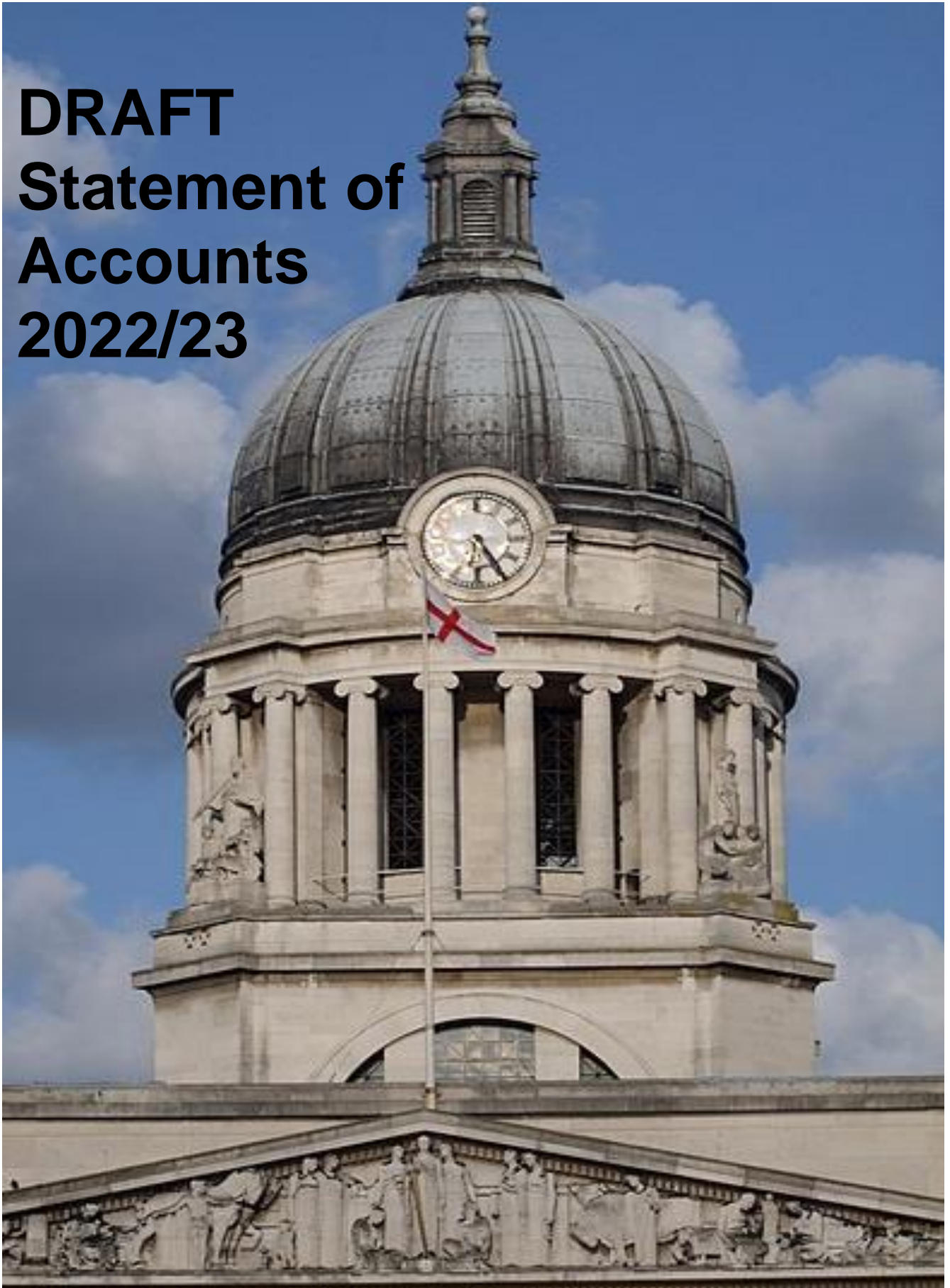


DRAFT Statement of Accounts 2022/23



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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.

The most recent numbers equated to:

- 8.5 million domestic waste collections;
- 774 kilometres of carriageway maintained;
- 1,848 hectares of parks maintained;
- 2.7 million visitors to Council organised events;
- 145,700 tonnes of waste diverted from landfill;
- 1.9 million visitors to NCC Leisure Centres;
- 6,484 adults supported with social care packages;
- 3,200 food premises regulated;
- 9,685 businesses supported;
- 1,700 hackney carriage and private hire licences issued;
- 718 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 and its 850,000 citizens face a number of challenges in meeting their aspirations, these include -

- 11th most deprived area in UK
- On average men and women in some of our poorest areas die 10 years earlier than those in the most affluent areas
- Average earnings 75% of England average
- 63% of properties in Council Tax Band A compared to 24% 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 8% below the national average

Strategic Council Plan

The Council remains ambitious for Nottingham and its citizens. Like many local authorities, Nottingham City Council has experienced unprecedented pressures in terms of increased demand for services, particularly in relation to social care and

Section 1 – Narrative Report

homelessness, and increased costs through inflation. A new Strategic Council Plan covering 2023 to 2027 was adopted by the Full Council in March 2023 to replace the Council Plan (2019-23)

Council Vision Statement

The Council’s vision for Nottingham is:

“Nottingham is healthy, safe, clean, green, proud and ambitious.”

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 as 31 March 2023 the Council employed 5,962 people, of which 3,611 were full time employees and 2,351 part time.

In the latest pay gap report published in March 2022 the Council reported that the median pay gap between female and male employees was 1.5% (2021 0.5%) whilst the mean pay gap was 0.6% (2021 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 12.6% (2021 9.4%) and the mean pay gap was 5.1% (2021 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 1.0% (2021 10.4%) and the mean pay gap was 0% (2021 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 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 Leader of the Council is elected by the ruling party; 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 Overview and Scrutiny Committee(s) made up of non-executive councillors able 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.

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

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- 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.

The Council has signed up to the principles of 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.

1.1.5 Matters arising in 2022/23

Like the previous year, 2022/23 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. The Council continued to deal with the impact of 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 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 impact on the Council's services continued into the 2022/23 financial year.

Government Intervention

- The Minister for Equalities, Local Government, Faith and Communities, Kemi Badenoch MP, announced in a Written Ministerial Statement on 23 June 2022 that the Secretary of State is 'minded to' intervene in Nottingham City Council.
- The Minister for Local Government formally signed an Item 9 Credit determination on 3 August 2022 that required 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. A prior period adjustment has been reflected in the 2019/20 Accounts, and therefore is reflected in the opening balances for the 2022/23 financial year.
- On 2 September 2022 the Secretary of State announced that he would be intervening in Nottingham City Council by issuing Directions to strengthen the remit of the Nottingham City Council Improvement and Assurance.
- On 2 February 2023 the Improvement and Assurance Board, chaired by Sir Tony Redmond, reported that whilst Housing and Company improvements have been progressed and the planning process, overall, is now more coordinated, the challenge is significant and that there must be total commitment to delivering a balanced 2023/24 budget and four medium term financial plan which, in turn, should demonstrate financial resilience and sustainability.

Further Government intervention is outlined in Section 1.4 Post Balance Sheet Update.

1.1.6 Achievements in 2022/23

Despite the challenges identified above the Council still managed a number of significant achievements in 2022/23.

- A new central library opened with state-of-the-art facilities; spread over three floors, with seating areas, a café, meeting rooms, free access to computers, laptops, iPads, immersive storytelling, a learning lab and much more.
- Residents moved into Kieron Hill Court, a brand-new block of 36 one-bedroom apartments built by Nottingham City Council.
- The Bulwell bus station was transformed with improved passenger facilities, lighting, and information signage.
- Nottingham City Council entered into partnership with Lime; 700 electric bikes are now available for city residents and visitors.

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.

1.2.2 Revenue Outturn

The General Fund revenue outturn position for 2022-23 is a net overspend of £9.8m, 4.3% of the net General Fund budget before the application of reserves to off-set the in-year overspend. This is summarised in the table below:

Revenue Outturn 2022/23			
	Budget £m	Outturn £m	Variance £m
Services	197.117	215.760	18.643
Corporate Items	30.674	21.537	(9.137)
Companies	(0.142)	0.118	0.260
Total	227.649	237.415	9.766
Contributions to Reserves	0.000	(9.766)	(9.766)
Total post reserve movement	227.649	227.649	0.000

The General Fund overspend is largely driven by a combination of increased demand (social care, home to school transport and temporary accommodation), increased levels of social care need following a period of suppressed service delivery during COVID, increased costs, income shortfall, and inflationary pressures, most notably from the nationally agreed pay agreement.

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The revenue outturn position at the end of the year as 31 March 2023 includes a £11.4m (10.2%) net revenue underspend across the Housing Revenue Account which was fully transferred to HRA earmarked reserves.

Further information on the Council's Revenue Financial Outturn for 2022/23 can be found in the report presented to Executive Board on 18 July 2023.

1.2.3 Capital Position

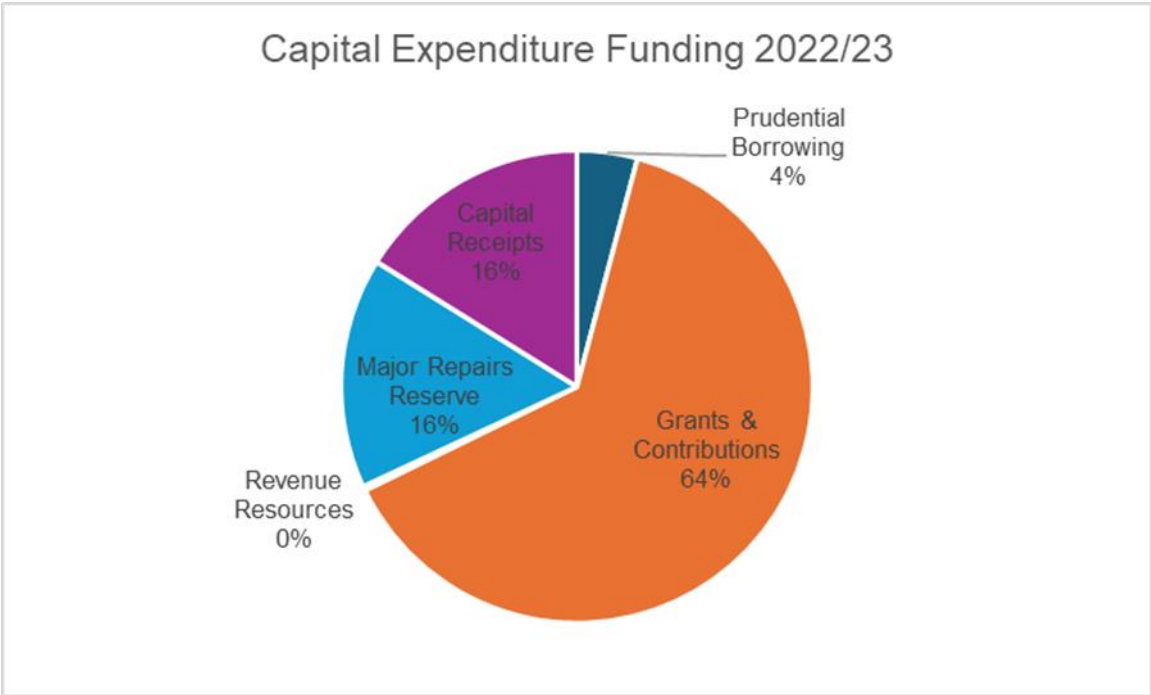
The Capital outturn for both the General Fund and HRA shows an underspend of £0.8m within the General Fund Capital Programme and £19.3m within the HRA Capital Programme. A summary of this expenditure by scheme category is shown in the table below:

Capital Outturn 2022/23			
	Budget	Outturn	Variance
	£m	£m	£m
People	9.338	5.460	(3.878)
Finance & Resources	2.524	1.118	(1.406)
Growth & City Development	27.302	1.161	(26.141)
CERS (excl Midlands Energy Hub)	33.556	27.051	(6.505)
CERS (Midlands Energy Hub - only)	0.000	83.492	83.492
Councilwide (inc Planned)	4.361	8.236	3.875
Transport (Growth & City Development & CERS)	76.810	26.555	(50.255)
Total General Fund	153.891	153.073	(0.818)
Public Sector Housing	71.003	51.689	(19.314)
Total Capital Expenditure	224.894	204.762	(20.132)

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 and the recognition of Midlands Energy Hub capital expenditure.

The main source of funding of capital expenditure in 2022/23 was grants and contributions which funded 64% of total expenditure with a further 16% 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.

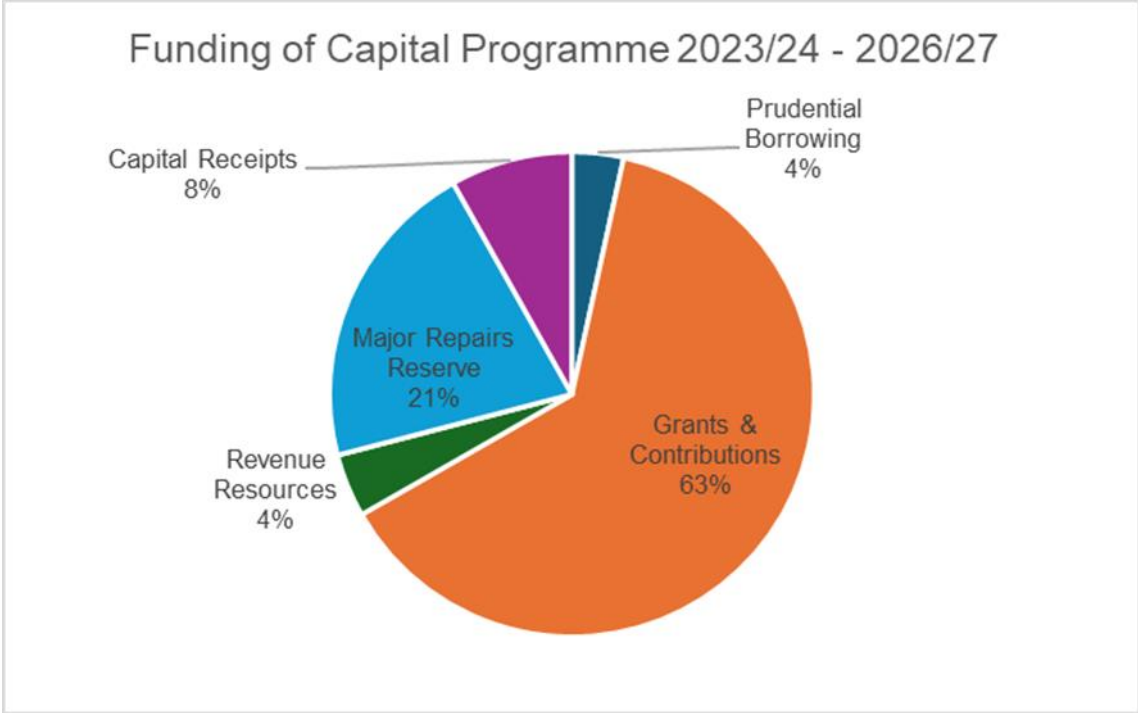
This is illustrated in the following charts showing the funding of 2022/23 capital expenditure and the 2023/24 – 2026/27 programme.



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 5-year capital programme was approved at Executive Board on 21 February 2023. The programme sets out investment of £602.8m, from 2023/24 to 2026/27, which will help enable substantial regeneration in and around the City and allow the Council to deliver the capital requirements that have arisen from service needs.

The programme will be funded by £454.5m of grants and contributions, £150.0m from the Public Sector Housing Major Repairs Reserve, £24.7m of borrowing approved or committed prior to the non-statutory review, as well as £58.5m of capital receipts.



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Over the life of the programme the Council will be reducing the use of Prudential Borrowing 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 2022/23, 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 2022/23.

Revised Revenue Outturn

Revised Revenue Outturn 2022/23	
	Outturn £m
Original Service Outturn	237.415
Capital Recharge amendment	(0.580)
Other Amendments	25.076
Revised Service Outturn	261.911
Contributions to Reserves	(9.766)
Revised outturn	252.145

Revised Capital Programme Outturn

Revised Capital Outturn 2022/23	
	Outturn £m
Original Outturn	204.762
Amendments to recharges to Capital	(2.193)
Amendments following post outturn review	4.966
Total Capital Expenditure	207.535

1.2.5 Addressing Risk and Future Challenges

The Council is committed to making the changes needed to secure long term financial stability whilst maintaining services to residents.

This will be achieved by the prudent management of the Council's finances and the strengthening of its financial resilience through enhanced budget monitoring controls, more effective financial forecasting, a freeze on new borrowing, reducing its debt levels and the effective management of reserves.

The financial stability is impacted by a period of exceptionally high inflation particularly around energy, fuel and contract costs; together with increased pay inflation; and the cost of living crisis impacting on citizens.

The Council's financial resilience has been weakened by the application of £32.3m of reserves to meet the costs associated with the failure of Robin Hood Energy Limited and £40.7m due to be paid to the Housing Revenue Account by the General Fund following the CIPFA review.

There is a challenging employment market, with recruitment and retention issues internally within the Council and generally across the wider public sector and an increased demand for services, particularly those relating to Adults Social Care, Children’s Social Care, and Homelessness.

Investment in the delivery of transformational activity has been funded primarily by the application of Flexible Use of Capital receipts in accordance with government regulations. Total investment of £10.4 million is planned over the period to deliver revenue savings of £59.2 million.

An unwavering focus upon delivery of agreed savings is essential and will involve difficult decisions for the Council. Inevitably, the annual budget cycle for 2023/24 and future years will present further challenges and financial pressures which will require new plans and proposal for further efficiencies.

The Council is in the process of fundamentally reviewing and rationalising its asset portfolio in order realise a substantial pipeline of capital receipts that will fund future investment, transformation and repayment of borrowing.

Income generation and cost savings together with transformational initiatives are programmed to deliver significant cost efficiency and/or demand reduction whilst delivering improved outcomes for citizens, thereby improving value for money.

1.3 Explanation of Accounting Statements for 2022/23

The Statement of Accounts sets out the Council’s financial performance for 2022/23. 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 2022/23 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:

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).

Section 1 – Narrative Report

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 2022/23 are summarised below:

	31 March 2022 £m	Movement 2022/23 £m	31 March 2023 £m
General Fund	14.959	(6.082)	8.877
Earmarked General Fund Reserves	218.896	(23.461)	195.435
Other Usable Reserves	102.169	46.955	149.124
Unusable Reserves	1,241.044	936.421	2,177.465
TOTAL AUTHORITY RESERVES	1,577.068	953.833	2,530.901

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 2023.

The Balance Sheet is summarised below:

	31 March 2022 £m	31 March 2023 £m
Long Term Assets	3,393.981	3,579.406
Net Current Liabilities	175.597	205.286
Long Term Liabilities	(1,992.510)	(1,253.791)
NET ASSETS	1,577.068	2,530.901
Usable Reserves	336.024	353.436
Unusable Reserves	1,241.044	2,177.465
TOTAL RESERVES	1,577.068	2,530.901

The movement in Long Term Assets from 2021/22 to 2022/23 is mainly due to:

- A net increase in Property Plant & Equipment of £243.361m. Further details regarding movements in Property Plant and Equipment can be found in note 4.4.1.
- A net increase in Heritage Assets of £7.172m. Further details can be found in the Heritage Assets note 4.4.2.
- A net decrease in Investment properties of £23.958m. Further details regarding Investment Properties can be found in note 4.4.3.
- A decrease in Long Term Investments of £32.647m. Further details can be found in the Financial Instruments note 4.4.14.
- A decrease in Long Term Debtors of £7.613m. 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 2022 for Insurance compensation claims (Long Term Provision). The carrying value at 31 March 2023 (£16.338m) 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 2023, the Council's fund was in deficit by £84.785m (£714.716m as at 31 March 2022). Actuarial valuations are undertaken every three years and a deficit recovery plan is in place to reduce the liability to zero within 17 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:
[Statement of Accounts and Reports - Nottingham City Council](#)
- 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.
- 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 September 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.

On 30 July 2024, Minister McMahon set out proposals to set a statutory backstop date of 13 December 2024 to clear the backlog of unaudited accounts up to and including Financial Year 2022/23. The Government has now laid in Parliament two pieces of legislation which would give effect to these proposals: the Accounts and Audit (Amendment) Regulations 2024 and, on behalf of the Comptroller & Auditor General of the National Audit Office (NAO), a draft Code of Audit Practice 2024.

The Government is clear that local bodies should not be unfairly judged based on disclaimed or modified opinions, caused by the introduction of backstop dates that are largely beyond their control. Auditors are expected to provide clear reasons for the issuing of such opinions to mitigate the potential reputational risk that local bodies may face.

1.4.2 Significant Event Updates, including continued Government Intervention

The information in this Narrative Report sets out the position for the 2022/23 financial year. The following bullet points provide an update on significant events for the Council since 2022/23 up until the time of writing:

- In March 2023, a new Strategic Council Plan for 2023-2027 was approved by Council. A copy of which can be found at on the City Council Website.
- On 1 April 2023 the Council transferred the core operations of two of its third-party companies, Nottingham City Homes Limited and Nottingham Revenues & Benefits Limited, back in-house.
- On 18 May 2023 the Improvement and Assurance Board reported that the Council has made progress in several areas in terms of improvement and recovery.
- In November 2023 a Section 114 (part 3) report was issued due to the financial sustainability of the Council.
- On 13 December 2023, the Minister for Local Government, Simon Hoare MP, published the latest reports from the statutory Improvement and Assurance Board outlining progress of the intervention. He also announced that the Secretary of State is 'minded to' issue further Directions and appoint commissioners in Nottingham City Council.
- On 18th December 2023 the Section 114 (part 3) report was considered by City Council, a copy of the report can be found on the City Council Website.
- On 12th January 2024, the Council made a request to the Department for Levelling Up, Housing & Communities for exceptional financial support in respect of the 2023-24 and 2024-25 financial years to enable the setting of a

balanced budget. The request is to allow the Council to use capital receipts from the sale of its assets to fund its revenue commitments. This is not a grant or new money but rather a short-term solution that will require further sustainable savings proposals to enable the Council to achieve financial sustainability.

- On 22 February 2024, the Minister for Local Government, Simon Hoare MP, announced that the Secretary of State, after due consideration of representations received, was using his powers under the Local Government Act 1999 to issue new Directions to Nottingham City Council and appointed Tony McArdle OBE as Lead Commissioner and Margaret Lee as Commissioner for two years until 22 February 2026.
- On 27th February 2024, the Minister for Local Government, Simon Hoare replied to the Council's request for exception financial support by writing that the Secretary of State is minded to approve a capitalisation direction of a total not exceeding £66.143 million, being 2023-24: £25 million and 2024-25: £41.143 million. However, before the capitalisation direction could be approved, the Council would need to provide assurance from the Commissioners of good progress against the Improvement and Recovery Plan, the new productivity plan focused on improving service performance and reducing wasteful expenditure, and all conditions that may be applied.
- In March 2024 a Statutory Recommendation was issued by Grant Thornton and considered by Council 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)
- On 11 April 2024, the Secretary of State appointed Sharon Kemp as Commissioner for transformation.
- On 16 May 2024 the final report from the Improvement and Assurance Board was published.

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 29 November 2024.

Signed:

Date: 29 November 2024

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 08 November 2024. 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, a previous Section 151 Officer 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 prior to my appointment, the statement of accounts for 2022/23 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 materially 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.

Subject to my comments above, I certify that these financial statements give a true and fair view of the financial position of the Authority at 31 March 2023 and of its income and expenditure for the year then ended.

Signed:

Date: 29 November 2024

Stuart Fair

Interim Corporate Director, Finance and Resources
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 2021/22 CIES has been restated to align with the 2022/23 directorate position of the Council. This restatement only alters the classification of the portfolios / directorates and overall the total value is unchanged.

Notes	Restated 2021/22			2022/23		
	Gross Expenditure	Gross Income	Net	Gross Expenditure	Gross Income	Net
	£m	£m	£m	£m	£m	£m
Adults	170.713	(82.820)	87.893	181.425	(85.015)	96.410
Chief Executive	6.298	(0.625)	5.673	14.630	(1.530)	13.100
Childrens	102.494	(23.511)	78.983	108.884	(37.121)	71.763
Commissioning and Partnerships	1.430	(0.645)	0.785	1.475	(0.360)	1.115
Communities, Environment and Resident Services	159.133	(66.662)	92.471	196.735	(107.590)	89.145
Education	38.296	(32.137)	6.159	40.234	(34.423)	5.811
Finance and Resources	55.579	(16.453)	39.126	54.646	(17.193)	37.453
Growth and City Development	104.469	(79.387)	25.082	93.411	(94.770)	(1.359)
Public Health	26.289	(37.955)	(11.666)	29.137	(32.306)	(3.169)
Schools	104.251	(110.674)	(6.423)	113.202	(121.291)	(8.089)
Corporate Items	166.688	(199.943)	(33.255)	177.539	(170.913)	6.626
Housing Revenue Account (HRA)	77.673	(109.995)	(32.322)	82.694	(142.766)	(60.072)
HRA - Revaluation (gain) / loss on Council Dwellings	(36.973)	-	(36.973)	(27.311)	-	(27.311)
4.3.1 &						
4.3.2 Cost of Services	976.340	(760.807)	215.533	1,066.701	(845.278)	221.423
4.3.3 Other operating expenditure			8.307			23.933
4.3.4 Financing and investment income and expenditure			35.060			44.304
4.3.5 Taxation and non-specific grant income			(294.241)			(318.704)
4.3.6 (Surplus)/Deficit on Provision of Services			(35.341)			(29.044)
4.3.8 Revaluation of PPE/Heritage assets			(171.770)			(259.042)
4.3.9 Re-measurement of pension assets/liabilities			(416.412)			(665.747)
Other Comprehensive (Income) and Expenditure			(588.182)			(924.789)
TOTAL COMPREHENSIVE (INCOME) AND EXPENDITURE			(623.523)			(953.833)

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 2022 £m	31 March 2023 £m
4.4.1 Property, Plant & Equipment	2,913.791	3,157.152
4.4.2 Heritage Assets	65.886	73.058
4.4.3 Investment Property	246.106	222.148
Intangible Assets	5.593	4.703
4.4.14 Long Term Investments	57.009	24.362
4.4.14 Long Term Debtors	105.596	97.983
Long Term assets	3,393.981	3,579.406
Assets Held for Sale (current)	6.585	15.182
Intangible Assets	0.044	0.063
4.4.14 Short Term Investments	284.258	188.255
4.4.4 Inventories	1.135	1.398
4.4.5 Short Term Debtors	171.617	134.161
4.4.7 Cash and Cash Equivalents	55.546	141.192
Current Assets	519.185	480.251
4.4.14 Short Term Borrowing	(35.004)	(43.057)
4.4.8 Short Term Creditors	(207.423)	(187.558)
4.4.12 Revenue Grants Received in Advance	(80.554)	(32.542)
4.3.7 Contract Liabilities	(13.789)	(9.868)
4.4.9 Provisions (current provisions)	(6.818)	(1.940)
Current Liabilities	(343.588)	(274.965)
4.4.14 Long Term Borrowing	(874.589)	(843.157)
4.3.7 Long Term Contract Liabilities	(1.182)	(0.636)
4.4.14 Other Long Term Liabilities	(161.994)	(149.924)
4.4.9 Provisions (non-current)	(22.864)	(22.929)
4.4.12 Capital Grants Receipts in Advance	(217.102)	(152.255)
4.4.12 Revenue Grants Received in Advance	(0.063)	(0.105)
4.4.13 Defined Benefit Pension Scheme	(714.716)	(84.785)
Long Term Liabilities	(1,992.510)	(1,253.791)
NET ASSETS	1,577.068	2,530.901
4.4.10 Usable Reserves	336.024	353.436
4.4.11 Unusable Reserves	1,241.044	2,177.465
TOTAL RESERVES	1,577.068	2,530.901

Section 3 – Core Financial Statements

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.

2022/23	General Fund	Earmarked General Fund	General Fund Total	Housing Revenue Account (HRA)	Earmarked HRA Reserves	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	£m
Balance at 31 March 2022	14.959	218.896	233.855	17.797	0.598	42.191	38.773	2.810	336.024	1,241.044	1,577.068
Outstanding Statutory (Item 9)											
Adjustments:											
1st Item 9 Credit Direction	-	(27.703)	(27.703)	27.703	-	-	-	-	-	-	-
2nd Item 9 Credit Application	-	(4.618)	(4.618)	4.618	-	-	-	-	-	-	-
Corrected Balance at 31 March 2022	14.959	186.575	201.534	50.118	0.598	42.191	38.773	2.810	336.024	1,241.044	1,577.068
Movement in 2022/23:											
Total CIE* (Table 3.1)	(48.010)	-	(48.010)	77.054	-	-	-	-	29.044	924.789	953.833
Funding basis adjustments (Note 4.5.1)	18.467	-	18.467	(38.197)	-	9.619	(0.114)	(1.407)	(11.632)	11.632	-
Net increase/decrease before transfers to earmarked reserves	(29.543)	-	(29.543)	38.857	-	9.619	(0.114)	(1.407)	17.412	936.421	953.833
Transfers to/from earmarked reserves	23.461	4.242	27.703	(27.594)	(0.109)	-	-	-	-	-	-
Movement in Year	(6.082)	4.242	(1.840)	11.263	(0.109)	9.619	(0.114)	(1.407)	17.412	936.421	953.833
BALANCE AT 31 MARCH 2023	8.877	190.817	199.694	61.381	0.489	51.810	38.659	1.403	353.436	2,177.465	2,530.901
Outstanding Statutory (Item 9)											
Adjustments:											
2nd Item 9 Credit Application	-	4.618	4.618	(4.618)	-	-	-	-	-	-	-
ACTUAL LEDGER BALANCE AT 31 MARCH 2023	8.877	195.435	204.312	56.763	0.489	51.810	38.659	1.403	353.436	2,177.465	2,530.901

* CIE - Comprehensive Income and Expenditure

Section 3 – Core Financial Statements

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
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
Outstanding Statutory (Item 9)										
Adjustments:										
1st Item 9 Credit Direction	-	(27.703)	(27.703)	27.703	-	-	-	-	-	-
2nd Item 9 Credit Application	-	(3.472)	(3.472)	3.472	-	-	-	-	-	-
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
Movement in 2021/22:										
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)	-
Net increase/decrease before transfers to earmarked reserves	20.873	-	20.873	9.611	14.646	7.352	(9.720)	42.762	580.761	623.523
Transfers to/from earmarked reserves	(61.285)	61.285	-	-	-	-	-	-	-	-
Movement in Year	(40.412)	61.285	20.873	9.611	14.646	7.352	(9.720)	42.762	580.761	623.523
BALANCE AT 31 MARCH 2022	14.959	186.575	201.534	50.716	42.191	38.773	2.810	336.024	1,241.044	1,577.068
Outstanding Statutory (Item 9)										
Adjustments:										
1st Item 9 Credit Direction	-	27.703	27.703	(27.703)	-	-	-	-	-	-
2nd Item 9 Credit Application	-	4.618	4.618	(4.618)	-	-	-	-	-	-
ACTUAL LEDGER BALANCE AT 31 MARCH 2022	14.959	218.896	233.855	18.395	42.191	38.773	2.810	336.024	1,241.044	1,577.068

* 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	2021/22 £m	2022/23 £m
Net Surplus/(Deficit) on the provision of Services	35.341	29.044
4.6.1 Adjustments to net surplus or deficit on the provision of services for non-cash movements	173.732	117.448
4.6.2 Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(135.100)	(67.444)
4.6.3 Net Cash Flows from Operating Activities	73.973	79.048
4.6.4 Investing activities:		
6.5.1 Losing control of a subsidiary	-	1.484
Other Investing activities	(44.491)	29.552
4.6.5 Financing activities	(18.173)	(24.438)
Net Increase or (Decrease) in Cash and Cash Equivalents	11.309	85.646
Cash and cash equivalents at the beginning of the reporting period	44.237	55.546
CASH AND CASH EQUIVALENTS AT 31 MARCH	55.546	141.192

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 2022/23 financial year and its position at the year end of 31 March 2023. 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 2022/23 (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 standard amendments have been introduced by the Code for 2022/23:

- Annual Improvements to IFRS Standards 2018-2020 – includes amendments to the following IFRS Standards:
 - IFRS 1, First-time Adoption of International Financial Reporting Standards
 - IFRS 9, Financial Instruments
 - IFRS 16, Leases
 - IAS 41, Agriculture
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

The application date and initial adoption date of the above standards is 1 April 2022.

The amendments to the above standards are either not applicable or do not have a material effect on the Statement of Accounts and accounting policies.

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

Section 4 – Notes to the Financial Statements

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 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.
- Accruals are made for all material sums.

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

Section 4 – Notes to the Financial Statements

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:

	£m
Vehicles and Plant	0.003
Computer Equipment	0.005
Land and Buildings	0.010
Heritage Assets	0.005

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 directorate 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 Other Operating Expenditure line in the CIES. Credits are made on a straight line

Section 4 – Notes to the Financial Statements

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.

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 directorate 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 directorate 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 directorate 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).

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- Net interest on Defined Benefit Pension Schemes.

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 directorate 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.

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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 directorate 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 directorate line of the CIES.
- For intangible assets there will be no Revaluation Reserve balance, so impairment losses are charged to the relevant directorate 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.

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- 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

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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 31st 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

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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 17 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

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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 2021/22 EFA and associated notes have been restated to align with the 2022/23 directorate position of the Council. This restatement only alters the classification of the portfolios / directorates and overall the total value is unchanged.

	2022/23				
	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	93.472	(0.490)	92.982	3.428	96.410
Chief Executive	4.758	1.034	5.792	7.308	13.100
Childrens	66.245	0.012	66.257	5.506	71.763
Commissioning and Partnerships	1.414	(0.408)	1.006	0.109	1.115
Communities, Environment and Resident Services	46.256	1.391	47.647	41.498	89.145
Education	3.726	0.167	3.893	1.918	5.811
Finance and Resources	32.226	(1.101)	31.125	6.328	37.453
Growth and City Development	(22.114)	17.679	(4.435)	3.076	(1.359)
Public Health	(3.318)	0.001	(3.317)	0.148	(3.169)
Schools	(6.905)	(1.184)	(8.089)	-	(8.089)
Corporate Items	21.655	(24.920)	(3.265)	9.891	6.626
Housing Revenue Account (HRA)	-	(84.748)	(84.748)	24.676	(60.072)
HRA - Revaluation (gain) / loss on Council Dwellings	-	-	-	(27.311)	(27.311)
Net Cost of Services	237.415	(92.567)	144.848	76.575	221.423
Other income and expenditure	-	(154.162)	(154.162)	(96.305)	(250.467)
(SURPLUS)/DEFICIT ON PROVISION OF SERVICES	237.415	(246.729)	(9.314)	(19.730)	(29.044)
		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			(252.250)		
(Surplus)/Deficit on General Fund and HRA Balance in Year			(9.314)		
Closing General Fund, Earmarked General Fund Reserves and HRA Balance at 31 March*			(261.564)		

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

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	Restated 2021/22				
	General Fund	Adjustments to arrive	Net Expenditure	Adjustments	Net Expenditure
	Revenue	at the Net	Chargeable to	Between	in the
Outturn	Expenditure	the General	Funding and	Comprehensive	
Reported to	Chargeable to the	Fund and HRA	Accounting	Income and	
Members	General Fund and	Balances	Basis	Expenditure	
£m	£m	£m	£m	Statement	
				£m	
Adults	81.405	0.252	81.657	6.236	87.893
Chief Executive	5.046	0.001	5.047	0.626	5.673
Childrens	64.296	(0.098)	64.198	14.785	78.983
Commissioning and Partnerships	0.582	0.001	0.583	0.202	0.785
Communities, Environment and Resident Services	42.802	1.390	44.192	48.279	92.471
Education	3.154	(0.015)	3.139	3.020	6.159
Finance and Resources	29.185	0.656	29.841	9.285	39.126
Growth and City Development	(18.044)	16.840	(1.204)	26.286	25.082
Public Health	(11.816)	-	(11.816)	0.150	(11.666)
Schools	(5.287)	(1.136)	(6.423)	-	(6.423)
Corporate Items	38.527	(78.466)	(39.939)	6.684	(33.255)
Housing Revenue Account (HRA)	-	(54.922)	(54.922)	22.600	(32.322)
HRA - Revaluation (gain) / loss on Council Dwellings	-	-	-	(36.973)	(36.973)
Net Cost of Services	229.850	(115.497)	114.353	101.180	215.533
Other income and expenditure	-	(144.837)	(144.837)	(106.037)	(250.874)
(SURPLUS)/DEFICIT ON PROVISION OF	229.850	(260.334)	(30.484)	(4.857)	(35.341)
		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			(30.484)		
Closing General Fund, Earmarked General Fund Reserves and HRA Balance at 31 March*			(252.250)		

*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 2021/22				2022/23			
	Adjustments	Net Change	Other	Total	Adjustments	Net Change	Other	Total
	for Capital	for the	Differences	Adjustments	for Capital	for the	Differences	Adjustments
Purposes	Pension		Purposes	Purposes	Pension		Purposes	
£m	£m	£m	£m	£m	£m	£m	£m	
Adults	0.515	5.721	-	6.236	0.419	3.009	-	3.428
Chief Executive	-	0.626	-	0.626	6.964	0.344	-	7.308
Childrens	4.758	10.027	-	14.785	1.336	4.170	-	5.506
Commissioning and Partnerships	-	0.202	-	0.202	-	0.109	-	0.109
Communities, Environment and Resident Services	37.623	10.656	-	48.279	35.665	5.833	-	41.498
Education	0.501	2.519	-	3.020	0.562	1.356	-	1.918
Finance and Resources	2.265	7.020	-	9.285	3.213	3.115	-	6.328
Growth and City Development	21.507	4.779	-	26.286	0.669	2.407	-	3.076
Public Health	-	0.150	-	0.150	-	0.148	-	0.148
Corporate Items	6.548	1.502	(1.366)	6.684	9.497	1.098	(0.704)	9.891
Housing Revenue Account (HRA)	22.600	-	-	22.600	24.676	-	-	24.676
HRA - Revaluation (gain) / loss on Council Dwellings	(36.973)	-	-	(36.973)	(27.311)	-	-	(27.311)
Net Cost of Services	59.344	43.202	(1.366)	101.180	55.690	21.589	(0.704)	76.575
Other Income and Expenditure from the Expenditure and Funding Analysis	(109.375)	21.409	(18.071)	(106.037)	(90.335)	14.226	(20.196)	(96.305)
DIFFERENCE BETWEEN GENERAL FUND SURPLUS OR DEFICIT AND COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES	(50.031)	64.611	(19.437)	(4.857)	(34.645)	35.815	(20.900)	(19.730)

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

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.

Section 4 – Notes to the Financial Statements

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.

2022/23	Adults	Chief Executive	Childrens	Commissioning and Partnerships	Communities, Environment and Resident Services	Education	Finance and Resources	Growth and City Development	Public Health	Schools	Corporate Items	Housing Revenue Account (HRA)	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	£m
Income																		
Council Tax and NNDR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(200.972)	(200.972)	(200.972)
Fees, charges, other income	(17.728)	(0.436)	(0.112)	(0.020)	(68.304)	(10.292)	(7.822)	(49.940)	(0.100)	(2.975)	(2.050)	(142.398)	(302.177)	-	(20.923)	-	(20.923)	(323.100)
Government Grants and Contributions	(67.287)	(1.094)	(37.009)	(0.340)	(39.252)	(24.131)	(9.371)	(44.220)	(32.206)	(118.314)	(168.525)	(0.368)	(542.117)	-	-	(62.604)	(62.604)	(604.721)
Interest and investment income	-	-	-	-	(0.034)	-	-	(0.611)	-	(0.002)	(0.338)	-	(0.985)	-	(12.123)	-	(12.123)	(13.108)
Total Income	(85.015)	(1.530)	(37.121)	(0.360)	(107.590)	(34.423)	(17.193)	(94.771)	(32.306)	(121.291)	(170.913)	(142.766)	(845.279)	-	(33.046)	(263.576)	(296.622)	(1,141.901)
Expenditure																		
Employee expenses	32.077	4.401	41.037	1.241	58.876	15.544	30.637	23.847	2.439	69.038	10.428	1.077	290.642	-	0.708	-	0.708	291.350
Interest payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55.271	-	55.271	55.271
Levies	-	-	-	-	-	-	-	-	-	-	-	-	-	0.080	-	-	0.080	0.080
Other service expenses	145.920	2.921	62.341	0.125	96.361	22.772	17.681	66.489	26.550	44.164	157.220	56.941	699.485	0.064	7.266	0.821	8.151	707.636
Adjustments for capital purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.063)	77.944	-	77.881	77.881
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.369	-	0.369	0.369
Total Expenditure	177.997	7.322	103.378	1.366	155.237	38.316	48.318	90.336	28.989	113.202	167.648	58.018	990.127	0.081	141.558	0.821	142.460	1,132.587
TOTAL INCLUDED IN THE NET EXPENDITURE CHARGEABLE TO THE GENERAL FUND AND HRA BALANCES	92.982	5.792	66.257	1.006	47.647	3.893	31.125	(4.435)	(3.317)	(8.089)	(3.265)	(84.748)	144.848	0.081	108.512	(262.755)	(154.162)	(9.314)

Section 4 – Notes to the Financial Statements

Restated 2021/22	Adults	Chief Executive	Childrens	Commissioning and Partnerships	Communities, Environment and Resident Services	Education	Finance and Resources	Growth and City Development	Public Health	Schools	Corporate Items	Housing Revenue Account (HRA)	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	£m
Income																		
Council Tax and NNDR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(221.115)	(221.115)	(221.115)
Fees, charges, other income	(17.102)	(0.436)	(0.005)	-	(48.333)	(9.174)	(7.340)	(46.438)	0.002	(2.695)	(0.958)	(109.994)	(242.473)	-	(21.321)	-	(21.321)	(263.794)
Government Grants and Contributions	(65.719)	(0.189)	(23.534)	(0.645)	(18.316)	(22.964)	(9.106)	(32.880)	(37.957)	(107.977)	(198.984)	(0.001)	(518.272)	-	-	(59.249)	(59.249)	(577.521)
Interest and investment income	-	-	-	-	(0.013)	-	-	(0.057)	-	(0.002)	(0.001)	-	(0.073)	-	(5.297)	-	(5.297)	(5.370)
Total Income	(82.821)	(0.625)	(23.539)	(0.645)	(66.662)	(32.138)	(16.446)	(79.375)	(37.955)	(110.674)	(199.943)	(109.995)	(760.818)	-	(26.618)	(280.364)	(306.982)	(1,067.800)
Expenditure																		
Employee expenses	28.665	2.725	37.855	0.653	55.079	14.454	27.493	22.273	3.720	64.865	9.246	0.904	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	135.813	2.947	49.882	0.575	55.775	20.822	18.795	55.898	22.419	39.386	150.758	54.169	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
Total Expenditure	164.478	5.672	87.737	1.228	110.854	35.276	46.288	78.171	26.139	104.251	160.004	55.073	875.171	0.059	127.912	34.174	162.145	1,037.316
TOTAL INCLUDED IN THE NET EXPENDITURE CHARGEABLE TO THE GENERAL FUND AND HRA BALANCES	81.657	5.047	64.198	0.583	44.192	3.138	29.842	(1.204)	(11.816)	(6.423)	(39.939)	(54.922)	114.353	0.059	101.294	(246.190)	(144.837)	(30.484)

Section 4 – Notes to the Financial Statements

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

	2022/23							
	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 Directorates 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				
Adults	-	-	-	-	-	-	(0.490)	(0.490)
Chief Executive	-	-	-	-	-	-	1.034	1.034
Childrens	-	-	-	-	-	-	0.012	0.012
Commissioning and Partnerships	-	-	-	-	-	-	(0.408)	(0.408)
Communities, Environment and Resident Services	-	-	-	-	-	0.214	1.177	1.391
Education	-	-	-	-	-	-	0.167	0.167
Finance and Resources	-	-	-	-	-	-	(1.101)	(1.101)
Growth and City Development	-	-	-	0.056	-	16.523	1.100	17.679
Public Health	-	-	-	-	-	-	0.001	0.001
Schools	-	-	-	-	-	-	(1.184)	(1.184)
Corporate Items	-	-	-	0.393	-	(10.638)	(14.675)	(24.920)
Housing Revenue Account (HRA)	(84.748)	-	-	-	-	-	-	(84.748)
HRA - Revaluation (gain) / loss on Council Dwellings	-	-	-	-	-	-	-	-
Net Cost of Services	(84.748)	-	-	0.449	-	6.099	(14.367)	(92.567)
Other income and expenditure	45.890	(200.974)	(26.685)	0.011	(5.168)	(6.099)	38.863	(154.162)
(SURPLUS)/DEFICIT ON PROVISION OF SERVICES	(38.858)	(200.974)	(26.685)	0.460	(5.168)	-	24.496	(246.729)

Section 4 – Notes to the Financial Statements

	Restated 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		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	£m	£m	£m	£m	£m	£m	£m	£m
Adults	-	-	-	-	-	-	-	0.252	0.252	
Chief Executive	-	-	-	-	-	-	-	0.001	0.001	
Childrens	-	-	-	-	-	-	-	(0.098)	(0.098)	
Commissioning and Partnerships	-	-	-	-	-	-	-	0.001	0.001	
Communities, Environment and Resident Services	-	-	-	-	-	-	0.291	1.099	1.390	
Education	-	-	-	-	-	-	-	(0.016)	(0.016)	
Finance and Resources	-	-	-	-	-	-	-	0.657	0.657	
Growth and City Development	-	-	-	0.056	-	-	16.044	0.740	16.840	
Public Health	-	-	-	-	-	-	-	-	-	
Schools	-	-	-	-	-	-	-	(1.136)	(1.136)	
Corporate Items	-	-	-	0.779	-	-	(16.561)	(62.684)	(78.466)	
Housing Revenue Account (HRA)	(54.922)	-	-	-	-	-	-	-	(54.922)	
HRA - Revaluation (gain) / loss on Council Dwellings	-	-	-	-	-	-	-	-	-	
Net Cost of Services	(54.922)	-	-	0.835	-	-	(0.226)	(61.184)	(115.497)	
Other income and expenditure	46.458	(217.857)	(25.887)	1.547	(13.630)	0.226	64.306	(144.837)		
(SURPLUS)/DEFICIT ON PROVISION OF SERVICES	(8.464)	(217.857)	(25.887)	2.382	(13.630)	-	3.122	(260.334)		

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.

Section 4 – Notes to the Financial Statements

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. directorates (in previous years this was by portfolios). The 2021/22 CIES and associated notes have been restated where required to align with the 2022/23 directorate position of the Council. This restatement only alters the classification of the portfolios / directorates and overall the total value is unchanged.

The following table analyses the reclassification of portfolios / directorates within the CIES Cost of Services with regards to 2021/22 and the restated figures:

Portfolios as shown in the 2021/22 Statement of Accounts	Reclassification movements of 2021/22 to align with the 2022/23 Directorates	Restated 2021/22 with the 2022/23 Directorates
£m	£m	£m
Adults & Health	75,944	87,893
	Adults 87,497	Adults 87,893
	Finance and Resources 0.113	Chief Executive 5,673
	Public Health (11,666)	Childrens 78,983
	75,944	Commissioning and Partnerships 0,785
		Communities, Environment and Resident Services 92,471
Children and Young People	82,470	Education 6,159
	Chief Executive (0,039)	Finance and Resources 39,126
	Childrens 78,983	Growth and City Development 25,082
	Education 0,069	Public Health (11,666)
	Finance and Resources 3,457	Schools (6,423)
	82,470	Corporate Items (33,255)
		Housing Revenue Account (HRA) (32,322)
Energy, Environment and Waste Services	19,883	
	Communities, Environment and Resident Services 16,989	
	Finance and Resources 2,866	
	Growth and City Development 0,028	
	19,883	
Finance and Resources	42,564	
	Chief Executive 5,147	
	Commissioning and Partnerships 0,667	
	Communities, Environment and Resident Services 1,388	
	Corporate (0,055)	
	Education 0,605	
	Finance and Resources 32,690	
	Growth and City Development 2,122	
	42,564	
Highways, Transport & Cleaning Services	63,502	
	Communities, Environment and Resident Services 38,615	
	Education 1,115	
	Growth and City Development 23,772	
	63,502	
Housing, Planning and Heritage	(23,014)	
	Adults 0,396	
	Communities, Environment and Resident Services 1,809	
	Growth and City Development 7,103	
	Housing Revenue Account (32,322)	
	(23,014)	
Leisure, Culture and Schools	19,744	
	Communities, Environment and Resident Services 21,797	
	Education 4,370	
	Schools (6,423)	
	19,744	
Neighbourhoods, Safety and Inclusion	10,825	
	Commissioning and Partnerships 0,118	
	Communities, Environment and Resident Services 11,596	
	Growth and City Development (0,889)	
	10,825	
Skills, Growth and Economic Development	2,008	
	Communities, Environment and Resident Services 0,474	
	Growth and City Development 1,534	
	2,008	
Strategic Regeneration and Communications	(8,220)	
	Chief Executive 0,565	
	Communities, Environment and Resident Services (0,197)	
	Growth and City Development (8,588)	
	(8,220)	
Corporate Items	(33,200)	
	Corporate Items (33,200)	
Revaluation gain on HRA Council Dwellings	(36,973)	
	Revaluation gain on HRA Council Dwellings (36,973)	Revaluation gain on HRA Council Dwellings (36,973)
COST OF SERVICES	215,533	215,533

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

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:

	2021/22 £m	2022/23 £m
Revenue Grants		
<u>Department for Education</u>		
Dedicated School Grant	(120.650)	(128.642)
Universal Free School Meals	(1.298)	(1.247)
Pupil Premium Grant	(6.425)	(6.970)
PFI Grant	(5.620)	(5.620)
<u>Department for Work & Pensions</u>		
Mandatory Rent Allowances: Subsidy	(64.625)	(65.413)
Rent Rebates Granted to HRA Tenants	(42.330)	(39.967)
Housing Benefit Administration	(1.308)	(1.284)
<u>Department of Health & Social Care</u>		
Public Health	(34.490)	(35.459)
Market Sustainability & Fair Cost of Care Fund		(1.046)
<u>Ministry of Housing, Communities and Local Government</u>		
Improved Better Care Fund	(16.115)	(16.603)
Social Care Grant	(12.840)	(17.328)
Homelessness Prevention Grant	(1.568)	(1.337)
PFI Grant	(2.898)	(2.898)
<u>Department for Business, Energy & Industrial Strategy</u>		
Green Homes Grant Local Authority Delivery	-	(17.580)
<u>Department for Transport</u>		
Light Rail Recovery Grant	(12.578)	(3.164)
PFI Grant	(61.491)	(61.491)
Covid 19 Grants	(20.449)	-
<i>Other Revenue Grants</i>	(62.382)	(71.995)
Contributions	(51.205)	(64.073)
TOTAL	(518.272)	(542.117)

4.3.3 Other Operating Expenditure

Other Operating Expenditure includes the following items:

	2021/22 £m	2022/23 £m
Write out of asset values due to replacement and demolition	5.985	7.215
Payments to the Government Housing Capital Receipts Pool	2.084	-
Levies	0.079	0.080
Net Gain/Loss on the disposal of non-current assets	0.159	16.638
TOTAL	8.307	23.933

Section 4 – Notes to the Financial Statements

4.3.4 Financing and Investment Income and Expenditure

	2021/22			2022/23		
	Expenditure £m	Income £m	Net £m	Expenditure £m	Income £m	Net £m
Net Interest on Pension Fund	21.317	-	21.317	14.199	-	14.199
Interest and similar charges and income	25.545	(1.213)	24.332	24.943	(0.134)	24.809
Interest revenue/costs calculated using the effective interest rate method	31.543	(4.187)	27.356	30.376	(10.147)	20.229
Impairment Losses	(10.821)		(10.821)	4.045	-	4.045
Trading Operations	2.087	(2.392)	(0.305)	1.736	(2.316)	(0.580)
Income and expenditure in relation to investment properties and changes in their fair value	(7.506)	(19.356)	(26.862)	28.637	(46.290)	(17.653)
Other Finance and Investment items	0.843	(0.800)	0.043	0.818	(1.563)	(0.745)
TOTAL	63.008	(27.948)	35.060	104.754	(60.450)	44.304

4.3.5 Taxation and Non-Specific Grant Income

	2021/22 £m	2022/23 £m
Revenue:		
<i>Council Tax income</i>		
Demand on the Collection Fund	(126.056)	(133.763)
Apportionment of Collection Fund Surplus/Deficit	(1.243)	0.557
<i>National Non Domestic Rates (NNDR)</i>		
Demand on the Collection Fund	(66.003)	(56.112)
Apportionment of Collection Fund Surplus/Deficit	17.510	(2.429)
Top Up Grant	(28.584)	(28.584)
NNDR Section 31 Grant	(23.809)	(23.794)
<i>Non-ringfenced government grants</i>		
Revenue Support Grant	(25.887)	(26.685)
New Homes Bonus	(4.013)	(3.911)
Lower Tier Services Grant	(0.683)	(0.734)
Services Grant	-	(6.658)
Hardship Fund Grant	(0.358)	-
Local Council Tax Support Scheme	(4.184)	-
Loss of Income Compensation Grant	(0.313)	-
Other	(0.473)	(0.469)
Capital:		
<i>Government Departments</i>	(26.881)	(34.054)
<i>Other</i>	(3.264)	(2.068)
TOTAL	(294.241)	(318.704)

4.3.6 Expenditure and Income analysed by Nature

	2021/22 £m	2022/23 £m
Income		
Council Tax and NNDR	(204.848)	(220.799)
Fees, charges, other income	(264.928)	(323.100)
Government grants and contributions	(607.666)	(640.843)
Interest and investment income	(5.370)	(13.108)
Total Income	(1,082.812)	(1,197.850)
Expenditure		
Employee expenses	310.766	312.262
Interest payments	78.358	69.470
Levies	0.078	0.080
Other service expenses	602.345	715.748
Capital charges including depreciation, amortisation, impairment, revaluations	47.856	59.327
Payments to Housing Capital Receipts Pool	2.084	-
Disposal of assets - (gain) / loss	5.984	11.919
Total Expenditure	1,047.471	1,168.806
(SURPLUS)/DEFICIT ON THE PROVISION OF SERVICES	(35.341)	(29.044)

4.3.7 Revenue from Contracts with Service Recipients

Revenue included in the CIES for contracts with service recipients:

	Restated 2021/22				2022/23			
	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	-	(0.014)	(16.919)	(16.933)	0.000	(0.012)	(17.716)	(17.728)
Chief Executive	-	-	(0.436)	(0.436)	-	-	(0.436)	(0.436)
Childrens	(0.025)	-	0.021	(0.004)	-	-	(0.112)	(0.112)
Commissioning and Partnerships	-	-	-	-	-	-	(0.020)	(0.020)
Communities, Environment and Resident Services	(5.098)	(1.664)	(41.544)	(48.305)	(5.476)	(2.161)	(60.617)	(68.253)
Education	-	(4.795)	(6.188)	(10.984)	-	(4.933)	(5.237)	(10.170)
Finance and Resources	-	-	(6.453)	(6.453)	-	-	(6.286)	(6.286)
Growth and City Development	(4.411)	(0.041)	(35.164)	(39.615)	(4.090)	(0.022)	(41.099)	(45.211)
Public Health	-	-	0.002	0.002	-	-	(0.100)	(0.100)
Schools	-	(0.026)	(2.575)	(2.600)	-	(0.029)	(2.842)	(2.870)
Corporate Items	-	-	(0.958)	(0.958)	-	(0.006)	(2.044)	(2.050)
Housing Revenue Account (HRA)	(97.609)	-	(12.318)	(109.926)	(101.676)	-	(12.894)	(114.570)
Financing and Investment Income and Expenditure	-	-	(21.321)	(21.321)	-	-	(20.923)	(20.923)
Revenue from contracts with service recipients	(107.141)	(6.539)	(143.854)	(257.536)	(111.242)	(7.162)	(170.326)	(288.730)
Impairment of receivables				(0.128)				(0.436)
TOTAL INCLUDED IN THE CIES				(257.664)				(289.166)

As outlined in note 4.3.1 Prior Year Reclassifications, 2021/22 has been restated to align with the 2022/23 directorate position of the Council. This restatement only alters the classification of the portfolios / directorates and overall the total value is unchanged.

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

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	2021/22		2022/23	
	Over time	At a point in time	Over time	At a point in time
	£m	£m	£m	£m
Fees and charges under statutory requirements	(106.941)	(0.200)	(110.002)	(1.239)
Sale of goods	-	(6.539)	-	(7.162)
Charges for services	(112.613)	(31.241)	(124.721)	(45.605)
TOTAL	(219.555)	(37.981)	(234.723)	(54.006)

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

	31 March 2022 £m	31 March 2023 £m
Receivables included in debtors	55.661	57.872
Contract liabilities	(14.971)	(10.504)
TOTAL	40.690	47.368

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

Section 4 – Notes to the Financial Statements

Council. Costs are recognised as services are provided to customers. At year end 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:

	2021/22		2022/23	
	Contract Assets £m	Contract Liabilities £m	Contract Assets £m	Contract Liabilities £m
Balances at 1 April	0.006	(13.690)	-	(14.971)
Reversal for amounts recognised in the CIES in year	(0.006)	13.690	-	14.971
Increases (decreases) due to cash received (paid)	-	(14.971)	-	(10.504)
BALANCE AT 31 MARCH	-	(14.971)	-	(10.504)

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 2022 £m	31 March 2023 £m
Not later than one year	(13.789)	(9.868)
Later than one year	(1.182)	(0.636)
TOTAL	(14.971)	(10.504)

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

During 2022/23 revaluation gains and losses charged to Other Comprehensive Income and Expenditure amounted to a net revaluation gain of £252.194m for PPE assets (see note 4.4.1) and £6.849m 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 2022/23.

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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	
	2021/22	2022/23	2021/22	2022/23
	£m	£m	£m	£m
Cost of Services:				
Service cost	81.225	62.845	-	-
Administration expenses	0.686	0.566	-	-
Financing and Investment Income and Expenditure:				
Net interest on the defined liability (asset)	20.742	13.426	0.575	0.773
Total Charged to (Surplus)/Deficit on Provision of Services	102.653	76.837	0.575	0.773
Other Comprehensive Income and Expenditure (OCIE):				
Re-measurements of the net defined benefit liability (asset):				
Return on Fund assets in excess of interest	(88.812)	70.341	-	-
Other actuarial (gains)/losses on assets	10.520	(0.691)	-	-
Change in financial assumptions	(95.297)	(886.218)	(0.816)	(7.008)
Change in demographic assumptions	(104.408)	-	-	-
Experience (gain)/loss on defined benefit obligation	(137.676)	155.441	0.077	2.388
Total Charged to OCIE	(415.673)	(661.127)	(0.739)	(4.620)
TOTAL CHARGED TO THE CIES	(313.020)	(584.290)	(0.164)	(3.847)

These transactions are summarised in the following table:

	2021/22	2022/23
	£m	£m
Comprehensive Income and Expenditure Statement:		
Cost of services	81.911	63.411
Financing and Investment income and expenditure	21.317	14.199
Other Comprehensive Income and Expenditure	(416.412)	(665.747)
TOTAL	(313.184)	(588.137)

4.4 Balance Sheet Notes

4.4.1 Property Plant and Equipment

2022/23	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	1,247.096	955.936	95.378		24.232	78.875	28.776	2,430.293	**
Accumulated Depreciation b/f	-	(2.232)	(52.697)		(11.463)	-	-	(66.392)	**
Accumulated Impairment b/f	-	-	-		(0.200)	-	-	(0.200)	**
Net Book Value at 1 April 2022	1,247.096	953.704	42.681	550.090	12.569	78.875	28.776	2,913.791	
Additions - Capital Expenditure	33.183	5.910	11.978	32.038	1.187	0.129	18.984	103.409	
Additions - PFI	-	0.214	-	0.809	-	-	-	1.023	
Depreciation Charge	(22.725)	(27.691)	(10.564)	(27.521)	(0.417)	(0.216)	-	(89.134)	
Revaluations - Recognised in Revaluation Reserve	91.517	180.249	-	-	-	(19.572)	-	252.194	
Revaluations - Recognised in the CIES	27.312	15.180	-	-	-	0.151	-	42.643	
Derecognition - Disposals	(19.662)	(22.022)	(0.238)	-	-	(2.655)	-	(44.577)	
Derecognition - Other	(3.590)	(3.623)	(0.002)	-	-	-	-	(7.215)	
Impairments - Recognised in the CIES	-	-	-	-	0.200	-	-	0.200	
Other Movements - Transfers to Assets Held for Sale	-	-	-	-	-	(15.182)	-	(15.182)	
Other Movements - Other	2.695	(4.751)	6.507	0.104	(6.532)	4.849	(2.872)	-	
Net Book Value at 31 March 2023	1,355.826	1,097.170	50.362	555.520	7.007	46.379	44.888	3,157.152	
Gross Book Value c/f	1,355.826	1,098.636	108.108		12.938	46.422	44.888	2,666.818	**
Accumulated Depreciation c/f	-	(1.466)	(57.746)		(5.931)	(0.043)	-	(65.186)	**
Accumulated Impairment c/f	-	-	-		-	-	-	-	**
NET BOOK VALUE AT 31 MARCH 2023	1,355.826	1,097.170	50.362	555.520	7.007	46.379	44.888	3,157.152	

** 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

2022/23 PFI Asset Value		Other Land and Buildings £m	Infrastructure Assets £m
Gross Book Value b/f	25.093		
Accumulated Depreciation b/f	(0.121)		
Accumulated Impairment b/f	-		
Net Book Value at 1st April 2022	24.972	226.810	
Additions - PFI	0.214	0.809	
Depreciation Charge	(0.730)	(7.070)	
Revaluations - Recognised in Revaluation Reserve	4.332	-	
Revaluations - Recognised in the CIES	2.803	-	
Net Book Value at 31st March 2023	31.591	220.549	
Gross Book Value c/f	31.591		
Accumulated Depreciation c/f	-		
Accumulated Impairment c/f	-		
Net Book Value at 31 March 2023	31.591	220.549	

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

** 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.

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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	-	
Net Book Value at 1st April 2021	23.666	233.034
Additions - Capital Expenditure	0.220	0.824
Additions - Donations	(0.708)	(7.048)
Additions - PFI	1.414	-
Depreciation Charge	0.380	-
Net Book Value at 31st March 2022	24.972	226.810
Gross Book Value c/f	25.093	
Accumulated Depreciation c/f	(0.121)	
Accumulated Impairment c/f	-	
Net Book Value at 31 March 2022	24.972	226.810

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 2022/23, asset valuations for operational properties were completed in compliance with the 5-year requirement. In addition, a number of valuations outside the Council's 5-year programme, for properties undergoing significant changes because of capital investment, material impairment or reclassification were completed.

A desktop beacon valuation of Council Dwelling beacon properties by the Council's internal valuers with support from external valuers HEB was also completed in 2022/23.

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 £118.829m for Council Dwellings. This included £27.312m 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 2022/23.

Valuation at 31 March 2023

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			50.362	555.520	7.007			612.889
Valued at depreciated current value as at:								
2018/19		3.889						3.889
2019/20		11.422						11.422
2020/21		0.814						0.814
2021/22		42.428				1.261		43.689
2022/23	1,355.826	1,038.617				45.118	44.888	2,484.449
NET BOOK VALUE AT 31 MARCH 2023	1,355.826	1,097.170	50.362	555.520	7.007	46.379	44.888	3,157.152

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Surplus Assets

	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 2023 £m
Land	-	11.065	-	11.065
Leisure / Other	-	17.189	-	17.189
Offices	-	18.125	-	18.125
Retail	-	0.000	-	-
Services	-	0.000	-	-
Total	-	46.379	-	46.379

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

Capital Commitments

At 31 March 2023, the Council had entered into a number of contracts for the construction or enhancement of PPE with future costs estimated as £64.682m. The equivalent figure as at 31 March 2022 was £63.856m. The commitments have increased due to a number of additional schemes being approved as at the 31 March 2023. The major commitments are summarised below:

Capital Programme Element	Major Schemes	31 March 2023 £m
Transport	Transforming Cities Programme	3.001
Transport	Other Transport Schemes under (£1.0m)	7.537
General Fund	Fleet Replacement Programme	6.114
General Fund	Sustainable Warmth (LAD3)	4.443
General Fund	Green Homes (LAD1B)	1.491
General Fund	Broad Marsh Library	1.432
General Fund	Other General Fund Schemes under (£1.0m)	3.207
HRA	Beckhampton New Build	10.205
HRA	Eastglade New Build	2.717
HRA	Energiesprong	1.144
HRA	Modern Living	1.514
HRA	Nottingham Secure Doors	1.200
HRA	Nottingham Secure Windows	1.030
HRA	Padstow Ridgeway New Build	11.904
HRA	Social Housing Decarboniation	1.067
HRA	Other HRA Schemes under (£1.0m)	6.676
TOTAL		64.682

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 2021	15.601	0.609	4.296	37.873	0.707	0.015	1.470	0.372	0.507	61.450
Additions	-	-	-	(0.064)	-	-	-	-	-	(0.064)
Revaluations	1.106	0.058	0.358	2.795	0.070	-	0.113	-	-	4.500
31 March 2022	16.707	0.667	4.653	40.604	0.777	0.015	1.583	0.372	0.507	65.886
Additions	-	-	-	0.098	-	-	-	-	0.225	0.323
Revaluations	1.865	0.067	0.556	4.094	0.097	-	0.169	-	-	6.849
31 MARCH 2023	18.572	0.735	5.209	44.796	0.874	0.015	1.752	0.372	0.732	73.058

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:

Section 4 – Notes to the Financial Statements

	2021/22 £m	2022/23 £m
Balance at 1 April	237.399	246.106
Disposals	(2.811)	(12.476)
Net gains/(losses) from fair value adjustments	11.421	(11.482)
Transfers to / from Property Plant and Equipment	0.097	-
BALANCE AT 31 MARCH	246.106	222.148

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 2023 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 2023 £m
Industrial	-	50.628	-	50.628
Land	-	39.505	-	39.505
Leisure / Other	-	17.418	-	17.418
Office	-	48.768	-	48.768
Retail	-	52.930	-	52.930
Services	-	12.898	-	12.898
Total	-	222.148	-	222.148

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 2022/23 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.

4.4.4 Inventories

	2021/22				2022/23			
	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
Balance at 1 April	0.547	0.035	0.980	1.562	0.568	0.018	0.549	1.135
Purchases	4.320	0.018	9.101	13.439	6.936	0.027	13.340	20.303
Recognised as an expense in the year	(4.299)	(0.035)	(9.532)	(13.866)	(6.397)	(0.011)	(13.633)	(20.041)
Written off balances	-	-	-	-	-	-	0.001	0.001
BALANCE AT 31 MARCH	0.568	0.018	0.549	1.135	1.107	0.034	0.257	1.398

4.4.5 Short Term Debtors

	31 March 2022	31 March 2023
	£m	£m
Prepayments	12.711	8.661
Local Taxation	9.612	14.625
Trade	55.661	57.872
Other receivable amounts	93.633	53.003
TOTAL	171.617	134.161

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:

	2021/22			2022/23		
	Council Tax	NNDR	Total	Council Tax	NNDR	Total
	£m	£m	£m	£m	£m	£m
Up to 1 year	11.202	8.036	19.238	12.627	9.515	22.142
1 to 3 years	9.462	5.394	14.856	11.179	6.232	17.411
Over 3 years	8.918	4.032	12.950	11.091	5.338	16.429
TOTAL	29.582	17.462	47.044	34.897	21.085	55.982

Section 4 – Notes to the Financial Statements

4.4.7 Cash and Cash Equivalents

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

	31 March 2022 £m	31 March 2023 £m
Cash held by the Authority	0.180	0.096
Bank current accounts	6.066	28.896
Short-term deposits	49.300	112.200
TOTAL	55.546	141.192

The Council has an overdraft of £2.836m (£3.764m in 2021/22) offset against credit balances held within its bank current accounts.

4.4.8 Short Term Creditors

	31 March 2022 £m	31 March 2023 £m
Receipts in Advance	(25.135)	(26.673)
Trade	(74.897)	(77.961)
Other payables	(107.391)	(82.924)
TOTAL	(207.423)	(187.558)

4.4.9 Provisions

Current Provisions

These are amounts set aside to meet specific expenditure in 2023/24.

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
Balance at 1 April 2022	(4.349)	(2.469)	(6.818)
Additional provisions made	-	(0.452)	(0.452)
Amounts used	2.096	0.661	2.757
Unused amounts reversed	1.348	1.225	2.573
BALANCE AT 31 MARCH 2023	(0.905)	(1.035)	(1.940)

Non-Current Provisions

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

	Injury and Damage Compensation Claims £m	NNDR Appeals £m	Employment	Total £m
Balance at 1 April 2022	(15.379)	(2.632)	(4.853)	(22.864)
Additional provisions made	(5.081)	(0.685)	-	(5.766)
Amounts used	4.122	1.564	0.015	5.701
BALANCE AT 31 MARCH 2023	(16.338)	(1.753)	(4.838)	(22.929)

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 2022/23 policy year were £4.7m for liability claims, £1.072m 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. £3.192m is the value of successful appeals charged against the provision in 2022/23. An increase of £1.398m in the provision has been made as a result of the assessment of outstanding appeals at 31st March 2023.

Employment

A provision of £4.838m has been set aside to meet the potential cost of settlements arising from an ongoing employment tribunal case.

Section 4 – Notes to the Financial Statements

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:

	2021/2022		2022/23		
	Balance at 1 April 2021 £m	Net Movements £m	Balance at 31 March 2022 £m	Net Movements £m	Balance at 31 March 2023 £m
Restricted Reserves:					
Capital	2.951	2.806	5.757	(1.897)	3.860
Schools	18.344	5.370	23.714	6.485	30.199
Other Reserves:					
Asset Maintenance	2.536	0.552	3.088	0.069	3.157
Contingency and Risk	18.423	18.513	36.936	(6.987)	29.949
Information Technology	7.099	1.749	8.848	(1.261)	7.587
Local Economy	2.352	0.875	3.227	(0.540)	2.687
Private Finance Initiatives	32.705	16.797	49.502	3.251	52.753
Services	8.921	5.536	14.457	15.654	30.111
Transformation	(0.452)	8.084	7.632	7.185	14.817
Treasury Management	25.916	(0.277)	25.639	(12.146)	13.493
Workforce	6.495	1.280	7.775	(5.571)	2.204
TOTAL	125.290	61.285	186.575	4.242	190.817

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.

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.

Section 4 – Notes to the Financial Statements

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.

	2021/22 £m	2022/23 £m
Revaluation Reserve	808.185	1,026.146
Capital Adjustment Account	1,178.892	1,240.832
Financial Instruments Adjustment Account	(5.234)	(4.865)
Pensions Reserve	(714.716)	(84.785)
Deferred Capital Receipts Reserve	1.042	6.729
Collection Fund Adjustment Account	(20.866)	(1.039)
Accumulated Absences Account	(6.259)	(5.553)
TOTAL UNUSABLE RESERVES	1,241.044	2,177.465

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.

	2021/22 £m	2022/23 £m
Balance at 1 April	669.193	808.185
Upward revaluation of assets	195.680	299.203
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(23.910)	(40.161)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	171.770	259.042
Difference between fair value depreciation and historical cost depreciation	(13.481)	(16.997)
Accumulated gains on assets sold or scrapped	(19.297)	(24.084)
Amount written off to the Capital Adjustment Account	(32.778)	(41.081)
BALANCE AT 31 MARCH	808.185	1,026.146

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.

	2021/22 £m	2022/23 £m
Balance at 1 April	1,108.360	1,178.892
Reversal of items relating to capital expenditure debited or credited to the CIES:		
Amortisation of intangible assets	(0.830)	(1.380)
Charges for depreciation of non-current assets	(83.959)	(89.134)
Charges for impairment of non-current assets	-	0.200
Revaluation losses on Property, Plant and Equipment	25.513	42.643
Movements in the market value of Investment Properties	11.421	(11.482)
Revenue expenditure funded from capital under statute (REFCUS)	(71.995)	(103.090)
REFCUS expenditure funded by grants	71.516	94.916
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(39.462)	(78.986)
Charges for impairment of investment in subsidiary	-	(0.112)
Adjusting amounts written out of the Revaluation Reserve	32.778	41.081
	(55.018)	(105.344)
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	12.031	33.653
Use of Capital Receipts Reserve to repay debt	10.165	23.015
Use of the Major Repairs Reserve to finance new capital expenditure	23.817	32.083
Application of grants to fund capital expenditure	39.865	37.529
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	31.091	31.843
Voluntary provision for the financing of capital investment charged against the General Fund and HRA balances	2.013	2.197
Leasing Adjustments Minimum Revenue Provision	0.002	0.002
Adjustment to MRP as a result of PFI Projects	10.092	11.060
Capital expenditure charged against the General Fund and HRA balances	1.941	0.874
Reduction in Liabilities & Repayment of Long Term Debtors etc:		
Principal Repayment of Capital Loans	(5.467)	(4.972)
	125.550	167.284
BALANCE AT 31 MARCH	1,178.892	1,240.832

Section 4 – Notes to the Financial Statements

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).

	2021/22	2022/23
	£m	£m
Balance at 1 April	(5.398)	(5.234)
Premiums incurred in the year	0.363	0.363
Lenders Option Borrowers Option Loans	0.005	0.006
Soft Loans	(0.204)	-
BALANCE AT 31 MARCH	(5.234)	(4.865)

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.

	2021/22	2022/23
	£m	£m
Balance at 1 April	(1,066.517)	(714.716)
Remeasurements of the net defined benefit liability/asset	416.412	665.747
Reversal of items relating to retirement benefits debited or credited to (Surplus)/Deficit on Provision of Services in the CIES	(103.228)	(77.610)
Employer's pensions contributions and direct payments to the pensioners payable in the year	38.617	41.794
BALANCE AT 31 MARCH	(714.716)	(84.785)

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.

	2021/22 £m	2022/23 £m
Balance at 1 April	1.042	1.042
Created in year	-	5.687
BALANCE AT 31 MARCH	1.042	6.729

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.

	2021/22 £m	2022/23 £m
Balance at 1 April	(38.773)	(20.866)
Adjustment for council tax income and NNDR credited to the CIES on an accounting basis instead of funding basis	17.907	19.827
BALANCE AT 31 MARCH	(20.866)	(1.039)

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.

	2021/22 £m	2022/23 £m
Balance at 1 April	(7.624)	(6.259)
Settlement or cancellation of accrual made at the end of the preceding year	7.624	6.259
Amounts accrued at the end of the current year	(6.259)	(5.553)
Adjustment to CIES to include officer remuneration on an accounting (accruals) basis instead of funding basis	1.365	0.706
BALANCE AT 31 MARCH	(6.259)	(5.553)

Section 4 – Notes to the Financial Statements

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 2022 £m	31 March 2023 £m
Department for Education	(2.833)	(2.707)
Department of Health and Social Care	(10.817)	(9.315)
Department for Environment, Food and Rural Affairs	(0.169)	(0.018)
Department for Levelling Up, Housing & Communities	(37.782)	(4.127)
Department for Business, Energy and Industrial Strategy	(20.608)	(12.736)
Department for Transport	(0.912)	(0.876)
Department for Work and Pensions	(0.261)	-
Home Office	(1.438)	(2.156)
Arts Council England	(0.187)	(0.012)
Other Government Grants	(4.856)	(0.281)
Other Non Government Grants and Contributions	(0.691)	(0.314)
TOTAL	(80.554)	(32.542)

There is also £0.105m (£0.063m as at 31 March 2022) 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 2022 £m	31 March 2023 £m
Department for Education	(8.977)	(20.989)
Department for Transport	(72.339)	(61.693)
Ministry of Housing, Communities and Local Government	(4.088)	(2.202)
Department for Business, Energy & Industrial Strategy	(120.724)	(44.531)
Office for Low Emission Vehicles	(0.002)	(0.002)
S106 Contributions - Affordable Housing	(1.655)	(2.403)
S106 Contributions - Open Space	(2.740)	(2.902)
S106 Contributions - Education	(3.227)	(5.849)
S106 Contributions - Transport / Public Realm / Flood Prevention	(1.970)	(3.828)
Other Grants and Contributions	(1.380)	(7.856)
TOTAL	(217.102)	(152.255)

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	
	2021/22	2022/23	2021/22	2022/23
	£m	£m	£m	£m
Opening balance at 1 April	(2,326.889)	(2,077.096)	(32.941)	(30.746)
Current service cost	(80.415)	(62.312)	-	-
Interest cost	(44.608)	(54.694)	(0.575)	(0.773)
Change in financial assumptions	95.297	886.218	0.816	7.008
Change in demographic assumptions	104.408	-	-	-
Experience loss/(gain) on defined benefit obligation	137.676	(155.441)	(0.077)	(2.388)
Liabilities assumed/extinguished on settlements	(0.582)	1.182	-	-
Estimated benefits paid net of transfers in	47.313	51.326	-	-
Past Service costs including curtailments	(0.574)	(1.019)	-	-
Contributions by scheme participants and other employers	(9.592)	(10.621)	-	-
Unfunded pension payments	0.870	0.822	2.031	2.053
CLOSING BALANCE AT 31 MARCH	(2,077.096)	(1,421.635)	(30.746)	(24.846)

Section 4 – Notes to the Financial Statements

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2021/22	2022/23
	£m	£m
Opening balance at 1 April	1,293.313	1,393.126
Interest on assets	23.866	41.268
Return on assets less interest	88.812	(70.341)
Other actuarial gains/losses	(10.520)	0.691
Administration expenses	(0.686)	(0.566)
Contributions by the employer including unfunded	36.586	39.741
Contributions by scheme participants and other employers	9.592	10.621
Estimated benefits paid plus unfunded net of transfers in	(48.183)	(52.148)
Settlement prices received/paid	0.346	(0.696)
CLOSING BALANCE AT 31 MARCH	1,393.126	1,361.696

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

	Local Government Pension Scheme		Teachers Benefits	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£m	£m	£m	£m
Present value of the defined benefit obligation	(2,066.323)	(1,413.313)	-	-
Fair value of Fund assets (bid value)	1,393.126	1,361.696	-	-
Net Liability	(673.197)	(51.617)	-	-
Present value of unfunded obligation	(10.773)	(8.322)	(30.746)	(24.846)
NET DEFINED BENEFIT LIABILITY IN BALANCE SHEET	(683.970)	(59.939)	(30.746)	(24.846)

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 2022/23 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:

Financial Assets

	Long-term				Current			
	Investments		Debtors		Investments		Debtors	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£m	£m	£m	£m	£m	£m	£m	£m
Principal	37.008	11.743	105.596	97.983	284.000	185.882	58.685	55.317
Cash & Cash Equivalents	-	-	-	-	55.546	141.192	-	-
Investment accrued Interest	-	-	-	-	0.258	2.373	-	-
Amortised Cost Total	37.008	11.743	105.596	97.983	339.804	329.447	58.685	55.317
TOTAL FINANCIAL ASSETS	37.008	11.743	105.596	97.983	339.804	329.447	58.685	55.317
Non-financial Instrument	20.001	12.619	-	-	-	-	112.932	78.844
TOTAL	57.009	24.362	105.596	97.983	339.804	329.447	171.617	134.161

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 2022	New Loans Issued	Loan Repayments	Expected Loss Allowance Movements	Other Movements	31 March 2023
	£m	£m	£m	£m	£m	£m
	Loans to Council Group Company	49.775	0.083	(0.963)	(2.832)	-
Loans to 3rd Party Organisations	27.078	0.200	(1.591)	-	(0.055)	25.632
PFI Related Debtor	25.839	-	-	-	(2.349)	23.490
Housing Debtors	0.727	-	-	-	0.011	0.738
Other Debtors	2.177	0.024	(0.052)	-	(0.089)	2.060
TOTAL	105.596	0.307	(2.606)	(2.832)	(2.482)	97.983

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 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£m	£m	£m	£m	£m	£m	£m	£m
Principal	(873.688)	(842.261)	-	-	(27.251)	(35.741)	(74.897)	(77.961)
Loans Accrued Interest	-	-	-	-	(7.753)	(7.316)	-	-
Market Loan Effective Interest Rate Adjustment	(0.901)	(0.896)	-	-	-	-	-	-
PFI and finance lease liabilities	(158.622)	(146.494)	-	-	(12.240)	(12.128)	-	-
Other	-	-	(3.372)	(3.430)	-	-	-	-
TOTAL FINANCIAL LIABILITIES	(1,033.211)	(989.651)	(3.372)	(3.430)	(47.244)	(55.185)	(74.897)	(77.961)
Non-financial Instrument	-	-	-	-	-	-	(120.286)	(97.469)
TOTAL	(1,033.211)	(989.651)	(3.372)	(3.430)	(47.244)	(55.185)	(195.183)	(175.430)

Notes:

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

Section 4 – Notes to the Financial Statements

Borrowings	Long-term		Current	
	31 March	31 March	31 March	31 March
	2022	2023	2022	2023
	£m	£m	£m	£m
PWLB	(824.674)	(793.248)	(32.284)	(38.205)
Market Loans	(49.901)	(49.896)	(0.496)	(0.493)
Temporary Debt & Other	(0.014)	(0.013)	(2.224)	(4.359)
Total Borrowings	(874.589)	(843.157)	(35.004)	(43.057)

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):

	2021/22	2022/23
	£m	£m
Net gains/losses on:		
- financial assets measured at amortised cost	7.974	3.212
Total net (gains)/losses in (Surplus)/Deficit on Provision of Services	7.974	3.212
Interest expense	43.905	42.252
Total Expense in (Surplus)/Deficit on Provision of Services	43.905	42.252
Interest income on financial assets measured at amortised cost	(4.015)	(7.360)
Other income	(0.860)	(0.630)
Dividend Income	(0.609)	(0.393)
Total Income in (Surplus)/Deficit on Provision of Services	(5.484)	(8.383)
NET GAIN/(LOSS) FOR THE YEAR	46.395	37.081

The interest expense figures above include £12.848m in 2022/23 and £13.077m in 2021/22 that relate to the HRA which gets recharged accordingly.

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 2023, 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 2023. The fair value on the remaining long term debtors is deemed to be the balance outstanding at 31st March 2023.
- 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.

Section 4 – Notes to the Financial Statements

The fair values calculated are as follows:

	Fair value level	31 March 2022		31 March 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
		£m	£m	£m	£m
PWLB debt	2	(849.706)	(1,104.792)	(824.674)	(763.198)
Market loans	2	(50.397)	(59.264)	(49.896)	(58.894)
PFI and finance leases	2	(170.863)	(235.966)	(158.622)	(223.599)
Other debt	*	(21.181)	(21.181)	(15.796)	(15.796)
Trade creditors	*	(74.897)	(74.897)	(77.961)	(77.961)
TOTAL FINANCIAL LIABILITIES		(1,167.044)	(1,496.100)	(1,126.949)	(1,139.448)
Cash & Cash Equivalents	*	55.546	55.546	141.192	141.192
Other Investments (< 1 year)	*	284.258	284.258	188.255	188.255
Investments (> 1 year)	2	34.694	34.874	19.784	19.784
Trade Debtors	*	58.685	58.685	55.317	55.317
Long-term debtors	***2	105.596	111.841	97.983	103.778
TOTAL FINANCIAL ASSETS		538.779	545.204	502.531	508.326

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

*** 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 2023) 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 £824.6m would be valued at £673.88m which includes the premium or discount arising on the early repayment.

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

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.

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

Section 4 – Notes to the Financial Statements

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:

	2021/22 £m	2022/23 £m
Opening balance	1.223	1.219
Nominal value of new loans granted in year	0.200	-
Fair Value adjustment on initial recognition	(0.255)	-
Other changes	0.051	-
Closing balance at end of year	1.219	1.219
Nominal value	1.859	1.859

Section 4 – Notes to the Financial Statements

4.5 Movement in Reserves Statement Notes

4.5.1 Adjustments between Accounting Basis and Funding Basis under Regulations

2022/23	Usable Reserves					Unusable Reserves
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£m	£m	£m	£m	£m	
Non Current Assets						
• Amortisation of Intangible Fixed Assets	1.380	-	-	-	-	(1.380)
• Depreciation	63.968	25.166	-	-	-	(89.134)
• Impairment	(0.200)	-	-	-	-	0.200
• Revaluation Losses	(14.841)	(27.802)	-	-	-	42.643
• Donated Assets	-	-	-	-	-	-
• Investment Property Movement	12.292	(0.810)	-	-	-	(11.482)
• Derecognition of Fixed Assets	3.625	3.590	-	-	-	(7.215)
• (Loss)/Gain on Sale of Fixed Assets	8.069	(3.301)	61.315	-	-	(66.083)
• Charges for Investment Impairment	0.113	-	-	-	-	(0.113)
	74.406	(3.157)	61.315	-	-	(132.564)
Capital Financing						
• Revenue Expenditure Funded From Capital Under Statute (REFCUS)	8.174	-	-	-	-	(8.174)
• Statutory Minimum Revenue Provision for Capital Financing	(31.843)	-	-	-	-	31.843
• Voluntary Revenue Provision for Capital Financing	-	(2.197)	-	-	-	2.197
• Leasing Adjustments Minimum Revenue Provision	(0.002)	-	-	-	-	0.002
• PFI Minimum Revenue Provision	(11.060)	-	-	-	-	11.060
• Capital Expenditure charged in year to General Fund Balance	(0.004)	(0.870)	-	-	-	0.874
• Transfer to/from Major Repairs Reserve	-	(31.969)	-	(0.114)	-	32.083
• Use of Capital Receipts Reserve to finance new Capital expenditure	-	-	(33.653)	-	-	33.653
• Use of Capital Receipts Reserve to repay debt	-	-	(21.974)	-	-	21.974
• Capital grants & contributions to be applied in future years	1.390	-	-	-	(1.390)	-
• Capital grants applied in year	(37.512)	-	-	-	(0.017)	37.529
• Other Items (long term debtors)	-	-	3.931	-	-	(3.931)
	(70.857)	(35.036)	(51.696)	(0.114)	(1.407)	159.110

Continued on the next page

2022/23	Usable Reserves					Unusable Reserves £m
	General Fund £m	Housing Revenue Account £m	Capital Receipts Reserve £m	Major Repairs Reserve £m	Capital Grants Unapplied £m	
Other Movements						
• Pension Fund:						
- Net charges made for Retirement Benefits in accordance with IAS19	77.610	-	-	-	-	(77.610)
- Employers contributions payable to the NCC Pension Fund and Retirement Benefits payable direct to pensioners	(41.794)	-	-	-	-	41.794
• Financial Instrument Adjustment Account	(0.365)	(0.004)	-	-	-	0.369
• Transfer to/(from) Collection Fund Adjustment Account	(19.827)	-	-	-	-	19.827
• Employee Benefits	(0.706)	-	-	-	-	0.706
	14.918	(0.004)	-	-	-	(14.914)
TOTAL ADJUSTMENTS	18.467	(38.197)	9.619	(0.114)	(1.407)	11.632

Section 4 – Notes to the Financial Statements

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	
Non Current Assets						
• 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)
Capital Financing						
• 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

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	
Other Movements						
• 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)
TOTAL ADJUSTMENTS	42.714	(47.571)	14.646	7.352	(9.720)	(7.421)

Section 4 – Notes to the Financial Statements

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		Teachers Benefits	
	Pension Scheme 2021/22 £m	2022/23 £m	2021/22 £m	2022/23 £m
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits	(102.653)	(76.837)	(0.575)	(0.773)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	36.586	39.741	-	-
Retirement benefits payable to pensioners	-	-	2.031	2.053

These transactions can be summarised as follows:

	2021/22 £m	2022/23 £m
Movement in Reserves Statement:		
Reversal of Charges made in accordance with the Code	(103.228)	(77.610)
Charges to General Fund made on a funding basis	38.617	41.794
TOTAL	(64.611)	(35.816)

4.6 Cash Flow Statement Notes

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

	2021/22 £m	2022/23 £m
Depreciation	83.959	89.047
Impairment and movement in asset valuations	(25.512)	(42.643)
Amortisation	0.830	1.380
Increase/decrease in expected loss allowance impairments/doubtful debts re: Loans & Advances	(10.720)	2.831
Increase/Decrease in Creditors	41.605	(67.234)
Increase/Decrease in Debtors	(11.133)	17.153
Increase/Decrease in Contract Assets	1.287	(4.467)
Increase/Decrease in Inventories	0.427	(0.263)
Movement in Pension Liability	64.611	35.815
Other non cash adjustment	(11.084)	6.843
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	39.462	78.986
TOTAL	173.732	117.448

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

	2021/22 £m	2022/23 £m
Net adjustment from the sale of short and long term investments	0.020	130.596
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(33.459)	(67.002)
Any other items for which the cash effects are investing or financing cash flows	(101.661)	(131.038)
TOTAL	(135.100)	(67.444)

4.6.3 Operating Activities

The cash flows for operating activities include the following items:

	2021/22 £m	2022/23 £m
Interest received	4.711	3.729
Interest paid	(44.130)	(43.171)
Dividends received	0.609	0.393
	(38.810)	(39.049)

Section 4 – Notes to the Financial Statements

4.6.4 Investing Activities

	2021/22 £m	2022/23 £m
Purchase of property, plant and equipment, investment property and intangible assets	(93.856)	(104.725)
Purchase of short-term and long-term investments	(205.424)	-
Other payments for investing activities	(81.265)	(243.737)
Proceeds from the sale of short-term and long-term investments	-	7.108
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	33.459	61.315
Other receipts from investing activities	302.595	311.075
NET CASH FLOWS FROM INVESTING ACTIVITIES	(44.491)	31.036

4.6.5 Financing Activities

	2021/22 £m	2022/23 £m
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(12.859)	(10.359)
Repayments of short and long-term borrowing	(31.844)	(24.636)
Other payments for financing activities - Council Tax and NNDR adjustments	19.914	16.845
Other receipts for financing activities	6.616	(6.288)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(18.173)	(24.438)

4.6.6 Reconciliation of Liabilities Arising from Financing Activities

	1 April 2022 £m	Financing cash outflows (inflows) £m	Other Non-cash changes £m	31 March 2023 £m
Long-term borrowings	(874.589)	25.037	6.395	(843.157)
Short-term borrowings	(35.004)	5.658	(6.395)	(35.741)
Lease liabilities	(1.601)	0.002	(0.148)	(1.747)
On balance sheet PFI liabilities	(166.875)	9.609	0.750	(156.516)
Other	(1.623)	(0.058)	-	(1.681)
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	(1,079.692)	40.248	0.602	(1,038.842)

Section 4 – Notes to the Financial Statements

	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)
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	(1,124.473)	52.528	(7.747)	(1,079.692)

Section 4 – Notes to the Financial Statements

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 2023 has been treated as a creditor in the balance sheet.

Scheme	2021/22			2022/23			Surplus to be repaid to Government £m
	Surplus Brought Forward £m	Funding Received from Government £m	Net Expenditure £m	Surplus Carried Forward £m	Funding Received from Government £m	Net Expenditure £m	
Additional Restrictions Grant (ARG)	(5.170)	(2.236)	7.373	(0.033)	-	-	(0.033)
Local Restrictions Support Grant	(7.030)	-	0.142	(6.888)	-	0.042	(6.846)
Closed Business Lockdown Payment	(5.666)	-	-	(5.666)	-	-	(5.666)
Restart Business Grant	-	(17.347)	15.711	(1.636)	-	-	(1.636)
Omicron Hospitality and Leisure Grant	-	(2.652)	2.611	(0.041)	-	-	(0.041)
Energy Rebate Grant	-	-	-	-	(19.876)	17.756	(2.120)
	(17.866)	(22.235)	25.837	(14.264)	(19.876)	17.798	(16.342)

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 55.10%.

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

	Amounts included within			
	Total EMSS		NCC Accounts	
	2021/22 £m	2022/23 £m	2021/22 £m	2022/23 £m
Income:				
Direct external income - LCC	(1.212)	(1.768)	-	-
Direct external income - NCC	(0.519)	(0.542)	(0.519)	(0.542)
Total Income	(1.731)	(2.310)	(0.519)	(0.542)
Expenditure:				
Direct costs incurred by LCC	5.951	5.027	-	-
Direct costs incurred by NCC	0.434	1.916	0.434	1.916
Third party payments to LCC	-	-	2.680	-
Total Expenditure	6.385	6.943	3.114	1.916
NET EXPENDITURE	4.654	4.633	2.595	1.374

4.7.3 Councillors' Allowances

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

	2021/22 £m	2022/23 £m
Allowances	1.064	1.153
Expenses	0.001	0.001
TOTAL	1.065	1.154

Section 4 – Notes to the Financial Statements

4.7.4 Officers Remuneration

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

POST HOLDER	2021/22	2022/23
	£	£
Chief Executive - Mel Barrett		
- Salary, Fees & Allowances	183,409	183,536
- Pension Contributions	32,830	32,853
	216,239	216,389
Corporate Director - People		
- Salary, Fees & Allowances	146,008	147,933
	146,008	147,933
Corporate Director - Development and Growth ¹		
- Salary, Fees & Allowances	18,996	-
- Pension Contributions	3,400	-
	22,396	-
Corporate Director - Residents Services ²		
- Salary, Fees & Allowances	75,495	163,166
- Pension Contributions	9,437	29,207
	84,932	192,373
Corporate Director - Growth and City Development ³		
- Salary, Fees & Allowances	80,362	143,049
- Pension Contributions	14,385	25,606
	94,747	168,655
Corporate Director - Finance and Resources ⁴		
- Salary, Fees & Allowances	-	156,094
	-	156,094
Corporate Director - Finance and Resources ⁵		
- Salary, Fees & Allowances	-	38,000
- Pension Contributions	-	6,802
	-	44,802
Interim Corporate Director - Communities, Environment and Resident Services ⁶		
- Salary, Fees & Allowances	-	13,766
	-	13,766
Director - Policy, Performance & Communications (Asst Chief Exec) ⁷		
- Salary, Fees & Allowances	-	92,614
	-	92,614
Director - Policy, Performance & Communications (Asst Chief Exec) ⁸		
- Salary, Fees & Allowances	-	8,024
- Pension Contributions	-	2,308
	-	10,332
Director for Legal and Governance and Monitoring Officer		
- Salary, Fees & Allowances	105,390	106,405
- Pension Contributions	18,887	15,656
	124,277	122,061
Director of Public Health ⁹		
- Salary, Fees & Allowances	10,310	-
- Pension Contributions	772	-
	11,082	-
Director of Public Health ¹⁰		
- Salary, Fees & Allowances	86,337	115,343
- Pension Contributions	15,454	20,646
	101,791	135,989

Notes to table:

1. Post holder left May 2021
2. New post holder from Sept 2021
3. New post holder from Sept 2021
4. Post holder July 2022 to Mar 2023
5. New post holder from Jan 2023
6. New post holder from Feb 2023
7. Post reports to Chief Executive in 22-23. Post held to Feb 2023
8. New post holder from Feb 2023
9. Post holder left April 2021
10. 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 22 to June 22 at a cost to the Council of £86,644. 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. (21/22: April 21 to March 22 £263,014).

A total of 362 employees (excluding senior employees) received remuneration of more than £0.050m, of which 90 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 2021/22	2022/23
50,000 - 54,999	125	172
55,000 - 59,999	45	67
60,000 - 64,999	31	30
65,000 -69,999	27	17
70,000 - 74,999	31	42
75,000 - 79,999	3	11
80,000 - 84,999	7	2
85,000 - 89,999	3	4
90,000 - 94,999	5	6
95,000 - 99,999	1	5
100,000 - 104,999	2	2
105,000 - 109,999	-	1
110,000 - 114,999	1	-
115,000 - 119,999	-	1
120,000 - 124,999	1	1
155,000 - 159,999	1	1
TOTAL	283	362
GRAND TOTAL	283	362

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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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
										£
Up to £20,000	32	5	10	35	1	-	43	40	280,500	299,711
£20,001 to £40,000	1	0	4	17	-	-	5	17	136,521	450,336
£40,001 to £60,000	1	1	2	2	-	-	3	3	137,865	140,396
£60,001 to £80,000	1	1	1	3	-	-	2	4	144,995	297,327
TOTAL	35	7	17	57	1	-	53	64	699,881	1,187,770

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:

	2021/22 £m	2022/23 £m
Statutory audit	0.142	0.142
Certification of Housing Benefit grant claim		
Certification of other grant claims and returns	0.005	0.008
Fees payable in respect of other services provided by the external auditors during the year	0.010	-
TOTAL	0.157	0.150

The 2021/22 and 2022/23 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 2022. 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.

Details of the deployment of DSG receivable for 2022/23 are as follows:

Notes	Central Expenditure £m	ISB £m	Total £m
A			324.490
B			194.940
C			129.550
D			14.460
E			(14.176)
F	47.049	82.785	129.834
G	0.089	(0.006)	0.083
H	47.138	82.779	129.917
I	39.710		39.710
J		82.638	82.638
K	-	-	-
L	7.428	0.141	7.569
M			14.176
N			21.745
O			-
P			-
Q			-
R			21.745

Notes to DSG:

- A Final DSG figure before any amount has been recouped from the authority as published March 2023.
- B Figure recouped from the authority in 2022/23 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 recouplement for 2022/23, as published March 2023.
- D Figure brought forward from 2021/22.
- E Any amount which the authority decided after consultation with the schools forum to carry forward to 2023/24 rather than distribute in 2022/23.
- F Budgeted distribution of DSG, adjusted for carry-forward, as agreed with the schools forum.

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- 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 2022/23.
- 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 2022/23 which will have the effect of substituting for DSG in funding the Schools Budget.
- L In-year position at end of 2022/23, ie:
- 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 2023/24 already agreed.
- N Total carry-forward on central expenditure (item L) plus carry-forward on ISB (item L) plus/minus any carry-forward to 2023/24 already agreed (item E).
- O DSG unusable reserve at end of 2021/22 (if any) – any amount placed in the unusable reserve at the end of 2020/21 and/or 2021/22 in accordance with the DLUHC (formally MHCLG) amending regulations.
- P Any addition to DSG unusable reserve in 2022/23 as a result of an in-year deficit in 2022/23.
- Q Total of DSG unusable reserve at end of 2022/23; this is the total of O and P.
- R Net DSG position at the end of 2022/23; 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 2022 to 2023 before the academy recoupment figure includes a provision for the early years block. This figure is derived from the pupil numbers as at January 2021. The final allocations will be based on 5/12ths x January 2022 pupil numbers and 7/12ths x January 2023 pupil numbers. The final DSG adjustment will be actioned in July 2023. The final allocation for the 2022 to 2023 early years block will be treated as an 'in year adjustment' for 2023 to 2024.

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 2023 are shown in note 4.4.12.

Councillors/Officers

Councillors have direct control over financial and operating policies. The total of Councillors' allowances paid in 2022/23 is shown in the Councillors' allowances note 4.7.3.

During 2022/23 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:

	2021/22 £m	2022/23 £m
Payments	91.216	102.777
Receivables	(24.686)	(24.798)
Debtors	26.118	27.837
Creditors	(9.039)	(7.845)

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 2022/23. Transactions for the Better Care Fund are detailed in note 4.7.8.

The Council paid £0.080m in 2022/23 (£0.078m 2021/22) to the Environment Agency for flood defence.

Section 4 – Notes to the Financial Statements

Entities Controlled or Significantly Influenced by the Council

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

	2021/22		2022/23	
	Payments	Receipts	Payments	Receipts
	£m	£m	£m	£m
Enviroenergy Ltd	1.194	(4.461)	-	-
Futures Advice, Skills and Employment Ltd	2.626	(0.060)	2.361	(0.063)
Inspired Spaces	8.617	-	8.846	-
Nottingham City Homes (NCH) Ltd	66.487	(12.513)	64.030	(9.643)
Nottingham City Transport	6.169	(0.379)	5.991	(0.384)
Nottingham Revenues & Benefits Ltd	3.108	(6.686)	6.151	(5.793)
Thomas Bow Ltd	7.341	(0.223)	1.908	(1.194)
Other Related Parties	2.299	(4.071)	2.139	(3.828)

	2021/22		2022/23	
	Debtors	Creditors	Debtors	Creditors
	£m	£m	£m	£m
Futures Advice, Skills and Employment Ltd	0.071	(0.355)	-	(0.480)
Nottingham City Homes (NCH) Ltd	58.824	(7.385)	57.484	(5.477)
Nottingham City Transport	0.381	(0.183)	0.010	(0.537)
Nottingham Revenues and Benefits Ltd	1.466	(3.352)	0.437	(2.000)
Robin Hood Energy Ltd	30.088	-	30.088	-
Thomas Bow Ltd	0.011	(0.681)	-	-
Other Related Parties	13.462	(0.381)	12.641	(0.603)

4.7.8 Pooled Budgets

The Better Care Fund was established by the Government to provide funds to local areas to support the integration of health and social care and to seek to achieve the National Conditions and Local Objectives. It is a requirement of the Better Care Fund (BCF) that the Integrated Care Board (ICB) and the Council establish a pooled fund for this purpose. Section 75 of the NHS Act 2006 allows partners (NHS bodies and councils) to contribute to a common fund which can be used to commission health or social care related services. This power allows a local authority to commission health services and NHS commissioners to commission social care. It enables joint commissioning and commissioning of integrated services. These details relating to Better Care Fund, both pooled and non-pooled budgets are set out in a Section 75 Agreement. The operation of the pooled fund is subject to the Council's obligations for Best Value and the ICB Statutory Duties compliance and clinical governance obligations. The partners have agreed a Lead Commissioner arrangement to commission scheme services within the pooled funds and the Council as Lead Commissioner is therefore the Host responsible for effective and efficient management of the pooled fund.

Overall strategic responsibility, including both financial governance for the BCF pooled fund, and performance monitoring and reporting arrangements, is with the Health and Wellbeing Board however, locally, this responsibility is delegated to the Nottingham City Health and Wellbeing Board Commissioning Sub-Committee. The Sub-

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Committee is jointly chaired by Nottingham City Council and Nottingham and Nottinghamshire ICB with equal voting rights. In addition there is a local system-wide BCF planning and oversight group

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 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:

	2022/23 £m
<u>Funding</u>	
Balance brought forward	-
NHS Nottingham and Nottinghamshire ICB	(27.532)
Nottingham City Council (Capital)	(2.768)
Nottingham City Council (Improved Better Care Fund)	(16.603)
Total Funding	(46.903)
<u>Expenditure</u>	
Access & Navigation	1.466
Integrated Care	19.217
Facilitating Discharge	2.726
Primary Care	2.843
Assistive Technology	0.470
Carers	0.714
Capital Grants	2.768
Programme Costs	0.030
Co-ordinated Care	13.759
Independence Pathway	1.270
Housing Health - Housing Related Schemes	0.090
Winter Pressures	1.550
Total Expenditure	46.903
BALANCE OF POOLED FUND	-

Section 4 – Notes to the Financial Statements

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 2023 are as follows:

	2021/22 £m	2022/23 £m
Income	(6.555)	(8.747)
Expenditure	0.211	0.547
NET INCOME	(6.344)	(8.200)

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 2023 was £12.010m (31 March 2022 £11.645m).

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 2022 £m	31 March 2023 £m
Finance lease liabilities*:		
current	0.002	0.002
non-current	1.746	1.744
Finance costs payable in future years	7.208	7.034
MINIMUM LEASE PAYMENTS	8.956	8.780

* 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 2022 £m	31 March 2023	31 March 2022 £m	31 March 2023
Not later than one year	0.177	0.177	0.002	0.002
Between one and five years	0.706	0.706	0.009	0.010
Later than five years	8.073	7.897	1.737	1.734
TOTAL	8.956	8.780	1.748	1.746

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 2022 £m	31 March 2023 £m
Not later than one year	0.417	0.437
Between one and five years	1.133	0.835
Later than five years	8.672	6.906
TOTAL	10.222	8.178

The expenditure charged to the CIES during 2022/23 in relation to these leases was £0.702m (£0.973m in 2021/22).

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 2022 £m	31 March 2023 £m
Long term finance lease debtor*	1.022	1.022
Finance income receivable in future years	10.962	10.901
Anticipated residual value of property	4.149	6.593
GROSS INVESTMENT IN THE LEASE	16.133	18.516

* 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.

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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 2022	31 March 2023	31 March 2022	31 March 2023
	£m	£m	£m	£m
Not later than one year	0.061	0.061	0.061	0.061
Between one and five years	0.245	0.245	0.244	0.244
Later than five years	11.678	11.617	10.657	10.596
TOTAL	11.984	11.923	10.962	10.901

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 2022	31 March 2023
	£m	£m
Not later than one year	23.203	22.934
Between one and five years	66.750	58.810
Later than five years	186.542	193.798
TOTAL	276.495	275.542

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 2022/23 of £0.000m (2021/22 £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:

	2021/22	2022/23
	£m	£m
Planning and Housing	40.324	49.115
Jobs, Growth and Transport	27.860	32.696
Strategic Regeneration	4.086	4.052
Other	92.199	121.672
Capital Expenditure	164.469	207.535
REFCUS Assets within PFI Contracts	0.286	0.286
Assets acquired under PFI Contracts	1.044	0.940
CUMULATIVE ASSET ADDITIONS	165.799	208.761

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

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:

Section 4 – Notes to the Financial Statements

	Restated 2021/22 £m	2022/23 £m
Capital Investment on IFRS Basis		
Property, Plant and Equipment	89.376	103.409
Heritage Assets	-	0.323
Intangible Assets	0.414	0.491
Long Term Debtors	2.662	-
Long Term Investments	0.360	0.650
Total Additions to Assets on IFRS Basis	92.812	104.873
Revenue Expenditure Funded from Capital under Statute	71.657	102.662
Total Expenditure to be Financed from Capital Sources	164.469	207.535
Financing		
Capital receipts	(12.031)	(33.653)
Government grants and other contributions	(111.380)	(132.447)
Sums set aside from revenue	(25.758)	(32.957)
UNDERLYING BORROWING REQUIREMENT IN YEAR	15.300	8.478

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:

	2021/22 £m	2022/23 £m
Opening Capital Financing Requirement	1,411.557	1,373.497
Increase in underlying need to borrow:		
Unsupported by government financial assistance	15.300	8.480
Statutory Minimum Revenue Provision	(31.091)	(31.843)
Voluntary Revenue Provision	(2.013)	(2.197)
Voluntarily Set Aside Capital Receipts	(10.164)	(21.975)
Net PFI Liability Discharged	(10.092)	(11.061)
CLOSING CAPITAL FINANCING REQUIREMENT	1,373.497	1,314.901

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.

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.

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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 2022/23, which are then inflated using the inflation rate implicit with each PFI arrangement:

	2023/24	2024/25 - 2027/28	2028/29 - 2032/33	2033/34 - 2037/38	2038/39 - 2041/42	Total
	£m	£m	£m	£m	£m	£m
NET						
Repayment of Liability	7.671	28.364	37.622	2.098	-	75.755
Interest Charges	8.978	26.318	14.588	0.120	-	50.004
Service Charges	16.828	74.189	103.911	26.120	-	221.048
NET Unitary Charge	33.477	128.871	156.121	28.338	-	346.807
BSF						
Repayment of Liability	2.019	10.053	15.836	10.229	0.679	38.816
Interest Charges	2.912	9.866	7.388	1.627	0.012	21.805
Service Charges	3.280	13.964	19.510	11.536	0.549	48.839
BSF Unitary Charge	8.211	33.883	42.734	23.392	1.240	109.460
LIFT						
Repayment of Liability	0.616	2.667	4.374	2.720	-	10.377
Interest Charges	0.889	3.045	2.468	0.668	-	7.070
Service Charges	0.816	3.640	5.897	2.851	-	13.204
LIFT Unitary Charge	2.321	9.352	12.739	6.239	-	30.651
Street Lighting						
Repayment of Liability	1.725	9.067	11.030	9.746	-	31.568
Interest Charges	3.291	10.998	7.836	1.431	-	23.556
Service Charges	2.500	10.643	14.870	7.886	-	35.899
Street Lighting Unitary Charge	7.516	30.708	33.736	19.063	-	91.023
TOTAL CHARGES	51.525	202.814	245.330	77.032	1.240	577.941

Liabilities resulting from PFI arrangements

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

	2021/22			2022/23		
	Total £m	BSF £m	NET £m	LIFT £m	Street Lighting £m	Total £m
Opening balance at 1 April	179.586	40.865	83.523	10.967	33.119	168.474
Repayment of Liability	(11.112)	(2.048)	(7.768)	(0.591)	(1.551)	(11.958)
CLOSING BALANCE AT 31 MARCH	168.474	38.817	75.755	10.376	31.568	156.516

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 £36.653m (£31.381m at 31 March 2022) with a turnover of £1.850m (£1.836m 2021/22), 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 £3.452m (£1.338m as at 31 March 2022) with a turnover of £2.493m (£0.408m 2021/22). 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 2023, 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 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.

Section 4 – Notes to the Financial Statements

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.

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 2022/23 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 £20m 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 £40m will be placed with any one country.
- Money Market Funds – individual cash limit of £30m with any one fund and an overall limit of £120m for all Money Market Funds.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £307.9m at 31 March 2023 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 2023 the council's investments are deposited with either other local authorities, short 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 2023. This confirms that all financial investments were made in line with the approved credit rating criteria:

Section 4 – Notes to the Financial Statements

Credit Rating	Credit Rating	Gross Carrying Amount £m
12-month expected credit losses	AAA	112.20
	AA	40.00
	A	114.78
	BBB	
	Unrated local authorities	41
	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	136.53

* 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.

Amounts Arising from Expected Credit Losses

From the above credit risk exposures, the expected loss allowance as at 31 March 2023 was £39.216m 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 £0.110m to £26.526m at 31 March 2023

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 2023 was £67.683m.

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 £307.9m at 31 March 2023. There were £41m of deposits with local authorities with maturity dates of less than 12 months. DMO maturities of £40m 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 2023 the council balances of £112.2m 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 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 2023 is:

Section 4 – Notes to the Financial Statements

	31 March 2022 £m	31 March 2023 £m
Less than 1 year	27.251	35.741
1 to 2 years	31.400	10.044
2 to 5 years	72.700	49.143
5 to 10 years	148.338	177.286
10 – 25 years	61.550	46.010
25 – 40 years	315.700	355.765
40 – 70 years	244.000	204.013
TOTAL	900.939	878.002

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 2022/23 strategy allowed for a maximum exposure to variable interest rates of £300m.

According to this assessment strategy, at 31 March 2023, if interest rates had been 1% higher, with all other variables held constant, the financial effect would be:

	31 March 2023 £m
Increase in interest payable on variable rate borrowings	0.020
Increase in interest receivable on variable rate investments	(0.850)
Impact on Surplus or Deficit on the Provision of Services	(0.830)
Share of overall impact debited to the HRA	0.075
IMPACT ON OTHER COMPREHENSIVE INCOME AND EXPENDITURE	(0.755)

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 £13.488m in a number of joint ventures and in local industry, as at 31 March 2023. 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 and Blueprint (General Partner) 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.

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 2022/23 Code.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the 2022/23 Code:

- Definition of Accounting Estimates (Amendments to IAS 8).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Updated to reference to the 2018 Conceptual Framework (Amendments to IFRS 3).

These changes are not expected to have a material impact on the Council's statements of accounts.

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 2022/23 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.

There was a triennial valuation of the fund by the scheme actuary in March 2022. The purpose of this was to set the level of employer contributions necessary for the next three years (1 April 2023 to 31 March 2026) 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 08 October 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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 2022/23 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.

	2021/22 £m	2022/23 £m
Expenditure		
Repairs and maintenance	29.445	31.149
Supervision and Management	24.201	26.090
Rents, rates, taxes and other charges	0.289	0.449
Depreciation and impairment of non-current assets	22.666	25.166
Debt management costs	0.026	0.050
Revaluation (gain) / loss on HRA Council dwellings	(37.039)	(27.801)
Total Expenditure	39.589	55.103
Income		
Dwelling Rents	(97.540)	(100.573)
Non Dwelling Rents	(2.908)	(2.731)
Charges for Services and Facilities	(9.547)	(11.391)
Sums directed by the Secretary of State	-	(27.703)
Contributions towards Expenditure	(0.001)	(0.368)
Total Income	(109.996)	(142.766)
Net Cost of HRA Services as included in the CIES	(70.407)	(87.663)
HRA services' share of Corporate and Democratic Core	(0.035)	0.280
NET COST FOR HRA SERVICES	(70.442)	(87.383)
HRA Share of the Operating Income and Expenditure included in the CIES		
Gain or (loss) on sale of HRA non-current assets	0.819	0.289
Interest payable and similar charges	12.612	12.812
Interest and Investment Income	(0.171)	(2.772)
(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES	(57.182)	(77.054)

5.1.2 Movement on the HRA Statement

	Restated 2021/22 £m	2022/23 £m
Actual Ledger Balance on HRA at the start of the Year	9.930	17.797
Less balance relating to earmarked HRA reserves	(0.366)	-
Outstanding Statutory (Item 9) Adjustment:		
- 1st Item 9 Credit Direction	27.703	27.703
- 2nd Item 9 Credit Application	3.472	4.618
Corrected Balance on HRA at the start of the Year	40.739	50.118
Surplus or (deficit) for the year on the HRA Income and Expenditure Statement	57.182	77.054
Adjustments between accounting basis and funding basis	(47.571)	(38.197)
Net increase or decrease in year before transfers to or from earmarked reserves	9.611	38.857
Transfers (to) or from earmarked reserves	(0.232)	(27.594)
Increase or (decrease) in year on the HRA	9.379	11.263
BALANCE ON THE HRA AT THE END OF THE YEAR	50.118	61.381
Outstanding Statutory (Item 9) Adjustment:		
- 1st Item 9 Credit Direction	(27.703)	-
- 2nd Item 9 Credit Application	(4.618)	(4.618)
ACTUAL LEDGER BALANCE ON THE HRA AT THE END OF THE YEAR	17.797	56.763

The table above shows the balance on the Housing Revenue Account (HRA). The balance on the earmarked HRA reserves as at 31 March 2023 was £0.489m (31 March 2022 £0.598m). Therefore, total HRA reserves at 31 March 2023 were £57.252m (31 March 2022 £18.395m).

Section 5 – Supplementary Financial Statements and Notes

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 2022 Number	31 March 2023 Number
Houses and Bungalows		
1 Bedroom	1,047	1,045
2 Bedroom	5,723	5,644
3 Bedroom	9,121	8,896
4 or more Bedrooms	476	469
Flats		
1 Bedroom	7,484	7,486
2 Bedroom	1,113	1,100
3 or more Bedrooms	118	116
TOTAL	25,082	24,756

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 2022 £m	Value at 31 March 2023 £m
Operational Assets		
Council Dwellings	1,247.095	1,355.825
Other Land and Buildings	20.757	22.281
Assets Under Construction	10.593	22.432
Surplus Assets not held for sale	1.801	2.513
Investment Properties	0.557	0.655
Infrastructure	29.000	29.645
Vehicles, IT and Other Equipment	0.065	-
TOTAL VALUE OF ASSETS	1,309.868	1,433.351

5.1.3.3 Asset value of Dwellings

The vacant possession valuation of Council dwellings at 31 March 2023 was £3,228.155m (1 April 2022 £2,969.275m). The Balance Sheet value of dwellings was £1,355.826m. The difference of £1,872.329m 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 serve a wider social purpose, the value of capital assets employed for this purpose will be reduced.

Section 5 – Supplementary Financial Statements and Notes

The valuation of the Council's housing stock as at 31st March 2023 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:

	2021/22 £m	2022/23 £m
Balance Brought Forward	(31.421)	(38.773)
Credits - Depreciation on HRA Assets	(22.666)	(25.166)
Credits - Additional credit to the MRR	(8.503)	(7.073)
Debits - Capital Expenditure	23.817	32.353
BALANCE AT END OF YEAR	(38.773)	(38.659)

Further information on depreciation is shown in note 5.1.3.7.

5.1.3.5 Capital Expenditure

Capital expenditure of £51.689m (£37.948m in 2021/22) in respect of HRA assets was financed from a range of sources in 2022/23. This is set out below:

	2021/22 £m	2022/23 £m
CAPITAL EXPENDITURE	37.948	51.689
Financed By:		
Capital Receipts Reserve	5.573	7.140
Major Repairs Reserve (MRR)	23.817	32.353
Direct Revenue Financing*	0.400	0.600
Other Capital Grants and Contributions	0.763	3.596
Borrowing	7.395	8.000
TOTAL FINANCING	37.948	51.689

* 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 £23.404m (£15.892m in 2021/22) arose from the sale of land, houses and other property within the HRA in 2022/23. Of this total, £22.213m (£13.237m in 2021/22) related to the disposal of houses and flats under the right to buy scheme.

Section 5 – Supplementary Financial Statements and Notes

	2021/22 £m	2022/23 £m
Land & Other	2.655	1.191
Houses	13.237	22.213
TOTAL	15.892	23.404

5.1.3.7 Depreciation

Depreciation was charged in respect of HRA operational assets in 2022/23 as follows:

	2021/22 £m	2022/23 £m
Dwellings	20.574	22.726
Other Operational HRA Assets:		
Other Land and Buildings	0.183	0.423
Infrastructure and Community Assets	1.906	1.984
Surplus Assets not Held for Sale	0.003	0.034
TOTAL	22.666	25.166

5.1.3.8 Revaluations and Impairments during the Financial Year

£27.801m in respect of revaluation gains have been credited to the HRA during the year (£37.039m gains credited in 2021/22). This amount related to Council Dwellings as a result of a desktop beacon revaluation undertaken during the year.

There were no donated assets within the year.

A de-recognition write-out of £3.589m (£2.410m in 2021/22) was made to reflect the residual value of assets replaced.

The revaluation of investment properties has resulted in a credit of £0.810m (£0.434m credit in 2021/22).

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 £8.116m at 31 March 2023 (£7.426m at 31 March 2022). A total loss allowance (previously called bad debt provision) of £6.771m has been established at 31 March 2023 (£6.253m at 31 March 2022).

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. On 3rd August 2022 the Secretary of State for Levelling Up, Housing & Communities issued an Item 9 Direction which instructed the General Fund to pay the HRA the sum of £27.703m. This payment is reflected in the 2022/23 financial statements. There are still some amounts outstanding in respect of the breach of the ringfence and these will be subject to further Item 9 Ministerial Directions.

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).

	2021/22		2022/23	
	Total £m	NNDR £m	Council Tax £m	Total £m
INCOME				
Council Tax Receivable	(153.569)	-	(161.072)	(161.072)
Business Rates Receivable	(104.333)	(121.199)	-	(121.199)
TOTAL INCOME	(257.902)	(121.199)	(161.072)	(282.271)
EXPENDITURE				
Precepts, Demands and Shares				
Central Government	67.350	57.257	-	57.257
Police Authority	16.218	-	17.172	17.172
Fire Authority	6.854	1.145	5.712	6.857
Nottingham City Council	192.059	56.112	132.062	188.174
Charges to Collection Fund				
Write offs of uncollectable amounts	1.993	0.898	1.381	2.279
Increase /Decrease (-) in allowance for non-collection	7.041	2.154	3.407	5.561
Increase /Decrease (-) in Provision for Appeals	0.192	(1.793)	-	(1.793)
Cost of Collection	0.473	0.467	-	0.467
Apportionment of previous year's estimated Collection Fund Surplus/ (Deficit)				
Police & Crime Commissioner	(0.122)	-	0.220	0.220
Central Government	(33.887)	(18.321)	-	(18.321)
Nottinghamshire Fire & Rescue Service	(0.721)	(0.366)	0.073	(0.293)
Nottingham City Council	(34.174)	(17.955)	1.701	(16.254)
TOTAL EXPENDITURE	223.276	79.598	161.728	241.326
Movement on the Collection Fund Balance (Surplus)/Deficit Brought Forward	(34.626) 77.235	(41.601) 42.644	0.656 (0.035)	(40.945) 42.609
(SURPLUS)/DEFICIT CARRIED FORWARD	42.609	1.043	0.621	1.664

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%).

Section 5 – Supplementary Financial Statements and Notes

	2021/22 £m	2022/23 £m
Rate in the pound - Standard multiplier	51.2p	51.2p
Rate in the pound - Small business multiplier	49.9p	49.9p
Total non-domestic rateable value per NNDR system	353.833	349.386

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.

	2021/22	2022/23
Council Tax Base	66,396	67,540
Council Tax (Band D) Property	£2,225.76	£2,294.14

Band	Average Number of Properties	Taxable Properties after discounts, exemptions and adjustments	Conversion Factor to Band D	Band D Equivalents
A	89,429	52,153	6/9	34,769
B	25,254	14,928	7/9	11,610
C	16,725	11,836	8/9	10,521
D	7,463	5,526	9/9	5,526
E	2,545	2,060	11/9	2,517
F	1,103	959	13/9	1,385
G	740	638	15/9	1,064
H	116	74	18/9	148

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:

	2021/22		2022/23	
	Total £m	Council Tax £m	NNDR £m	Total £m
Nottingham City Council	20.866	0.528	0.511	1.039
Nottinghamshire Police Authority	(0.005)	0.068	-	0.068
Nottinghamshire Fire and Rescue Authority	0.426	0.025	0.010	0.035
Central Government	21.322	-	0.522	0.522
TOTAL	42.609	0.621	1.043	1.664

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 2022/23 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, 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.

In previous years the accounts of Futures Advice, Skills and Employment Ltd showed an accumulated net liability which was not recognised in the group core statements in accordance with IAS 28 'Investments in Associates and Joint Ventures' (see note 6.5.2). However, in 2022/23 the Futures accounts are in a net asset position so the Council's share is now included in the group core statements.

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

	2021/22		2022/23	
	Single Entity Accounts £m	Group Accounts £m	Single Entity Accounts £m	Group Accounts £m
Comprehensive Income and Expenditure (CIES):				
(Surplus)/Deficit on Provision of Services	(35.341)	(34.508)	(29.044)	6.043
Other CIES	(588.182)	(627.040)	(924.789)	(1,089.161)
Total CIES (Surplus)/Deficit	(623.523)	(661.548)	(953.833)	(1,083.118)
Balance Sheet:				
Long Term Assets	3,393.981	3,478.301	3,579.406	3,674.624
Current Assets	519.185	563.820	480.251	515.232
Current Liabilities	(343.588)	(382.707)	(274.965)	(305.001)
Long Term Liabilities	(1,992.510)	(2,160.050)	(1,253.791)	(1,302.720)
Nets Assets	1,577.068	1,499.364	2,530.901	2,582.135
Usable Reserves	336.024	336.024	353.436	353.436
Unusable Reserves	1,241.044	1,163.340	2,177.465	2,228.699
	1,577.068	1,499.364	2,530.901	2,582.135
Cash Flow Statement:				
Net Cash Flows from Operating Activities	73.973	92.310	79.048	88.245
Investing Activities	(44.491)	(48.742)	31.036	29.030
Financing Activities	(18.173)	(30.074)	(24.438)	(35.904)
Net Increase (Decrease) in Cash and Cash Equivalents	11.309	13.494	85.646	81.371
Cash and Cash Equivalents at the beginning of the reporting period	44.237	76.812	55.546	90.306
Cash and Cash Equivalents at 31 March	55.546	90.306	141.192	171.677

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 2021/22 CIES has been restated to align with the 2022/23 directorate position of the Council. The group 2021/22 CIES has also been restated. This restatement only alters the classification of the portfolios / directorates 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 2021/22			2022/23		
	Gross Expenditure	Gross Income	Net	Gross Expenditure	Gross Income	Net
	£m	£m	£m	£m	£m	£m
Adults	170.030	(82.820)	87.210	180.731	(85.015)	95.716
Chief Executive	6.298	(0.625)	5.673	14.630	(1.287)	13.343
Childrens	102.336	(23.511)	78.825	108.703	(37.121)	71.582
Commissioning and Partnerships	1.430	(0.645)	0.785	1.475	(0.360)	1.115
Communities, Environment and Resident Services	156.585	(62.977)	93.608	195.269	(103.412)	91.857
Education	38.296	(32.137)	6.159	40.111	(34.414)	5.697
Finance and Resources	52.942	(15.917)	37.025	48.491	(15.055)	33.436
Growth and City Development	97.078	(75.772)	21.306	87.340	(93.659)	(6.319)
Public Health	26.289	(37.955)	(11.666)	29.137	(32.306)	(3.169)
Schools	104.251	(110.674)	(6.423)	113.200	(121.291)	(8.091)
Corporate Items	166.708	(199.943)	(33.235)	177.480	(170.913)	6.567
Housing Revenue Account (HRA)	30.774	(109.615)	(78.841)	34.557	(142.606)	(108.049)
Revaluation gain on HRA Council Dwellings	(36.973)	-	(36.973)	(27.311)	-	(27.311)
Group Organisations	174.369	(127.670)	46.699	199.066	(122.069)	76.997
Cost of Services	1,090.413	(880.261)	210.152	1,202.879	(959.508)	243.371
Other operating expenditure			8.307			23.933
6.7.1.1 Financing and investment income and expenditure			39.706			44.749
Taxation and non-specific grant income			(294.241)			(318.704)
(Surplus)/Deficit on Provision of Services			(36.076)			(6.651)
Share of the surplus or deficit on the provision of services by associates			(0.481)			11.328
Tax expenses of subsidiaries			2.049			1.398
Tax expenses / (income) of associates and joint ventures			-			(0.032)
Group (Surplus)/Deficit			(34.508)			6.043
Revaluation of PPE/Heritage assets			(171.770)			(259.042)
Re-measurement of pension assets/liabilities			(455.439)			(800.660)
Financial assets measured at fair value			-			(15.492)
Share of other comprehensive income and expenditure of associates and joint ventures			0.169			(13.967)
Other Comprehensive Income and Expenditure			(627.040)			(1,089.161)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE			(661.548)			(1,083.118)

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.

	2021/22			2022/23		
	Authority	Minority Interest	Total	Authority	Minority Interest	Total
	£m	£m	£m	£m	£m	£m
Group (surplus) / Deficit	(34.565)	0.057	(34.508)	6.101	(0.058)	6.043
Other CIES	(626.849)	(0.191)	(627.040)	(1,088.984)	(0.177)	(1,089.161)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE	(661.414)	(0.134)	(661.548)	(1,082.883)	(0.235)	(1,083.118)

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

	2021/22	2022/23
	£m	£m
Total comprehensive income and expenditure on the authority's single entity CIES	(623.523)	(953.833)
Add (surplus)/deficit arising from group entities:		
Subsidiaries	(35.319)	(121.343)
Joint Ventures	(0.108)	(2.671)
Trust Funds	(2.598)	(5.271)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE ON THE GROUP CIES	(661.548)	(1,083.118)

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 2022 £m	31 March 2023 £m	
6.7.2.1	Property, Plant & Equipment	2,998.472	3,244.396
	Heritage Assets	65.886	73.058
6.7.2.2	Investment Property	309.448	288.643
	Intangible Assets	8.536	4.703
6.5.1	Intangible Asset - Goodwill	1.333	-
	Long Term Investments	37.707	12.469
	Long Term Debtors	47.732	40.769
	Investments in Associates and Joint Ventures	9.187	10.586
	Long Term Assets	3,478.301	3,674.624
	Assets Held for Sale	6.585	15.182
	Short Term Investments	284.258	188.255
	Intangible Assets	0.044	0.063
	Inventories	4.361	3.907
6.7.2.3	Short Term Debtors	177.848	136.044
6.7.1.2	Contract Assets	0.375	0.104
6.7.2.4	Cash and Cash Equivalents	90.306	171.677
	Current Tax Asset	0.043	-
	Current Assets	563.820	515.232
	Short Term Borrowing	(33.003)	(41.057)
6.7.2.5	Short Term Creditors	(241.189)	(210.851)
	Revenue Grants Received in Advance	(80.554)	(32.542)
6.7.1.2	Contract Liabilities	(20.090)	(17.591)
	Provisions	(7.871)	(2.734)
	Current Tax Liability	-	(0.226)
	Current Liabilities	(382.707)	(305.001)
	Long Term Borrowing	(874.589)	(843.157)
6.7.1.2	Long Term Contract Liabilities	(1.182)	(0.636)
	Long Term Creditors	(0.041)	(1.414)
	Other Long Term Liabilities	(178.835)	(167.538)
	Provisions	(23.284)	(42.864)
	Capital Grants Receipts in Advance	(221.432)	(155.078)
	Revenue Grants Receipts in Advance	(0.063)	(0.105)
	Defined Benefit Pension Scheme	(858.392)	(88.708)
	Deferred Tax Liability	(2.232)	(3.220)
	Long Term Liabilities	(2,160.050)	(1,302.720)
	NET ASSETS	1,499.364	2,582.135
6.7.2.6	Usable Reserves	336.024	353.436
6.7.2.7	Unusable Reserves	1,163.340	2,228.699
	TOTAL RESERVES	1,499.364	2,582.135

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.

2022/23	General Fund	Earmarked General Fund	General Fund Total	Housing Revenue Account (HRA)	Earmarked HRA Reserves	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	£m
Balance at 31 March 2022	14.959	218.896	233.855	17.797	0.598	42.191	38.773	2.810	336.024	1,241.044	1,577.068	(78.148)	0.444	1,499.364
Outstanding Statutory (Item 9)														
Adjustments:														
1st Item 9 Credit Direction	-	(27.703)	(27.703)	27.703	-	-	-	-	-	-	-	-	-	-
2nd Item 9 Credit Application	-	(4.618)	(4.618)	4.618	-	-	-	-	-	-	-	-	-	-
Corrected Balance at 31 March 2022	14.959	186.575	201.534	50.118	0.598	42.191	38.773	2.810	336.024	1,241.044	1,577.068	(78.148)	0.444	1,499.364
Movement in 2022/23:														
Total CIE* (Table 6.4.1)	3.886	-	3.886	77.054	-	-	-	-	80.940	924.789	1,005.729	77.154	0.235	1,083.118
Adjustments between group accounts and authority accounts (Note 6.7.3)	(51.896)	-	(51.896)	-	-	-	-	-	(51.896)	-	(51.896)	51.549	-	(0.347)
Net Increase/Decrease before transfers	(48.010)	-	(48.010)	77.054	-	-	-	-	29.044	924.789	953.833	128.703	0.235	1,082.771
Funding basis adjustments	18.467	-	18.467	(38.197)	-	9.619	(0.114)	(1.407)	(11.632)	11.632	-	-	-	-
Net increase/decrease before transfers to earmarked reserves	(29.543)	-	(29.543)	38.857	-	9.619	(0.114)	(1.407)	17.412	936.421	953.833	128.703	0.235	1,082.771
Transfers to/from earmarked reserves	23.461	4.242	27.703	(27.594)	(0.109)	-	-	-	0.000	-	0.000	-	-	-
Movement in Year	(6.082)	4.242	(1.840)	11.263	(0.109)	9.619	(0.114)	(1.407)	17.412	936.421	953.833	128.703	0.235	1,082.771
BALANCE AT 31 MARCH 2023	8.877	190.817	199.694	61.381	0.489	51.810	38.659	1.403	353.436	2,177.465	2,530.901	50.555	0.679	2,582.135
Outstanding Statutory (Item 9)														
Adjustments:														
2nd Item 9 Credit Application	-	4.618	4.618	(4.618)	-	-	-	-	-	-	-	-	-	-
ACTUAL LEDGER BALANCE AT 31 MARCH 2023	8.877	195.435	204.312	56.763	0.489	51.810	38.659	1.403	353.436	2,177.465	2,530.901	50.555	0.679	2,582.135

* CIE - Comprehensive Income and Expenditure

Section 6 – Group Financial Statements and Notes

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)													
Adjustments:													
1st Item 9 Credit Direction	-	(27.703)	(27.703)	27.703	-	-	-	-	-	-	-	-	-
2nd Item 9 Credit Application	-	(3.472)	(3.472)	3.472	-	-	-	-	-	-	-	-	-
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
Movement in 2021/22:													
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
Net Increase/Decrease before transfers	(21.841)	-	(21.841)	57.182	-	-	-	35.341	588.182	623.523	37.892	0.134	661.549
Funding basis adjustments	42.714	-	42.714	(47.571)	14.646	7.352	(9.720)	7.421	(7.421)	-	-	-	-
Net increase/decrease before transfers to earmarked reserves	20.873	-	20.873	9.611	14.646	7.352	(9.720)	42.762	580.761	623.523	37.892	0.134	661.549
Transfers to/from earmarked reserves	(61.285)	61.285	-	-	-	-	-	-	-	-	-	-	-
Movement in Year	(40.412)	61.285	20.873	9.611	14.646	7.352	(9.720)	42.762	580.761	623.523	37.892	0.134	661.549
BALANCE AT 31 MARCH 2022	14.959	186.575	201.534	50.716	42.191	38.773	2.810	336.024	1,241.044	1,577.068	(78.148)	0.444	1,499.364
Outstanding Statutory (Item 9)													
Adjustments:													
1st Item 9 Credit Direction	-	27.703	27.703	(27.703)	-	-	-	-	-	-	-	-	-
2nd Item 9 Credit Application	-	4.618	4.618	(4.618)	-	-	-	-	-	-	-	-	-
ACTUAL LEDGER BALANCE AT 31 MARCH 2022	14.959	218.896	233.855	18.395	42.191	38.773	2.810	336.024	1,241.044	1,577.068	(78.148)	0.444	1,499.364

* 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	2021/22 £m	2022/23 £m
Net (Surplus)/Deficit on the provision of Services	36.076	6.651
Adjustments to net surplus or deficit on the provision of services for non-cash movements	198.539	149.435
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(142.305)	(67.841)
6.7.4.1 Net Cash Flows from Operating Activities	92.310	88.245
6.7.4.2 Investing Activities:		
6.5.1 Losing control of a subsidiary	-	1.484
Other investing activities	(48.742)	27.546
6.7.4.3 Financing activities	(30.074)	(35.904)
Net Increase or Decrease in Cash and Cash Equivalents	13.494	81.371
Cash and cash equivalents at the beginning of the reporting period	76.812	90.306
CASH AND CASH EQUIVALENTS AT 31 MARCH	90.306	171.677

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

The accounts used to produce the 2022/23 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 22/23 fee agreed at the Council's Executive Board in February 2022 was £21.553m (2021/22 £22.852m).

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 a NCH debtor balance of £57.484m at 31 March 2023 (£48.824m at 31 March 2022), this is made up of a loan and a short term debtor balance.

All NCH staff were transferred via TUPE back into the Council from 31 March 2023. All Council housing functions are now insourced back to the Council. The Council staff, however, continue to provide services to NCH Group through a service agreement to enable NCH Group to continue to carry out its obligations for the small number of properties under its management.

Nottingham City Transport Ltd (Registered Company Number: 02004967)

Nature of Business

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

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 25 March 2023 (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

	2021/22		2022/23	
	NCT £m	5% Minority Interest £m	NCT £m	5% Minority Interest £m
Profit for the period attributable to equity shareholders	0.416	0.021	(1.164)	(0.058)
Other Comprehensive Income and Expenditure	(3.100)	(0.155)	(3.536)	(0.177)
TOTAL COMPREHENSIVE INCOME	(2.684)	(0.134)	(4.700)	(0.235)
Non-current Assets	44.238	2.212	45.267	2.263
Current Assets	14.771	0.739	13.742	0.687
Current Liabilities	(17.619)	(0.881)	(17.241)	(0.862)
Non-current Liabilities	(32.516)	(1.626)	(28.194)	(1.409)
NET ASSETS	8.874	0.444	13.574	0.679

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.

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Relationship with the Council

Nottingham Ice Centre Ltd (NIC) is a wholly owned subsidiary of the Council.

NIC have a loan facility with an annual review of requirements. At 31 March 2023 the balance was £7.384m (£7.384m at 31 March 2022).

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.

On 1 April 2023, NRB's trade assets and liabilities transferred to the Council and NRB will cease to trade.

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 was a wholly owned subsidiary of the Council following the Council's acquisition of the business on 11 September 2019. The Council owned 100% of the issued ordinary share capital of Thomas Bow Ltd (1,000 ordinary shares with a nominal value of £1 each).

Thomas Bow Ltd was sold in July 2022. Cash consideration received was £7.108m.

The amount of assets and liabilities over which control is lost at point of sale was as follows:

	£m
Fixed Assets	1.247
Cash and cash equivalents	5.624
Other Current Assets	3.107
Current Liabilities	(7.689)
Creditors: Amounts falling due after one year	(0.204)
Net Assets	2.085

The net cash inflow on sale of Thomas Bow Ltd was as follows:

	£m
Consideration received in cash	7.108
Less: cash disposed of in subsidiary	(5.624)
Net cash inflow on sale of subsidiary	1.484

Surplus on sales of Thomas Bow Ltd:

	£m
Consideration received in cash	7.108
Value of investment held	(6.671)
Surplus receipt used to fund capital programme	0.437

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 2023. NCC has an outstanding debtor balance for Blueprint of £2.139m which includes the loan balance and accrued interest.

Summarised Financial Information of Blueprint Limited Partnership

	2021/22 £m	2022/23 £m
Turnover	(7.943)	(4.362)
Cost of Sales	7.164	3.606
Gross Profit	(0.779)	(0.756)
Other Operating Income	(0.299)	(0.345)
Administrative Expenses	0.523	0.427
Net Fair Value Gains on Financial Assets	-	0.064
Operating Profit	(0.555)	(0.610)
Interest Payable	0.001	-
Profit for the Year	(0.554)	(0.610)
Other Comprehensive Income and Expenditure	-	-
TOTAL COMPREHENSIVE (PROFIT) / LOSS FOR THE YEAR	(0.554)	(0.610)
Non-current Assets	0.037	0.022
Current Assets	21.337	19.468
Current Liabilities	(3.674)	(3.372)
Non-current Liabilities	(0.022)	(0.008)
NET ASSETS AS AT 31 MARCH	17.678	16.110
INVESTMENT IN JOINT VENTURE INCLUDED IN THE COUNCIL'S GROUP ACCOUNTS (50% OF NET ASSETS)	8.839	8.055
Amounts included in the above figures:		
Cash at Bank and In Hand (included in current assets)	3.281	0.788
Accruals and Deferred Income (included in Current Liabilities)	(0.837)	(0.752)

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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 and £3.224m profit respectively, was not recognised in the group accounts in accordance with IAS 28 'Investments in Associates and Joint Ventures'.

However, as at 31 March 2023, Futures accounts report a net asset position. Therefore the Councils share of Futures accumulated net asset & profit in year as at 31 March 2023, equating to £2.531m & 12.985m respectively, is now recognised in the group accounts.

Commitments

The Council is committed to paying Futures £0.761m in 2023/24, being grant funding for the delivery of careers advice.

Summarised Financial Information of Futures group

	2021/22 £m	2022/23 £m
Revenue	(17.461)	(17.346)
Other Operating Income	(0.137)	-
Other Operating Charges	17.814	18.951
Operating (Profit)/Loss	0.216	1.605
Finance Costs	0.667	0.706
Amounts written off Investments	-	0.050
Investment Income	(0.005)	(0.003)
(Profit)/Loss before Tax	0.878	2.358
Income Tax Expense	0.120	(0.064)
(Profit)/Loss for the Year	0.998	2.294
Other Comprehensive Income and Expenditure	(7.445)	(28.264)
TOTAL COMPREHENSIVE (PROFIT) / LOSS FOR THE YEAR	(6.447)	(25.970)
Non-current Assets	1.696	2.013
Current Assets	7.725	7.084
Current Liabilities	(3.169)	(3.695)
Non-current Liabilities	(27.160)	(0.340)
NET LIABILITIES AS AT 31 MARCH	(20.908)	5.062
*COUNCIL'S SHARE (50%) OF NET (LIABILITY)/ ASSET	(10.454)	2.531
Amounts included in the above figures:		
Depreciation and Impairment (in Operating Charges)	0.375	0.466
Defined Benefit Pension Finance Costs (in Finance Costs)	0.655	0.695
Interest Earned on Loans and Deposits (in Investment Income)	(0.005)	(0.003)
Cash and Cash Equivalents (in Current Assets)	4.773	4.339
Accruals (in Current Liabilities)	(2.028)	(1.788)
Retirement Benefit Obligation (in Non-current Liabilities)	(26.962)	-

* Where there is a net liability position this is not recognised in the group accounts under IAS28. Where there is a net asset position this is recognised in the group accounts.

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

Section 6 – Group Financial Statements and Notes

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>

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

	2021/22			2022/23		
	Expenditure £m	Income	Net	Expenditure £m	Income	Net
Net Interest on Pension Fund	24.622	-	24.622	17.702	-	17.702
Interest and similar charges and income	28.072	(0.891)	27.181	25.506	(0.134)	25.372
Interest revenue/costs calculated using the effective interest rate method	31.543	(0.806)	30.737	30.376	(7.907)	22.469
Change in value of financial assets held at fair value through profit and loss	-	(0.081)	(0.081)	0.006	(1.534)	(1.528)
Impairment Losses	(10.821)	(0.105)	(10.926)	4.306	-	4.306
Trading Operations	2.087	(2.392)	(0.305)	1.736	(2.316)	(0.580)
Income and expenditure in relation to investment properties and changes in their fair value	(7.291)	(24.813)	(32.104)	28.839	(52.587)	(23.748)
Other Finance and Investment items	1.132	(0.550)	0.582	1.163	(0.407)	0.756
TOTAL	69.344	(29.638)	39.706	109.634	(64.885)	44.749

6.7.1.2 Revenue from Contracts with Service Recipients

Revenue included in the CIES for contracts with service recipients:

	Restated 2021/22				2022/23			
	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	-	(0.014)	(16.919)	(16.933)	-	(0.012)	(17.716)	(17.728)
Chief Executive	-	-	(0.396)	(0.396)	-	-	(0.193)	(0.193)
Childrens	(0.025)	-	0.021	(0.004)	-	-	(0.112)	(0.112)
Commissioning and Partnerships	-	-	-	-	-	-	(0.020)	(0.020)
Communities, Environment and Resident Services	(5.098)	(1.664)	(36.424)	(43.186)	(5.476)	(2.161)	(56.439)	(64.076)
Education	-	(4.795)	(6.188)	(10.983)	-	(4.932)	(5.228)	(10.160)
Finance and Resources	-	-	(5.917)	(5.917)	-	-	(4.148)	(4.148)
Growth and City Development	(4.410)	(0.041)	(34.026)	(38.477)	(4.090)	(0.022)	(40.738)	(44.850)
Public Health	-	-	0.002	0.002	-	-	(0.100)	(0.100)
Schools	-	(0.026)	(2.575)	(2.601)	-	(0.029)	(2.842)	(2.871)
Corporate Items	-	-	(0.958)	(0.958)	-	(0.006)	(2.044)	(2.050)
Housing Revenue Account (HRA)	(97.585)	-	(11.962)	(109.547)	(101.676)	-	(12.734)	(114.410)
Group Organisations	-	(6.791)	(97.819)	(104.610)	-	(11.720)	(100.999)	(112.719)
Financing and Investment Income and Expenditure	-	-	(19.930)	(19.930)	-	-	(20.923)	(20.923)
Revenue from contracts with service recipients	(107.118)	(13.331)	(233.091)	(353.540)	(111.242)	(18.882)	(264.236)	(394.360)
Impairment of receivables				(0.451)				(0.015)
TOTAL INCLUDED IN THE CIES				(353.991)				(394.375)

Section 6 – Group Financial Statements and Notes

As outlined in note 4.3.1 Prior Year Reclassifications, 2021/22 has been restated to align with the 2022/23 directorate position of the Council. This restatement only alters the classification of the portfolios / directorates and overall the total value is unchanged. The group organisations are not included within the directorates 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	2021/22		2022/23	
	Over time	At a point in time	Over time	At a point in time
	£m	£m	£m	£m
Fees and charges under statutory requirements	(106.916)	(0.201)	(110.003)	(1.239)
Sale of goods	-	(13.331)	-	(18.882)
Charges for services	(130.168)	(102.924)	(143.630)	(120.606)
TOTAL	(237.084)	(116.456)	(253.633)	(140.727)

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

	31 March 2022 £m	31 March 2023 £m
Receivables included in debtors	56.221	52.325
Contract assets	0.375	0.104
Contract liabilities	(21.272)	(18.227)
TOTAL	35.324	34.202

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

	2021/22		2022/23	
	Contract Assets	Contract Liabilities	Contract Assets	Contract Liabilities
	£m	£m	£m	£m
Balances at 1 April	0.399	(19.774)	0.375	(21.272)
Reversal for amounts recognised in the CIES in	(0.331)	17.862	(0.375)	21.272
Increases (decreases) due to cash received (paid)	0.307	(19.360)	0.104	(18.227)
BALANCE AT 31 MARCH	0.375	(21.272)	0.104	(18.227)

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 2022 £m	31 March 2023 £m
Not later than one year	(20.090)	(17.501)
Later than one year	(1.182)	(0.726)
TOTAL	(21.272)	(18.227)

Section 6 – Group Financial Statements and Notes

6.7.2 Group Balance Sheet Notes

6.7.2.1 Property, Plant and Equipment

2022/23	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	1,247.096	995.831	195.909		24.232	78.875	29.040	2,570.983	**
Accumulated Depreciation b/f	-	(6.216)	(104.722)		(11.463)	-	-	(122.401)	**
Accumulated Impairment b/f	-	-	-		(0.200)	-	-	(0.200)	**
Net Book Value at 1 April 2022	1,247.096	989.615	91.187	550.090	12.569	78.875	29.040	2,998.472	
Additions - Capital Expenditure	33.183	6.076	20.300	32.038	1.187	0.129	19.749	112.662	
Additions - PFI / VA School Recognition	-	0.214	-	0.809	-	-	-	1.023	
Depreciation Charge	(22.725)	(28.238)	(17.129)	(27.521)	(0.417)	(0.216)	-	(96.246)	
Revaluations - Recognised in Revaluation Reserve	91.517	180.218	-	-	-	(19.572)	-	252.163	
Revaluations - Recognised in the CIES	27.312	15.180	-	-	-	0.151	-	42.643	
Derecognition - Disposals	(19.662)	(22.022)	(1.885)	-	-	(2.655)	-	(46.224)	
Derecognition - Other	(3.590)	(3.623)	(0.002)	-	-	-	-	(7.215)	
Impairments - Recognised in the CIES	-	(0.220)	(0.657)	-	0.200	-	-	(0.677)	
Other Movements- Transfers to Held for Sale	-	-	-	-	-	(15.182)	-	(15.182)	
Other Movements	2.695	(1.092)	6.509	0.104	(6.532)	4.849	(3.556)	2.977	
Net Book Value at 31 March 2023	1,355.826	1,136.108	98.323	555.520	7.007	46.379	45.233	3,244.396	
Gross Book Value c/f	1,355.826	1,142.015	202.944		12.938	46.422	45.233	2,805.378	**
Accumulated Depreciation c/f	-	(5.907)	(104.621)		(5.931)	(0.043)	-	(116.502)	**
Accumulated Impairment c/f	-	-	-		-	-	-	-	**
NET BOOK VALUE AT 31 MARCH 2023	1,355.826	1,136.108	98.323	555.520	7.007	46.379	45.233	3,244.396	

** 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.

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	£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)	**
Net Book Value at 1 April 2021	1,132.093	899.220	103.736	551.493	13.171	57.644	97.055	2,854.412	
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 Movements - 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)	
Net Book Value at 31 March 2022	1,247.096	989.615	91.187	550.090	12.569	78.875	29.040	2,998.472	
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)	**
NET BOOK VALUE AT 31 MARCH 2022	1,247.096	989.615	91.187	550.090	12.569	78.875	29.040	2,998.472	

** 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.

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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.

6.7.2.2 Investment Properties

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

	2021/22 £m	2022/23 £m
Opening Balance At 1 April	292.321	309.448
Additions	4.420	1.251
Disposals	(2.811)	(12.651)
Net gains/losses from fair value adjustments	15.421	(5.744)
Transfers to / from Property Plant and Equipment	0.097	(3.661)
CLOSING BALANCE AT 31 MARCH	309.448	288.643

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 2023 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 2023 £m
Industrial	-	75.214	-	75.214
Land	-	41.440	-	41.440
Leisure / Other	-	48.754	-	48.754
Office	-	54.441	-	54.441
Retail	-	55.896	-	55.896
Services	-	12.898	-	12.898
Total	-	288.643	-	288.643

Details of the Fair Value hierarchy information are shown in note 4.4.3.

6.7.2.3 Short Term Debtors

	31 March 2022 £m	31 March 2023 £m
Prepayments	19.353	13.519
Local Taxation	9.612	14.625
Trade	54.375	52.347
Other receivable amounts	94.508	55.553
TOTAL	177.848	136.044

6.7.2.4 Cash and Cash Equivalents

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

	31 March 2022 £m	31 March 2023 £m
Cash held by the Authority / Group Organisation	0.181	0.096
Bank current accounts	40.825	59.381
Short-term deposits with banks and building societies	49.300	112.200
TOTAL CASH AND CASH EQUIVALENTS	90.306	171.677

6.7.2.5 Short Term Creditors

	31 March 2022 £m	31 March 2023 £m
Receipts in Advance	(38.409)	(30.538)
Trade	(82.984)	(84.893)
Other payables	(119.796)	(95.420)
TOTAL	(241.189)	(210.851)

Section 6 – Group Financial Statements and Notes

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 2022 £m	31 March 2023 £m
Revaluation Reserve	806.602	1,025.294
Capital Adjustment Account	1,180.641	1,241.503
Financial Instruments Adjustment Account	(5.234)	(4.865)
Pensions Reserve	(714.716)	(84.785)
Deferred Capital Receipts Reserve	1.042	6.729
Collection Fund Adjustment Account	(20.866)	(1.039)
Accumulated Absences Account	(6.259)	(5.553)
Profit and Loss and Other Reserves of Group Entities	(78.142)	48.237
Authority's share of Profit and Loss and Other Reserves of an associate / joint venture	(0.172)	2.499
Minority Interest - Equity	0.444	0.679
TOTAL	1,163.340	2,228.699

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:

2022/23	General Fund Balance £m	Total Usable Reserves £m	Total Authority Reserves £m	Authority's Share of Group Reserves £m	Total Reserves £m
Payments in relation to goods and services from subsidiaries	(63.018)	(63.018)	(63.018)	63.018	-
Grants and provisions for subsidiaries	(0.057)	(0.057)	(0.057)	0.057	-
Receipts in relation to goods and services provided to subsidiaries	8.988	8.988	8.988	(8.988)	-
Interest and investment income from/to subsidiaries	1.441	1.441	1.441	(1.441)	-
Contributions from subsidiaries	0.750	0.750	0.750	(0.750)	-
Other movements	-	-	-	(0.347)	(0.347)
TOTAL ADJUSTMENTS	(51.896)	(51.896)	(51.896)	51.549	(0.347)

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2021/22	General Fund Balance £m	Total Usable Reserves £m	Total Authority Reserves £m	Authority's Share of Group Reserves £m	Total Reserves £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	1.000	1.000	1.000	(1.000)	-
Other movements		-	-	0.001	0.001
TOTAL ADJUSTMENTS	(48.102)	(48.102)	(48.102)	48.103	0.001

6.7.4 Group Cash Flow Notes

6.7.4.1 Operating Activities

The cash flows for operating activities include the following items:

	2021/22 £m	2022/23 £m
Interest received	4.719	3.815
Interest paid	(45.325)	(44.232)
Dividends received	0.609	0.393
Dividends paid	(0.289)	(0.345)

6.7.4.2 Investing Activities

	2021/22 £m	2022/23 £m
Purchase of property, plant and equipment, investment property and intangible assets	(99.870)	(107.825)
Purchase of short-term and long-term investments	(205.424)	-
Other payments for investing activities	(80.531)	(244.602)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	35.307	64.080
Proceeds from the sale of short-term and long-term investments	-	7.108
Other receipts from investing activities	301.776	310.269
NET CASH FLOWS FROM INVESTING ACTIVITIES	(48.742)	29.030

Section 6 – Group Financial Statements and Notes

6.7.4.3 Financing Activities

	2021/22 £m	2022/23 £m
Other receipts from financing activities	6.749	(6.288)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(19.224)	(15.988)
Repayments of short and long-term borrowing	(31.844)	(24.636)
Other payments for financing activities - Council Tax and NNDR adjustments	19.914	16.845
Other payments for financing activities	(5.669)	(5.837)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(30.074)	(35.904)

6.7.4.4 Reconciliation of Liabilities arising from Financing Activities

	Financing				31 March 2023 £m
	1 April 2022 £m	cash outflows (inflows) £m	Acquisition £m	Non-cash changes Other £m	
	Long-term borrowings	(874.589)	25.037	-	
Short-term borrowings	(35.003)	5.658	-	(6.395)	(35.740)
Lease liabilities	(25.388)	5.625	(6.988)	0.088	(26.663)
On balance sheet PFI liabilities	(166.875)	9.609	-	0.750	(156.516)
Other	(1.623)	(0.058)	-	-	(1.681)
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	(1,103.478)	45.871	(6.988)	0.838	(1,063.757)

	Financing			
	1 April 2021 £m	cash outflows (inflows) £m	Non-cash changes Other £m	31 March 2022 £m
	Long-term borrowings	(899.628)	24.816	0.223
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)
Other	(1.476)	(0.147)	-	(1.623)
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	(1,154.430)	58.893	(7.941)	(1,103.478)

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 12,300 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 2022/23, the Council paid £6.878m to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2021/22 were £6.689m 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.

From 1 April 2022, all active members of the NHS Pension Scheme, regardless of their age, are now members of the 2015 NHS Pension Scheme. The 1995/2008 Scheme closed on 31 March 2022 and all future accruals from 1 April 2022 are now within the 2015 Scheme.

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Members will keep the pension benefits they have accrued in the 1995/2008 Scheme before 1 April 2022 and will be able to access these benefits in the same way and at the same time as they can now.

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 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.

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.

The next actuarial valuation is due with an effective date of 31 March 2020 and is due to be completed later in 2023. Changes to employer contribution rates as a result of the 2020 valuation are expected to take effect from April 2024.

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 2022/23 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 2021/22.

In 2022/23 the Council's contribution to the Scheme was £0.033m (2021/22 £0.047m), representing 14.38% of pensionable pay. £0.006m (2021/22 £0.008m) 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. There was a change in contribution rates from 1 October 2022.

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/) and the Fund's membership booklet (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 last valuation of the Fund was carried out as at 31 March 2022 and set contributions for the period from 1 April 2023 to 31 March 2026. The next valuation is expected to be carried out as at 31 March 2025. 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 2022/23 have been based on the 31 March 2022 valuation.

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 and 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. This may be mitigated by a longevity insurance contract if held by the Fund. There are also other demographic risks.

Climate risk: Climate risk can be grouped into two categories; Physical and Transitional risks. Physical risks are direct risks associated with an increased global temperature such as heatwaves and rising sea levels. Transitional risks are the costs

Section 7 – Pension Schemes

of transitioning to a low carbon economy. These risks will manifest themselves in many of the other risks detailed above which the Fund is exposed to, for example investment returns may be affected.

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.

McCloud and Sargeant Judgments

There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgments. Remedial regulations are expected in 2023 and uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalised.

Impact on liabilities

The McCloud remedy may impact the value of the liabilities in respect of accrued benefits and therefore an allowance may need to be included in an employer's report.

An allowance was already made for McCloud at a previous accounting date in the Council's IAS19 actuary report so no explicit adjustment will be made in the results this year. For employers in English Funds, the estimated cost of McCloud will be updated as part of the 2022 valuation update and this will reflect the approach adopted at the valuation in estimating the cost of the McCloud remedy. The difference between this cost and the cost previously incorporated into the employer's accounting liabilities will be reflected in the liability experience item and the Actuary do not expect this to be material. It should be noted that the cost of the McCloud remedy varies with member experience (for example due to salary increases), and therefore the cost calculated at each actuarial valuation will vary, however, generally we do not expect this to be material.

The Actuary have included an allowance for the McCloud judgement in the Council's actuary results.

Goodwin Case

The Actuary have not made any adjustments to accounting valuations as a result of the Goodwin case.

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.

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.

The Actuary’s standard assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we assume that the Fund will be required to pay the entire inflationary increase. Therefore, the Actuary’s assumption is consistent with the consultation outcome and they do not believe they need to make any adjustments to the value placed on the liabilities as a result of the above outcome.

Assets and Liabilities in Relation to Post-Employment Benefits

The projected pension expenses for the year to 31 March 2024 are as follows:

	LGPS 31 March 2024 £m	Teachers Benefits £m
Service cost	29.361	-
Net interest on the defined liability (asset)	1.976	1.144
Administration expenses	0.566	-
Total loss / (profit)	31.903	1.144
Employer Contributions	37.186	-

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2023.

These projections are based on the assumptions as at 31 March 2023.

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
- Results of the previous IAS19 report as at 31 March 2022
- Fund asset statement as at 31 March 2023
- Fund income and expenditure items to 31 March 2023
- Employer income and expenditure items to 31 March 2023
- Details of any new unreduced early retirement payments to 31 March 2023

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- Details of any settlements to/from the Employer for the period to 31 March 2023

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 2023 £164.192m

Projected payroll for the year to 31 March 2024 £164.192m

This has been used to calculate the service cost and projected service cost respectively.

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 2023 is calculated to be -2.09% based on the Fund asset statements and fund cashflows.

The Council’s share of the assets of the Fund is approximately 21.07%.

The estimated asset allocation for the Council at 31 March 2023 and 31 March 2022 is as follows (noting that due to rounding they may not total 100%):

	Local Government Pension Scheme			
	31 March 2022		31 March 2023	
	£m	%	£m	%
Public Equities	752.287	54%	793.673	58%
Gilts	27.863	2%	28.148	2%
Other Bonds	111.450	8%	80.649	6%
Property	175.534	13%	161.617	12%
Cash / Temporary Investments	27.863	2%	71.252	5%
Inflation Plus	78.015	6%	68.731	5%
Infrastructure	136.526	10%	107.027	8%
Private Equities	83.588	6%	50.599	4%
TOTAL	1,393.126	100%	1,361.696	100%

The following table sets out the percentages of the Fund's assets held in each asset class at 31 March 2023 (split by those that have a quoted market price in an active market, and those that do not).

Asset Breakdown	31 March 2023	
	% Quoted	% Unquoted
Fixed Interest Government Securities:		
UK	2.0%	-
Corporate Bonds:		
UK	1.0%	-
Overseas	5.0%	-
Equities:		
UK	17.0%	0.0%
Overseas	41.0%	-
Property:		
All	-	12.0%
Others:		
Private Equity	-	4.0%
Infrastructure	-	8.0%
Unit Trust Inflation Linked	-	5.0%
Credit	-	3.0%
Cash/Temporary Investments	-	2.0%
Net Current Assets - Debtor	-	1.0%
Net Current Assets - Creditors	-	-0%
TOTAL	66.0%	34.0%

Valuation Approach

To assess the value of the Council's liabilities at 31 March 2023, 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 cashflows 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.

It is not possible for the Actuary to assess the accuracy of the estimated value of liabilities as at 31 March 2023 without completing a full valuation. However, they are satisfied that the approach of rolling forward the previous valuation data to 31 March 2023 should not introduce any material distortions in the results provided that the actual experience of the employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information they have received there appears to be no evidence that this approach is inappropriate.

The liability roll forward will be updated to be based on the Fund's 2022 valuation. This update ensures the accounting results are based on the latest information available. The impact of this update will result in experience items on the liabilities and the assets, and could be a positive or negative effect. The experience item reflects how experience over the inter-valuation period has differed from that assumed as part of the roll forward approach.

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.

Allowance for actual pension increases:

The Actuary's default approach is to allow for actual pension increases up to the accounting date as confirmed by the HM Treasury Order. In addition they allow for actual inflation experience from September 2022 to the most recent known date available. Any difference between this and the pension increase previously assumed will give rise to an experience item.

The 2023 pension increase is higher than previously assumed which will result in a higher value being placed on the defined benefit obligation and a worsening in the overall position. The impact will come through as an experience item.

Assumptions

Demographic assumptions:

The Actuary's standard approach is to use demographic assumptions in line with the latest actuarial valuation.

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.

For employers participating in an English Fund, the Actuary’s standard approach is to update the mortality assumption based on those adopted for the Fund’s 2022 actuarial valuation.

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.

For employers participating in an English LGPS Fund, similar to the base table assumption the Actuary’s standard approach is to update the improvements model to be based on that adopted for the Fund’s 2022 actuarial valuation.

Details of the post retirement mortality assumption are set out below:

	Local Government		Teachers Benefits	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
Post Retirement Mortality				
Base table	S3PA	S3PA	S3PA	S3PA
Multiplier (MF)	115% / 110%	115% / 110%	110% / 105%	115% / 110%
Future improvements model	CMI_2021	CMI_2021	CMI_2020	CMI_2021
Long-term rate of improvement	1.25% p.a.	1.25% p.a.	1.25% p.a.	1.25% p.a.
Smoothing parameter	7.0	7.0	7.5	7.0
Initial addition parameter	0.0% p.a.	0.0% p.a.	0.5% p.a.	0.0% p.a.
2020 weight parameter	5%	5%	5%	5%
2021 weight parameter	5%	5%	n/a	5%

The assumed life expectations from age 65 are:

	Local Government		Teachers Benefits	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
Life expectancy from age 65 (years):				
Retiring today:				
Males	20.7	20.7	21.6	20.7
Females	23.5	23.5	24.3	23.5
Retiring in 20 years:				
Males	21.9	22.0	n/a	n/a
Females	24.9	25.0	n/a	n/a

Section 7 – Pension Schemes

Other key demographic assumptions are:

- Commutation - Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations.
- Normal Retirement - Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age
- 50:50 take up - The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same

This is in line with the assumption adopted for the Fund's latest actuarial valuation.

Financial assumptions:

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 sample assumptions using market conditions at 31 March 2023

The financial assumptions used for the purpose of IAS19 calculations are shown in the following table:

	Local Government Pension Scheme			Teachers Benefits		
	31 March	31 March	31 March	31 March	31 March	31 March
	2021	2022	2023	2021	2022	2023
Financial Assumptions:						
Discount rate	2.00%	2.60%	4.80%	1.80%	2.60%	4.80%
Pension increases (CPI)	2.80%	3.20%	2.90%	2.85%	3.45%	2.85%
Salary increases	3.80%	4.20%	3.90%	-	-	-

The Actuary have allowed for actual pension increases up to and including the 2023 Pension Increase Order. This is reflected in the Experience loss/(gain) on defined benefit obligation figure in the results. The Actuary have also allowed for actual CPI inflation experienced from September 2022 to February 2023.

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 year 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 sample cashflows are updated on a three-yearly basis using a full valuation of membership data. These are currently based on cashflows derived as at 31 March

2022. At 31 March 2022, using liability durations at that date, each employer is matched with a set of sample cashflows which best reflects the employer’s cashflow profile and maturity. Although employers’ liability duration will be remeasured at each accounting date, the Actuary assume that their cashflow profile will remain stable over the three-year period and so the sample cashflows allocated remain appropriate.

All else being equal, a higher discount rate will result in a lower value being placed on the defined benefit obligation and an improvement in the overall position.

The impact of a change in the discount rate compared with the previous accounting date will vary by employer depending on their own unique cashflow profile. Cashflow profiles were derived as at 31 March 2022 and are assumed to remain unchanged between triennial actuarial valuations.

The table below gives details of the estimated impact of a change in the discount rate for employers with different levels of maturity. As a general guide;

- Employers may be considered “Very Mature” if they have a liability duration under 10 years
- Employers may be considered “Mature” if they have a liability duration of between 10 and 20 years
- Employers may be considered “Immature” if they have a liability duration over 20 years.

Maturity	Discount Rate		Estimated impact of change on liabilities
	31 March 2023	31 March 2022	
Very Mature	4.80% to 4.85%	2.50% to 2.65%	Decrease of 9% to 20%
Mature	4.80%	2.60% to 2.65%	Decrease of 20% to 37%
Immature	4.80%	2.55% to 2.60%	Decrease of over 37%

Assumptions are rounded to the nearest 0.5%.

Inflation expectations:

Whilst the change in corporate bond yields is an important factor affecting the valuation of the liabilities, so too is the assumed level of future inflation as this determines the rate at which the benefits increase.

IAS19 suggests that in assessing future levels of long-term inflation, the Actuary should use assumptions that would result in a best estimate of the ultimate cost of providing benefits whilst also giving consideration to the gilt market (in line with general price levels) to give an indication of market expectation.

Pension increases in the LGPS are expected to be based on the Consumer Prices Index (CPI). As there is limited market information on CPI-linked assets, to derive the CPI assumption the Actuary first make an assumption on the Retail Prices Index (RPI) then make an adjustment.

Retail Prices Index (RPI) assumption:

Similar to the SEDR approach described above, the Actuary adopt a Single Equivalent Inflation Rate (SEIR) approach in deriving an appropriate RPI assumption.

The SEIR adopted is such that the single assumed rate of inflation results in the same liability value (when discounted using the yield curve valuation described above) as that resulting from applying the Bank of England implied inflation curve. The Bank of England implied inflation curve is assumed to be flat beyond the 40 year point.

Section 7 – Pension Schemes

Following a recent review of the market, and in particular noting the muted market reaction to the likely alignment of RPI with CPIH (Consumer Prices Index with Housing) from 2030, the Actuary's view is that gilt-implied inflation rates are currently distorted by supply and demand factors at medium and longer terms. They have therefore allowed for an Inflation Risk Premium (IRP) of 0.4% at medium and longer terms (from 9 years). This results in an overall IRP of between 0.0% p.a. and 0.25% p.a. depending on the term of the liabilities (for terms ranging from 1 year up to 30 years).

Consistent with the SEDR approach, assumptions are rounded to the nearest 0.05% and the Actuary use the sample cashflows for employers at each year (from 1 to 30 years) in deriving the assumptions for employers.

RPI assumptions under the three maturity scenarios are set out in the table below and based on market conditions at 31 March 2023, with the equivalent 31 March 2022 SEIRs (based on our standard derivation at that time) also shown for comparison:

Maturity	RPI Inflation	
	31 March 2023	31 March 2022
Very Mature	3.40% to 3.50%	4.00% to 4.70%
Mature	3.20% to 3.40%	3.50% to 4.00%
Immature	3.15% to 3.20%	3.30% to 3.50%

Difference between RPI and CPI:

It is expected that RPI will be on average 1.0% p.a. lower than it would have otherwise been from 2030 as a result of the proposed alignment of RPI to CPIH (and CPI) from that date. The Actuary have therefore assumed that the annual increase in CPI inflation will be 1.0% p.a. lower than the market implied increases in RPI for each year prior to 2030, and will be in line with RPI inflation thereafter. This results in an assumed gap between the two inflation measures of between 0.25% p.a. and 0.80% p.a. depending on the term of the liabilities (for terms ranging from 30 years down to 5 years).

Consumer Price Index (CPI) assumption:

Using a similar approach described to calculate the SEIR for the RPI assumption, the Actuary have calculated a single equivalent rate of CPI increase that results in the same liability value as would be calculated by applying the implied CPI curve.

All else being equal, a lower pension increase assumption will result in a lower value being placed on the defined benefit obligation and an improvement in the overall position.

Maturity	CPI Inflation		Estimated impact of change on liabilities
	31 March 2023	31 March 2022	
Very Mature	2.65% to 2.85%	3.45% to 3.80%	Decrease of 4% to 5%
Mature	2.85% to 2.95%	3.20% to 3.45%	Decrease of 4% to 6%
Immature	2.85% to 2.90%	3.05% to 3.20%	Decrease of 4% to 7%

Assumptions are rounded to the nearest 0.05%.

Salary increases:

The Actuary have adopted the standard approach to salary increases which is line with the latest actuarial valuation.

Overall impact of changes to financial assumptions:

The effect of the changes in the financial assumptions on an employer’s liabilities are dependent on the assumptions adopted as well as the specific duration of the employer’s liabilities. Typically, employers with greater liability durations are more sensitive to changes in financial assumptions as benefits will be paid over a longer term. The following table describes the estimated effects for employers based on assumptions derived as at 31 March 2023 under the three maturity scenarios:

Maturity	Estimated effect of change in financial assumptions on employer's liabilities
Very Mature	Decrease of 13% to 24%
Mature	Decrease of 24% to 41%
Immature	Decrease of over 41%

Based on market conditions at 31 March 2023, most employers will see the value of their defined benefit obligation decrease. However, the extent of this will depend on each employer’s membership profile, cashflows over the year, experience and any bespoke assumptions or approaches.

The assumptions have been set with consideration of the duration of the Council's past service liabilities, estimated to be 17 years.

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 2022.

Remeasurement Date	Discount Rate % p.a.	Pension Increases (CPI) % p.a.	Real Discount Rate % p.a.
31 March 2022	2.60%	3.20%	-0.60%
1 May 2022	3.00%	3.05%	-0.05%
31 March 2023	4.80%	2.90%	1.90%

Past Service Costs

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 2023.

Section 7 – Pension Schemes

Curtailments

The cost of curtailments is calculated as a result of the payment of unreduced pensions on early retirement only. 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, 15 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 £1.019m. 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 £0.486m. This figure has been included in the service cost.

The following table sets out the settlement events allowed for:

Settlements In / (Out)	Transfer Date	Assets	Liabilities	Treated as	Report Date
		Transferred	Transferred	special event?	
Employer transferred from		£m	£m		
LTA Services Limited	1 May 2022	(0.696)	(1.182)	Yes	n/a
TOTAL		(0.696)	(1.182)		

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
Adjustment to discount rate:	+0.5%	+0.1%	0.0%	-0.1%	-0.5%	+0.1%	0.0%	-0.1%
Present value of total obligation	1,312.598	1,398.687	1,421.635	1,445.191	1,545.932	24.655	24.846	25.039
Projected service cost	24.492	28.320	29.361	30.439	35.148	-	-	-
Adjustment to long term salary increase:	+0.5%	+0.1%	0.0%	-0.1%	-0.5%	-	-	-
Present value of total obligation	1,429.715	1,423.226	1,421.635	1,420.055	1,413.859	-	-	-
Projected service cost	29.459	29.381	29.361	29.342	29.263	-	-	-
Adjustment to pension increases and deferred revaluation:	+0.5%	+0.1%	0.0%	-0.1%	-0.5%	+0.1%	0.0%	-0.1%
Present value of total obligation	1,539.652	1,444.017	1,421.635	1,399.826	1,317.981	25.043	24.846	24.651
Projected service cost	35.299	30.453	29.361	28.306	24.348	-	-	-
Adjustment to life expectancy assumptions:	+1 Year	None	-1 Year			+1 Year	None	-1 Year
Present value of total obligation	1,475.903	1,421.635	1,369.584			25.850	24.846	23.881
Projected service cost	30.442	29.361	28.308			-	-	-

How has the balance sheet changed over the year?

The change in the balance sheet position over the year is dependent on the following key variables. The following table details the approximate impact on the balance sheet:

Variable / assumption	Impact on balance sheet?	Comments
Asset returns	Worsen	Asset returns are expected to have been lower than the discount rate assumed at the previous accounting date which will worsen the balance sheet position.
Discount rate	Improve	Discount rates have increased which will improve the balance sheet position.
Inflation	Improve	Future inflation assumptions have decreased which will improve an employer's balance sheet position.
Allowance for inflation experience	Worsen	The 2023 pension increase of 10.1% plus inflation experience since September, is higher than previously assumed which will worsen the balance sheet position.
Mortality	Improve	Allowing for the results of the recent 2022 actuarial valuation LGPS Funds are likely to see a reduction in the average life expectancy and an improvement to the balance sheet position.
Overall	Improve	Overall, due to the significant increase in the discount rate and decrease in the future inflation assumption, the Actuary expect the balance sheet position to improve compared to last year.

These general principles are based on an average employer in an average Fund with a duration of 20 years. The actual effect of the change in these variables and assumptions will depend on each employer’s individual circumstances and their unique cashflow profile.

In terms of the net defined benefit liability, the council’s balance sheet position has improved compared to the previous year.

Section 8

ABBREVIATIONS/GLOSSARY

8.1 Abbreviations

BID	-	Business Improvement District
BSF	-	Building Schools for the Future
CIES	-	Comprehensive Income and Expenditure Statement
CFR	-	Capital Financing Requirement
CRC	-	Carbon Reduction Credits
DLUHC	-	Department for Levelling Up, Housing and Communities
DRF	-	Direct Revenue Financing
DSG	-	Dedicated Schools Grant
EFA	-	Expenditure and Funding Analysis
EMSS	-	East Midlands Shared Services
HRA	-	Housing Revenue Account
IBNR	-	Incurred but not yet Reported
IAS	-	International Accounting Standard
IFRS	-	International Financial Reporting Standards
ISB	-	Individual Schools Budget
LGPS	-	Local Government Pension Scheme
LIFT	-	Local Improvement Finance Trust
LCC	-	Leicestershire County Council
MHCLG	-	Ministry of Housing, Communities and Local Government
MIRS	-	Movement in Reserves Statement
MTFO	-	Medium Term Financial Outlook
MTFP	-	Medium Term Financial Plan
NCC	-	Nottingham City Council
NET	-	Nottingham Express Transit
NNDR	-	National Non-Domestic Rates
PFI	-	Private Finance Initiative
PPE	-	Property Plant and Equipment
PWLB	-	Public Works Loan Board
REFCUS	-	Revenue Expenditure Financed from Capital under Statute
RSG	-	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 31st 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 31st 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 2022/23.

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.

TUPE

TUPE stands for Transfer of Undertakings (Protection of Employment). It's a UK employment law that protects employees' rights when a business or service changes ownership or provider.

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

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