment properties.

### **Valuation Process for Investment Properties**

The fair value of the Council's investment properties is measured annually. The valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

## Section 4 – Notes to the Financial Statements

### 4.4.4 Inventories

	2020/21				2021/22			
	Consumable Stores	Maintenance Materials	Client services work in progress	Total	Consumable Stores	Maintenance Materials	Client services work in progress	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Balance at 1 April</b>	<b>0.583</b>	<b>0.150</b>	<b>1.195</b>	<b>1.928</b>	<b>0.547</b>	<b>0.035</b>	<b>0.980</b>	<b>1.562</b>
Purchases	4.664	0.040	8.501	13.205	4.320	0.018	9.101	13.439
Recognised as an expense in the year	(4.623)	(0.123)	(8.413)	(13.159)	(4.299)	(0.035)	(9.532)	(13.866)
Written off balances	(0.077)	(0.032)	(0.303)	(0.412)	-	-	-	-
<b>BALANCE AT 31 MARCH</b>	<b>0.547</b>	<b>0.035</b>	<b>0.980</b>	<b>1.562</b>	<b>0.568</b>	<b>0.018</b>	<b>0.549</b>	<b>1.135</b>

### 4.4.5 Short Term Debtors

	31 March 2021 £m	31 March 2022 £m
Prepayments	17.863	12.711
Local Taxation	8.960	9.612
Trade	53.474	55.661
Other receivable amounts	96.593	93.633
<b>TOTAL</b>	<b>176.890</b>	<b>171.617</b>

### 4.4.6 Debtors for Local Taxation

The Council's share of aged debtors for Council Tax and NNDR excluding the allowance for non-collection is shown in the following table:

	2020/21			2021/22		
	Council Tax	NNDR	Total	Council Tax	NNDR	Total
	£m	£m	£m	£m	£m	£m
Up to 1 year	9.475	8.480	17.955	11.202	8.036	19.238
1 to 3 years	9.543	3.802	13.345	9.462	5.394	14.856
Over 3 years	7.974	2.859	10.833	8.918	4.032	12.950
<b>TOTAL</b>	<b>26.992</b>	<b>15.141</b>	<b>42.133</b>	<b>29.582</b>	<b>17.462</b>	<b>47.044</b>

#### 4.4.7 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents comprises the following elements:

	31 March 2021 £m	31 March 2022 £m
Cash held by the Authority	0.279	0.180
Bank current accounts	8.358	6.066
Short-term deposits	35.600	49.300
<b>TOTAL</b>	<b>44.237</b>	<b>55.546</b>

The Council has offset overdrafts of £3.764m (£1.883m in 2020/21) against credit balances held within its bank current accounts.

#### 4.4.8 Short Term Creditors

	31 March 2021 £m	31 March 2022 £m
Receipts in Advance	(29.278)	(25.135)
Trade	(56.073)	(74.897)
Other payables	(100.328)	(107.391)
<b>TOTAL</b>	<b>(185.679)</b>	<b>(207.423)</b>

#### 4.4.9 Provisions

##### Current Provisions

These are amounts set aside to meet specific expenditure in 2022/23.

The NET2 provision is for compulsory purchases where the purchase price has yet to be agreed.

	Compulsory Purchases for NET2 £m	Other £m	Total £m
<b>Balance at 1 April 2021</b>	<b>(4.349)</b>	<b>(2.958)</b>	<b>(7.307)</b>
Additional provisions made	-	(0.487)	(0.487)
Amounts used	-	0.976	0.976
<b>BALANCE AT 31 MARCH 2022</b>	<b>(4.349)</b>	<b>(2.469)</b>	<b>(6.818)</b>

##### Non-Current Provisions

These accounts represent amounts set aside to meet specific expenditure in future years.

## Section 4 – Notes to the Financial Statements

	Injury and Damage Compensation Claims	NNDR Appeals	Employment	Total
	£m	£m		£m
<b>Balance at 1 April 2021</b>	<b>(14.622)</b>	<b>(2.538)</b>	<b>(4.872)</b>	<b>(22.032)</b>
Additional provisions made	(5.008)	(2.048)	-	(7.056)
Amounts used	4.251	1.954	0.019	6.224
<b>BALANCE AT 31 MARCH 2022</b>	<b>(15.379)</b>	<b>(2.632)</b>	<b>(4.853)</b>	<b>(22.864)</b>

### Insurance Compensation Claims

The Council maintains an insurance provision to meet the cost of claims arising from self-insured risks, risks which fall below the external policy retention levels and for payment of external insurance premiums.

The majority of costs met from the provision arise from property damage, liability claims made against the Council and motor accidents involving Council motor vehicles. In order to limit the Council's exposure to these risks the policies for external fire, motor and liability claims have been arranged with excesses of £0.250m, £0.114m and £0.361m respectively. To further protect the Council's exposure to significant payments, aggregate stop losses are in place, which limit the total value of claims that the Council will have to fund in one policy year. The stop losses for the 2021/22 policy year were £4.7m for liability claims, £1.030m for motor claims and £2m for general property (operational, housing and education) and £15m for commercial properties. Other costs falling on the provision include self-insured risks and the payment of insurance premium for policies where the risk has been transferred to the market.

Contributions to the insurance provision arise from annual charges to service areas. These maintain the insurance provision at a sufficient level to meet current claim liabilities, which includes an element of incurred but not reported claims. In addition to the known and estimated liabilities there are also potential liabilities on the fund that have not been included in the fund balance and are included in the reserve. The insurance fund has an external actuarial review every two years to ensure the Council maintains sufficient funds to meet the Council's future liabilities.

### National Non-Domestic Rates (NNDR)

This represents the Council's share of NNDR appeals provision. The Council bears a risk of non-collection of NNDR following appeals. £3.988m is the value of successful appeals charged against the provision in 2021/22. An increase of £4.180m in the provision has been made as a result of the assessment of outstanding appeals at 31st March 2022.

### Employment

A provision of £4.872m was established in 2020/21 to meet the potential cost of settlements arising from an ongoing employment tribunal case. £0.019m of this provision was used in the year, reducing the amount provided for to £4.853m.

#### 4.4.10 Usable Reserves

Movements in the Council's usable reserves are summarised in the Movement in Reserves Statement (Table 3.3).

Details of the Earmarked General Fund reserves are shown below:

	2020/2021		2021/22		
	Balance at 1 April 2020 £m	Net Movements £m	Balance at 31 March 2021 £m	Net Movements £m	Balance at 31 March 2022 £m
<b>Restricted Reserves:</b>					
Capital	9.981	(7.030)	2.951	2.806	5.757
Schools	14.152	4.192	18.344	5.370	23.714
<b>Other Reserves:</b>					
Asset Maintenance	4.882	(2.346)	2.536	0.552	3.088
Contingency and Risk	21.490	(3.067)	18.423	18.513	36.936
Information Technology	6.581	0.518	7.099	1.749	8.848
Local Economy	4.182	(1.830)	2.352	0.875	3.227
Private Finance Initiatives	49.365	(16.660)	32.705	16.797	49.502
Services	6.996	1.925	8.921	5.536	14.457
Transformation	(2.296)	1.844	(0.452)	8.084	7.632
Treasury Management	(4.503)	30.419	25.916	(0.277)	25.639
Workforce	16.866	(10.371)	6.495	1.280	7.775
<b>TOTAL</b>	<b>127.696</b>	<b>(2.406)</b>	<b>125.290</b>	<b>61.285</b>	<b>186.575</b>

Restricted reserves have been identified separately as they are generally not available to support General Fund revenue expenditure.

The detailed categories are explained below:

#### Capital

Sums that have been set aside in previous years to provide additional funding for the capital programme or to manage the impact of new capital schemes that have not yet been included in the capital programme.

#### Schools

This represents funds that have been allocated to schools under Local Management of Schools legislation, and which remains unspent at the year end. This reserve is not available to support other General Fund expenditure.

#### Asset Maintenance

These reserves are available to help maintain the Council's properties and other assets, particularly where there are significant and/or periodic requirements to ensure the Council's assets are adequately maintained.

## Section 4 – Notes to the Financial Statements

---

### **Contingency & Risk**

Certain areas of expenditure are subject to volatility. Reserves are therefore set aside to help manage the impact on the General Fund of significant changes in costs year on year in specific areas.

These reserves reflect the potential future liabilities in relation to insurance claims, Housing Benefits and Business Rates and provide resources to help reduce or deal with risk management issues that arise.

### **Information Technology**

These reserves are set aside to provide a source of funding for any major changes to information technology that may be required.

### **Local Economy**

The Council has set aside reserves that will allow investment in the local economy. These are generally used to help local businesses and residents.

### **Private Finance Initiatives**

PFI reserves exist for a number of schemes as a result of Government funding received in advance to finance future years' liabilities. This income is therefore set aside to ensure sufficient funds are available to cover the cost of contracts in future years.

### **Services**

Where services have identified one-off items of revenue expenditure that are likely to be incurred in future years.

### **Transformation**

These reserves are available to help meet costs incurred when implementing business and service efficiencies within the Council, including the cost of implementing the new Enterprise Resource Planning system ahead of business change benefits.

### **Treasury Management**

Impact of economic or financial market volatility and compliance with IFRS 9 impairment losses which are subject to annual review.

### **Workforce**

This reserve is primarily available to fund pension costs.

#### 4.4.11 Unusable Reserves

Unusable reserves have been created as a result of the difference between accounting under IFRS and statutory provisions for meeting expenditure from the General Fund. These reserves represent differences due to timing of funding certain items of expenditure and are not available as a source of general funding.

	2020/21 £m	2021/22 £m
Revaluation Reserve	669.193	808.185
Capital Adjustment Account	1,108.360	1,178.892
Financial Instruments Adjustment Account	(5.398)	(5.234)
Pensions Reserve	(1,066.517)	(714.716)
Deferred Capital Receipts Reserve	1.042	1.042
Collection Fund Adjustment Account	(38.773)	(20.866)
Accumulated Absences Account	(7.624)	(6.259)
<b>TOTAL UNUSABLE RESERVES</b>	<b>660.283</b>	<b>1,241.044</b>

#### Revaluation Reserve

The Revaluation Reserve contains the gains made arising from increases in the value of its PPE. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, when the reserve was first created. Gains arising prior to 1 April 2007 are consolidated into the balance on the Capital Adjustment Account.

	2020/21 £m	2021/22 £m
<b>Balance at 1 April</b>	<b>617.492</b>	<b>669.193</b>
Upward revaluation of assets	97.044	195.679
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(27.327)	(23.910)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	69.717	171.769
Difference between fair value depreciation and historical cost depreciation	(15.977)	(13.481)
Accumulated gains on assets sold or scrapped	(2.039)	(19.296)
Amount written off to the Capital Adjustment Account	(18.016)	(32.777)
<b>BALANCE AT 31 MARCH</b>	<b>669.193</b>	<b>808.185</b>



## Section 4 – Notes to the Financial Statements

### 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. Depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council to finance costs of acquisition, construction and enhancement.

The account also contains accumulated gains and losses on Investment Properties, gains recognised on donated assets yet to be consumed by the Council, and revaluation gains accumulated on PPE prior to 1 April 2007.

	2020/21	2021/22
	£m	£m
<b>Balance at 1 April</b>	<b>1,066.125</b>	<b>1,108.360</b>
<b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>		
Amortisation of intangible assets	(1.519)	(0.830)
Charges for depreciation of non-current assets	(83.690)	(83.959)
Revaluation losses on Property, Plant and Equipment	51.341	25.513
Movements in the market value of Investment Properties	(13.230)	11.421
Revenue expenditure funded from capital under statute (REFCUS)	(25.375)	(71.995)
REFCUS expenditure funded by grants	4.936	71.516
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(18.995)	(39.462)
Adjusting amounts written out of the Revaluation Reserve	18.016	32.778
	<u>(68.516)</u>	<u>(55.018)</u>
<b>Capital financing applied in the year:</b>		
Use of Capital Receipts Reserve to finance new capital expenditure	11.813	12.031
Use of Capital Receipts Reserve to repay debt	9.870	10.165
Use of the Major Repairs Reserve to finance new capital expenditure	18.706	23.817
Application of grants to fund capital expenditure	30.765	39.865
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	30.249	31.091
Voluntary provision for the financing of capital investment charged against the General Fund and HRA balances	1.756	2.013
Leasing Adjustments Minimum Revenue Provision	-	0.002
Adjustment to MRP as a result of PFI Projects	9.806	10.092
Capital expenditure charged against the General Fund and HRA balances	0.463	1.941
<b>Reduction in Liabilities &amp; Repayment of Long Term Debtors etc:</b>		
Principal Repayment of Capital Loans	(2.677)	(5.467)
	<u>110.751</u>	<u>125.550</u>
<b>BALANCE AT 31 MARCH</b>	<b>1,108.360</b>	<b>1,178.892</b>

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses for certain financial instruments and for bearing losses or benefiting from gains as per statutory provisions. The Council uses the account to manage premiums paid and discounts received on the early redemption of loans. Premiums and discounts are debited or credited to the CIES when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

Similar treatment is applied to loans raised by the Council with variable interest rates applied (Lenders Option Borrowers Option loans), and for monies advanced by the Council at less than the market interest rate (soft loans).

	2020/21 £m	2021/22 £m
<b>Balance at 1 April</b>	<b>(5.578)</b>	<b>(5.398)</b>
Premiums incurred in the year	0.363	0.363
Lenders Option Borrowers Option Loans	0.005	0.005
Soft Loans	(0.188)	(0.204)
<b>BALANCE AT 31 MARCH</b>	<b>(5.398)</b>	<b>(5.234)</b>

### Pensions Reserve

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

	2020/21 £m	2021/22 £m
<b>Balance at 1 April</b>	<b>(777.847)</b>	<b>(1,066.517)</b>
Remeasurements of the net defined benefit liability/asset	(228.579)	416.412
Reversal of items relating to retirement benefits debited or credited to (Surplus)/Deficit on Provision of Services in the CIES	(104.112)	(103.228)
Employer's pensions contributions and direct payments to the pensioners payable in the year	44.021	38.617
<b>BALANCE AT 31 MARCH</b>	<b>(1,066.517)</b>	<b>(714.716)</b>

## Section 4 – Notes to the Financial Statements

### 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 the cash is received, and it is then transferred to the Capital Receipts Reserve.

	2020/21 £m	2021/22 £m
<b>Balance at 1 April</b>	<b>1.042</b>	<b>1.042</b>
Transfer to the Capital Receipts Reserve upon receipt of cash	-	-
<b>BALANCE AT 31 MARCH</b>	<b>1.042</b>	<b>1.042</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and NNDR income in the CIES as it falls due, compared with the statutory arrangements (funding basis) for paying across amounts to the General Fund from the Collection Fund.

	2020/21 £m	2021/22 £m
<b>Balance at 1 April</b>	<b>2.028</b>	<b>(38.773)</b>
Adjustment for council tax income and NNDR credited to the CIES on an accounting basis instead of funding basis	(40.801)	17.907
<b>BALANCE AT 31 MARCH</b>	<b>(38.773)</b>	<b>(20.866)</b>

### Accumulated Absences Account

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

	2020/21 £m	2021/22 £m
<b>Balance at 1 April</b>	<b>(4.673)</b>	<b>(7.624)</b>
Settlement or cancellation of accrual made at the end of the preceding year	4.673	7.624
Amounts accrued at the end of the current year	(7.624)	(6.259)
<b>Adjustment to CIES to include officer remuneration on an accounting (accruals) basis instead of funding basis</b>	<b>(2.951)</b>	<b>1.365</b>
<b>BALANCE AT 31 MARCH</b>	<b>(7.624)</b>	<b>(6.259)</b>

## 4.4.12 Grants Received in Advance

**Revenue Grants Received in Advance**

The Council has received a number of Revenue grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned if they are not met.

The balances at the year-end are as follows:

	31 March 2021 £m	31 March 2022 £m
Department for Education	(3.196)	(2.833)
Department of Health and Social Care	(12.216)	(10.817)
Department for Environment, Food and Rural Affairs	(0.381)	(0.169)
Department for Levelling Up, Housing & Communities	(16.252)	(37.782)
Department for Business, Energy and Industrial Strategy	(16.378)	(20.608)
Department for Transport	(0.638)	(0.912)
Department for Work and Pensions	(0.242)	(0.261)
Home Office	(0.796)	(1.438)
Sport England	(0.160)	-
Arts Council England	(0.595)	(0.187)
Other Government Grants	(3.165)	(4.856)
Other Non Government Grants and Contributions	(1.405)	(0.691)
<b>TOTAL</b>	<b>(55.424)</b>	<b>(80.554)</b>

There is also £0.063m of Revenue grant re S106 Contributions – Transport / Public Realm / Training, which is classed as a long term receipt in advance on the balance sheet.

**Capital Grants Received in Advance**

The Council has received a number of Capital grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned if they are not met.

The balances at the year-end are as follows:

	31 March 2021 £m	31 March 2022 £m
Department for Education	(3.285)	(8.977)
Department for Transport	(33.773)	(72.339)
Ministry of Housing, Communities and Local Government	(2.039)	(4.088)
Department for Business, Energy & Industrial Strategy	(69.433)	(120.724)
Office for Low Emission Vehicles	(0.839)	(0.002)
S106 Contributions - Affordable Housing	(1.615)	(1.655)
S106 Contributions - Open Space	(2.471)	(2.740)
S106 Contributions - Education	(3.221)	(3.227)
S106 Contributions - Transport / Public Realm / Training	(1.184)	(1.970)
Other Grants and Contributions	(0.701)	(1.380)
<b>TOTAL</b>	<b>(118.561)</b>	<b>(217.102)</b>

## Section 4 – Notes to the Financial Statements

### 4.4.13 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make payments as employees earn their future entitlement.

The Council participates in three post-employment schemes:

- The Local Government Pension Scheme (LGPS), administered locally by Nottinghamshire County Council.
- The Teachers' Pension Scheme, managed by the Department for Education (DfE) and administered by Capita Business Services Ltd.
- The NHS Pension Scheme, administered by the NHS Business Services Authority.

Further details for these schemes can be found in Appendix A.

The following tables explain the amounts in the financial statements. Teachers Benefits data is in respect of additional pensions granted at retirement by the Council and are paid for by the Council as they become due.

#### Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Local Government Pension Scheme		Teachers Benefits	
	2020/21	2021/22	2020/21	2021/22
	£m	£m	£m	£m
<b>Opening balance at 1 April</b>	<b>(1,815.054)</b>	<b>(2,326.889)</b>	<b>(30.975)</b>	<b>(32.941)</b>
Current service cost	(74.399)	(80.415)	-	-
Interest cost	(35.199)	(44.608)	(0.689)	(0.575)
Change in financial assumptions	(482.992)	95.297	(4.135)	0.816
Change in demographic assumptions	20.239	104.408	0.367	-
Experience loss/(gain) on defined benefit obligation	24.396	137.676	0.406	(0.077)
Liabilities assumed/extinguished on settlements	0.154	(0.582)	-	-
Estimated benefits paid net of transfers in	55.465	47.313	-	-
Past Service costs including curtailments	(10.538)	(0.574)	-	-
Contributions by scheme participants and other employers	(9.904)	(9.592)	-	-
Unfunded pension payments	0.943	0.870	2.085	2.031
<b>CLOSING BALANCE AT 31 MARCH</b>	<b>(2,326.889)</b>	<b>(2,077.096)</b>	<b>(32.941)</b>	<b>(30.746)</b>

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2020/21 £m	2021/22 £m
<b>Opening balance at 1 April</b>	<b>1,068.182</b>	<b>1,293.313</b>
Interest on assets	17.157	23.866
Return on assets less interest	213.140	88.812
Other actuarial gains/losses	-	(10.520)
Administration expenses	(0.518)	(0.686)
Contributions by the employer including unfunded	41.936	36.586
Contributions by scheme participants and other employers	9.904	9.592
Estimated benefits paid plus unfunded net of transfers in	(56.408)	(48.183)
Settlement prices received/paid	(0.080)	0.346
<b>CLOSING BALANCE AT 31 MARCH</b>	<b>1,293.313</b>	<b>1,393.126</b>

The net pension liability shown in the balance sheet as at 31 March is as follows:

	Local Government Pension Scheme		Teachers Benefits	
	31 March 2021 £m	31 March 2022 £m	31 March 2021 £m	31 March 2022 £m
Present value of the defined benefit obligation	(2,315.206)	(2,066.323)	-	-
Fair value of Fund assets (bid value)	1,293.313	1,393.126	-	-
<b>Net Liability</b>	<b>(1,021.893)</b>	<b>(673.197)</b>	-	-
Present value of unfunded obligation	(11.683)	(10.773)	(32.941)	(30.746)
<b>NET DEFINED BENEFIT LIABILITY IN BALANCE SHEET</b>	<b>(1,033.576)</b>	<b>(683.970)</b>	<b>(32.941)</b>	<b>(30.746)</b>

#### 4.4.14 Financial Instruments

The operation of the Council's Treasury Management function is regulated through the Local Government Act 2003 and supplementary guidance issued by DLUHC (formally MHCLG), CIPFA Code of Practice for Treasury Management in the Public Services and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council approves an annual treasury strategy, reviewing risk and expected activities during the year.

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 requires disclosure of information pertaining to the scope, significance and risk associated with the Council's financial instruments.

#### Categories of Financial Instruments

A financial instrument arises from a contract which creates a financial asset in one organisation and a financial liability in another. Non exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

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

## Section 4 – Notes to the Financial Statements

### Financial Assets

	Long-term				Current			
	Investments		Debtors		Investments		Debtors	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2021	2022	2021	2022	2021	2022	2021	2022
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Amortised Cost</b>								
Principal	10.750	37.008	117.101	105.596	105.000	284.000	58.321	58.685
Cash & Cash Equivalents	-	-	-	-	44.237	55.546	-	-
Investment accrued Interest	-	-	-	-	0.094	0.258	-	-
<b>Amortised Cost Total</b>	<b>10.750</b>	<b>37.008</b>	<b>117.101</b>	<b>105.596</b>	<b>149.331</b>	<b>339.804</b>	<b>58.321</b>	<b>58.685</b>
<b>TOTAL FINANCIAL ASSETS</b>	<b>10.750</b>	<b>37.008</b>	<b>117.101</b>	<b>105.596</b>	<b>149.331</b>	<b>339.804</b>	<b>58.321</b>	<b>58.685</b>
Non-financial Instrument	19.855	20.001	-	-	-	-	118.569	112.932
<b>TOTAL</b>	<b>30.605</b>	<b>57.009</b>	<b>117.101</b>	<b>105.596</b>	<b>149.331</b>	<b>339.804</b>	<b>176.890</b>	<b>171.617</b>

The long term debtor balances in controlled entities have been moved into Financial Assets at amortised cost. The equity investment in controlled entities remains in Non-Financial Instruments as they are accounted for in the group accounts.

### Long Term Debtors

Long Term Debtors by type	31 March	New Loans	Loan	Expected	Other	31 March
	2021	Issued	Repayments	Loss	Movements	2022
	£m	£m	£m	Allowance	£m	£m
				Movements		
	£m	£m	£m	£m	£m	£m
Loans to Council Group Company	56.354	1.638	(2.377)	-	(5.840)	49.775
Loans to 3rd Party Organisations	29.223	1.968	(4.428)	(0.888)	1.203	27.078
PFI Related Debtor	28.188	-	-	-	(2.349)	25.839
Housing Debtors	1.009	-	(0.281)	-	(0.001)	0.727
Other Debtors	2.327	-	(0.051)	-	(0.099)	2.177
<b>TOTAL</b>	<b>117.101</b>	<b>3.606</b>	<b>(7.137)</b>	<b>(0.888)</b>	<b>(7.086)</b>	<b>105.596</b>

The PFI debtor relates to the NET 2 operators right to use NET Line 1 infrastructure over the term of the PFI agreement.

Other movements are year end technical accounting adjustments including the soft loan accounting and transferring repayments due in the next 12 months to short term debtors

### Financial Liabilities

	Long-term				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March	31 March	31 March	31 March	31 March	31 March	Restated	31 March
	2021	2022	2021	2022	2021	2022	31 March	2022
	£m	£m	£m	£m	£m	£m	2021	£m
<b>Amortised Cost</b>								
Principal	(898.720)	(873.688)	-	-	(34.062)	(27.251)	(56.073)	(74.897)
Loans Accrued Interest	-	-	-	-	(7.972)	(7.753)	-	-
Market Loan Effective Interest Rate Adjustment	(0.908)	(0.901)	-	-	-	-	-	-
PFI and finance lease liabilities	(170.222)	(158.622)	-	-	(11.114)	(12.240)	-	-
Other	-	-	(3.583)	(3.372)	-	-	-	-
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>(1,069.850)</b>	<b>(1,033.211)</b>	<b>(3.583)</b>	<b>(3.372)</b>	<b>(53.148)</b>	<b>(47.244)</b>	<b>(56.073)</b>	<b>(74.897)</b>
Non-financial Instrument	-	-	-	-	-	-	(118.492)	(120.286)
<b>TOTAL</b>	<b>(1,069.850)</b>	<b>(1,033.211)</b>	<b>(3.583)</b>	<b>(3.372)</b>	<b>(53.148)</b>	<b>(47.244)</b>	<b>(174.565)</b>	<b>(195.183)</b>



**Notes:**

The principal element of borrowings plus PFI and finance lease liabilities equates to external debt for comparison against the operational boundary.

Borrowings	Long-term		Current	
	31 March	31 March	31 March	31 March
	2021	2022	2021	2022
	£m	£m	£m	£m
PWLB	(849.706)	(824.674)	(24.297)	(32.284)
Market Loans	(49.908)	(49.901)	(0.496)	(0.496)
Temporary Debt & Other	(0.014)	(0.014)	(17.242)	(2.224)
<b>Total Borrowings</b>	<b>(899.628)</b>	<b>(874.589)</b>	<b>(42.035)</b>	<b>(35.004)</b>

PWLB borrowings are long term loans of which the majority are at a fixed interest rate with a variety of maturity dates becoming due over the next 50 years. The Public Works Loans Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, which is an Executive Agency of HM Treasury.

Market Loans are long term loans all of which are at a fixed interest rate taken from Banks, £34m of these loans are known as LOBO loans where, at specific points, the lender has the option to alter the interest rate charged. Should the lender exercise the option to alter the interest rate, the borrower then has the option to continue with the loan instrument at the new rate or alternatively to terminate the agreement and pay back the sum borrowed with no other penalty.

Temporary Debt & Other are mainly loans taken at fixed interest rates for a duration of less than 12 months from another local authority.

**Financial Instruments – Items of interest, expense, gains and losses**

The following table discloses the income and expenditure recognised in the CIES for all financial assets and liabilities not held at fair value (calculated using the effective interest method):

	2020/21	2021/22
	£m	£m
Net gains/losses on:		
- financial assets measured at amortised cost	23.742	7.974
<b>Total net (gains)/losses in (Surplus)/Deficit on Provision of Services</b>	<b>23.742</b>	<b>7.974</b>
Interest expense	58.334	43.905
<b>Total Expense in (Surplus)/Deficit on Provision of Services</b>	<b>58.334</b>	<b>43.905</b>
Interest income on financial assets measured at amortised cost	(5.969)	(4.015)
Other income	(1.161)	(0.860)
Dividend Income	(1.244)	(0.609)
<b>Total Income in (Surplus)/Deficit on Provision of Services</b>	<b>(8.374)</b>	<b>(5.484)</b>
<b>NET GAIN/(LOSS) FOR THE YEAR</b>	<b>73.702</b>	<b>46.395</b>

The interest expense figures above include £13.397m in 2020/21 and £13.077m in 2021/22 that relate to the HRA which gets recharged accordingly.

## Section 4 – Notes to the Financial Statements

---

### Financial Instruments – Fair Values

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. The authority'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 (i.e. where the cash flows do not take the form of a basic debt instrument).

All of the council's financial assets and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2022, using the following methods and assumptions:

- PWLB loans borrowed by the Council have been valued on the basis of using the PWLB new borrowing (certainty rate) discount rates matching the remaining duration of the loans.
- The fair values of other long-term borrowing have been estimated using the new PWLB Certainty Rate loan discount rates (UK government gilt prices plus a margin of 80 bpts) for the most appropriate maturity and repayment profiles as proxy for fair value in the absence of any detailed market transactions.
- The fair values of finance lease and PFI scheme assets and liabilities have been calculated by discounting the contractual cash flows (excluding service charges) at the appropriate AA corporate bond yield.
- Where appropriate the fair value for long term debtors has been estimated using a PWLB equivalent discount rate for new fixed rate loans with the most appropriate maturity and repayment profile as at 31st March 2022. The fair value on the remaining long term debtors is deemed to be the balance outstanding at 31<sup>st</sup> March 2022.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months, the fair value is taken to be the principal outstanding, plus accrued interest.
- The fair value of trade and other creditors and debtors is taken to be the billed amount.

Fair values are shown in the following table, 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 that the council can access at the measurement date 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.

The fair values calculated are as follows:

## Section 4 – Notes to the Financial Statements

	Fair value level	31 March 2021		31 March 2022	
		Carrying amount	Fair value	Carrying amount	Fair value
		£m	£m	£m	£m
PWLB debt	2	(874.003)	(1,042.590)	(849.706)	(1,104.792)
Market loans	2	(50.403)	(82.458)	(50.397)	(59.264)
PFI and finance leases	2	(181.336)	(263.338)	(170.863)	(235.966)
Other debt	*	(20.839)	(20.839)	(21.181)	(21.181)
Trade creditors	*	(56.073)	(56.073)	(74.897)	(74.897)
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(1,182.654)</b>	<b>(1,465.298)</b>	<b>(1,167.044)</b>	<b>(1,496.100)</b>
Cash & Cash Equivalents	*	44.237	44.237	55.546	55.546
Other Investments (< 1 year)	*	105.094	105.094	284.258	284.258
Investments (> 1 year)	2	10.750	10.839	34.694	34.874
Debtors	*	58.321	58.321	58.685	58.685
Long-term debtors	***2	117.101	153.881	105.596	111.841
<b>TOTAL FINANCIAL ASSETS</b>		<b>335.503</b>	<b>372.372</b>	<b>538.779</b>	<b>545.204</b>

\* The fair value of short term financial assets and liabilities including trade receivables/payables is assumed to be approximate to the carrying amount.

\*\* The fair value of shares in unlisted companies that are within the NCC group are shown at cost less impairment. In 2018/19 £7.500m of shares in Robin Hood Energy Ltd were fully impaired.

\*\*\* The carrying value is net of expected credit loss allowances and excludes repayments due within 12 months.

The fair value of the debt is greater than the carrying amount because the Council's portfolio of loans includes fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market as at the balance sheet date.

This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

The authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £849.7m would be valued at £1,104.7m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £1,210.9m.

The fair value of the assets is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2022) arising from a commitment to receive interest from lenders above current market rates.

### Financial Guarantee

Local authorities sometimes give financial guarantees that require them to make specified payments to reimburse the holder of a debt if the debtor fails to make payment when due in accordance with the terms of the contract.

## Section 4 – Notes to the Financial Statements

### Soft Loans

The Council has made a number of loans to voluntary organisations at less than market rates (soft loans). The details of these are £0.374m issued in 2014 then £0.150m issued in 2017, £0.090m issued in 2018, £0.345m issued in 2019/20 and £0.700 issued in 2020/21 and a further £200k in 2021/22 to Nottingham Castle Trust. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement 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 at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, 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. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account. The detailed soft loan information is as follows:

	2020/21 £m	2021/22 £m
<b>Opening balance</b>	<b>0.711</b>	<b>1.223</b>
Nominal value of new loans granted in year	0.700	0.200
Fair Value adjustment on initial recognition	(0.241)	(0.255)
Other changes	0.053	0.051
<b>Closing balance at end of year</b>	<b>1.223</b>	<b>1.219</b>
Nominal value	<b>1.659</b>	<b>1.859</b>

## 4.5 Movement in Reserves Statement Notes

### 4.5.1 Adjustments between Accounting Basis and Funding Basis under Regulations

2021/22	Usable Reserves					Unusable Reserves
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£m	£m	£m	£m	£m	
<b>Non Current Assets</b>						
• Amortisation of Intangible Fixed Assets	0.830	-	-	-	-	(0.830)
• Depreciation	61.293	22.666	-	-	-	(83.959)
• Revaluation Losses	11.366	(37.040)	-	-	-	25.674
• Investment Property Movement	(10.987)	(0.434)	-	-	-	11.421
• Assets Held for Sale Movement	0.160	-	-	-	-	(0.160)
• Derecognition of Fixed Assets	3.575	2.410	-	-	-	(5.985)
• (Loss)/Gain on Sale of Fixed Assets	1.608	(1.590)	33.459	-	-	(33.477)
	67.845	(13.988)	33.459	-	-	(87.316)
<b>Capital Financing</b>						
• Revenue Expenditure Funded From Capital Under Statute (REFCUS)	0.479	-	-	-	-	(0.479)
• Statutory Minimum Revenue Provision for Capital Financing	(31.091)	-	-	-	-	31.091
• Voluntary Revenue Provision for Capital Financing	-	(2.013)	-	-	-	2.013
• Leasing Adjustments Minimum Revenue Provision	(0.002)	-	-	-	-	0.002
• PFI Minimum Revenue Provision	(10.092)	-	-	-	-	10.092
• Capital Expenditure charged in year to General Fund Balance	(1.541)	(0.400)	-	-	-	1.941
• Transfer to/from Major Repairs Reserve	-	(31.169)	-	7.352	-	23.817
• Transfer from usable Capital Receipts equal to the amount payable into the Housing Capital Receipts Pool	2.084	-	(2.084)	-	-	-
• Use of Capital Receipts Reserve to finance new Capital expenditure	-	-	(12.031)	-	-	12.031
• Use of Capital Receipts Reserve to repay debt	-	-	(10.165)	-	-	10.165
• Capital grants & contributions to be applied in future years	7.723	-	-	-	(7.723)	-
• Capital grants applied in year	(37.868)	-	-	-	(1.997)	39.865
• Other Items (long term debtors)	-	-	5.467	-	-	(5.467)
	(70.308)	(33.582)	(18.813)	7.352	(9.720)	125.071

Continued on the next page

## Section 4 – Notes to the Financial Statements

2021/22	Usable Reserves					Unusable Reserves £m
	General Fund £m	Housing Revenue Account £m	Capital Receipts Reserve £m	Major Repairs Reserve £m	Capital Grants Unapplied £m	
<b>Other Movements</b>						
• Pension Fund:						
- Net charges made for Retirement Benefits in accordance with IAS19	103.228	-	-	-	-	(103.228)
- Employers contributions payable to the NCC Pension Fund and Retirement Benefits payable direct to pensioners	(38.617)	-	-	-	-	38.617
• Financial Instrument Adjustment Account	(0.163)	(0.001)	-	-	-	0.164
• Transfer to/(from) Collection Fund Adjustment Account	(17.906)	-	-	-	-	17.906
• Employee Benefits	(1.365)	-	-	-	-	1.365
	45.177	(0.001)	-	-	-	(45.176)
<b>TOTAL ADJUSTMENTS</b>	<b>42.714</b>	<b>(47.571)</b>	<b>14.646</b>	<b>7.352</b>	<b>(9.720)</b>	<b>(7.421)</b>

2020/21	Usable Reserves					Unusable Reserves
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£m	£m	£m	£m	£m	
<b>Non Current Assets</b>						
• Amortisation of Intangible Fixed Assets	1.519	-	-	-	-	(1.519)
• Depreciation	63.394	20.296	-	-	-	(83.690)
• Revaluation Losses	1.039	(52.501)	-	-	-	51.462
• Investment Property Movement	13.273	(0.043)	-	-	-	(13.230)
• Assets Held for Sale Movement	0.120	-	-	-	-	(0.120)
• Derecognition of Fixed Assets	1.404	2.145	-	-	-	(3.549)
• (Loss)/Gain on Sale of Fixed Assets	(5.024)	(1.347)	21.817	-	-	(15.446)
	75.725	(31.450)	21.817	-	-	(66.092)
<b>Capital Financing</b>						
• Revenue Expenditure Funded From Capital Under Statute (REFCUS)	0.439	-	-	-	-	(0.439)
• REFCUS - Capitalisation Directive - Exceptional CIES Item	20.000	-	-	-	-	(20.000)
• Statutory Minimum Revenue Provision for Capital Financing	(30.249)	-	-	-	-	30.249
• Voluntary Revenue Provision for Capital Financing	-	(1.756)	-	-	-	1.756
• PFI Minimum Revenue Provision	(9.807)	-	-	-	-	9.807
• Capital Expenditure charged in year to General Fund Balance	(0.063)	(0.398)	-	-	-	0.461
• Transfer to/from Major Repairs Reserve	-	(29.499)	-	10.793	-	18.706
• Transfer from usable Capital Receipts equal to the amount payable into the Housing Capital Receipts Pool	2.085	-	(2.085)	-	-	-
• Use of Capital Receipts Reserve to finance new Capital expenditure	-	-	(11.813)	-	-	11.813
• Use of Capital Receipts Reserve to repay debt	-	-	(9.870)	-	-	9.870
• Capital grants & contributions to be applied in future years	0.592	-	-	-	(0.592)	-
• Capital grants applied in year	(17.205)	-	-	-	(13.560)	30.765
• Other Items (long term debtors)	-	-	2.677	-	-	(2.677)
	(34.208)	(31.653)	(21.091)	10.793	(14.152)	90.311

Continued on the next page



## Section 4 – Notes to the Financial Statements

2020/21	Usable Reserves					Unusable Reserves £m
	General Fund £m	Housing Revenue Account £m	Capital Receipts Reserve £m	Major Repairs Reserve £m	Capital Grants Unapplied £m	
<b>Other Movements</b>						
• Pension Fund:						
- Net charges made for Retirement Benefits in accordance with IAS19	104.112	-	-	-	-	(104.112)
- Employers contributions payable to the NCC Pension Fund and Retirement Benefits payable direct to pensioners	(44.021)	-	-	-	-	44.021
• Financial Instrument Adjustment Account	(0.179)	(0.001)	-	-	-	0.180
• Transfer to/(from) Collection Fund Adjustment Account	40.801	-	-	-	-	(40.801)
• Employee Benefits	2.951	-	-	-	-	(2.951)
	103.664	(0.001)	-	-	-	(103.663)
<b>TOTAL ADJUSTMENTS</b>	<b>145.181</b>	<b>(63.104)</b>	<b>0.726</b>	<b>10.793</b>	<b>(14.152)</b>	<b>(79.444)</b>

#### 4.5.2 Post-employment Benefits Transactions

The Council recognises the cost of retirement benefits in the cost of services when they are earned by employees; rather than when the benefits are eventually paid as pensions. The charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the MIRS. The following transactions have been applied to the General Fund Balance via the MIRS during the year:

	Local Government			
	Pension Scheme		Teachers Benefits	
	2020/21	2021/22	2020/21	2021/22
	£m	£m	£m	£m
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits	(103.423)	(102.653)	(0.689)	(0.575)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	41.936	36.586	-	-
Retirement benefits payable to pensioners	-	-	2.085	2.031

These transactions can be summarised as follows:

	2020/21	2021/22
	£m	£m
<b>Movement in Reserves Statement:</b>		
Reversal of Charges made in accordance with the Code	(104.112)	(103.228)
Charges to General Fund made on a funding basis	44.021	38.617
<b>TOTAL</b>	<b>(60.091)</b>	<b>(64.611)</b>

## Section 4 – Notes to the Financial Statements

### 4.6 Cash Flow Statement Notes

#### 4.6.1 Non Cash Movements in Surplus/Deficit on the Provision of Services

	2020/21	2021/22
	£m	£m
Depreciation	83.690	83.959
Impairment and movement in asset valuations	(51.341)	(25.512)
Amortisation	1.519	0.830
Increase/decrease in expected loss allowance impairments/doubtful debts re: Loans & Advances	24.716	(10.720)
Increase/Decrease in Creditors	(58.251)	41.605
Increase/Decrease in Debtors	33.156	(11.133)
Increase/Decrease in Contract Assets	0.169	1.287
Increase/Decrease in Inventories	0.366	0.427
Movement in Pension Liability	60.091	64.611
Other non cash adjustment	4.212	(11.084)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	25.519	39.462
<b>TOTAL</b>	<b>123.846</b>	<b>173.732</b>

#### 4.6.2 Investing or Financing Activities in Surplus/Deficit on the Provision of Services

	2020/21	2021/22
	£m	£m
Net adjustment from the sale of short and long term investments	-	0.020
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(22.464)	(33.459)
Any other items for which the cash effects are investing or financing cash flows	16.388	(101.661)
<b>TOTAL</b>	<b>(6.076)</b>	<b>(135.100)</b>

#### 4.6.3 Operating Activities

The cash flows for operating activities include the following items:

	2020/21	2021/22
	£m	£m
Interest received	0.359	4.711
Interest paid	(39.000)	(44.130)
Dividends received	2.406	0.609
	<b>(36.235)</b>	<b>(38.810)</b>

## 4.6.4 Investing Activities

	2020/21 £m	2021/22 £m
Purchase of property, plant and equipment, investment property and intangible assets	(90.957)	(93.856)
Purchase of short-term and long-term investments	(22.581)	(205.424)
Other payments for investing activities	-	(81.265)
Proceeds from short-term and long-term investments	57.056	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	22.464	33.459
Other receipts from investing activities	2.406	302.595
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(31.612)</b>	<b>(44.491)</b>

## 4.6.5 Financing Activities

	2020/21 £m	2021/22 £m
Cash receipts of short and long-term borrowing	25.898	-
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(12.030)	(12.859)
Repayments of short and long-term borrowing	(116.141)	(31.844)
Other payments for financing activities - Council Tax and NNDR adjustments	-	19.914
Other receipts for financing activities	-	6.616
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(102.273)</b>	<b>(18.173)</b>

## 4.6.6 Reconciliation of Liabilities Arising from Financing Activities

	1 April 2021 £m	Financing cash outflows (inflows) £m	Other Non-cash changes £m	31 March 2022 £m
Long-term borrowings	(899.628)	24.816	0.223	(874.589)
Short-term borrowings	(42.034)	15.000	(7.970)	(35.004)
Lease liabilities	(1.749)	0.148	-	(1.601)
On balance sheet PFI liabilities	(179.586)	12.711	-	(166.875)
Other	(1.476)	(0.147)	-	(1.623)
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>(1,124.473)</b>	<b>52.528</b>	<b>(7.747)</b>	<b>(1,079.692)</b>

## Section 4 – Notes to the Financial Statements

	1 April 2020 £m	Financing cash outflows (inflows) £m	Other Non-cash changes £m	31 March 2021 £m
Long-term borrowings	(925.526)	26.224	(0.326)	(899.628)
Short-term borrowings	(158.175)	123.781	(7.640)	(42.034)
Lease liabilities	(2.199)	0.453	(0.003)	(1.749)
On balance sheet PFI liabilities	(189.181)	9.595	-	(179.586)
Other	(4.050)	(0.097)	2.671	(1.476)
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>(1,279.131)</b>	<b>159.956</b>	<b>(5.298)</b>	<b>(1,124.473)</b>

## 4.7 Other Notes

### 4.7.1 Agency Services

The Council administered a number of grants on behalf of the Government through the Covid-19 pandemic. These grants are non-discretionary and have been treated as an agency transaction. Any income not paid out as at 31 March 2022 has been treated as a creditor in the balance sheet.

Scheme	2020/21			2021/22		
	Funding Received from Government	Net Expenditure	Surplus Carried Forward	Funding Received from Government	Net Expenditure	Surplus to be repaid to Government
	£m	£m	£m	£m	£m	£m
Additional Restrictions Grant (ARG)	(9.615)	4.445	(5.170)	(2.236)	7.373	(0.033)
Local Restrictions Support Grant	(26.646)	19.616	(7.030)	-	0.142	(6.888)
Closed Business Lockdown Payment	(17.100)	11.434	(5.666)	-	-	(5.666)
Restart Business Grant	-	-	-	(17.347)	15.711	(1.636)
Omicron Hospitality and Leisure Grant	-	-	-	(2.652)	2.611	(0.041)
	(53.361)	35.495	(17.866)	(22.235)	25.837	(14.264)

### 4.7.2 Jointly Controlled Operations

Nottingham City Council (NCC) runs a joint operation with Leicestershire County Council (LCC) to provide shared transactional finance, human resources and payroll services to both councils under the name of East Midlands Shared Services (EMSS). EMSS operates under a Joint Committee established under section 102 of the Local Government Act 1972. The Joint Committee does not have separate legal personality and so is not a separate entity.

Operations relating to EMSS are carried out at both NCC and LCC premises, with LCC being the employing authority and NCC the host authority. In line with the partnership agreement, the net expenditure is shared between the two authorities by allocating an equal share of the financial benefits (savings) accruing from the operation of EMSS. This has resulted in a share of costs for NCC of 55.39%.

A summary of the income and expenditure of EMSS, and the associated amounts included in NCC's accounts is shown in the following table:

## Section 4 – Notes to the Financial Statements

	Total EMSS		Amounts included within NCC Accounts	
	2020/21	2021/22	2020/21	2021/22
	£m	£m	£m	£m
<b>Income:</b>				
Direct external income - LCC	(1.355)	(1.212)	-	-
Direct external income - NCC	(0.502)	(0.519)	(0.502)	(0.519)
<b>Total Income</b>	<b>(1.857)</b>	<b>(1.731)</b>	<b>(0.502)</b>	<b>(0.519)</b>
<b>Expenditure:</b>				
Direct costs incurred by LCC	5.910	5.951	-	-
Direct costs incurred by NCC	0.045	0.434	0.045	0.434
Third party payments to LCC	-	-	3.000	2.680
<b>Total Expenditure</b>	<b>5.955</b>	<b>6.385</b>	<b>3.045</b>	<b>3.114</b>
<b>NET EXPENDITURE</b>	<b>4.098</b>	<b>4.654</b>	<b>2.543</b>	<b>2.595</b>

### 4.7.3 Councillors' Allowances

The Council paid the following amounts to Councillors during the year:

	2020/21	2021/22
	£m	£m
Allowances	1.108	1.064
Expenses	-	0.001
<b>TOTAL</b>	<b>1.108</b>	<b>1.065</b>



## 4.7.4 Officers Remuneration

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

POST HOLDER	2020/21 £	2021/22 £
<b>Chief Executive - Ian Curryer <sup>1</sup></b>		
- Salary, Fees & Allowances	17,590	-
- Pension Contributions	-	-
	<b>17,590</b>	<b>-</b>
<b>Interim Chief Executive - Katherine Kerswell <sup>2</sup></b>		
- Salary, Fees & Allowances	81,387	-
- Pension Contributions	-	-
	<b>81,387</b>	<b>-</b>
<b>Chief Executive - Mel Barrett <sup>3</sup></b>		
- Salary, Fees & Allowances	104,891	183,409
- Pension Contributions	18,775	32,830
	<b>123,666</b>	<b>216,239</b>
<b>Corporate Director - People</b>		
- Salary, Fees & Allowances	143,850	146,008
- Pension Contributions	-	-
	<b>143,850</b>	<b>146,008</b>
<b>Corporate Director for Strategy and Resources <sup>4</sup></b>		
- Salary, Fees & Allowances	30,407	-
- Pension Contributions	4,815	-
	<b>35,222</b>	<b>-</b>
<b>Corporate Director - Commercial and Operations <sup>5</sup></b>		
- Salary, Fees & Allowances	38,679	-
- Exit Package	88,170	-
- Pension Contributions	5,699	-
	<b>132,548</b>	<b>-</b>
<b>Corporate Director - Covid Response and Recovery <sup>6</sup></b>		
- Salary, Fees & Allowances	123,042	-
- Pension Contributions	22,024	-
	<b>145,066</b>	<b>-</b>
<b>Corporate Director - Development and Growth <sup>7</sup></b>		
- Salary, Fees & Allowances	130,859	18,996
- Pension Contributions	23,424	3,400
	<b>154,283</b>	<b>22,396</b>
<b>Corporate Director - Residents Services <sup>8</sup></b>		
- Salary, Fees & Allowances	-	75,495
- Pension Contributions	-	9,437
	<b>-</b>	<b>84,932</b>
<b>Corporate Director - Growth and City Development <sup>9</sup></b>		
- Salary, Fees & Allowances	-	80,362
- Pension Contributions	-	14,385
	<b>-</b>	<b>94,747</b>
<b>Director for Legal and Governance and Monitoring Officer</b>		
- Salary, Fees & Allowances	103,445	105,390
- Pension Contributions	18,517	18,887
	<b>121,962</b>	<b>124,277</b>
<b>Director of Public Health <sup>10</sup></b>		
- Salary, Fees & Allowances	107,362	10,310
- Pension Contributions	15,439	772
	<b>122,801</b>	<b>11,082</b>
<b>Director of Public Health <sup>11</sup></b>		
- Salary, Fees & Allowances	-	86,337
- Pension Contributions	-	15,454
	<b>-</b>	<b>101,791</b>

## Section 4 – Notes to the Financial Statements

Notes to table:

1. Post holder left April 2020
2. Post holder from April 2020 left August 2020
3. New Post holder from September 2020
4. Post holder left June 2020
5. Post holder left June 2020
6. New post in structure in 2020/21 to manage Covid-19 response
7. Post holder left May 2021
8. New post holder from Sept 2021
9. New post holder from Sept 2021
10. Post holder left April 2021
11. New post holder from June 2021

### Fees Paid to individuals engaged on an interim basis

Interim Strategic Director of Finance & Section 151 Officer from April 21 to March 22 at a cost to the Council of £263,014. This represents the cost of securing the individual's services via an agency, not the amount the individual will have received, which will have been lower. (20/21: November 20 to March 21 £108,290).

A total of 283 employees (excluding senior employees) received remuneration of more than £0.050m, of which 83 are employed directly by schools. The figures do not include staff employed by academy schools as they are not Council employees:

Remuneration Banding £	Number of Employees 2020/21	2021/22
50,000 - 54,999	127	125
55,000 - 59,999	38	45
60,000 - 64,999	31	31
65,000 - 69,999	38	27
70,000 - 74,999	16	31
75,000 - 79,999	8	3
80,000 - 84,999	4	7
85,000 - 89,999	2	3
90,000 - 94,999	3	5
95,000 - 99,999	5	1
100,000 - 104,999	-	2
110,000 - 114,999	1	1
120,000 - 124,999	-	1
155,000 - 159,999	-	1
195,000 - 199,999	1	-
<b>TOTAL</b>	<b>274</b>	<b>283</b>
<b>GRAND TOTAL</b>	<b>274</b>	<b>283</b>

## Section 4 – Notes to the Financial Statements

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

Exit Package Cost Band	Number of Compulsory Redundancies		Number of Voluntary Redundancies		Number of Other Departures		Total Number of Exit Packages		Total Cost of Exit Packages	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Up to £20,000	19	32	165	10	-	1	184	43	1,633,795	280,500
£20,001 to £40,000	1	1	77	4	1	0	79	5	2,223,657	136,521
£40,001 to £60,000	2	1	35	2	-	-	37	3	1,886,498	137,865
£60,001 to £80,000	2	1	24	1	-	-	26	2	1,798,184	144,995
£80,001 to £100,000	-	-	13	0	-	-	13	-	1,116,638	-
£100,001 to £150,000	-	-	14	0	-	-	14	-	1,639,488	-
£150,001 to £200,000	-	-	2	0	-	-	2	-	334,207	-
<b>TOTAL</b>	<b>24</b>	<b>35</b>	<b>330</b>	<b>17</b>	<b>1</b>	<b>1</b>	<b>355</b>	<b>53</b>	<b>10,632,467</b>	<b>699,881</b>

### 4.7.5 External Audit Costs

Costs for the audit of the Statement of Accounts, certification of grant claims and returns (which relate to prior year claims) and other services provided by the external auditors:

	2020/21 £m	2021/22 £m
Statutory audit	0.133	0.142
Certification of other grant claims and returns	0.005	0.005
Fees payable in respect of other services provided by the external auditors during the year	0.010	0.010
<b>TOTAL</b>	<b>0.148</b>	<b>0.157</b>

The 2019/20, 2020/21 and 2021/22 audits are not yet concluded and there may be further variations in the fees.

### 4.7.6 Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by DSG provided by the Department for Education. This is a ring fenced grant and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the Schools and Early Years Finance (England) Regulations 2021. The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

## Section 4 – Notes to the Financial Statements

Details of the deployment of DSG receivable for 2021/22 are as follows:

Notes	Central Expenditure £m	ISB £m	Total £m
A			<b>307.758</b>
B			<b>187.108</b>
C			<b>120.650</b>
D			<b>9.485</b>
E			<b>(7.976)</b>
F	42.288	79.871	<b>122.159</b>
G	(0.643)		<b>(0.643)</b>
H	41.645	79.871	<b>121.516</b>
I	35.189		<b>35.189</b>
J		79.843	<b>79.843</b>
K	-	-	-
L	6.456	0.028	<b>6.484</b>
M			<b>7.976</b>
N			<b>14.460</b>
O			-
P			-
Q			-
R			<b>14.460</b>

### Notes to DSG:

- A Final DSG figure before any amount has been recouped from the authority as published March 2022.
- B Figure recouped from the authority in 2021/22 by the DfE for the conversion of maintained schools into academies and for high needs payments made by ESFA.
- C Total DSG figure after academy and high needs recoupment for 2021/22, as published March 2022.
- D Figure brought forward from 2020/21.
- E Any amount which the authority decided after consultation with the schools forum to carry forward to 2022/23 rather than distribute in 2021/22.
- F Budgeted distribution of DSG, adjusted for carry-forward, as agreed with the schools forum.
- G Changes to the initial distribution.
- H Budgeted distribution of DSG as at the end of the financial year.
- I Actual amount of central expenditure items in 2021/22.
- J Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the authority once it is deployed to schools' budget shares).
- K Any contribution from the local authority in 2021/22 which will have the effect of substituting for DSG in funding the Schools Budget.

- L In-year position at end of 2021/22, i.e.:
- For central expenditure, difference between final budgeted distribution of DSG (item H) and actual expenditure (item I), plus any local authority contribution (item K).
  - For ISB, difference between final budgeted distribution (item H) and amount actually deployed to schools (item J), plus any local authority contribution (item K).
- M Plus/minus any carry-forward to 2022/23 already agreed.
- N Total carry-forward on central expenditure (item L) plus carry-forward on ISB (item L) plus/minus any carry-forward to 2022/23 already agreed (item E).
- O DSG unusable reserve at end of 2020/21 (if any) – any amount placed in the unusable reserve at the end of 2019/20 and/or 2020/21 in accordance with the DLUHC (formally MHCLG) amending regulations.
- P Any addition to DSG unusable reserve in 2021/22 as a result of an in-year deficit in 2021/22.
- Q Total of DSG unusable reserve at end of 2021/22; this is the total of O and P.
- R Net DSG position at the end of 2021/22; this is a memorandum item designed to show the overall position on DSG. It is calculated by taking the figure (if any) at N and deducting the figure (if any) at Q, and will therefore show any net deficit that the local authority would have if the unusable reserve were not held separately.

The final DSG for 2021 to 2022 before the academy recoupment figure includes a provision for the early years block. This figure is derived from the 2020 to 2021 data. Due to the outbreak of Coronavirus (COVID-19) the approach for funding early years has changed in the financial year 2021 to 2022. The Local Authority was funded for early years entitlements in 2021 to 2022 based on termly counts. There will be a final DSG adjustment in July 2022 relating to funding for the Spring term 2022 based on the January 2022 census. The final allocation for the 2021 to 2022 early years block will be treated as an 'in year adjustment' for 2022 to 2023.

### 4.7.7 Related Parties

The Council is required to disclose material transactions with related parties. These are 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 significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in the CIES note 4.3.5. Capital grants and Revenue grants received in advance as at 31 March 2022 are shown in note 4.4.12.

## Section 4 – Notes to the Financial Statements

---

### Councillors/Officers

Councillors have direct control over financial and operating policies. The total of Councillors' allowances paid in 2021/22 is shown in the Councillors' allowances note 4.7.3.

During 2021/22 payments, receipts and balances outstanding for works and services to other organisations (the majority being transactions with the Council's subsidiaries) in which Councillors or relevant officers had an interest were as follows:

	2020/21 £m	2021/22 £m
Payments	142.063	91.216
Receivables	(37.379)	(24.686)
Debtors	27.629	26.118
Creditors	(7.180)	(9.039)

Details of transactions are recorded in the Register of Members' Interest, which is open to public inspection during office hours.

### Other Public Bodies

The Council has pooled budget arrangements with Integrated Community Equipment and Loan Services (ICELES), Better Care Fund, and the Adult's and Children's Safeguarding Board. There were no significant transactions with ICELES and Adult Safeguarding Partnership Board in 2021/22. Transactions for the Better Care Fund are detailed in note 4.7.8.

The Council paid £0.079m in 2020/21 (£0.078m 2020/21) to the Environment Agency for flood defence.

### Entities Controlled or Significantly Influenced by the Council

The following are significant related-party transactions with the Council's subsidiary and associated companies.

	2020/21		2021/22	
	Payments	Receipts	Payments	Receipts
	£m	£m	£m	£m
Enviroenergy Ltd	0.926	(8.253)	1.194	(4.461)
Futures Advice, Skills and Employment Ltd	3.011	(0.191)	2.626	(0.060)
Inspired Spaces	8.369	-	8.617	-
Nottingham City Homes (NCH) Ltd	87.881	(14.049)	66.487	(12.513)
Nottingham City Transport	6.649	(0.338)	6.169	(0.379)
Nottingham Revenues & Benefits Ltd	0.096	(5.930)	3.108	(6.686)
Robin Hood Energy Ltd	3.435	(3.718)	-	-
Thomas Bow Ltd	5.669	(0.872)	7.341	(0.223)
Other Related Parties	9.620	(2.917)	2.299	(4.071)

	2020/21		2021/22	
	Debtors	Creditors	Debtors	Creditors
	£m	£m	£m	£m
Enviroenergy Ltd	16.375	(0.624)	-	-
Futures Advice, Skills and Employment Ltd	0.005	(0.509)	0.071	(0.355)
Nottingham City Homes (NCH) Ltd	60.466	(11.325)	58.824	(7.385)
Nottingham City Transport	0.068	(0.037)	0.381	(0.183)
Nottingham Revenues and Benefits Ltd	0.720	(2.019)	1.466	(3.352)
Robin Hood Energy Ltd	37.485	(0.001)	30.088	-
Thomas Bow Ltd	0.014	(0.876)	0.011	(0.681)
Other Related Parties	12.792	(0.472)	13.462	(0.381)

#### 4.7.8 Pooled Budgets

The Better Care Fund (BCF) is a local single pooled budget. The BCF is a partnership scheme under Section 75 of the National Health Service Act 2006 which allows budgets to be pooled between NHS organisations and local authorities. This is a partnership of equal control between the Council and NHS Nottingham City Clinical Commissioning Group (CCG). The Council is acting as 'host' in relation to the Partnership Agreement to manage the delegated functions and pooled budgets, however both partners remain equally responsible and accountable for those functions being carried out in a suitable manner. Overall strategic oversight responsibility sits with the Nottingham City Health and Wellbeing Board. However, a Commissioning Sub-Committee has been formally established to take strategic funding decisions relevant to the pooled budgets, which has equal voting rights between the two partners. Performance in relation to the BCF indicators is also monitored by the Greater Nottingham CCG's Quality and Performance Committee and updates from the Nottingham City Health and Wellbeing Board are routinely presented to the CCG's Governing Body.

The aim of the BCF is to incentivise the NHS and local government to work more closely together around people, placing their wellbeing as the focus of health and care



## Section 4 – Notes to the Financial Statements

services, and shifting resources into social care and community services for the benefit of the people, communities and health and care systems. Funding and expenditure in connection with the BCF was as follows:

	2021/22 £m
<b>Funding</b>	
NHS Nottingham City Clinical Commissioning Group	(26.057)
Nottingham City Council (Capital)	(2.768)
Nottingham City Council (Improved Better Care Fund)	(16.115)
<b>Total Funding</b>	<b>(44.940)</b>
<b>Expenditure</b>	
Access & Navigation	2.060
Integrated Care	17.431
Facilitating Discharge	2.603
Primary Care	2.690
Assistive Technology	0.469
Carers	0.714
Capital Grants	2.768
Programme Costs	0.028
Co-ordinated Care	13.271
Independence Pathway	1.270
Housing Health - Housing Related Schemes	0.086
Winter Pressures	1.550
<b>Total Expenditure</b>	<b>44.940</b>
<b>BALANCE OF POOLED FUND</b>	<b>-</b>

### 4.7.9 Road Charging Schemes under the Transport Act 2000

The Council introduced the workplace parking levy on 1 April 2012 charged under section 178-190 of the Transport Act 2000 (the Act). As per section 180 and 181 of the Act, all monies which are raised by the levy are to be re-invested in the City Councils Transport Plan. The figures for the year ending 31 March 2022 are as follows:

	2020/21 £m	2021/22 £m
Income	(8.794)	(6.555)
Expenditure	0.468	0.211
<b>NET INCOME</b>	<b>(8.326)</b>	<b>(6.344)</b>

### 4.7.10 Leases

#### Council as Lessee

##### Finance Leases

The assets acquired under finance leases are carried as PPE in the Balance Sheet within the classification of Other Land and Buildings. The net amount at 31 March 2022 was £11.645m (31 March 2021 £16.098m).

## Section 4 – Notes to the Financial Statements

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council, and finance costs that will be payable by the Council in future years. The minimum lease payments are made up of the following amounts:

	31 March 2021 £m	31 March 2022 £m
Finance lease liabilities*:		
current	0.002	0.002
non-current	0.010	1.746
Finance costs payable in future years	9.126	7.208
<b>MINIMUM LEASE PAYMENTS</b>	<b>9.138</b>	<b>8.956</b>
* Net present value of minimum lease payments		

The finance costs which the Council has committed to are significant when compared to the lease liabilities, because the property leases are for a period of 99 years or more and the majority of payments made are for the interest element.

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2021 £m	31 March 2022 £m	31 March 2021 £m	31 March 2022 £m
	Not later than one year	0.177	0.177	0.002
Between one and five years	0.706	0.706	0.008	0.009
Later than five years	8.255	8.073	1.740	1.737
<b>TOTAL</b>	<b>9.138</b>	<b>8.956</b>	<b>1.750</b>	<b>1.748</b>

The Council has committed to a number of long term property leases. This is evidenced with the high value of minimum lease payments which have been committed to be paid later than five years.

The Council has not sub-let any of the properties held under these finance leases.

### Operating Leases

The future minimum lease payments due under non-cancellable leases are:

	31 March 2021 £m	31 March 2022 £m
Not later than one year	0.608	0.417
Between one and five years	2.099	1.133
Later than five years	8.812	8.672
<b>TOTAL</b>	<b>11.519</b>	<b>10.222</b>

## Section 4 – Notes to the Financial Statements

The expenditure charged to the CIES during 2021/22 in relation to these leases was £0.973m (£0.787m in 2020/21).

### Council as Lessor

#### Finance Leases

As a lessor, the Council has an investment in finance leases. This is made up of the minimum lease payments expected to be received over the remaining term, together with the residual value anticipated for the property at the end of the lease. The minimum lease payments comprise the settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years. The gross investment is made up of the following amounts for all finance leases:

	31 March 2021 £m	31 March 2022 £m
Long term finance lease debtor*	1.022	1.022
Finance income receivable in future years	60.357	10.962
Anticipated residual value of property	5.286	4.149
<b>GROSS INVESTMENT IN THE LEASE</b>	<b>66.665</b>	<b>16.133</b>
* Net present value of minimum lease payments		

The finance income which the Council will receive in future years is significant when compared to the lease debtors. This is because a number of assets are being leased for a period of 999 years which means the majority of current payments are for the interest element of the debtor.

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 2021 £m	31 March 2022 £m	31 March 2021 £m	31 March 2022 £m
Not later than one year	0.141	0.061	0.138	0.061
Between one and five years	0.564	0.245	0.551	0.244
Later than five years	65.960	11.678	64.061	10.657
<b>TOTAL</b>	<b>66.665</b>	<b>11.984</b>	<b>64.750</b>	<b>10.962</b>

The Council has committed to leasing out a number of assets on long term leases. This is evidenced with the high value of minimum lease payments which will be received in the period later than five years.

The Council has not set aside an allowance for uncollectable amounts on the above finance leases.

### Operating Leases

The Council leases out property and equipment under operating leases for the following purposes:

- The provision of community services, such as sports facilities, tourism services and community centres.
- Economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases are:

	31 March 2021 £m	31 March 2022 £m
Not later than one year	19.381	23.203
Between one and five years	68.197	66.750
Later than five years	203.398	186.542
<b>TOTAL</b>	<b>290.976</b>	<b>276.495</b>

### Contingent Rents

The minimum lease payments identified in the tables above do not include rents that are contingent on events taking place after the lease was entered into, such as:

- The level of sales achieved by the tenant.
- Rate of inflation.
- Usage.

For operating leases where the Council is lessor there were no contingent rents receivable by the Authority in 2021/22 of £0.000m (2020/21 £0.000m). There were no contingent rents for any of the other types of lease arrangement.

#### 4.7.11 Capital Expenditure and Capital Financing

Capital expenditure relates to the acquisition of new assets and the development of existing assets, which will be of benefit to the Council for more than one year. Expenditure by service over the last two years has been as follows:

	2020/21 £m	2021/22 £m
Planning and Housing	39.068	40.324
Jobs, Growth and Transport	17.440	27.860
Strategic Regeneration	72.220	4.086
Other	19.656	92.199
<b>Capital Expenditure</b>	<b>148.384</b>	<b>164.469</b>
REFCUS Assets within PFI Contracts	0.341	0.286
Assets acquired under PFI Contracts	1.768	1.044
<b>CUMULATIVE ASSET ADDITIONS</b>	<b>150.493</b>	<b>165.799</b>

The capital programme is actively managed throughout the year in line with agreed approvals and changes in funding.

## Section 4 – Notes to the Financial Statements

The treatment of capital expenditure and financing generates some of the main differences between the funding basis and IFRS basis. The capital focus of the funding basis is to ensure that sufficient cash is raised to finance capital expenditure. The major differences are:

- Certain items of revenue expenditure which can be treated as capital under statute under the funding basis.
- Items of capital expenditure which are financed by a charge to revenue.
- Capital grants which are used to finance capital expenditure rather than being credited to revenue.
- Making a revenue provision for repayment of borrowing (replacing depreciation) based on a calculation of the net capital financing requirement.

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases and Public Finance Initiative (PFI) contracts), together with the resources that have been used to finance it:

	2020/21 £m	2021/22 £m
<b>Capital Investment on IFRS Basis</b>		
Property, Plant and Equipment	92.453	90.420
Investment Properties	0.038	-
Intangible Assets	0.272	0.414
Long Term Debtors	31.253	2.662
Long Term Investments	1.102	0.360
<b>Total Additions to Assets on IFRS Basis</b>	<b>125.118</b>	<b>93.856</b>
Revenue Expenditure Funded from Capital under Statute	5.375	71.943
Capitalisation Directive (REFCUS)	20.000	-
<b>Total Expenditure to be Financed from Capital Sources</b>	<b>150.493</b>	<b>165.799</b>
<b>Financing</b>		
Capital receipts	(11.813)	(12.031)
Government grants and other contributions	(35.704)	(111.380)
Sums set aside from revenue	(19.168)	(25.758)
Funded with PFI Contracts	(2.109)	(1.330)
<b>UNDERLYING BORROWING REQUIREMENT IN YEAR</b>	<b>81.699</b>	<b>15.300</b>

### 4.7.12 Capital Financing Requirement (CFR)

The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be repaid. The CFR is also used to calculate the statutory minimum charge for debt repayment known as the Minimum Revenue Provision.

Where capital expenditure is financed by borrowing, the expenditure results in an increase in the CFR. Further adjustments are made to include assets acquired under PFI contracts included in the Balance Sheet, and provisions for debt repayment included in the funding basis in the following table:

	2020/21 £m	2021/22 £m
<b>Opening Capital Financing Requirement</b>	<b>1,381.975</b>	<b>1,411.047</b>
Increase in underlying need to borrow:		
Unsupported by government financial assistance	81.699	15.300
Statutory Minimum Revenue Provision	(30.249)	(31.091)
Voluntary Revenue Provision	(1.756)	(2.013)
Voluntarily Set Aside Capital Receipts	(9.870)	(10.164)
Net PFI Liability Discharged	(9.807)	(10.092)
Other Items	(0.945)	0.510
<b>CLOSING CAPITAL FINANCING REQUIREMENT</b>	<b>1,411.047</b>	<b>1,373.497</b>

#### 4.7.13 Private Finance Initiatives and Similar Contracts

The Council has four PFI arrangements which have been recognised on the Council's Balance Sheet:

##### **NET**

The Council reached financial close on NET Phase Two in December 2011. This PFI arrangement was to incorporate an additional two tram lines within the City's current tram network. The additional two tram lines became operational August 2015.

The concession agreement runs from 15 December 2011 to 20 March 2034. At the end of the contract the title to the property transfers to the Council (or a continuing concessionaire) at nil cost with the assets in a satisfactory condition for its continued operational use.

##### **Building Schools for the Future (BSF)**

The Council received handover of two PFI schools, Big Wood Phase 1 / Oak Field in 2009/10, Big Wood Phase 2 in 2010/11. The contract for these PFI schools will end in 2034.

A further PFI school, Farnborough School was handed over in 2013/14, the land element being recognised as an operational asset in 2014/15. The PFI contract for Farnborough School expires August 2038.

Upon expiry of the contract terms, all assets under this programme will be passed back to the City Council.

##### **Local Improvement Finance Trust (LIFT) Joint Service Centres**

The Council has completed two new Joint Service Centres located in Hyson Green and Bulwell and have been procured using the LIFT vehicle in partnership with NHS Nottingham City. The PFI contract which the Council has is with Community Health Partnership who manage the PFI, while NHS Nottingham City Clinical Commissioning Group manage which NHS service is provided from the joint service centre. The Council has recognised its share of occupancy of both sites on the Balance Sheet.

## Section 4 – Notes to the Financial Statements

The contract expiry and the asset treatment are as follows:

- Mary Potter Centre (Hyson Green), contract expires October 2032. The Council does not have an option to purchase the asset when the contract expires.
- Bulwell Riverside (Bulwell), contract expires October 2036 at which time the Council has an option to purchase the asset.

Clifton Cornerstone Joint Service Centre was procured in 2007. This arrangement has been treated as an operating lease so is excluded from the Council's Balance Sheet and the PFI tables shown below.

### Street Lighting Contract

In May 2010 the Council entered into a PFI arrangement for Street Lighting. The first five years of the contract provided for the replacement of outdated lighting columns, together with modifications to other columns that have an acceptable residual life. The contract also allows for adjustments and operation and maintenance of the street lighting network.

The contract expires August 2035 when the assets will revert back to the City Council at nil cost.

### Future Contractual Payments

The next table shows the Council's future contractual payments. The future Service Charge payments are estimated using the Service Charge payments incurred during 2020/21, which are then inflated using the inflation rate implicit with each PFI arrangement:

	2022/23	2023/24 - 2026/27	2027/28 - 2031/32	2032/33 - 2036/37	2037/38 - 2041/42	Total
	£m	£m	£m	£m	£m	£m
<b>NET</b>						
Repayment of Liability	7.768	30.407	35.463	9.884	-	<b>83.522</b>
Interest Charges	9.939	29.989	19.123	0.891	-	<b>59.942</b>
Service Charges	16.091	70.707	102.294	48.046	-	<b>237.138</b>
<b>NET Unitary Charge</b>	<b>33.798</b>	<b>131.103</b>	<b>156.880</b>	<b>58.821</b>	-	<b>380.602</b>
<b>BSF</b>						
Repayment of Liability	2.048	9.310	14.961	12.404	2.141	<b>40.864</b>
Interest Charges	3.072	10.616	8.586	2.488	0.113	<b>24.875</b>
Service Charges	2.905	13.623	19.034	14.151	2.031	<b>51.744</b>
<b>BSF Unitary Charge</b>	<b>8.025</b>	<b>33.549</b>	<b>42.581</b>	<b>29.043</b>	<b>4.285</b>	<b>117.483</b>
<b>LIFT</b>						
Repayment of Liability	0.591	2.565	4.022	3.789	-	<b>10.967</b>
Interest Charges	0.936	3.254	2.791	1.024	-	<b>8.005</b>
Service Charges	0.706	3.475	5.610	4.120	-	<b>13.911</b>
<b>LIFT Unitary Charge</b>	<b>2.233</b>	<b>9.294</b>	<b>12.423</b>	<b>8.933</b>	-	<b>32.883</b>
<b>Street Lighting</b>						
Repayment of Liability	1.551	8.152	11.791	11.626	-	<b>33.120</b>
Interest Charges	3.465	11.913	9.059	2.583	-	<b>27.020</b>
Service Charges	2.220	10.383	14.508	11.009	-	<b>38.120</b>
<b>Street Lighting Unitary Charge</b>	<b>7.236</b>	<b>30.448</b>	<b>35.358</b>	<b>25.218</b>	-	<b>98.260</b>
<b>TOTAL CHARGES</b>	<b>51.292</b>	<b>204.394</b>	<b>247.242</b>	<b>122.015</b>	<b>4.285</b>	<b>629.228</b>

N.B. The table excludes Clifton Cornerstone LIFT JSC which is classified as an operating lease.



### Liabilities resulting from PFI arrangements

The following table shows the value of liabilities resulting from PFI arrangements and the in-year movements.

	2020/21		2021/22			
	Total £m	BSF £m	NET £m	LIFT £m	Street Lighting £m	Total £m
<b>Opening balance at 1 April</b>	<b>189.181</b>	42.816	90.739	11.525	34.506	<b>179.586</b>
Repayment of Liability	<b>(9.595)</b>	(1.951)	(7.216)	(0.558)	(1.387)	<b>(11.112)</b>
<b>CLOSING BALANCE AT 31 MARCH</b>	<b>179.586</b>	<b>40.865</b>	<b>83.523</b>	<b>10.967</b>	<b>33.119</b>	<b>168.474</b>

#### 4.7.14 Trust Funds

The Council acts as sole trustee for a number of trust funds. The funds do not represent assets of the Council and, therefore, have not been included in the Council's single entity accounts. However, as the Council acts as sole trustee for the Bridge Estate Trust their accounts are consolidated into the Council's group accounts (section 6). The Bridge Estate Trust holds net assets of £31.381m (£28.783m at 31 March 2021) with a turnover of £1.836m (£2.147m 2020/21), primarily from the rental of investment properties. The Trust was established for the repair and maintenance of Trent Bridge and the construction of new bridges over the River Trent.

The Council is also sole trustee for a number of other Trusts whose net assets total £1.338m (£1.281m as at 31 March 2021) with a turnover of £0.408m (£0.324m 2020/21). These Trusts are not consolidated into the Council's group accounts on the basis of materiality. They include:

- Harvey Hadden Stadium and Highfields Leisure Park, for the provision of public recreation and pleasure grounds.
- Hanley and Gellestrop, which provides 9 almshouses to accommodate the poor.
- Nottingham Aged Persons Trust, George Pendry's Fund which provide benefit for the poor and elderly.
- Abbott Brown Fund, established to enable a doctor from Ljubljana Hospital to study medicine in the United Kingdom.

#### 4.7.15 Contingent Liabilities

At 31 March 2022, the Council has the following contingent liability that could exceed a materiality level of £5m:

##### Insurance Claims

A contingent liability exists for insurance claims that pre-date the coverage provided by the Insurance Provision. There are some claims that will be submitted dating back to the 1950/1960's and will be high value complex claims where insurers cannot be traced, usually claims arising from historic child abuse and disease claims. Should no insurer be traced, or an insurer refuses an indemnity, the costs would have to be met from the provision.

In addition there will be a number of incidents that have been incurred but not yet reported (IBNR) as claims. These IBNR's may need to be self-funded if they fall

## Section 4 – Notes to the Financial Statements

---

outside the scope of insurance cover, fall within current or historic excess levels, or be in periods where insurers are untraceable. The severity, value and number of IBNR cases are unknown

### 4.7.16 Nature and Extent of Risks arising from Financial Instruments

The Council's activities potentially bring exposure to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet commitments to make payments.
- Re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that the Council could incur financial loss as a result of changes, for example, in interest rates or equity prices.

#### Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out in the Local Government Act 2003 and the associated regulations. These must comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act.

Overall, the procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the Code of Practice.
- By approving, annually in advance, prudential indicators for the following three years which limit:
  - The Council's overall borrowing.
  - Its maximum exposure to fixed and variable rates.
  - Its maximum and minimum exposure in the maturity structure of its debt.
  - Its maximum annual exposure to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties, in compliance with the Government Guidance.

These procedures are required to be reported and approved at a meeting of the Council, which also sets the annual Budget and Council Tax. The procedures are included within an annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported twice per year to Councillors.

The Council maintains written principles for overall risk management as well as written policies covering specific areas such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices. This framework is a requirement of the Code and is regularly reviewed.

#### COVID-19

There will be numerous issues that will impact on local authorities as a result of the ongoing COVID-19 pandemic. The paragraphs below will cover how risks to financial

instruments are managed and how the effects of COVID-19 have been considered. As at 31 March 2022 these were particularly relevant to the council's financial instrument exposure to credit risk.

### **Recovery and Improvement Plan**

As a result of the non-statutory rapid review the Council was required to produce a Recovery and Improvement Plan to demonstrate how it would address the issues raised. This plan was approved at a meeting of the City Council on 25 January 2021. Details of the plan can be found via the Recovery and Improvement Plan section in the Narrative Report (section 1). As at 31 March 2022, the financial implications of the plan are continuing to show within the financial instruments held by the Council, including the continued aim of a reduction in the level of external debt held.

### **Credit Risk**

Credit risk arises from the Council's financial investments with banks and other financial institutions, as well as credit exposures to non-financial investments such as loans to third party organisations and credit exposures to the Council's customers. The credit risk exposure on financial investments is minimised through the principles set out in the Annual Investment Strategy. These state that 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, the UK government and other local authorities. Recognising that credit ratings are imperfect predictors of default, the Council takes other factors into account including credit default swap and equity prices when selecting commercial entities for investment.

The Annual Investment Strategy sets a limit on the amount to be invested with a financial institution located within each category.

The adopted credit criteria in respect of financial assets held by the Council in 2021/22 are:

- Minimum credit ratings – a minimum long-term credit rating of A- (or equivalent) except for UK local authorities.
- Individual cash limits on unsecured investments – a limit of £10m per eligible counterparty except the UK Central Government.
- Group limits – where more than one bank on the counterparty list is included within a banking group (e.g. Bank of Scotland and Lloyds Bank), individual limits will also apply to the group as a whole.
- Country limits – other than UK institutions, a total investment limit for all counterparties in a particular country. No more than £20m will be placed with any one country.
- Money Market Funds – individual cash limit of £10m with any one fund and an overall limit of £80m for all Money Market Funds.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £150.694m at 31 March 2022 cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, and balances held for liquidity reasons since the outbreak of COVID-19 have remained higher than in recent years. As at 31 March 2022 the council's investments are deposited with either other local authorities, short

## Section 4 – Notes to the Financial Statements

term notice accounts, the UK government or highly liquid and diverse money market funds so should the economic uncertainty on banks and other financial institutions develop the council's deposits with exposure to increased credit risk exposure can be recalled to reduce the likelihood of investment losses to crystallise. Deposits with other local authorities are judged to remain as low risk due to the legal framework around local authorities.

### Credit Risk Exposure

The following table summarises the value of the Council's financial investment portfolio and the exposure to non-financial investments and debtors at 31 March 2022. This confirms that all financial investments were made in line with the approved credit rating criteria:

Credit Rating	Credit Rating	Gross Carrying Amount £m
12-month expected credit losses	AAA	69.17
	AA	92.00
	A	50.00
	BBB	
	Unrated local authorities	157.00
	Unrated loans to 3rd parties	76.85
Significant increase in credit risk since initial recognition	AAA	
	AA	
	A	
	BBB	
	Unrated local authorities	
	Unrated loans to 3rd parties	28.75
Credit impaired	AAA	
	AA	
	A	
	BBB	
	Unrated local authorities	
	Unrated loans to 3rd parties	
Simplified approach*	AAA	
	AA	
	A	
	BBB	
	Unrated other	171.62

\* For debtors, contract assets and lease receivables, but excludes statutory debtors for example Council Tax and NNDR

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.

Where the Council does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis it has assessed losses on a collective basis based on local experience.

The credit risk and impairment review on debtors and loans to 3rd parties have been assessed at 31 March 2022 with estimations of the COVID-19 impact on the entities ability to make repayments when they become due. This where relevant includes loan agreements and any security in place, the latest financial information available and a judgement as to the likely effect on the sector in which it operates.

### **Amounts Arising from Expected Credit Losses**

From the above credit risk exposures, the expected loss allowance as at 31 March 2022 was £36.385m for loans to third parties using the Lifetime Expected Credit Loss assessment. Assessments on other debtors using the simplified Lifetime Expected Credit Loss method shows a decrease of £4.235m to £25.957m at 31 March 2022

### **Collateral**

The Council initiates a legal charge on property or company assets, for instance, as part of a loan agreement. The total collateral at 31 March 2022 was £70.223m.

### **Liquidity Risk**

The Council has ready access to borrowings from the Money Markets and other local authorities to cover day to day cash flow need. Whilst PWLB provides access to longer term funds, it also acts as a lender of last resort to Councils (although it will not provide funding to a Council whose capital plans include debt for yield schemes or whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Although COVID-19 poses significant budget challenges the Council anticipates being able to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures as required by the Code of Practice.

The Council's deposits with financial institutions such as banks, money market funds and deposits with other local authorities and the DMO total £333.3m at 31 March 2022. There were £137m of deposits with local authorities with maturity dates of less than 12 months and £5m deposited with a local authority which has a maturity date of over 12 months. DMO maturities were less than 12 months.

The council continues to use highly liquid investments including same day access money market funds as part of the Council's liquidity risk mitigation. At 31 March 2022 the council balances of £49.3m across 5 money market funds. These funds are highly diversified and highly liquid with credit ratings equivalent to AAAM so were judged to have minimal credit risk.

### **Refinancing and Maturity Risk**

The Council maintains a significant debt and investment portfolio. The risk in managing exposure when replacing financial instruments as they mature is that they

## Section 4 – Notes to the Financial Statements

may be refinanced at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that the approved prudential indicator limits the Council's borrowing that is due to mature in any given period.

The Council approved Treasury and Investment Strategies address the main risks and the central treasury team addresses the operational risks within these approved parameters. Measures include:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt.
- Monitoring the maturity profile of investments to ensure that sufficient liquidity is available for the Council's day-to-day cash flow needs.

The maturity analysis of the principal element of financial liabilities at 31 March 2022 is:

	31 March 2021 £m	31 March 2022 £m
Less than 1 year	34.062	27.251
1 to 2 years	25.032	31.400
2 to 5 years	77.787	72.700
5 to 10 years	152.075	148.338
10 – 25 years	64.154	61.550
25 – 40 years	290.672	315.700
40 – 70 years	289.000	244.000
<b>TOTAL</b>	<b>932.782</b>	<b>900.939</b>

All trade and other creditors are payable in less than one year and are not shown in the above table.

### Interest Rate Risk

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

- Borrowings at variable rates or short term borrowings – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of the borrowings will fall.
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Investments classed as financial assets measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on Comprehensive Income and Expenditure. 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.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the prudential indicators and expected



treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. Market and forecast interest rates are monitored within the year, to adjust exposures appropriately.

The 2021/22 strategy allowed for a maximum exposure to variable interest rates of £300m.

According to this assessment strategy, at 31 March 2022, if interest rates had been 1% higher, with all other variables held constant, the financial effect would be:

	31 March 2022 £m
Increase in interest payable on variable rate borrowings	0.022
Increase in interest receivable on variable rate investments	(0.790)
Impact on Surplus or Deficit on the Provision of Services	(0.768)
Share of overall impact debited to the HRA	0.054
<b>IMPACT ON OTHER COMPREHENSIVE INCOME AND EXPENDITURE</b>	<b>(0.714)</b>

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

### Price Risk

The Council does not generally invest in equity shares but does have shareholdings to the value of £21.182m in a number of joint ventures and in local industry, as at 31 March 2022. These holdings are generally illiquid and are shown in the balance sheet at cost less impairment. The main equity holdings are in Nottingham City Transport Ltd, Robin Hood Energy Ltd, Blueprint (General Partner) Ltd and Thomas Bow Ltd which are all shown at cost less impairment within the Council's group accounts. The Council is exposed to losses arising from movements in the value of these holdings. As the holdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio, but as described in the Narrative Report (see section Recovery & Improvement Plan) the Council has published a Recovery and Improvement Plan, which includes a plan to evaluate its interests and to take appropriate action to limit exposure to price risk. Measures being considered include the potential sale or the bringing in house of group interests.

The value of shares held in Robin Hood Energy Ltd was impaired by £7.500m to nil in 2018/19 and the company went into administration in January 2021.



### 4.8 Accounting Standards issued but not adopted

The Code of Practice on Local Authority Accounting requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 2021/22 Code.

The following new standards and amendments to existing standards are not implemented in the 2021/22 Code:

- Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes four changed standards:
  - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
  - IAS 37 (onerous contracts) – clarifies the intention of the standard.
  - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.
  - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASSAC did not envisage them having a significant effect on local authority financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- 

### 4.9 Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in note 4.1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Any post balance sheet adjustments made to the accounts and disclosure notes, as a result of additional information received on conditions existing at the balance sheet date have been made in line with existing accounting policies.

The critical judgements made in the Statement of Accounts are:

- There are two types of schools in Nottingham. The Council recognises schools in line with the provisions of the Code and consequently, schools are recognised on the balance sheet only if the future economic benefits or service potential associated with the school will flow to the Council. As a result, each type of school has been separately assessed for inclusion on the Council's Balance Sheet. The following table summarises the treatment for each type of school:

School Type	Balance Sheet Treatment
LEA Maintained	On
Academy	Off

- The Council has entered into a partnership arrangement with Leicestershire County Council to provide financial and human resources services. The partnership, East Midlands Shared Services, is a formal local government joint committee which is formed and operates under S102 of the Local Government Act 1972. Such a joint committee has no legal responsibility and has been judged to be a jointly controlled operation with the Council's share of revenue, expenditure, assets and liabilities shown in the single entity financial statements in section 3.
- The Council has produced a set of group accounts after carrying out a full review and evaluation of all related organisations. From this review and evaluation, a judgement is made as to whether the Council has the necessary material financial interest and/or level of control required for inclusion in the Group.

#### 4.10 Assumptions about the Future and other Major Sources of Estimation

The preparation of the financial statements requires the Council to make estimates and assumptions that affect the application of policies and reported amounts. Although these are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances, actual results may differ from these estimates. The estimates and assumptions which have a significant effect on amounts recognised in the financial statements are as follows:

- Post-Retirement Benefits – Estimation of the net liability to pay pensions is dependent on a number of complex judgements relating to the discount rate used, for example 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 expert advice about the assumptions to be applied. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 4.4.13 and the Sensitivity Analysis in section 7.2.1 for further details.

An allowance was made for the potential impact of the McCloud and Sargeant judgement in the results of the Actuary report at the last accounting date and therefore is already included in the starting position for the 2021/22 Actuary report. This allowance is therefore incorporated in the roll forward approach and is remeasured at the accounting date along with the normal LGPS liabilities. See note 7.2.1 for further details.

The impact of COVID-19 on post-retirement benefits is detailed in note 7.2.1.

There was a triennial valuation of the fund by the scheme actuary in March 2019. The purpose of this was to set the level of employer contributions necessary for the next three years (1 April 2020 to 31 March 2023) to make good any fund deficit over the remaining working life of the employees.

### 4.11 Events after the Reporting Date

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

There were a number of significant events between the balance sheet date and the approval of these financial statements. These are detailed in the Narrative Report at Section 1.4. No additional disclosure or adjustment has been made of the 2021/22 statements has been made in relation to these events.

# Section 5

# SUPPLEMENTARY

# FINANCIAL STATEMENTS

# AND NOTES

## 5.1 Housing Revenue Account (HRA)

The HRA income and expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the movement on the Housing Revenue Account statement.

### 5.1.1 Housing Revenue Income and Expenditure Account

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from Council Tax.

## Section 5 – Supplementary Financial Statements and Notes

	2020/21 £m	2021/22 £m
<b>Expenditure</b>		
Repairs and maintenance	30.075	29.445
Supervision and Management	28.716	24.201
Rents, rates, taxes and other charges	0.247	0.289
Depreciation and impairment of non-current assets	20.296	22.666
Debt management costs	0.028	0.026
Revaluation (gain) / loss on HRA Council dwellings	(52.501)	(37.039)
<b>Total Expenditure</b>	<b>26.861</b>	<b>39.589</b>
<b>Income</b>		
Dwelling Rents	(96.841)	(97.540)
Non Dwelling Rents	(2.620)	(2.908)
Charges for Services and Facilities	(8.624)	(9.547)
Contributions Towards Expenditure	(3.229)	(0.001)
<b>Total Income</b>	<b>(111.314)</b>	<b>(109.996)</b>
<b>Net Cost of HRA Services as included in the CIES</b>	<b>(84.453)</b>	<b>(70.407)</b>
HRA services' share of Corporate and Democratic Core	(0.035)	(0.035)
<b>NET COST FOR HRA SERVICES</b>	<b>(84.488)</b>	<b>(70.442)</b>
<b>HRA Share of the Operating Income and Expenditure included in the CIES</b>		
Fixed Asset Derecognition	2.145	2.409
Gain or (loss) on sale of HRA non-current assets	(1.347)	(1.590)
Interest payable and similar charges	14.497	12.612
Interest and Investment Income	(0.011)	(0.171)
<b>(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES</b>	<b>(69.204)</b>	<b>(57.182)</b>

### 5.1.2 Movement on the HRA Statement

	2020/21 £m	2021/22 £m
<b>Actual Ledger Balance on HRA at the start of the Year</b>	<b>8.191</b>	<b>9.930</b>
<b>Outstanding Statutory (Item 9) Adjustment</b>	<b>26.814</b>	<b>31.175</b>
<b>Corrected Balance on HRA at the start of the Year</b>	<b>35.005</b>	<b>41.105</b>
Surplus or (deficit) for the year	69.204	57.182
Adjustments between accounting basis and funding basis	(63.104)	(47.571)
<b>Increase or (Decrease) in Year on the HRA</b>	<b>6.100</b>	<b>9.611</b>
<b>BALANCE ON THE HRA AT THE END OF THE YEAR</b>	<b>41.105</b>	<b>50.716</b>
<b>Outstanding Statutory Adjustment</b>	<b>(31.175)</b>	<b>(32.321)</b>
<b>ACTUAL LEDGER BALANCE ON THE HRA AT THE END OF THE YEAR</b>	<b>9.930</b>	<b>18.395</b>

### 5.1.3 Notes to the HRA Financial Statements

#### 5.1.3.1 Housing Stock

The Council was responsible for managing the following housing stock:

	31 March 2021 Number	31 March 2022 Number
<b>Houses and Bungalows</b>		
1 Bedroom	1,046	1,047
2 Bedroom	5,762	5,723
3 Bedroom	9,255	9,121
4 or more Bedrooms	487	476
<b>Flats</b>		
1 Bedroom	7,532	7,484
2 Bedroom	1,126	1,113
3 or more Bedrooms	120	118
<b>TOTAL</b>	<b>25,328</b>	<b>25,082</b>

#### 5.1.3.2 Valuation of Housing Assets

The value of land, houses and other property within the HRA is as follows:

	Value at 31 March 2021 £m	Value at 31 March 2022 £m
<b>Operational Assets</b>		
Council Dwellings	1,132.093	1,247.095
Other Land and Buildings	9.911	20.757
Assets Under Construction	4.006	10.593
Surplus Assets not held for sale	0.680	1.801
Investment Properties	1.050	0.557
Infrastructure	29.139	29.000
Vehicles, IT and Other Equipment	0.086	0.065
<b>TOTAL VALUE OF ASSETS</b>	<b>1,176.965</b>	<b>1,309.868</b>

#### 5.1.3.3 Asset value of Dwellings

The vacant possession valuation of Council dwellings at 31 March 2022 was £2,969.275m (1 April 2021 £2,695.458m). The Balance Sheet value of dwellings was £1,247.096m. The difference of £1,722.179m between the vacant possession valuation and the balance sheet value reflects the fact that social housing rents generate a lower income stream than could be obtained in the open market. Operational assets in a commercial environment are required to earn a rate of return. The value placed on such assets will reflect the required economic rate of return in relation to the income streams that the assets might be expected to generate throughout their economic life. To the extent that income streams are constrained to

## Section 5 – Supplementary Financial Statements and Notes

serve a wider social purpose, the value of capital assets employed for this purpose will be reduced.

The valuation of the Council's housing stock as at 31st March 2022 was completed by the Council's Property Services team in conjunction with external valuers.

### 5.1.3.4 The Major Repairs Reserve

The purpose of this reserve is to earmark funding to provide for the long-term maintenance of the housing stock. Movements on the reserve were as follows:

	2020/21 £m	2021/22 £m
<b>Balance Brought Forward</b>	<b>(20.628)</b>	<b>(31.421)</b>
Credits - Depreciation on HRA Assets	(20.296)	(22.666)
Credits - Amortisation on HRA Assets	(0.004)	-
Credits - Additional credit to the MRR	(9.199)	(8.503)
Debits - Capital Expenditure	18.706	23.817
<b>BALANCE AT END OF YEAR</b>	<b>(31.421)</b>	<b>(38.773)</b>

Further information on depreciation is shown in note 5.1.3.7.

### 5.1.3.5 Capital Expenditure

Capital expenditure of £37.948m (£37.493m in 2020/21) in respect of HRA assets was financed from a range of sources in 2021/22. This is set out below:

	2020/21 £m	2021/22 £m
<b>CAPITAL EXPENDITURE</b>	<b>37.493</b>	<b>37.948</b>
<b>Financed By:</b>		
Capital Receipts Reserve	5.076	5.573
Major Repairs Reserve (MRR)	18.706	23.817
Direct Revenue Financing*	0.400	0.400
Other Capital Grants and Contributions	3.013	0.763
Borrowing	10.298	7.395
<b>TOTAL FINANCING</b>	<b>37.493</b>	<b>37.948</b>

\* The debit under item 2 of part II of Schedule 4 to the Local Government and Housing Act 1989

### 5.1.3.6 Capital Receipts

Capital receipts of £15.892m (£9.247m in 2020/21) arose from the sale of land, houses and other property within the HRA in 2021/22. Of this total, £13.237m (£9.071m in 2020/21) related to the disposal of houses and flats under the right to buy scheme.



## Section 5 – Supplementary Financial Statements and Notes

	2020/21	2021/22
	£m	£m
Land & Other	0.176	2.655
Houses	9.071	13.237
<b>TOTAL</b>	<b>9.247</b>	<b>15.892</b>

### 5.1.3.7 Depreciation

Depreciation was charged in respect of HRA operational assets in 2021/22 as follows:

	2020/21	2021/22
	£m	£m
Dwellings	18.235	20.574
Other Operational HRA Assets:		
Other Land and Buildings	0.184	0.183
Infrastructure and Community Assets	1.877	1.906
Surplus Assets not Held for Sale	-	0.003
<b>TOTAL</b>	<b>20.296</b>	<b>22.666</b>

### 5.1.3.8 Revaluations and Impairments during the Financial Year

£37.093m in respect of revaluation gains have been credited to the HRA during the year (£52.501m gains credited in 2020/21). This amount related to a revaluation gain on Council Dwellings.

There were no donated assets within the year.

A de-recognition write-out of £2.409m (£2.145m in 2020/21) was made to reflect the residual value of assets replaced.

The revaluation of investment properties has resulted in a credit of £0.434m (£0.042m credit in 2020/21).

### 5.1.3.9 Rent Arrears and the Balance Sheet provision in respect of Collectable Debts

Gross rent arrears (including service charges and overpaid housing benefit) in respect of current and former tenants amounted to £7.426m at 31 March 2022 (£7.180m at 31 March 2021). A total loss allowance (previously called bad debt provision) of £6.253m has been established at 31 March 2022 (£6.499m at 31 March 2021). The reason why this bad debt provision has gone down, is because in 2020/21 there was a £500k special provision for COVID which was removed in 2021/22.

### 5.1.3.10 Sums Directed by the Secretary of State

In December 2021 the Section 151 Officer issued a Section 114 Notice indicating the HRA ring-fence had been breached. Following an investigation application has been submitted to the Secretary of State for Levelling Up, Housing and Communities to address the adverse effect on the HRA. An Item 9 Determination for £27.703 m was received in August 2022 and this will be reflected in the 2022/23 financial statements. The outstanding adjustment is reflected in 2021/22 pending the Determination. Further details can be found in section 1.4.3.

## Section 5 – Supplementary Financial Statements and Notes

### 5.2 Collection Fund

#### 5.2.1 Collection Fund Statement

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

	2020/21		2021/22	
	Total £m	NNDR £m	Council Tax £m	Total £m
<b>INCOME</b>				
Council Tax Receivable	(141.413)	-	(153.569)	(153.569)
Council Tax Hardship Fund	(3.664)	-	-	-
Business Rates Receivable	(73.619)	(104.333)	-	(104.333)
<b>TOTAL INCOME</b>	<b>(218.696)</b>	<b>(104.333)</b>	<b>(153.569)</b>	<b>(257.902)</b>
<b>EXPENDITURE</b>				
<b>Precepts, Demands and Shares</b>				
Central Government	68.793	67.350	-	67.350
Police Authority	15.447	-	16.218	16.218
Fire Authority	6.856	1.347	5.507	6.854
Nottingham City Council	189.224	66.003	126.056	192.059
<b>Charges to Collection Fund</b>				
Write offs of uncollectable amounts	1.433	(0.055)	2.048	1.993
Increase /Decrease (-) in allowance for non-collection	13.532	4.758	2.283	7.041
Increase /Decrease (-) in Provision for Appeals	(3.754)	0.192	-	0.192
Cost of Collection	0.482	0.473	-	0.473
Interest charged on Cost of Collection	0.006	-	-	-
<b>Apportionment of previous year's estimated Collection Fund Surplus/ (Deficit)</b>				
Police & Crime Commissioner	0.177	-	(0.122)	(0.122)
Central Government	2.676	(33.887)	-	(33.887)
Nottinghamshire Fire & Rescue Service	0.117	(0.678)	(0.043)	(0.721)
Nottingham City Council	4.024	(33.210)	(0.964)	(34.174)
<b>TOTAL EXPENDITURE</b>	<b>299.013</b>	<b>72.293</b>	<b>150.983</b>	<b>223.276</b>
Movement on the Collection Fund Balance (Surplus)/Deficit Brought Forward	80.317 (3.082)	(32.040) 74.684	(2.586) 2.551	(34.626) 77.235
Adjustment to (Surplus)/Deficit Brought Forward	-	-	-	-
<b>(SURPLUS)/DEFICIT CARRIED FORWARD</b>	<b>77.235</b>	<b>42.644</b>	<b>(0.035)</b>	<b>42.609</b>

## 5.2.2 Notes to Collection Fund Statement

### 5.2.2.1 National Non-Domestic Rates (NNDR)

The Council collects NNDR from local businesses based on the rateable value of their property multiplied by a business rate set nationally by Central Government. The Council retains 49% of the NNDR with the remainder distributed to Central Government (50%) and the Nottinghamshire Fire and Rescue Authority (1%).

	2020/21 £m	2021/22 £m
Rate in the pound	51.2p	51.2p
Total non-domestic rateable value per NNDR system	358.859	353.833
Gross Debit	183.736	181.162
Net debit after adjustments and reliefs	79.437	113.597

### 5.2.2.2 Council Tax

Council Tax is broadly based on the capital value of domestic property as estimated at 1 April 1991 and classified into 8 bands. Charges are calculated by dividing the preceptors' income requirements by the Council Tax base (the total number of properties in each band, adjusted for discounts and expressed as an equivalent number of Band D dwellings). This gives the basic amount of Council Tax for a band D property, which when multiplied by the specified proportion (as follows) will give the individual amount due.

	2020/21	2021/22
<b>Council Tax Base</b>	<b>67,360</b>	<b>66,396</b>
<b>Council Tax (Band D) Property</b>	<b>£2,118.99</b>	<b>£2,225.76</b>

Band	Average Number of Properties	Taxable Properties after discounts, exemptions and adjustments	Conversion Factor to Band D	Band D Equivalents
A	88,780	50,972	6/9	33,982
B	24,845	14,737	7/9	11,462
C	16,646	11,796	8/9	10,485
D	7,253	5,394	9/9	5,394
E	2,517	2,049	11/9	2,505
F	1,095	950	13/9	1,372
G	730	632	15/9	1,053
H	116	72	18/9	143

## Section 5 – Supplementary Financial Statements and Notes

### 5.2.2.3 Apportionment of Collection Fund Surplus/Deficit

The (surplus)/deficit on the closing balance of the Collection Fund as at 31 March is allocated as follows:

	2020/21		2021/22	
	Total £m	Council Tax £m	NNDR £m	Total £m
Nottingham City Council	38.773	(0.030)	20.896	20.866
Nottinghamshire Police Authority	0.275	(0.005)	-	(0.005)
Nottinghamshire Fire and Rescue Authority	0.845	-	0.426	0.426
Central Government	37.342	-	21.322	21.322
<b>TOTAL</b>	<b>77.235</b>	<b>(0.035)</b>	<b>42.644</b>	<b>42.609</b>

# Section 6

# GROUP FINANCIAL STATEMENTS AND NOTES

## 6.1 Introduction

The Accounting Code of Practice requires that where a local authority has material financial interests and a significant level of control over one or more organisations, it should prepare Group financial statements. The financial statements in section 3 consider the Council only as a single entity, while the Group financial statements provide an overall picture of the Council's financial activities and the resources employed in carrying out those activities as a group. The group accounts contain core financial statements similar to those included in the Council's single entity statements, consolidated with figures for the Council's subsidiaries and jointly controlled entities.

The following pages include:

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

## 6.2 Significant Judgements and Assumptions

The Council maintains relationships with a number of organisations over which it has varying degrees of control or influence. An assessment of all of these joint arrangements has been carried out to determine which of the following categories they fall under:

- Subsidiaries - where the Council is exposed, or has rights, to variable returns from its involvement with the organisation and has the ability to affect those returns through its power over the organisation i.e. control. These entities are included in the group.
- Associates – where the Council exercises a significant influence, having more than 20% of the voting power and has a participating interest. Where these are material, they have been included in the group.
- Joint Venture – where the Council exercises joint control with one or more organisations and has rights to its net assets. Where these are material, they have been included in the group.
- No group relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

## Section 6 – Group Financial Statements and Notes

For each of the group entities, the group accounts include a share of the operating results, assets and liabilities. Subsidiaries are accounted for on an acquisition basis (line by line basis) with intra-group transactions written out. Associates/joint ventures are accounted for by including the Council's share of their net operating results and net assets (equity method of accounting).

For 2021/22 the financial details of these organisations have been consolidated within the group accounts where it is considered that those details have a material effect upon those accounts.

Details of the Council's relationship with each of these organisations are given in group accounts note 6.5.

The Council's group includes Bridge Estate Trust, Enviroenergy Ltd, Nottingham City Homes Ltd, Nottingham City Transport Ltd, Nottingham Ice Centre Ltd, Nottingham Revenues and Benefits Ltd, Thomas Bow Ltd, Blueprint Limited Partnership, and Futures Advice, Skills and Employment Ltd. The group core statements have been completed using the audited accounts of these organisations.

The accounts of Futures Advice, Skills and Employment Ltd show an accumulated net liability which has not been recognised in the group core statements in accordance with IAS 28 'Investments in Associates and Joint Ventures' (see note 6.5.2).

Robin Hood Energy Ltd went into administration in January 2021 and are therefore no longer included in the Council's group accounts.

The effect of including the related organisations on the summarised financial position is as follows:

	2020/21		2021/22	
	Single Entity Accounts £m	Group Accounts £m	Single Entity Accounts £m	Group Accounts £m
<b>Comprehensive Income and Expenditure (CIES):</b>				
(Surplus)/Deficit on Provision of Services	36.773	(2.765)	(35.341)	(34.508)
Other CIES	158.862	222.583	(588.182)	(627.040)
<b>Total CIES (Surplus)/Deficit</b>	<b>195.635</b>	<b>219.818</b>	<b>(623.523)</b>	<b>(661.548)</b>
<b>Balance Sheet:</b>				
Long Term Assets	3,206.773	3,282.166	3,393.981	3,478.301
Current Assets	331.449	369.716	519.185	563.820
Current Liabilities	(301.641)	(332.742)	(343.588)	(382.707)
Long Term Liabilities	(2,283.036)	(2,481.498)	(1,992.510)	(2,160.050)
<b>Nets Assets</b>	<b>953.545</b>	<b>837.642</b>	<b>1,577.068</b>	<b>1,499.364</b>
Usable Reserves	293.262	293.262	336.024	336.024
Unusable Reserves	660.283	544.380	1,241.044	1,163.340
	<b>953.545</b>	<b>837.642</b>	<b>1,577.068</b>	<b>1,499.364</b>
<b>Cash Flow Statement:</b>				
Net Cash Flows from Operating Activities	80.997	118.942	73.973	92.310
Investing Activities	(31.612)	(40.784)	(44.491)	(48.742)
Financing Activities	(102.273)	(108.022)	(18.173)	(30.074)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(52.888)</b>	<b>(29.864)</b>	<b>11.309</b>	<b>13.494</b>
Cash and Cash Equivalents at the beginning of the reporting period	97.125	106.676	44.237	76.812
<b>Cash and Cash Equivalents at 31 March</b>	<b>44.237</b>	<b>76.812</b>	<b>55.546</b>	<b>90.306</b>

### 6.3 Accounting policies used in preparing the Group Financial Statements

The financial statements produced by individual group entities have been realigned in order to ensure consistent accounting policies in the preparation of the group financial statements. These policies differ from those applicable to the Council's primary financial statements only in the following respects:

- The accounting policies of the group entities for Property, Plant and Equipment, and Investment Properties have been compared to those of the Council to assess whether there needs to be any realignment adjustments on consolidation. There are no material differences in these policies and so no consolidation adjustments have been made.
- Fixed assets held by group entities which are sufficiently specialist in nature not to fall within the scope of the Council's accounting policies are valued in accordance with the accounting policies of the individual entities.
- Any trust funds which the Council controls and which generate economic benefits or deliver goods or services in accordance with the Council's objectives have been evaluated in terms of their impact on the group financial statements. Where this impact has been judged to be material the trust has been included.



## Section 6 – Group Financial Statements and Notes

### 6.4 Core Group Financial Statements

#### 6.4.1 Group Comprehensive Income and Expenditure Statement (Group CIES)

The purpose of this statement is explained in section 3.1 of the Council's single entity Statement of Accounts.

As outlined in note 4.3.1 Prior Year Reclassifications, the Council's 2020/21 CIES has been restated to align with the 2021/22 portfolio position of the Council. The group 2020/21 CIES has also been restated. This restatement only alters the classification of the portfolios of the Council and overall the total value is unchanged. The group organisations are not included within the portfolios but are shown on a separate line of the CIES.

Notes	Restated 2020/21			2021/22		
	Gross Expenditure	Gross Income	Net	Gross Expenditure	Gross Income	Net
	£m	£m	£m	£m	£m	£m
Adults and Health	190.240	(120.586)	69.654	196.397	(121.136)	75.261
Children and Young People	111.324	(39.932)	71.392	117.287	(34.975)	82.312
Energy, Environment and Waste Services	40.629	(12.020)	28.609	52.131	(28.529)	23.602
Finance and Resources	69.824	(26.753)	43.071	66.827	(26.702)	40.125
Highways, Transport and Cleansing Services	66.672	(38.769)	27.903	91.854	(35.000)	56.854
Housing, Planning and Heritage	35.143	(122.804)	(87.661)	49.835	(119.543)	(69.708)
Leisure, Culture and Schools	151.554	(129.078)	22.476	164.026	(144.375)	19.651
Neighbourhoods, Safety and Inclusion	31.705	(14.619)	17.086	21.062	(10.298)	10.764
Skills, Growth and Economic Development	21.329	(16.039)	5.290	18.120	(16.132)	1.988
Strategic Regeneration and Communications	33.777	(23.051)	10.726	15.220	(22.463)	(7.243)
Corporate Items	171.976	(190.727)	(18.751)	160.258	(193.438)	(33.180)
Revaluation (gain) / loss on HRA Council Dwellings	(52.501)	-	(52.501)	(36.973)	-	(36.973)
Group Organisations	152.563	(136.092)	16.471	174.369	(127.670)	46.699
<b>Cost of Services</b>	<b>1,024.235</b>	<b>(870.470)</b>	<b>153.765</b>	<b>1,090.413</b>	<b>(880.261)</b>	<b>210.152</b>
Other operating expenditure			2.062			8.307
6.7.1.1 Financing and investment income and expenditure			112.563			39.706
Taxation and non-specific grant income			(271.062)			(294.241)
<b>(Surplus)/Deficit on Provision of Services</b>			<b>(2.672)</b>			<b>(36.076)</b>
Share of the surplus or deficit on the provision of services by associates			(0.654)			(0.481)
Tax expenses of subsidiaries			0.561			2.049
<b>Group (Surplus)/Deficit</b>			<b>(2.765)</b>			<b>(34.508)</b>
Revaluation of PPE/Heritage assets			(69.717)			(171.770)
Re-measurement of pension assets/liabilities			292.195			(455.439)
Share of other comprehensive income and expenditure of associates and joint ventures			0.105			0.169
<b>Other Comprehensive Income and Expenditure</b>			<b>222.583</b>			<b>(627.040)</b>
<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>			<b>219.818</b>			<b>(661.548)</b>

## Section 6 – Group Financial Statements and Notes

### Analysis of Minority Interest Shares in the Group Comprehensive Income and Expenditure Statement

In consolidating subsidiaries, 100% of their transactions are included in the CIES even if ownership is less than 100%. The note below discloses the attributable amounts of the group surplus or deficit and other comprehensive income and expenditure to the minority interest in subsidiaries.

	2020/21			2021/22		
	Authority £m	Minority Interest £m	Total £m	Authority £m	Minority Interest £m	Total £m
Group (surplus) / Deficit	(2.554)	(0.211)	(2.765)	(34.565)	0.057	(34.508)
Other CIES	221.883	0.700	222.583	(626.849)	(0.191)	(627.040)
<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>	<b>219.329</b>	<b>0.489</b>	<b>219.818</b>	<b>(661.414)</b>	<b>(0.134)</b>	<b>(661.548)</b>

### Reconciliation of single entity total comprehensive income and expenditure for the year to the Group total comprehensive income and expenditure

	2020/21 £m	2021/22 £m
Total comprehensive income and expenditure on the authority's single entity CIES	195.635	(623.523)
Add (surplus)/deficit arising from group entities:		
Subsidiaries	23.752	(35.319)
Joint Ventures	(0.299)	(0.108)
Trust Funds	0.730	(2.598)
<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE ON THE GROUP CIES</b>	<b>219.818</b>	<b>(661.548)</b>

## Section 6 – Group Financial Statements and Notes

### 6.4.2 Group Balance Sheet

The purpose of this statement is explained in section 3.2 of the Council's single entity Statement of Accounts.

Notes	31 March 2021 £m	31 March 2022 £m	
6.7.2.1	Property, Plant & Equipment	2,854.412	2,998.472
	Heritage Assets	61.450	65.886
6.7.2.2	Investment Property	292.321	309.448
	Intangible Assets	4.469	8.536
6.5.1	Intangible Asset - Goodwill	1.347	1.333
	Long Term Investments	11.582	37.707
	Long Term Debtors	48.031	47.732
	Investments in Associates and Joint Ventures	8.554	9.187
	<b>Long Term Assets</b>	<b>3,282.166</b>	<b>3,478.301</b>
	Assets Held for Sale	3.660	6.585
	Short Term Investments	105.094	284.258
	Intangible Assets	-	0.044
	Inventories	4.253	4.361
6.7.2.3	Short Term Debtors	179.448	177.848
6.7.1.2	Contract Assets	0.399	0.375
6.7.2.4	Cash and Cash Equivalents	76.812	90.306
	Current Tax Asset	0.050	0.043
	<b>Current Assets</b>	<b>369.716</b>	<b>563.820</b>
	Short Term Borrowing	(40.034)	(33.003)
6.7.2.5	Short Term Creditors	(211.204)	(241.189)
	Revenue Grants Received in Advance	(55.424)	(80.554)
6.7.1.2	Contract Liabilities	(17.281)	(20.090)
	Provisions	(8.799)	(7.871)
	<b>Current Liabilities</b>	<b>(332.742)</b>	<b>(382.707)</b>
	Long Term Borrowing	(899.628)	(874.589)
6.7.1.2	Long Term Contract Liabilities	(2.493)	(1.182)
	Long Term Creditors	(0.041)	(0.041)
	Other Long Term Liabilities	(195.630)	(178.835)
	Provisions	(22.032)	(23.284)
	Capital Grants Receipts in Advance	(123.586)	(221.432)
	Revenue Grants Receipts in Advance	-	(0.063)
	Defined Benefit Pension Scheme	(1,237.488)	(858.392)
	Deferred Tax Liability	(0.600)	(2.232)
	<b>Long Term Liabilities</b>	<b>(2,481.498)</b>	<b>(2,160.050)</b>
	<b>NET ASSETS</b>	<b>837.642</b>	<b>1,499.364</b>
6.7.2.6	Usable Reserves	293.262	336.024
6.7.2.7	Unusable Reserves	544.380	1,163.340
	<b>TOTAL RESERVES</b>	<b>837.642</b>	<b>1,499.364</b>

### 6.4.3 Group Movement in Reserves Statement

The purpose of this statement is explained in section 3.3 of the Council's single entity Statement of Accounts. The General Fund and Earmarked General Fund in total form the statutory General Fund.

2021/22	General Fund	Earmarked General Fund	General Fund Total	Housing Revenue Account	Capital Receipts	Major Repairs	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Group Reserves	Minority Interest	Total Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Actual ledger Balance at 31 March 2021	55.371	156.465	211.836	9.930	27.545	31.421	12.530	293.262	660.283	953.545	(116.213)	0.310	837.642
Outstanding Statutory (Item 9) Adjustment	-	(31.175)	(31.175)	31.175	-	-	-	-	-	-	-	-	-
Corrected Balance at 31 March 2021	55.371	125.290	180.661	41.105	27.545	31.421	12.530	293.262	660.283	953.545	(116.213)	0.310	837.642
Opening balance restatement	-	-	-	-	-	-	-	-	-	-	0.173	-	0.173
<b>Movement in 2021/22:</b>													
Total CIE* (Table 6.4.1)	26.261	-	26.261	57.182	-	-	-	83.443	588.182	671.625	(10.211)	0.134	661.548
Adjustments between group accounts and authority accounts (Note 6.7.3)	(48.102)	-	(48.102)	-	-	-	-	(48.102)	-	(48.102)	48.103	-	0.001
<b>Net Increase/Decrease before transfers</b>	<b>(21.841)</b>	<b>-</b>	<b>(21.841)</b>	<b>57.182</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35.341</b>	<b>588.182</b>	<b>623.523</b>	<b>37.892</b>	<b>0.134</b>	<b>661.549</b>
Funding basis adjustments	42.714	-	42.714	(47.571)	14.646	7.352	(9.720)	7.421	(7.421)	-	-	-	-
<b>Net increase/decrease before transfers to earmarked reserves</b>	<b>20.873</b>	<b>-</b>	<b>20.873</b>	<b>9.611</b>	<b>14.646</b>	<b>7.352</b>	<b>(9.720)</b>	<b>42.762</b>	<b>580.761</b>	<b>623.523</b>	<b>37.892</b>	<b>0.134</b>	<b>661.549</b>
Transfers to/from earmarked reserves	(61.285)	61.285	-	-	-	-	-	-	-	-	-	-	-
<b>Movement in Year</b>	<b>(40.412)</b>	<b>61.285</b>	<b>20.873</b>	<b>9.611</b>	<b>14.646</b>	<b>7.352</b>	<b>(9.720)</b>	<b>42.762</b>	<b>580.761</b>	<b>623.523</b>	<b>37.892</b>	<b>0.134</b>	<b>661.549</b>
<b>BALANCE AT 31 MARCH 2022</b>	<b>14.959</b>	<b>186.575</b>	<b>201.534</b>	<b>50.716</b>	<b>42.191</b>	<b>38.773</b>	<b>2.810</b>	<b>336.024</b>	<b>1,241.044</b>	<b>1,577.068</b>	<b>(78.148)</b>	<b>0.444</b>	<b>1,499.364</b>
Outstanding Statutory (Item 9) Adjustment	-	32.321	32.321	(32.321)	-	-	-	-	-	-	-	-	-
<b>ACTUAL LEDGER BALANCE AT 31 MARCH 2022</b>	<b>14.959</b>	<b>218.896</b>	<b>233.855</b>	<b>18.395</b>	<b>42.191</b>	<b>38.773</b>	<b>2.810</b>	<b>336.024</b>	<b>1,241.044</b>	<b>1,577.068</b>	<b>(78.148)</b>	<b>0.444</b>	<b>1,499.364</b>

\* CIE - Comprehensive Income and Expenditure

## Section 6 – Group Financial Statements and Notes

2020/21	General Fund	Earmarked General Fund	General Fund Total	Housing Revenue Account	Capital Receipts	Major Repairs	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Group Reserves	Minority Interest	Total Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Actual ledger Balance at 31 March 2020</b>	13.761	154.510	168.271	8.191	26.819	20.628	26.682	250.591	898.589	1,149.180	(92.465)	0.799	1,057.514
<b>Outstanding Statutory (Item 9) Adjustment</b>	-	(26.814)	(26.814)	26.814	-	-	-	-	-	-	-	-	-
<b>Corrected Balance at 31 March 2020</b>	13.761	127.696	141.457	35.005	26.819	20.628	26.682	250.591	898.589	1,149.180	(92.465)	0.799	1,057.514
<b>Movement in 2020/21:</b>													
Total CIE* (Table 6.4.1)	(48.812)	-	(48.812)	69.204	-	-	-	20.392	(158.862)	(138.470)	(80.859)	(0.489)	(219.818)
Adjustments between group accounts and authority accounts (Note 6.7.3)	(57.165)	-	(57.165)	-	-	-	-	(57.165)	-	(57.165)	57.111	-	(0.054)
<b>Net Increase/Decrease before transfers</b>	<b>(105.977)</b>	<b>-</b>	<b>(105.977)</b>	<b>69.204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36.773)</b>	<b>(158.862)</b>	<b>(195.635)</b>	<b>(23.748)</b>	<b>(0.489)</b>	<b>(219.872)</b>
Funding basis adjustments	145.181	-	145.181	(63.104)	0.726	10.793	(14.152)	79.444	(79.444)	-	-	-	-
<b>Net increase/decrease before transfers to earmarked reserves</b>	<b>39.204</b>	<b>-</b>	<b>39.204</b>	<b>6.100</b>	<b>0.726</b>	<b>10.793</b>	<b>(14.152)</b>	<b>42.671</b>	<b>(238.306)</b>	<b>(195.635)</b>	<b>(23.748)</b>	<b>(0.489)</b>	<b>(219.872)</b>
Transfers to/from earmarked reserves	2.406	(2.406)	-	-	-	-	-	-	-	-	-	-	-
<b>Movement in Year</b>	<b>41.610</b>	<b>(2.406)</b>	<b>39.204</b>	<b>6.100</b>	<b>0.726</b>	<b>10.793</b>	<b>(14.152)</b>	<b>42.671</b>	<b>(238.306)</b>	<b>(195.635)</b>	<b>(23.748)</b>	<b>(0.489)</b>	<b>(219.872)</b>
<b>BALANCE AT 31 MARCH 2021</b>	<b>55.371</b>	<b>125.290</b>	<b>180.661</b>	<b>41.105</b>	<b>27.545</b>	<b>31.421</b>	<b>12.530</b>	<b>293.262</b>	<b>660.283</b>	<b>953.545</b>	<b>(116.213)</b>	<b>0.310</b>	<b>837.642</b>
<b>Outstanding Statutory (Item 9) Adjustment</b>	<b>-</b>	<b>31.175</b>	<b>31.175</b>	<b>(31.175)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ACTUAL LEDGER BALANCE AT 31 MARCH 2021</b>	<b>55.371</b>	<b>156.465</b>	<b>211.836</b>	<b>9.930</b>	<b>27.545</b>	<b>31.421</b>	<b>12.530</b>	<b>293.262</b>	<b>660.283</b>	<b>953.545</b>	<b>(116.213)</b>	<b>0.310</b>	<b>837.642</b>

\* CIE - Comprehensive Income and Expenditure

#### 6.4.4 Group Cash Flow Statement

The purpose of this statement is explained in section 3.4 of the Council's single entity Statement of Accounts.

Notes	2020/21 £m	2021/22 £m
<b>Net (Surplus)/Deficit on the provision of Services</b>	<b>2.672</b>	<b>36.076</b>
Adjustments to net surplus or deficit on the provision of services for non-cash movements	168.011	198.539
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(51.741)	(142.305)
<b>6.7.4.1 Net Cash Flows from Operating Activities</b>	<b>118.942</b>	<b>92.310</b>
<b>6.7.4.2</b> Investing Activities	(40.784)	(48.742)
<b>6.7.4.3</b> Financing activities	(108.022)	(30.074)
<b>Net Increase or Decrease in Cash and Cash Equivalents</b>	<b>(29.864)</b>	<b>13.494</b>
Cash and cash equivalents at the beginning of the reporting period	106.676	76.812
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>76.812</b>	<b>90.306</b>

### 6.5 Details of subsidiaries, jointly controlled entities and trust funds included in the group accounts

The accounts used to produce the 2021/22 group accounts are audited.

Copies of the accounts can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ unless otherwise stated in sections 6.5.1 to 6.5.3 below.

#### 6.5.1 Subsidiaries:

##### **12 London Road Energy Supplies Ltd – previously Enviroenergy Ltd. (Registered Company Number: 04131345)**

###### *Nature of the business*

Its main activities were the production of heat and steam for supply to domestic and commercial customers, along with the generation and sale of electricity.

###### *Relationship with the Council*

12 London Road Energy Supplies Ltd (previously Enviroenergy Ltd.) is a private company limited by shares and was a wholly owned subsidiary of the Council. 12 London Road Energy Supplies Ltd went into liquidation on 15 April 2022. Information regarding the liquidation can be seen on Companies House or via this link <https://find-and-update.company-information.service.gov.uk/company/04131345>.

Enviroenergy has been bought in house and is now part of the Council from 01 December 2021. Income and expenditure of the company up to this date has been included within the group accounts.

##### **Nottingham City Homes Ltd (Registered Company Number: 05292636)**

###### *Nature of the business*

The principal activities of the group are to act as the managing agent of the Council's housing stock and to provide a repairs and maintenance service in respect of these properties, as well as owning housing stock of its own for social and market rent.

The group comprises Nottingham City Homes Ltd (NCH), Nottingham City Homes Registered Provider Ltd and Nottingham City Homes Enterprises Ltd.

###### *Relationship with the Council*

NCH is incorporated as a private company limited by guarantee under the Companies Act 1985. The company's sole member is the Council.

The Council has a management agreement with NCH and pays an annual management fee. The fee paid to NCH in 2021/22 was £22.852m (2020/21 £22.649m).

The Council will continue to assist NCH in meeting their pension fund liabilities as and when they fall due, but only to the extent that money is not otherwise available to NCH to meet such liabilities.

The Council has an NCH debtor balance of £58.824m at 31 March 2022 (£60.466m at 31 March 2021), this is made up of a loan and a short-term debtor balance.

##### **Nottingham City Transport Ltd (Registered Company Number: 02004967)**

###### *Nature of Business*

The company is the principal public bus operator in the Greater Nottingham area.



## Section 6 – Group Financial Statements and Notes

### *Relationship with the Council*

This company is controlled by the Council and commenced trading on 26 October 1986. The total shareholding owned by the Council is 95%. Transdev Plc has a minority interest in Nottingham City Transport Ltd (NCT) of 5% which comprises of 238,526 B Ordinary shares at £1 each.

The company has the following shares in issue:

- 4,532,000 “A” Ordinary shares at £1 each, which are owned by the Council.
- 238,526 “B” Ordinary shares at £1 each, which are owned by Transdev Plc.
- 2,882,750 £1 cumulative, convertible, redeemable preference shares owned by Transdev Plc. These shares carry a 10% coupon rate and are convertible at the rate of 3.64 preference shares to 1 “B” Ordinary share at any time. The shares are redeemable by the shareholder at any time after 1 January 2005, and by the company at any time after 1 January 2010.

The “A” and “B” shares rank equally in all material respects.

The group takes into account 100% of the results of the company with the 5% minority interest being disclosed where appropriate.

### *Period of Accounts*

The financial statements used in the preparation of the group accounts are for the 52 week period ending 26 March 2022 (as this is the last week ending date for NCT’s internal group reporting purposes).

### *Summarised Financial Information of Nottingham City Transport Ltd showing Minority Interest*

	2020/21		2021/22	
	NCT £m	5% Minority Interest £m	NCT £m	5% Minority Interest £m
Profit for the period attributable to equity shareholders	(1.555)	(0.078)	0.416	0.021
Other Comprehensive Income and Expenditure	11.340	0.567	(3.100)	(0.155)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>9.785</b>	<b>0.489</b>	<b>(2.684)</b>	<b>(0.134)</b>
Non-current Assets	51.329	2.566	44.238	2.212
Current Assets	12.855	0.643	14.771	0.739
Current Liabilities	(16.653)	(0.832)	(17.619)	(0.881)
Non-current Liabilities	(41.341)	(2.067)	(32.516)	(1.626)
<b>NET ASSETS</b>	<b>6.190</b>	<b>0.310</b>	<b>8.874</b>	<b>0.444</b>

### **Nottingham Ice Centre Ltd (Registered Company Number: 03563341)**

#### *Nature of the business*

The principal activity of the company is to manage the trading aspects of the National Ice Centre.

#### *Relationship with the Council*

Nottingham Ice Centre Ltd (NIC) is a wholly owned subsidiary of the Council.

## Section 6 – Group Financial Statements and Notes

---

NIC have a loan facility with an annual review of requirements. At 31 March 2022 the balance was £7.384m (£7.384m at 31 March 2021).

### **Nottingham Revenues & Benefits Ltd (Registered Company Number: 09157986)**

#### *Nature of the business*

The company is principally engaged in the provision of administration services in relation to Nottingham's revenue and benefit services.

#### *Relationship with the Council*

The Council is the ultimate controlling party of Nottingham Revenues & Benefits Ltd, owning 100% of the issued share capital.

### **Thomas Bow Ltd (Registered Company Number: 04503934)**

#### *Nature of the business*

The company is a civil engineering and road surfacing contractor. It is principally engaged in the provision of highway maintenance and repair services.

#### *Relationship with the Council*

Thomas Bow Ltd is a wholly owned subsidiary of the Council following the Council's acquisition of the business on 11 September 2019. The Council owns 100% of the issued ordinary share capital of Thomas Bow Ltd (1,000 ordinary shares with a nominal value of £1 each).

## **6.5.2 Joint Ventures:**

### **Blueprint Limited Partnership (Registered Limited Partnership Number: LP010442)**

#### *Nature of the business*

The principal activities of the partnership are that of the purchase of interests in and redevelopment of property and the sale and interim rental of land and property.

The objectives of the partnership are to carry out this trading and development in order to generate a commercial return and to encourage the physical regeneration and economic growth of the priority urban areas within Nottingham City.

The activities of the partnership are managed by Blueprint (General Partner) Limited (0534186).

#### *Relationship with the Council*

The Council purchased its share on 9 March 2015. Places for People (PFPC1 LP) bought out the Igloo Regeneration Partnership share on 3 May 2018. The Council and PFPC1 LP each own 49.95%, with Blueprint (General Partner) Ltd owning the remaining 0.1% (the general partner being owned equally by the Council & PFPC1 LP). The Council in effect owns 50% of Blueprint Limited Partnership through a limited liability partnership agreement.

Blueprint has a loan facility of £5m from the Council of which £2.055m was drawn down as at 31 March 2022.

## Section 6 – Group Financial Statements and Notes

### Summarised Financial Information of Blueprint Limited Partnership

	2020/21 £m	2021/22 £m
Turnover	(5.268)	(7.943)
Cost of Sales	4.628	7.164
<b>Gross Profit</b>	<b>(0.640)</b>	<b>(0.779)</b>
Other Operating Income	(0.336)	(0.299)
Administrative Expenses	0.428	0.523
Net Impairment (Loss)/Fair Value Gain on Financial Assets	(0.260)	-
<b>Operating Profit</b>	<b>(0.808)</b>	<b>(0.555)</b>
Interest Receivable	(0.001)	-
Interest Payable	0.001	0.001
<b>Profit for the Year</b>	<b>(0.808)</b>	<b>(0.554)</b>
Other Comprehensive Income and Expenditure	-	-
<b>TOTAL COMPREHENSIVE (PROFIT) / LOSS FOR THE YEAR</b>	<b>(0.808)</b>	<b>(0.554)</b>
Non-current Assets	0.007	0.037
Current Assets	21.273	21.337
Current Liabilities	(4.538)	(3.674)
Non-current Liabilities	-	(0.022)
<b>NET ASSETS AS AT 31 MARCH</b>	<b>16.742</b>	<b>17.678</b>
<b>INVESTMENT IN JOINT VENTURE INCLUDED IN THE COUNCIL'S GROUP ACCOUNTS (50% OF NET ASSETS)</b>	<b>8.371</b>	<b>8.839</b>
Amounts included in the above figures:		
Cash at Bank and In Hand (included in current assets)	1.453	3.281
Accruals and Deferred Income (included in Current Liabilities)	(0.662)	(0.837)

### **Futures Advice, Skills and Employment Ltd (Registered Company Number: 04172770)**

#### *Nature of the business*

Futures Advice, Skills and Employment Ltd (Futures) is a company which is an all age, careers and employability advice service which delivers a range of careers, advice and consultancy services in the East Midlands and across England.

#### *Relationship with the Council*

The company is jointly owned 50/50 by the Council and Nottinghamshire County Council. The Council's share of Futures accumulated net liability and profit / loss in year as at 31 March 2022, equating to £10.454m (2020/21 £13.678m) and £3.224m profit (2020/21 £4.906m loss) respectively, have not been recognised in the group accounts in accordance with IAS 28 'Investments in Associates and Joint Ventures'.

#### *Commitments*

The Council is committed to paying Futures £0.811m in 2022/23, being grant funding for the delivery of careers advice.

## Section 6 – Group Financial Statements and Notes

### Summarised Financial Information of Futures group

	2020/21 £m	2021/22 £m
Revenue	(15.695)	(17.461)
Other Operating Income	(0.791)	(0.137)
Other Operating Charges	16.702	17.814
<b>Operating (Profit)/Loss</b>	<b>0.216</b>	<b>0.216</b>
Finance Costs	0.583	0.667
Investment Income	(0.005)	(0.005)
<b>(Profit)/Loss before Tax</b>	<b>0.794</b>	<b>0.878</b>
Income Tax Expense	-	0.120
<b>(Profit)/Loss for the Year</b>	<b>0.794</b>	<b>0.998</b>
Other Comprehensive Income and Expenditure	9.017	(7.445)
<b>TOTAL COMPREHENSIVE (PROFIT) / LOSS FOR THE YEAR</b>	<b>9.811</b>	<b>(6.447)</b>
Non-current Assets	1.736	1.696
Current Assets	12.956	7.725
Current Liabilities	(8.801)	(3.169)
Non-current Liabilities	(33.247)	(27.160)
<b>NET LIABILITIES AS AT 31 MARCH</b>	<b>(27.356)</b>	<b>(20.908)</b>
<b>COUNCIL'S SHARE (50%) OF NET LIABILITY NOT RECOGNISED IN THE GROUP ACCOUNTS UNDER IAS 28</b>	<b>(13.678)</b>	<b>(10.454)</b>
<b>Amounts included in the above figures:</b>		
Depreciation (in Operating Charges)	0.351	0.375
Defined Benefit Pension Finance Costs (in Finance Costs)	0.573	0.655
Interest Earned on Loans and Deposits (in Investment Income)	(0.005)	(0.005)
Cash and Cash Equivalents (in Current Assets)	3.726	4.773
Accruals (in Current Liabilities)	(1.396)	(2.028)
Retirement Benefit Obligation (in Non-current Liabilities)	(32.997)	(26.962)

### 6.5.3 Trust Fund:

#### Bridge Estate (Registered Charity Number: 220716)

##### *Nature of the Trust Fund*

The earliest mention of Bridge Estate is in 1302. Since that date, various bequests of land and property have been made, the income from which being set aside for the maintenance of bridges over the River Trent. By 1882 the income generated by the Estate was in excess of that required for the maintenance of Trent Bridge and consequently the objectives of the Estate were extended by virtue of section 78 of the Nottingham Corporation Act 1882.

The objectives of the charity are as follows:

- Provide for the efficient maintenance and repair of Trent Bridge and the approaches to it.

- In effect, to set up a contingency fund for the possible construction of such new bridge or bridges over the River Trent as may be found necessary or desirable.
- The residue of such income is to be applied as the Trustee thinks best for the improvement of the City of Nottingham and the public benefit of its inhabitants.

### *Relationship with the Council*

Bridge Estate is a charity of which the Council is sole trustee. Councillors are appointed to the Trusts and Charities Committee by full Council to fulfil the Council's responsibilities as Trustee including the responsibility for making recommendations on the management of the charity.

All transactions relating to Bridge Estate are subject to the same financial regulations and procedures as those relating to the Council.

### *Accounts*

Copies of the accounts of Bridge Estate can be obtained from Technical Accounting, Strategy and Resources, Loxley House, Station Street, Nottingham, NG2 3NG.

## 6.6 Details of subsidiaries, associates, joint ventures and trust funds not included in the group accounts

The Council has considered its relationship with the following associates, joint ventures and trust funds. These organisations have been excluded from the group accounts on the basis of risk and materiality.

### 6.6.1 Subsidiaries

#### **Nottingham Science Park Management Ltd (Registered Company Number: 05977314)**

##### *Nature of the company*

The company essentially functions to administer service charges at Nottingham Science Park through its property agent.

##### *Relationship with the Council*

Nottingham Science Park Management Ltd is a wholly owned subsidiary of the Council. The Council owns 100% of the issued share capital.

#### **Robin Hood Energy Ltd. (Registered Company Number: 08053212)**

##### *Nature of the business*

Robin Hood Energy Ltd. was a company limited by shares run on a not-for-profit basis, set up to tackle fuel poverty. It supplied gas and electricity to residential and business customers.

##### *Relationship with the Council*

Robin Hood Energy Ltd. was a wholly owned subsidiary of the Council and went into administration on 13 January 2021. Information about the administration can be seen on Companies House or via this link: <https://find-and-update.company-information.service.gov.uk/company/08053212/filing-history>

## Section 6 – Group Financial Statements and Notes

---

### 6.6.2 Associates

#### **Ticketing Network East Midlands Ltd (Registered Company Number: 06623526)**

##### *Nature of the company*

The founding members of Ticketing Network East Midlands Ltd (TNEM) are the Lakeside Arts Centre, Nottingham Theatre Royal and Royal Concert Hall, Nottingham Playhouse and Dance4. TNEM is run on behalf of this consortium of arts organisations to manage its ticketing and customer relationship management system.

TNEM is the first consortium in the United Kingdom to be formed specifically for the purpose of enabling multiple organisations within this region to share Tessitura software and services from the Tessitura network.

##### *Relationship with the Council*

The Council holds 25% of the shares of TNEM, as do each of the other three member organisations Lakeside Arts Centre, Nottingham Playhouse and Dance4.

### 6.6.3 Joint Ventures

#### **Blueprint (General Partner) Ltd (Registered Company Number: 05340186)**

##### *Nature of the Company*

Blueprint (General Partner) Ltd manages the activity of the Blueprint Limited Partnership.

##### *Relationship with the Council*

The company is jointly owned by the Council and PFPC1 LP. The Council purchased the 50% share on 9 March 2015.

#### **Creative Quarter Nottingham Ltd (Registered Company Number: 08336489)**

##### *Nature of Company*

Creative Quarter Nottingham Limited are an economic development agency, encouraging growth and productivity in Nottingham's creative and digital industries. Creative Quarter Nottingham Limited is a private company limited by guarantee.

##### *Relationship with the Council*

Creative Quarter Nottingham Limited was jointly owned by Nottingham City Council and Nottingham Trent University.

#### **emPSN Services Ltd (Registered Company Number: 05882746)**

##### *Nature of the Company*

emPSN Service Ltd is a regional partnership formed to secure a regional network and services for schools and a service framework for the public sector.

##### *Relationship with the Council*

As a customer of emPSN the Council is a member of the company and has a stake in its future as a public sector owned company Limited by Guarantee.

#### **Inspired Spaces Nottingham (Holdings 1) Ltd. (Registered Company Number: 06506329) and Inspired Spaces Nottingham (Holdings 2) Ltd. (Registered Company Number: 8121567)**

##### *Nature of the Company*

The principal activities of the companies are the provision of the construction project development and partnering services within the education sector.

##### *Relationship with the Council*

The Council has a 10% shareholding in each of the companies.

### 6.6.4 Trust Funds

#### **Harvey Hadden Stadium Trust (Registered Charity Number: 522271)**

##### *Nature of the Trust Fund*

On 18 July 1955 the court made a scheme and order for an athletics stadium to be erected out of the bequest of Harvey Hadden. Under the court order there is a requirement for “the Corporation” – now Nottingham City Council – to maintain the stadium built with those funds, “under the name of Harvey Hadden Stadium in good order and condition in perpetuity for the purposes of public recreation”.

The objective of the Trust is to provide public recreation for the people of the City of Nottingham forever.

##### *Relationship with the Council*

Harvey Hadden Stadium Trust is a charity of which the Council is sole trustee. Councillors are appointed to the Trusts and Charities Committee by full Council to fulfil the Council’s responsibilities as Trustee including the responsibility for making recommendations on the management of the charity.

All transactions relating to Harvey Hadden Stadium Trust are subject to the same financial regulations and procedures as those relating to the Council.

#### **Highfields Leisure Park Trust (Registered Charity Number: 1006603)**

##### *Nature of the Trust Fund*

The Highfields Leisure Park Trust was created by indenture in 1920 as a gift from Sir Jesse Boot, founder of Boots the Chemist. The objective of the Trust is to provide public recreation and pleasure grounds for the people of the City of Nottingham forever.

##### *Relationship with the Council*

Highfields Leisure Park Trust is a charity of which the Council is sole trustee. Councillors are appointed to the Trusts and Charities Committee by full Council to fulfil the Council’s responsibilities as Trustee including the responsibility for making recommendations on the management of the charity.

All transactions relating to Highfields Leisure Park Trust are subject to the same financial regulations and procedures as those relating to the Council.



## Section 6 – Group Financial Statements and Notes

### 6.7 Notes to the Core Group Financial Statements

These notes provide information that supports and helps in interpreting the financial statements. Where the group account figures are not materially different from those of the Council only accounts, no additional disclosure notes have been made.

#### 6.7.1 Group Comprehensive Income and Expenditure Statement Notes

##### 6.7.1.1 Financing and Investment Income and Expenditure

	2020/21			2021/22		
	Expenditure £m	Income	Net	Expenditure £m	Income	Net
Net Interest on Pension Fund	20.827	-	20.827	24.622	-	24.622
Capitalisation Directive	20.000	-	20.000	-	-	-
Interest and similar charges and income	27.684	(0.438)	27.246	28.072	(0.891)	27.181
Interest revenue/costs calculated using the effective interest rate method	32.661	(4.318)	28.343	31.543	(0.806)	30.737
Change in value of financial assts held at fair value through profit and loss	-	(0.124)	(0.124)	-	(0.081)	(0.081)
Impairment Losses	24.678	-	24.678	(10.821)	(0.105)	(10.926)
Trading Operations	1.842	(1.691)	0.151	2.087	(2.392)	(0.305)
Income and expenditure in relation to investment properties and changes in their fair value	13.552	(22.561)	(9.009)	(7.291)	(24.813)	(32.104)
Other Finance and Investment items	0.826	(0.375)	0.451	1.132	(0.550)	0.582
<b>TOTAL</b>	<b>142.070</b>	<b>(29.507)</b>	<b>112.563</b>	<b>69.344</b>	<b>(29.638)</b>	<b>39.706</b>

##### 6.7.1.2 Revenue from Contracts with Service Recipients

Revenue included in the CIES for contracts with service recipients:

	Restated 2020/21				2021/22			
	Fees and charges under statutory requirements	Sale of goods	Charges for services	Total	Fees and charges under statutory requirements	Sale of goods	Charges for services	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Adults and Health	-	(0.007)	(14.581)	(14.588)	-	(0.014)	(16.868)	(16.882)
Children and Young People	-	-	(0.755)	(0.755)	(0.025)	-	(0.200)	(0.225)
Energy, Environment and Waste Services	-	-	(4.010)	(4.010)	0.001	-	(14.028)	(14.027)
Finance and Resources	(0.042)	(3.970)	(8.401)	(12.413)	(0.025)	(4.548)	(9.120)	(13.693)
Highways Transport and Cleansing Services	(1.450)	(0.458)	(19.157)	(21.065)	(1.337)	(0.448)	(23.793)	(25.578)
Housing, Planning and Heritage	(104.165)	-	(9.025)	(113.190)	(103.719)	-	(12.729)	(116.448)
Leisure Culture and Schools	-	(0.948)	(7.084)	(8.032)	(0.001)	(1.490)	(20.681)	(22.172)
Neighbourhoods Safety and Inclusion	(1.781)	(0.050)	(0.703)	(2.534)	(1.961)	(0.040)	(0.654)	(2.655)
Skills Growth and Economic Development	(0.057)	-	(1.322)	(1.379)	(0.050)	-	(1.849)	(1.899)
Strategic Regeneration and Communications	-	-	(10.335)	(10.335)	-	-	(14.463)	(14.463)
Corporate Items	-	-	(1.386)	(1.386)	-	-	(0.958)	(0.958)
Group Organisations	-	(0.361)	(61.185)	(61.546)	-	(6.791)	(97.819)	(104.610)
Financing and Investment Income and Expenditure	-	(0.392)	(19.738)	(20.130)	-	-	(19.930)	(19.930)
<b>Revenue from contracts with service recipients</b>	<b>(107.495)</b>	<b>(6.186)</b>	<b>(157.682)</b>	<b>(271.363)</b>	<b>(107.117)</b>	<b>(13.331)</b>	<b>(233.092)</b>	<b>(353.540)</b>
Impairment of receivables				8.390				(0.451)
<b>TOTAL INCLUDED IN THE CIES</b>				<b>(262.973)</b>				<b>(353.991)</b>

## Section 6 – Group Financial Statements and Notes

As outlined in note 4.3.1 Prior Year Reclassifications, 2020/21 has been restated to align with the 2021/22 portfolio position of the Council. This restatement only alters the classification of the portfolios and overall the total value is unchanged. The group organisations are not included within the portfolios but are shown on a separate line.

Revenue is recognised either over time or at a point in time. This is analysed in the following table:

Timing of revenue recognition	2020/21		2021/22	
	Over time	At a point in time	Over time	At a point in time
	£m	£m	£m	£m
Fees and charges under statutory requirements	(107.067)	(0.428)	(106.916)	(0.201)
Sale of goods	-	(6.186)	-	(13.331)
Charges for services	(106.492)	(51.190)	(130.168)	(102.924)
<b>TOTAL</b>	<b>(213.559)</b>	<b>(57.804)</b>	<b>(237.084)</b>	<b>(116.456)</b>

Amounts included in the Balance Sheet for contracts with service recipients are shown in the following table:

	31 March 2021 £m	31 March 2022 £m
Receivables included in debtors	49.809	56.221
Contract assets	0.399	0.375
Contract liabilities	(19.774)	(21.272)
<b>TOTAL</b>	<b>30.434</b>	<b>35.324</b>

Changes in the contract assets and contract liabilities balances during the year are as follows:

	2020/21		2021/22	
	Contract Assets	Contract Liabilities	Contract Assets	Contract Liabilities
	£m	£m	£m	£m
<b>Balances at 1 April</b>	<b>0.448</b>	<b>(19.142)</b>	<b>0.399</b>	<b>(19.774)</b>
Reversal for amounts recognised in the CIES in	(0.373)	17.205	(0.331)	17.862
Increases (decreases) due to cash received (paid)	0.324	(17.837)	0.307	(19.360)
<b>BALANCE AT 31 MARCH</b>	<b>0.399</b>	<b>(19.774)</b>	<b>0.375</b>	<b>(21.272)</b>

The value of revenue that is expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the year is:

	31 March 2021 £m	31 March 2022 £m
Not later than one year	(17.281)	(20.090)
Later than one year	(2.493)	(1.182)
<b>TOTAL</b>	<b>(19.774)</b>	<b>(21.272)</b>

## Section 6 – Group Financial Statements and Notes

### 6.7.2 Group Balance Sheet Notes

#### 6.7.2.1 Property, Plant and Equipment

2021/22	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	
	£m	£m	£m	£m	£m	£m	£m	£m	
Gross Book Value b/f	1,132.098	905.358	213.363		23.974	57.644	97.055	2,429.492	**
Accumulated Depreciation b/f	(0.005)	(6.138)	(109.627)		(10.603)	-	-	(126.373)	**
Accumulated Impairment b/f	-	-	-		(0.200)	-	-	(0.200)	**
<b>Net Book Value at 1 April 2021</b>	<b>1,132.093</b>	<b>899.220</b>	<b>103.736</b>	<b>551.493</b>	<b>13.171</b>	<b>57.644</b>	<b>97.055</b>	<b>2,854.412</b>	
Additions - Capital Expenditure	27.359	13.546	8.696	24.421	0.251	0.042	16.772	91.087	
Additions - PFI / VA School Recognition	-	0.220	-	0.824	-	-	-	1.044	
Depreciation Charge	(20.573)	(27.019)	(16.675)	(26.534)	(0.860)	(0.359)	-	(92.020)	
Revaluations - Recognised in Revaluation Reserve	83.279	49.492	-	-	-	34.617	-	167.388	
Revaluations - Recognised in the CIES	36.973	(14.168)	-	-	-	2.867	-	25.672	
Derecognition - Disposals	(11.146)	(2.052)	(0.895)	-	-	(14.126)	-	(28.219)	
Derecognition - Other	(2.410)	(3.559)	(0.015)	-	-	-	-	(5.984)	
Impairments - Recognised in the CIES	-	(0.218)	(4.046)	-	-	-	-	(4.264)	
Other - Transfers to Held for Sale	-	-	-	-	-	(6.585)	-	(6.585)	
Other Movements	1.521	74.153	0.386	(0.114)	0.007	4.775	(84.787)	(4.059)	
<b>Net Book Value at 31 March 2022</b>	<b>1,247.096</b>	<b>989.615</b>	<b>91.187</b>	<b>550.090</b>	<b>12.569</b>	<b>78.875</b>	<b>29.040</b>	<b>2,998.472</b>	
Gross Book Value c/f	1,247.096	995.831	195.909		24.232	78.875	29.040	2,570.983	**
Accumulated Depreciation c/f	-	(6.216)	(104.722)		(11.463)	-	-	(122.401)	**
Accumulated Impairment c/f	-	-	-		(0.200)	-	-	(0.200)	**
<b>NET BOOK VALUE AT 31 MARCH 2022</b>	<b>1,247.096</b>	<b>989.615</b>	<b>91.187</b>	<b>550.090</b>	<b>12.569</b>	<b>78.875</b>	<b>29.040</b>	<b>2,998.472</b>	

\*\* The Gross Book Value, Accumulated Depreciation and Accumulated Impairment do not total to the Net Book Value shown in the table as these figures are not provided for Infrastructure Assets. The Net Book Value total does include Infrastructure Assets.

2020/21	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross Book Value b/f	1,002.178	938.769	210.784		23.259	43.826	79.954	2,298.770	**
Accumulated Depreciation b/f	-	(5.100)	(98.405)		(9.771)	-	(0.006)	(113.282)	**
Accumulated Impairment b/f	-	-	(0.491)		(0.200)	-	-	(0.691)	**
<b>Net Book Value at 1 April 2020</b>	<b>1,002.178</b>	<b>933.669</b>	<b>111.888</b>	<b>557.113</b>	<b>13.288</b>	<b>43.826</b>	<b>79.948</b>	<b>2,741.910</b>	
Additions - Capital Expenditure	28.102	4.231	8.399	18.938	0.714	(0.141)	35.540	<b>95.783</b>	
Additions - PFI / VA School Recognition	-	0.322	-	1.446	-	-	-	<b>1.768</b>	
Depreciation Charge	(18.235)	(29.261)	(18.122)	(26.004)	(0.831)	(0.045)	-	<b>(92.498)</b>	
Revaluations - Recognised in Revaluation Reserve	69.934	(11.932)	-	-	-	11.530	-	<b>69.532</b>	
Revaluations - Recognised in the CIES	52.501	(2.208)	-	-	-	0.906	-	<b>51.199</b>	
Derecognition - Disposals	(7.334)	(0.718)	(0.094)	-	-	(1.835)	(0.097)	<b>(10.078)</b>	
Derecognition - Other	(1.842)	(1.642)	-	-	-	(0.066)	-	<b>(3.550)</b>	
Impairments - Recognised in the CIES	-	-	(0.054)	-	-	-	-	<b>(0.054)</b>	
Other - Transfers to Held for Sale	6.789	6.759	-	-	-	3.469	(16.617)	<b>0.400</b>	
Other Transfers	-	-	1.719	-	-	-	(1.719)	-	
<b>Net Book Value at 31 March 2021</b>	<b>1,132.093</b>	<b>899.220</b>	<b>103.736</b>	<b>551.493</b>	<b>13.171</b>	<b>57.644</b>	<b>97.055</b>	<b>2,854.412</b>	
Gross Book Value c/f	1,132.098	905.358	213.363		23.974	57.644	97.055	2,429.492	**
Accumulated Depreciation c/f	(0.005)	(6.138)	(109.627)		(10.603)	-	-	(126.373)	**
Accumulated Impairment c/f	-	-	-		(0.200)	-	-	(0.200)	**
<b>NET BOOK VALUE AT 31 MARCH 2021</b>	<b>1,132.093</b>	<b>899.220</b>	<b>103.736</b>	<b>551.493</b>	<b>13.171</b>	<b>57.644</b>	<b>97.055</b>	<b>2,854.412</b>	

\*\* The Gross Book Value, Accumulated Depreciation and Accumulated Impairment do not total to the Net Book Value shown in the table as these figures are not provided for Infrastructure Assets. The Net Book Value total does include Infrastructure Assets.

## Section 6 – Group Financial Statements and Notes

### 6.7.2.2 Investment Properties

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

	2020/21 £m	2021/22 £m
Opening Balance At 1 April	306.192	292.321
Additions	3.483	4.420
Disposals	(5.170)	(2.811)
Net gains/losses from fair value adjustments	(11.784)	15.421
Transfers to / from Property Plant and Equipment	(0.400)	0.097
<b>CLOSING BALANCE AT 31 MARCH</b>	<b>292.321</b>	<b>309.448</b>

Where the Bridge Estate's fixed assets have been consolidated with the Council's it has been assumed that the properties class will remain as investment property upon consolidation.

### Fair Value Hierarchy

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

	Quoted prices in active markets for identical assets (Level 1) £m	Other significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Fair value as at 31 March 2022 £m
Industrial	-	70.718	-	70.718
Land	-	43.501	-	43.501
Leisure / Other	-	53.209	-	53.209
Office	-	60.229	-	60.229
Retail	-	67.054	-	67.054
Services	-	14.737	-	14.737
<b>Total</b>	<b>-</b>	<b>309.448</b>	<b>-</b>	<b>309.448</b>

Details of the Fair Value hierarchy information are shown in note 4.4.3.

### 6.7.2.3 Short Term Debtors

	31 March 2021 £m	31 March 2022 £m
Prepayments	24.120	19.353
Local Taxation	8.960	9.612
Trade	47.680	54.375
Other receivable amounts	98.688	94.508
<b>TOTAL</b>	<b>179.448</b>	<b>177.848</b>

#### 6.7.2.4 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents comprises of the following elements:

	31 March 2021 £m	31 March 2022 £m
Cash held by the Authority / Group Organisation	0.280	0.181
Bank current accounts	40.457	40.825
Short-term deposits with banks and building societies	36.075	49.300
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>76.812</b>	<b>90.306</b>

#### 6.7.2.5 Short Term Creditors

	31 March 2021 £m	31 March 2022 £m
Receipts in Advance	(28.527)	(38.409)
Trade	(59.684)	(82.984)
Other payables	(122.993)	(119.796)
<b>TOTAL</b>	<b>(211.204)</b>	<b>(241.189)</b>

#### 6.7.2.6 Usable Reserves

Movements in the usable reserves are detailed in the MIRS (section 6.4.3).

#### 6.7.2.7 Unusable Reserves

Unusable reserves have been created as a result of the difference between accounting under IFRS and statutory provisions. These reserves represent differences due to timing of funding certain items of expenditure and are, therefore, not available as a source of general funding. The unusable reserves also include the Council's share of profit and loss and other reserves of jointly controlled entities included in the group accounts.

	31 March 2021 £m	31 March 2022 £m
Revaluation Reserve	668.047	806.602
Capital Adjustment Account	1,109.671	1,180.641
Financial Instruments Adjustment Account	(5.398)	(5.234)
Pensions Reserve	(1,066.517)	(714.716)
Deferred Capital Receipts Reserve	1.042	1.042
Collection Fund Adjustment Account	(38.773)	(20.866)
Accumulated Absences Account	(7.624)	(6.259)
Profit and Loss and Other Reserves of Group Entities	(116.098)	(78.142)
Authority's share of Profit and Loss and Other Reserves of an associate / joint venture	(0.280)	(0.172)
Minority Interest - Equity	0.310	0.444
<b>TOTAL</b>	<b>544.380</b>	<b>1,163.340</b>

## Section 6 – Group Financial Statements and Notes

### 6.7.3 Group Movement in Reserves Statement Notes

The following tables detail the adjustments between group accounts and authority accounts in the Group Movement in Reserves Statement:

2021/22	General Fund Balance	Total Usable Reserves	Total Authority Reserves	Authority's Share of Group Reserves	Total Reserves
	£m	£m	£m	£m	£m
Payments in relation to goods and services from subsidiaries	(62.333)	(62.333)	(62.333)	62.333	-
Grants and provisions for subsidiaries	(0.087)	(0.087)	(0.087)	0.087	-
Receipts in relation to goods and services provided to subsidiaries	10.188	10.188	10.188	(10.188)	-
Interest and investment income from/to subsidiaries	3.130	3.130	3.130	(3.130)	-
Contributions from subsidiaries	-	-	-	0.001	0.001
Other movements	1.000	1.000	1.000	(1.000)	-
<b>TOTAL ADJUSTMENTS</b>	<b>(48.102)</b>	<b>(48.102)</b>	<b>(48.102)</b>	<b>48.103</b>	<b>0.001</b>

2020/21	General Fund Balance	Total Usable Reserves	Total Authority Reserves	Authority's Share of Group Reserves	Total Reserves
	£m	£m	£m	£m	£m
Payments in relation to goods and services from subsidiaries	(77.767)	(77.767)	(77.767)	77.767	-
Grants and provisions for subsidiaries	(0.111)	(0.111)	(0.111)	0.111	-
Receipts in relation to goods and services provided to subsidiaries	16.352	16.352	16.352	(16.352)	-
Interest and investment income from/to subsidiaries	2.816	2.816	2.816	(2.816)	-
Contributions from subsidiaries	1.545	1.545	1.545	(1.545)	-
Other movements	-	-	-	(0.054)	(0.054)
<b>TOTAL ADJUSTMENTS</b>	<b>(57.165)</b>	<b>(57.165)</b>	<b>(57.165)</b>	<b>57.111</b>	<b>(0.054)</b>



## 6.7.4 Group Cash Flow Notes

### 6.7.4.1 Operating Activities

The cash flows for operating activities include the following items:

	2020/21 £m	2021/22 £m
Interest received	0.421	4.719
Interest paid	(43.035)	(45.325)
Dividends received	2.406	0.609
Dividends paid	(1.056)	(0.289)

### 6.7.4.2 Investing Activities

	2020/21 £m	2021/22 £m
Purchase of property, plant and equipment, investment property and intangible assets	(99.016)	(99.870)
Purchase of short-term and long-term investments	(22.581)	(205.424)
Other payments for investing activities	(0.150)	(80.531)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	22.526	35.307
Proceeds from short-term and long-term investments	57.056	-
Other receipts from investing activities	1.381	301.776
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(40.784)</b>	<b>(48.742)</b>

### 6.7.4.3 Financing Activities

	2020/21 £m	2021/22 £m
Cash receipts of short and long-term borrowing	25.898	-
Other receipts from financing activities	-	6.749
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(15.062)	(19.224)
Repayments of short and long-term borrowing	(116.141)	(31.844)
Other payments for financing activities - Council Tax and NNDR adjustments	-	19.914
Other payments for financing activities	(2.717)	(5.669)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(108.022)</b>	<b>(30.074)</b>

## Section 6 – Group Financial Statements and Notes

### 6.7.4.4 Reconciliation of Liabilities arising from Financing Activities

	1 April 2021	Financing cash outflows (inflows)	Non-cash changes Other	31 March 2022
	£m	£m	£m	£m
Long-term borrowings	(899.628)	24.816	0.223	(874.589)
Short-term borrowings	(42.034)	15.000	(7.969)	(35.003)
Lease liabilities	(31.706)	6.513	(0.195)	(25.388)
On balance sheet PFI liabilities	(179.586)	12.711	-	(166.875)
Growing Places Fund and other	(1.476)	(0.147)	-	(1.623)
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>(1,154.430)</b>	<b>58.893</b>	<b>(7.941)</b>	<b>(1,103.478)</b>

	1 April 2020	Financing cash outflows (inflows)	Non-cash changes Other	31 March 2021
	£m	£m	£m	£m
Long-term borrowings	(925.526)	26.224	(0.326)	(899.628)
Short-term borrowings	(158.175)	123.781	(7.640)	(42.034)
Lease liabilities	(35.188)	3.485	(0.003)	(31.706)
On balance sheet PFI liabilities	(189.181)	9.595	-	(179.586)
Other	(4.050)	(0.097)	2.671	(1.476)
<b>TOTAL LIABILITIES FROM FINANCING ACTIVITIES</b>	<b>(1,312.120)</b>	<b>162.988</b>	<b>(5.298)</b>	<b>(1,154.430)</b>

# Section 7 (Appendix A)

## PENSION SCHEMES

### 7.1 Defined Benefit Pension Schemes accounted for as Defined Contribution Schemes

#### 7.1.1 Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Business Services Ltd on behalf of the Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme has more than of 12,200 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2021/22, the Council paid £6.689m to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2020/21 were £6.561m representing 23.68% of pensionable pay. The employer contribution includes a levy of 0.08% for administration.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Scheme. These costs are accounted for on a defined benefit basis and shown under past service costs/gains in section 7.2.1 below. The teacher's benefits arrangements have no assets to cover its liabilities.

The Council is not liable to the scheme for any other entities obligations under the plan.

#### 7.1.2 NHS Pension Scheme

Public Health employees who transferred into the Council from Nottingham City PCT on 01 April 2013 are members of the NHS Pension Scheme. The NHS Pension Scheme is administered by NHS Business Services Authority.

On 1 April 2015 a new NHS Pension Scheme was introduced. The new scheme covers all former members of the 1995/2008 Scheme not eligible to continue in that Scheme as well as new NHS employees on or after 1 April 2015. The 2015 Scheme is a Career Average Revalued Earnings Scheme, with benefits based on a proportion of pensionable earnings each year during your career.

The scheme is an unfunded defined benefit occupational scheme with the benefits underwritten by the Government. The scheme is not designed to be run in a way that would enable NHS bodies / local authorities to identify their share of the underlying

## Section 7 – Pension Schemes

---

scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the Council is taken as equal to the contributions payable to the scheme for the accounting period.

The scheme receives contributions from employers and employees to defray the costs of pensions and other benefits. The costs of the scheme are determined by the Government and also the scheme actuary who performs periodic valuations of the scheme to determine how much needs to be paid in to provide the benefits paid out. These costs are shared between the NHS employers and the scheme members.

The employer contribution rate for the period 1 April 2019 to 31 March 2023 is 20.6% of pensionable pay for both the 1995-2008 Scheme and the 2015 Scheme.

The employer contribution rate is set through a process known as the scheme valuation. A scheme valuation is carried out every four years and it measures the full cost of paying pension benefits (to current pensioners). The most recent 2016 scheme valuation identified the need to increase the employer contribution from 14.3% to 20.6% (6.3% increase) from 1 April 2019.

Employers are required to pay a scheme administration levy, in addition to the employer contribution rate, to cover the cost of the scheme administration. This levy is 0.08% of pensionable pay and is collected at the same time and in the same way as normal employer contributions. In practical terms, this means employers will pay 20.68% of pensionable pay.

For 2021/22 the Council was responsible for paying 14.38% of contributions. The Council also paid some of the increase in costs foreseen in Budget 2016 which equated to a 2.5% increase in employer contributions with the remaining 3.8% (together totalling the 6.3% increase) constituting unforeseen costs which were funded by the Government. These contribution rates were unchanged from 2019/20 and 2020/21.

In 2021/22 the Council's contribution to the Scheme was £0.047m (2020/21 £0.078m), representing 14.38% of pensionable pay. £0.008m (2020/21 £0.014m) was also paid by the Council, representing the 2.5% increase in costs.

The employee contributions are on a tiered scale from 5.0% to 14.5% of their pensionable pay.

If the scheme operates with a surplus of cash outflow, due to income exceeding the payments made, the surplus is returned to HM Treasury during the following financial year. If payments exceed income within a financial year, or the scheme requires funds to maintain a level of cash flow to make payments the balance of the funding required is requested from parliament through the annual Supply Estimates process.

As the scheme is unfunded liabilities are underwritten by the Exchequer.

## 7.2 Defined Benefit Pension Scheme

### 7.2.1 Local Government Pension Scheme

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013, and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations and summarised on the LGPS website

([www.lgpsregs.org/](http://www.lgpsregs.org/)) and the Fund's membership booklet ([www.lgpsmember.org/](http://www.lgpsmember.org/)).

The administering authority for the Fund is Nottinghamshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Nottinghamshire County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These are amended when appropriate based on the Fund's performance and funding.

Contributions are set every 3 years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The results of the Actuary Report for 2021/22 have been based on the 31 March 2022 valuation (rather than the 31 March 2019 valuation) as the Statement of Accounts was still in the process of being produced and the results of this later valuation were available.

On an Employer's withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In general, participating in a defined benefit pension scheme means that the Council is exposed to a number of risks:

**Investment risk:** The Fund holds investment in asset classes, such as equities, which have volatile market values. Whilst these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

**Interest rate risk:** The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cash flows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.

**Inflation risk:** All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.

**Longevity risk:** In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

**Regulatory risk:** Regulatory uncertainties could result in benefit changes to past or future benefits which could result in additional costs.

**Orphan risk:** As many unrelated employers participate in each fund, there is an orphan liability risk where employers leave the fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers in that fund.

All of the risks above may also benefit the Council e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

### **Court of Appeal Judgement in Relation to the McCloud and Sargeant Cases**

The Court of Appeal judgment on the McCloud and Sargeant cases, relate to age discrimination against the age-based transitional provisions put into place when the new judicial pension arrangements were introduced in 2015. The members argued that these transitional provisions were directly discriminatory on grounds of age and indirectly discriminatory on grounds of sex and race, based on the correlation between these two factors reflected in the judicial membership. The Tribunal ruled against the Government, deeming the transitional provisions as not a proportionate means of achieving a legitimate aim.

The Government subsequently applied to the Supreme Court to appeal the judgement but their application was denied on 27 June 2019. On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and a ministerial statement in response to this was published on 13 May 2021, however a full response to the consultation is still awaited. At the time of producing this briefing note the outcome of these matters is still to be agreed so the exact impact they will have on LGPS benefits is unknown.

The Scheme Advisory Board, with the consent of DLUHC (formerly MHCLG), had commissioned GAD to report on the possible impact of the McCloud case on LGPS liabilities – in particular those liabilities to be included in local authorities' accounts under IAS19 as at 31 March 2019. This followed the April 2019 CIPFA briefing note which said that local authorities should consider the materiality of the impact. GAD have now issued their report dated 10 June 2019, which is intended to help authorities assess that materiality.

The potential cost of the judgement on the liabilities is very much dependent on the membership profile of the employer and assumed future salary increases. For example, for an employer who has a high proportion of active members (and very few deferred and pensioner members), and a salary increase assumption of CPI + 1.5% p.a. the outcome of the McCloud judgement could increase the employer's liabilities by around 3% according to the GAD analysis. However, for an employer with a small proportion of active members and a salary increase assumption equal to (or less than) CPI, the impact of the McCloud judgement is likely to be negligible.

The Actuary have included an allowance for the McCloud judgement.

### **Impact of the Outcome of the Goodwin Case**

Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS.

As this has just recently been announced, the Actuary do not yet have an accurate indication of the potential impact this may have on the value of employers' liabilities or the cost of the scheme. Any indication of cost at this stage will only be a rough estimate as in most cases, funds will not have this information or data to hand. It is the Actuary's understanding that the Government Actuary's Department (GAD) is undertaking a review to assess the potential impact on public sector pension schemes, which they expect will be minimal for LGPS funds.

The Actuary do not yet have the results of GAD's review. However, it is their expectation that the impact on the value of LGPS liabilities as a whole, and for the



majority of employers participating in the LGPS, will not be material. It is possible that the impact on individual employers will vary depending on their specific membership profile, although any cases resulting in a significant impact are likely to be few and far between.

**Impact of the Outcome of the Lloyds Judgement on Past Transfer Values**

The latest news on the Lloyds Banking Group court case involved a ruling that, in cases where a member exercised their right to a transfer value out of the scheme, the trustee had the duty to make a transfer payment that reflects the member’s right to equalised benefits and remains liable if an inadequate transfer payment had been paid.

It is not yet known if, or how, this will affect the LGPS. Further guidance from CIPFA and DLUHC is expected on this.

**Impact of the Outcome of the GMP Indexation Consultation Response**

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing ‘interim solution’ that has applied to members with a GMP reaching SPA on or after 6 April 2016.

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

The projected pension expenses for the year to 31 March 2023 are as follows:

	LGPS 31 March 2023 £m	Teachers Benefits £m
Service cost	66.451	-
Net interest on the defined liability (asset)	17.306	0.773
Administration expenses	0.682	-
<b>TOTAL</b>	<b>84.439</b>	<b>0.773</b>
<b>Employer Contributions</b>	<b>36.037</b>	<b>-</b>

Note that these figures exclude the capitalised cost of any early retirement or augmentations which may occur after 31 March 2022.

These projections are based on the assumptions as at 31 March 2022.

**Actuarial Methods and Assumptions**

Both the Local Government Pension Scheme and Teachers Benefits liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, with estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2022 and using financial assumptions that comply with IAS19.

**Valuation Data - Data Sources**

In completing the calculations for pensions accounting purposes the actuary has used the following items of data, which they received from Nottinghamshire County Council:

- Results of the latest funding valuation as at 31 March 2022



## Section 7 – Pension Schemes

- Results of the previous IAS19 report as at 31 March 2021
- Fund asset statement as at 31 March 2022
- Fund income and expenditure items to 31 March 2022
- Employer income and expenditure items to 31 March 2022
- Details of any new unreduced early retirement payments to 31 March 2022
- Details of any settlements to/from the Employer for the period to 31 March 2022

Although some of the data items have been estimated, they are not likely to have a material effect on the results. The Actuary is not aware of any material changes or events since they received the data. The Actuary checks the data for reasonableness to ensure it is sufficient for them to be able to provide advice.

### Employer Membership Statistics

The following table summarises the membership data, as at 31 March 2022 for members receiving funded benefits, and as at 31 March 2020 for any members receiving unfunded benefits.

	Local Government Pension Scheme		
	Number	Salaries / Pensions £m	Average Age
Actives	7,624	157.858	46
Deferred Pensioners	15,098	18.960	51
Pensioners	8,606	40.079	71
Unfunded Pensioners	686	0.653	81

	Teachers Benefits		
	Number	Salaries / Pensions £m	Average Age
Unfunded Pensioners	2,395	2.176	74

### Employer Payroll

The total pensionable payroll and projected payroll for the Council is as follows:

Estimated payroll for the year to 31 March 2022 £150.058m

Projected payroll for the year to 31 March 2023 £150.058m

### Scheduled Contributions

The following table summarises the minimum employer contributions due from the Council to the Fund over this inter-valuation period. The calculated cost of accrual of future benefits is 18.5% of payroll p.a.

	Minimum employer contributions due for the period beginning		
	1 Apr 2023	1 Apr 2024	1 Apr 2025
Percent of Payroll	18.5%	18.5%	18.5%
plus monetary amounts £m	6.810	5.380	3.810

### Funding Approach

The Council currently participates in the Nottingham City Council pool with other employers.

### Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2022 is calculated to be 8.72% based on the Fund asset statements and Fund cashflows.

The Council's share of the assets of the Fund is approximately 21.05%.

The estimated asset allocation for the Council at 31 March 2022 and 31 March 2021 is as follows (noting that due to rounding they may not total 100%):

	Local Government Pension Scheme			
	31 March 2021		31 March 2022	
	£m	%	£m	%
Public Equities	837.753	65%	752.287	54%
Gilts	43.453	3%	27.863	2%
Other Bonds	88.643	7%	111.450	8%
Property	132.124	10%	175.534	13%
Cash / Temporary Investments	58.808	5%	27.863	2%
Inflation Plus	62.581	5%	78.015	6%
Infrastructure	69.951	5%	136.526	10%
Private Equities	-	0%	83.588	6%
<b>TOTAL</b>	<b>1,293.313</b>	<b>100%</b>	<b>1,393.126</b>	<b>100%</b>

Please note that the asset allocation as at 31 March 2022 has been updated in line with the allocations provided to the Actuary as part of the Fund's 2022 actuarial valuation.

The following table sets out the percentages of the Fund's assets held in each asset class at 31 March 2022 (split by those that have a quoted market price in an active market, and those that do not).

## Section 7 – Pension Schemes

Asset Breakdown	31 March 2022	
	% Quoted	% Unquoted
<b>Fixed Interest Government Securities:</b>		
UK	3.0%	-
<b>Corporate Bonds:</b>		
UK	2.0%	-
Overseas	5.0%	-
<b>Equities:</b>		
UK	21.0%	0.0%
Overseas	35.0%	-
<b>Property:</b>		
All	-	13.0%
<b>Others:</b>		
Private Equity	-	4.0%
Infrastructure	-	6.0%
Unit Trust	-	1.0%
Unit Trust Inflation Linked	-	5.0%
Credit	-	3.0%
Cash/Temporary Investments	-	2.0%
Net Current Assets - Debtor	-	0.0%
Net Current Assets - Creditors	-	0.0%
<b>TOTAL</b>	<b>65.0%</b>	<b>35.0%</b>

### Valuation Approach

To assess the value of the Council's liabilities at 31 March 2022, the value of the Council's liabilities calculated for the funding valuation as at 31 March 2022 have been rolled forward, using financial assumptions compliant with IAS19.

The full actuarial valuation involved projecting future cash flows to be paid from the Fund and placing a value on them. These cash flows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

As required under the IAS19 accounting standard, the projected unit credit method of valuation has been used.

To calculate the asset share for an individual employer, the Actuary roll forward the assets allocated to each employer at the latest valuation date allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the fund by and in respect of the employer and its employees.

Experience items arise due to differences between the assumptions made as part of the roll forward approach and actual experience. This includes (but is not limited to) assumptions made in respect of salary increases, pension increases, mortality, and member transfers. Any experience items accounted for will be observed in the asset and/or defined benefit obligation reconciliation tables in the appendices in the individual employer's report.

Allowance for actual pension increases:

The Actuary’s standard approach is to include actual pension increase experience up to the accounting date. The impact will come through as an experience item.

**Assumptions**

The Actuary’s standard approach is to use demographic assumptions in line with the latest actuarial valuation. For more information please see the latest valuation report. For the assumptions as at 31 March 2022 they adopted the CMI\_2020 model.

The key demographic assumption is the mortality assumption and there are two main steps in setting this assumption:

- Making a current assumption of members’ mortality (the base mortality); and
- Projecting these current mortality rates into the future, allowing for further potential improvements in mortality. Future members’ mortality is almost impossible to predict and therefore there is a lot of judgement involved and the Actuary naturally have to refine their view on this over time.

The base table mortality assumptions adopted for the funds’ latest triennial funding valuations were best estimate assumptions and therefore the Actuary used the same assumptions, as standard for accounting.

To project future improvements in mortality, the Actuary use a model prepared by the Continuous Mortality Investigation Bureau (CMI). The CMI update their model on an annual basis, incorporating the latest mortality data in the national population.

At the last accounting date, they updated the demographic assumptions to use the CMI\_2020 Model.

The CMI published their updated CMI\_2021 Model in March 2022. The Actuary did not update their standard approach to use the CMI\_2021 Model as they did not expect this to have a significant impact on the value of the liabilities for those employers who adopted our standard approach last year.

Details of the post retirement mortality assumption are set out below:

	Local Government		Teachers Benefits	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022
<b>Post Retirement Mortality</b>				
Base table	S3PA	S3PA	S3PA	S3PA
Multiplier (MF)	110% / 105%	115% / 110%	110% / 105%	110% / 105%
Future improvements model	CMI_2020	CMI_2021	CMI_2020	CMI_2020
Long-term rate of improvement	1.25% p.a.	1.25% p.a.	1.25% p.a.	1.25% p.a.
Smoothing parameter	7.5	7.0	7.5	7.5
Initial addition parameter	0.5% p.a.	0.0% p.a.	0.5% p.a.	0.5% p.a.
2020 weight parameter	25%	5%	25%	25%
2021 weight parameter	n/a	5%	-	-

## Section 7 – Pension Schemes

The assumed life expectations from age 65 are:

	Local Government		Teachers Benefits	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022
<b>Life expectancy from age 65 (years):</b>				
Retiring today:				
Males	21.6	20.7	21.6	21.6
Females	24.3	23.5	24.3	24.3
Retiring in 20 years:				
Males	22.9	21.9	n/a	n/a
Females	25.7	24.9	n/a	n/a

The financial assumptions have been set with consideration of the duration of the Council's past service liabilities, estimated to be 22 years.

The financial assumptions used for the purpose of IAS19 calculations are shown in the following table:

	Local Government Pension			Teachers Benefits		
	Scheme					
	31 March 2020	31 March 2021	31 March 2022	31 March 2020	31 March 2021	31 March 2022
<b>Financial Assumptions:</b>						
Discount rate	2.35%	2.00%	2.60%	2.30%	1.80%	2.60%
Pension increases (CPI)	1.90%	2.80%	3.20%	1.90%	2.85%	3.45%
Salary increases	2.90%	3.80%	4.20%	-	-	-

The financial assumptions are set with reference to market conditions at 31 March 2022.

The key financial assumptions required for determining the defined benefit obligation for accounting are the discount rate, linked to high quality corporate bond yields, and the rate of future inflation.

The Actuary set out their standard approach to the derivation of these assumptions and possible outcomes using market conditions at 31 March 2022.

Discount rate:

Under IAS19 standard the discount rate should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The Actuary's standard approach to derive the appropriate discount rate is known as the Single Equivalent Discount Rate (SEDR) methodology.

The Actuary use sample cashflows for employers at each duration year (from 2 to 30 years) and derive the single discount rate which results in the same liability value as that which would be determined using a full yield curve valuation (essentially each year's cashflows has a different discount rate). In carrying out this derivation they use the annualised Merrill Lynch AA rated corporate bond yield curve and assume the curve is flat beyond the 30 year point.

The standard assumptions set for an employer will be based on their individual duration.

The Actuary have adopted the standard approach to salary increases which is line with the latest actuarial valuation.

### Special Events Dates

When determining any past service cost or gain or loss on settlement IAS19 requires that the net defined benefit liability is remeasured using current assumptions and the fair value of plan assets at the time of the event. Common events for LGPS employers that this may apply to include outsourcings and unreduced early retirements.

Additional calculations are required to determine the cost before and after each event, and to rebase the standard roll forward approach on updated assumptions based on each event date. The extra remeasurement does not need to be applied where the application of that remeasurement is immaterial.

The Council's assets and defined benefit obligation have been remeasured throughout the accounting period at one or more settlement/curtailment event dates, in line with the requirements under IAS19. The financial assumptions used to calculate the results at each remeasurement date are set out below. These have been derived consistently with the assumptions adopted at 31 March 2021.

Remeasurement Date	Discount Rate % p.a.	Pension Increases (CPI) % p.a.	Real Discount Rate % p.a.
31 March 2021	2.00%	2.80%	-0.80%
1 April 2021	2.00%	2.85%	-0.85%
31 October 2021	1.75%	2.90%	-1.15%
30 November 2021	1.60%	2.90%	-1.30%
31 March 2022	2.60%	3.20%	-0.60%

### Past Service Costs/Gains

Past service costs or gains arise as a result of introduction or withdrawal of or changes to member benefits. For example, an award of additional discretionary benefits to a member such as added years by a member would be considered a past service cost. The actuary is not aware of any additional benefits which were granted over the year ending 31 March 2022.

### Curtailments

The cost of curtailments is calculated as a result of the payment of unreduced pensions on early retirement. The Council will also have to account for non-pension related costs (e.g. lump sum payments on redundancy) but for the avoidance of doubt, the actuary has only calculated the cost of curtailments which affect the Council's LGPS pension liabilities. The cost of curtailments is calculated at the point of exit, with interest applied to the accounting date accounted for separately.

Over the year, 14 former Council employees became entitled to unreduced early retirement benefits under the LGPS. The capitalised cost of the additional benefits on IAS19 compliant assumptions is calculated at £0.574m. This has been included within the service cost.

### Settlements

As a result of some members transferring into / out of the Council over the year liabilities have been settled at a cost different to the accounting reserve. The capitalised gain of this settlement is £0.236m. This figure has been included in the service cost.

The following table sets out the settlement events allowed for:

## Section 7 – Pension Schemes

Settlements In / (Out)	Transfer Date	Assets Transferred £m	Liabilities Transferred £m	Treated as special event?	Report Date
<b>Employer transferred from</b>					
Nottinghamshire County	1 Apr 2021	(0.186)	(0.285)	Yes	n/a
Enviroenergy	30 Nov 2021	0.461	0.744	Yes	14 Oct 2021
Nottingham Contemporary	31 Oct 2021	0.071	0.123	Yes	21 Feb 2022
<b>TOTAL</b>		<b>0.346</b>	<b>0.582</b>		

### Sensitivity Analysis

The sensitivity analysis below focuses on four assumptions – discount rate, long term salary increase, inflation (which is used to determine pension increases and deferred revaluation) and mortality.

	Local Government Pension Scheme					Teachers Benefits		
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Adjustment to discount rate:</b>	<b>+0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	1,875.119	2,034.173	2,077.096	2,121.382	2,313.267	30.444	30.746	31.051
Projected service cost	55.303	64.041	66.451	68.960	80.081	-	-	-
<b>Adjustment to long term salary increase:</b>	<b>+0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.5%</b>	-	-	-
Present value of total obligation	2,091.676	2,079.967	2,077.096	2,074.246	2,063.063	-	-	-
Projected service cost	66.635	66.488	66.451	66.415	66.267	-	-	-
<b>Adjustment to pension increases and deferred revaluation:</b>	<b>+0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	2,295.978	2,118.205	2,077.096	2,037.227	1,889.334	31.048	30.746	30.447
Projected service cost	80.077	68.939	66.451	64.059	55.215	-	-	-
<b>Adjustment to life expectancy assumptions:</b>	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>			<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
Present value of total obligation	2,177.427	2,077.096	1,981.716			32.247	30.746	29.315
Projected service cost	69.345	66.451	63.663					

### COVID-19

Member mortality experience - the actuary's standard approach is to continue with a roll forward approach in calculating the liabilities, rather than carry out a full valuation of member data. This means that mortality experience is estimated through the benefits paid out to members. The difference between this estimate and the employer's actual mortality experience will then be incorporated once the next actuarial valuation of the Fund is complete. Consideration of the mortality assumption in light of COVID-19 is set out earlier in this note.

Any impact on service cost due to the Coronavirus Job Retention Scheme will be reflected in the report based on the payroll information that the actuary is provided with. The actuary request information relating to unreduced early retirements each year from the administering authority and any redundancies that they are made aware of as part of this are included as a curtailment where applicable.

### Ukraine Crisis

As a result of this crisis, many equity markets across the globe have witnessed significant falls, but so far the impact has been felt most prominently in equities with a close link to Russian markets, i.e. Russian equities themselves and in European tilted funds. Beyond equity markets, the Actuary have also seen volatility in government bond and credit markets. However, there has been no large directional move to date. The expected longer-term impact on gilt yields will largely depend on how these



developments affect inflation (for example, through disruption to the supply of energy and commodities), and how central banks react to this.

# Section 8

## ABBREVIATIONS/GLOSSARY

### 8.1 Abbreviations

<b>BID</b>	-	Business Improvement District
<b>BSF</b>	-	Building Schools for the Future
<b>CIES</b>	-	Comprehensive Income and Expenditure Statement
<b>CFR</b>	-	Capital Financing Requirement
<b>CRC</b>	-	Carbon Reduction Credits
<b>DLUHC</b>	-	Department for Levelling Up, Housing and Communities
<b>DRF</b>	-	Direct Revenue Financing
<b>DSG</b>	-	Dedicated Schools Grant
<b>EFA</b>	-	Expenditure and Funding Analysis
<b>EMSS</b>	-	East Midlands Shared Services
<b>HRA</b>	-	Housing Revenue Account
<b>IBNR</b>	-	Incurred but not yet Reported
<b>IAS</b>	-	International Accounting Standard
<b>IFRS</b>	-	International Financial Reporting Standards
<b>ISB</b>	-	Individual Schools Budget
<b>LGPS</b>	-	Local Government Pension Scheme
<b>LIFT</b>	-	Local Improvement Finance Trust
<b>LCC</b>	-	Leicestershire County Council
<b>MHCLG</b>	-	Ministry of Housing, Communities and Local Government
<b>MIRS</b>	-	Movement in Reserves Statement
<b>MTFO</b>	-	Medium Term Financial Outlook
<b>MTFP</b>	-	Medium Term Financial Plan
<b>NCC</b>	-	Nottingham City Council
<b>NET</b>	-	Nottingham Express Transit
<b>NNDR</b>	-	National Non-Domestic Rates
<b>PFI</b>	-	Private Finance Initiative
<b>PPE</b>	-	Property Plant and Equipment
<b>PWLB</b>	-	Public Works Loan Board
<b>REFCUS</b>	-	Revenue Expenditure Financed from Capital under Statute
<b>RSG</b>	-	Revenue Support Grant

## 8.2 Glossary of Financial Terms

Items in **bold** are described further within the glossary.

### **Accounting Period**

The period of time covered by the Council's accounts. Normally twelve months, beginning on 1 April. Also known as the Financial Year.

### **Accounting Policies**

The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, measuring and presenting **assets**, **liabilities**, gains, losses and changes to **reserves**.

### **Accrual**

Income and expenditure are recognised as they are earned or incurred, not as money is received or paid. Accruals are made for **revenue** and **capital expenditure** and income (see **debtors** and **creditors**).

### **Actuarial gains and losses**

This reflects the extent to which the movements of the pension assets and liabilities over the accounting year have not been exactly as assumed at the previous accounting date, and also the effect on the pension liabilities of changes to the assumptions used to value them.

### **Agency Services**

Services that are performed by or for another Council or public body, where the Council responsible for the service reimburses the Council for the cost of that work.

### **Amortisation**

The writing down of an **intangible asset** reflecting its diminution in value as its useful life expires over time.

### **Assets**

Items having measurable value in monetary terms. Assets can be defined as fixed or current. A fixed asset has use and value for more than one year e.g. land, buildings, plant, vehicles and equipment. Current assets can be readily converted into cash.

### **Bad (and doubtful) Debts**

Debts which may be uneconomical to collect or unrecoverable.

### **Balance Sheet**

A statement of recorded **assets** and **liabilities**, and other balances at the end of an **accounting period**.

### **Business Rates – see National Non-Domestic Rates**

### **Capital Adjustment Account**

This account contains the balances previously held on the Capital Financing Account, the Fixed Asset Restatement Account and the Government Grants Deferred Account. The movements in year relate to the amount of capital expenditure financed from revenue, grants and capital receipts. It also contains the difference between amounts provided for depreciation and the amount required to be charged to revenue to repay the principal element of external loans.

### **Capital Expenditure**

Expenditure on the acquisition or enhancement of property, plant and equipment that has a long-term value to the Council. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant and equipment.

## Section 8 – Abbreviations/Glossary

---

### **Capital Financing Requirement**

An amount calculated from the value of Fixed Assets less the balances on Capital Adjustment Account and **Revaluation Reserve**. This represents the Council's "underlying" need to borrow. The Council is required to make an annual provision from revenue resources to meet its debt repayment obligations. This is known as the **Minimum Revenue Provision**.

### **Capital Receipt**

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

### **Cash and Cash Equivalents**

Cash in hand, cash overdrawn and short term investments that are readily convertible into known amounts of cash.

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the leading professional accountancy body for public services. It draws up the Accounting Code of Practices and issues professional guidance used to compile these accounts. CIPFA advises central government and other bodies on local government and public sector finance matters.

### **Code of Practice on Local Authority Accounting (UK)**

Publication produced by **CIPFA** that provides detailed guidance on the proper accounting treatment to be used in the preparation of local authority statement of accounts.

### **Collection Fund**

A separate fund recording the expenditure and income relating to **Council Tax**, **National Non-Domestic Rates** (collected on behalf of the Central Government) and residual community charge.

### **Community Assets**

**Assets** that a local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions in their disposal. Examples are parks and allotments.

### **Consolidated**

Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration e.g. debtors.

### **Contingency**

A sum included in the revenue budget to cover unexpected expenditure during the **accounting period**. An example of such an event would be an exceptional price increase not anticipated at the time the budget was constructed.

### **Contingent Liabilities**

A contingent liability is defined as either:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control;
- or a present obligation that arises from past events but is not recognised because either
  - it is not probable that a transfer of economic benefits will be required to settle the obligation or;
  - the amount of the obligation cannot be measured with sufficient reliability.

### **Contingent Rents**

The portion of the lease payments that is not fixed in amount but is based on the future amount of a factor that changes other than with the passage of time (e.g. percentage of future sales, amount of future use, future price indices and future market rates of interest).

### **Contract Assets**

Debtors for goods or services provided by the Council where not all of the goods or services that the Council is required to provide in order to receive payment have been delivered by 31<sup>st</sup> March.

### **Contract Liabilities**

Creditors for goods or services provided by the Council where the Council has received payment but not done everything that is required to retain the payment by 31<sup>st</sup> March.

### **Council Tax**

A local tax set by local authorities in order to meet their budget requirements. There are eight Council Tax bands (Band A to Band H); the amount of Council Tax each household pays depends on the value of the property.

### **Council Tax Benefit**

Assistance provided by billing authorities to adults on low income, with the objective of helping them to pay their **Council Tax** bills.

### **Council Tax Discounts and Exemptions**

Discounts are available to people who live alone and for homes that are not anyone's main home. **Council Tax** is not charged for certain properties, known as exempt properties, such as those only lived in by students.

### **Creditors**

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

### **Current Service Cost**

The increase in present value of a defined benefit pension scheme's **liabilities** expected to arise from employee service in the current financial year.

### **Current Value**

The current value of an **asset** is a measurement of the asset's service potential and can be measured at:

- Existing Use Value – where an active market exists,
- Existing Use Value Social Housing – for council dwellings, or
- Depreciated Replacement Cost– for assets where there is no market and / or the assets are specialised

### **Debtors**

Amounts due to an authority for works done, goods supplied or service rendered before the end of an **accounting period**, but for which actual payments had not been received by the end of that accounting period.

### **Dedicated Schools Grant**

A **specific grant** paid to Local Authorities to fund the cost of running its schools.

### **Defined Benefit Pension Scheme**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the

## Section 8 – Abbreviations/Glossary

---

contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

### **Depreciation**

A charge to the revenue account to reflect the reduction in an asset's value as a result of its use in the delivery of services.

### **Direct Revenue Financing**

Capital expenditure funded from revenue budgets.

### **Exceptional Items**

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

### **External Audit**

The auditor is appointed by **PSAA Ltd** and is required to verify that all statutory and regulatory requirements have been met during the production of the Council's accounts. There is also a requirement to review the arrangements in place to ensure the economic and effective use of resources.

### **Fair Value**

The fair value of an **asset** is the price at which assets or liability could be exchanged between market participants at the measurement date under current market conditions.

### **Finance Lease**

A lease, which transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance. Assets held under Finance Leases are recognised on the Balance Sheet as assets.

### **Financial Instrument**

Any contract giving rise to a financial **asset** in one entity and a financial **liability** or equity instrument in another. Examples include the treasury management activity of the Council, including the borrowing and lending of money and the making of investments.

### **Fixed Assets**

Tangible assets which have value to the Council for more than one year.

### **Funding Basis**

The accounting basis that local authorities are required by statute to follow when setting their Council Tax. This is different to the IFRS basis, which is used to produce the Statement of Accounts.

### **General Fund**

The common name for the account which accumulates balances for all services except the **Housing Revenue Account** and the **Collection Fund**.

### **Group Financial Statements**

Where a Council has an interest in another organisation (e.g. a **subsidiary** organisation) group accounts have to be produced. These accounts report the consolidated financial position of the Council and all organisations in which it has an interest.

### **Heritage Assets**

**Assets** with historical, artistic, scientific, technological, geophysical or environmental qualities held and maintained principally for their contribution to knowledge and culture.

### **Historical Cost**

This represents the original cost of acquisition, construction or purchase of a fixed **asset**.

### **Housing Benefit**

Assistance provided by billing authorities to adults on low income, with the objective of helping them to pay their rent. Parts of the cost, including those associated with the running expenses of the scheme, are refunded directly by the Government.

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

Sets out the expenditure and income arising from the provision of social housing by the local authority as landlord.

### **Impairment**

A reduction in the value of a fixed **asset**, resulting from financial loss, damage or obsolescence. In order to comply with accounting standards, the Council undertakes annual reviews of its assets to identify any that are impaired.

### **Infrastructure Assets**

**Assets** held by local authorities which do not normally have a resale value and for which a useful life span cannot easily be assessed. Examples include highways, bridges and drainage facilities.

### **Intangible Assets**

**Assets** that do not have physical substance but are identifiable and controlled by the Council through custom or legal rights.

### **International Financial Reporting Standards**

International Financial Reporting Standards are standards and interpretations adopted by the International Accounting Standards Board (IASB). Many of the standards forming part of the IFRS were previously known as International Accounting Standards.

### **Investment Properties**

An interest in land and buildings that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services as well as for investment purposes does not meet the definition of an investment property.

### **Joint Ventures**

An organisation in which the Council is involved where decisions require the consent of all participants.

### **Liability**

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

### **Loss Allowance**

An allowance provided for bad debts i.e. credit losses.

### **Medium Term Financial Plan (MTFP)**

A plan detailing projected expenditure and available resources over a period of more than one year. The Council's MTFP currently covers three years.

### **Minimum Revenue Provision**

The minimum amount that the Council must charge to the income and expenditure account to provide for the repayment of debt.



## Section 8 – Abbreviations/Glossary

---

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

The means by which local businesses contribute to the cost of providing the Council's services. NNDR cover all property consisting of land or buildings not classed as domestic property or exempt from rating. The Valuation Office Agency gives a rateable value to each non-domestic property and this is used by local councils to calculate a property's NNDR.

### **Net Revenue Expenditure**

This represents the Council's budget requirement and use of **reserves**.

### **Non-Cancellable Lease**

A lease that is cancellable only:

- Upon the occurrence of some remote contingency.
- With the permission on the lessor.
- If the lessee enters into a new lease for the same or an equivalent asset with the same lessor
- Upon payment by the lessee of such an additional amount that, at the inception of the lease, continuation of the lease is reasonably certain.

### **Non-operational Assets**

**Assets** held by the Council but not actually used in the direct delivery of services, including surplus assets and **investment properties**. See **Operational Assets**.

### **Operating Leases**

A lease where substantially all of the risks and rewards of ownership of a fixed **asset** are retained by the lessor. Operating leases do not result in a charge against the Council's capital resources.

### **Operational Assets**

**Assets** held by the Council for the purpose of the direct delivery of services for which the Council has either a statutory or discretionary responsibility. See **Non-operational Assets**.

### **Outturn**

Actual income and expenditure in an **accounting period**.

### **Past Service Cost**

The increase in **liabilities** arising from current year decisions whose effect relates to years of service earned in earlier years.

### **PFI Credits**

The financial support provided to Local Authorities to part fund **Private Finance Initiative** capital projects.

### **Post Balance Sheet Events**

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

### **Precept**

The amount of **Council Tax** income that County Councils, Police authorities, Parish Councils and Fire authorities (precepting authorities) need to provide their services.

### **Prior Year Adjustments**

These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction

of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates in prior years.

### **Private Finance Initiative (PFI)**

A long-term contractual public private partnership under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to standards of performance.

### **Provision**

An amount set aside to cover a **liability** that will almost certainly occur, but where the amounts or dates on which the cost will arise are uncertain.

### **Prudential Code**

The Prudential Code ensures, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable.

### **Public Sector Audit Appointments (PSAA) Ltd**

PSAA was incorporated by the Local Government Association (LGA) in August 2014. The Secretary of State for Communities and Local Government has delegated statutory functions on a transitional basis from the Audit Commission Act 1998 to PSAA. Under these transitional arrangements, PSAA is responsible for appointing auditors to local government, police and local NHS bodies, for setting audit fees and for making arrangements for the certification of housing benefit subsidy claims. Before 1 April 2015, these responsibilities were discharged by the Audit Commission. The Secretary of State has specified PSAA as an appointing person under provisions of the Local Audit and Accountability Act 2014. For audits of the accounts from 2018/19, PSAA has appointed auditors to relevant principal local government bodies that opt into its national scheme. Grant Thornton UK LLP are the external auditors for Nottingham City Council for 2021/22.

### **Public Works Loans Board (PWLB)**

A Government agency which provides loans, for terms of one year and above, to local authorities. The interest rates applied are only slightly higher than those at which the Government can borrow.

### **Reserves**

A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and **provisions** which are set up to meet known liabilities.

### **Residual Value**

The net realisable value of an **asset** at the end of its useful life.

### **Revaluation Reserve**

This represents the non-distributable increase/decrease in the valuation of fixed **assets**.

### **Revenue Expenditure**

Expenditure on day-to-day running costs such as salaries, heating, printing and stationery and debt charges. Revenue items will either be expended immediately, like salaries, or within one year of purchase.

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

This is expenditure that legislation allows to be funded from capital resources that does not result in an **asset** to the Council (e.g. Housing improvement grants). This expenditure is written off to the Income and Expenditure Account in the year it is incurred.

## Section 8 – Abbreviations/Glossary

---

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

Government financial support to aid local authority services generally. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

### **Section 106 contributions**

These are receipts received by the Council from developers for a specific purpose; they arise as a result of a planning agreement between the Council and developer.

### **Service Reporting Code of Practice**

Published by **CIPFA** the Service Reporting Code of Practice establishes "proper practice" with regard to consistent financial reporting to enhance the comparability of local authority financial information and was given statutory force in England by regulations under the Local Government Act 2003.

### **Single Entity Financial Statements**

The main financial statements for the Council as shown in section 3. The single entity financial statements are also defined as including the income, expenditure, assets, liabilities, reserves and cash flows of the local authority maintained schools within the control of the Council.

### **Specific Grant**

Government financial support for a specific purpose or service that cannot be spent on anything else.

### **Stocks**

Comprise of goods or other **assets** purchased for resale; consumable stores; raw materials and components purchased for incorporation into products for sale; products and services in intermediate stages of completion; long term contract balances and finished goods.

### **Subsidiary and Associated Companies**

An organisation in which the Council has a participating interest and over which it can exercise significant influence e.g. where the Council controls the majority of voting rights.

### **Trading Accounts**

Services run commercially to provide services that are mainly funded from fees and charges levied on customers.

### **Trust Funds**

Funds administered by a local authority for purposes such as charities, and specific projects and on behalf of minors.

### **Work in Progress**

The value of work undertaken on an unfinished project at the end of the financial year, which has not yet been charged to the revenue account.

# Section 9 Independent Auditor’s Report

## 9.1 Independent Auditor’s Report to the members of Nottingham City Council

**THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK  
THE AUDIT OPINION WILL BE INSERTED HERE WHEN AGREED BETWEEN THE  
COUNCIL AND EXTERNAL AUDITORS.**

**THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK  
THE AUDIT OPINION WILL BE INSERTED HERE WHEN AGREED BETWEEN THE  
COUNCIL AND EXTERNAL AUDITORS.**

**THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK  
THE AUDIT OPINION WILL BE INSERTED HERE WHEN AGREED BETWEEN THE  
COUNCIL AND EXTERNAL AUDITORS.**

**THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK  
THE AUDIT OPINION WILL BE INSERTED HERE WHEN AGREED BETWEEN THE  
COUNCIL AND EXTERNAL AUDITORS.**



**THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK  
THE AUDIT OPINION WILL BE INSERTED HERE WHEN AGREED BETWEEN THE  
COUNCIL AND EXTERNAL AUDITORS.**

**THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK  
THE AUDIT OPINION WILL BE INSERTED HERE WHEN AGREED BETWEEN THE  
COUNCIL AND EXTERNAL AUDITORS.**