



**South
Derbyshire**
District Council



Draft Statement of Accounts

2021/22



Our Environment | Our People | Our Future

www.southderbyshire.gov.uk

Contents

Narrative Report	3
Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts	14
Certificate of the Chief Financial Officer	15
Independent Auditors Report	16
Council Approval of Statement of Accounts	18
Comprehensive Income and Expenditure Statement	19
Movement in Reserves Statement	20
Balance Sheet	21
Cash Flow Statement	22
Notes to the Financial Statements	
1. Accounting Policies	23
2. Accounting Standards that have been issued but have not yet been adopted	36
3. Critical Judgements	36
4. Assumptions made about the future and other major sources of uncertainty	36
5. Exceptional Items of Income and Expense	38
6. Events after the Balance Sheet Date	38
7. Expenditure and Funding Analysis	39
8. Note to the Expenditure and Funding Analysis	40
9. Expenditure and Income Analysed by Nature	41
10. Adjustment between Accounting Basis and Funding Basis under Regulations	42
11. Movement in Earmarked Reserves	44
12. Other Operating Expenditure	44
13. Financing and Investment Income and Expenditure	45
14. Taxation and Non-Specific Income	45
15. Property, Plant and Equipment	47
16. Investment Properties	50
17. Financial Instruments	51
18. Debtors	58
19. Debtors for Local Taxation	58
20. Cash and Cash Equivalents	58
21. Assets Held for Sale	59
22. Creditors	59

Contents

23. Provisions	59
24. Usable Reserves	60
25. Unusable Reserves	62
26. Agency Services	65
27. Members' Allowances	65
28. Officers' Remuneration	66
29. External Audit Fees	67
30. Grant Income	68
31. Related Parties	68
32. Capital Expenditure and Capital Financing	69
33. Leases	70
34. Defined Benefit Pension Schemes	71
35. Contingent Liabilities	76
36. Prior Period Adjustment	76
Housing Revenue Account – Income and Expenditure	77
Movement on the Housing Revenue Account	78
Notes to the Housing Revenue Account	
1. Introduction	79
2. Housing Stock	79
3. Major Repairs Reserve	79
4. Property, Plant and Equipment	80
5. Capital Expenditure	82
6. Capital Receipts from Disposal of Land, Houses and Other Property	82
7. Rent Arrears	82
8. Provision for Bad and Doubtful Debts	82
9. Depreciation and Impairment of Fixed Assets	83
10. Pension Costs	83
Collection Fund Account	84
Notes for the Collection Fund Account	
1. Council Tax	85
2. Council Tax Valuation Bands	85
3. Council Tax Base	85
4. Precepts and Demands	86
5. Non-Domestic Rates	87
6. Non-Domestic Rate Demands	87
Glossary	89

Narrative Report

INTRODUCTION

The Council's financial performance for the year ended 31 March 2022 is set out in the Comprehensive Income and Expenditure Statement and its financial position is set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The purpose of this narrative is to highlight and summarise the key facts and figures which make up the Council's financial standing, which is detailed in the various statements and disclosure notes. The Narrative Report also gives an overview of the District, the Council structure and performance against the Corporate Plan.

The Statement follows approved accounting standards and is necessarily technical in parts. A glossary is provided at the end of this document to explain the main terms and technicalities associated with the Council's Accounts.

In accordance with accounting practice, the Council has reported its financial position in a series of accounting statements as detailed within the Explanation of the Financial Statements.

The Narrative Report is structured as follows:

- An Introduction to South Derbyshire
- An Introduction to the Council
- Council Performance
- An Explanation of the Financial Statements
- A Summary of Financial Performance

INTRODUCTION TO SOUTH DERBYSHIRE

South Derbyshire is a thriving, attractive place to live, visit and invest.

It has been transformed during the past few decades from a clay and mining area to a successful District that serves as home to more than 107,000 people.

It contains a third of The National Forest which, together with other attractions including Calke Abbey, Mercia Marina, Rosliston Forestry Centre, and Sharpe's Pottery Museum, attract more than two million visitors each year.

South Derbyshire offers a mixture of well-developed urban areas and historic rural settlements.

Its natural features combine with historic sites and modern community and leisure facilities to provide places and activities for residents and visitors alike to enjoy in their spare time.

South Derbyshire boasts 3,500 business enterprises, among them international names JCB, Nestle and Toyota Motor Manufacturing UK. The wide range of employment opportunities means unemployment is very low in the district compared to the national average.

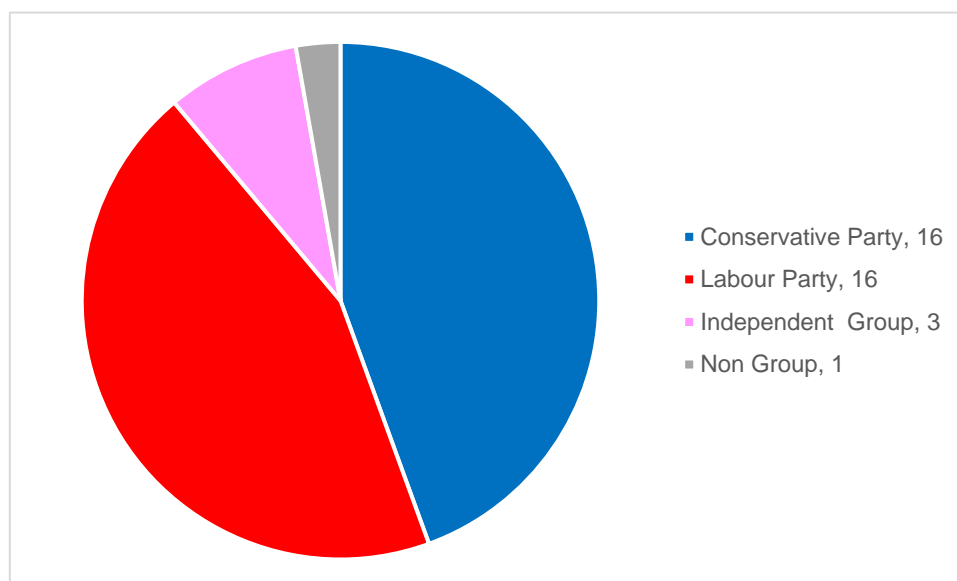
Working with our partners to keep crime and anti-social behaviour to a minimum has cemented South Derbyshire's reputation as one of the safest places to live in the County of Derbyshire.

Narrative Report (continued)

INTRODUCTION TO SOUTH DERBYSHIRE DISTRICT COUNCIL

South Derbyshire District Council was formed on 1 April 1974 as a merger of the Swadlincote Urban District along with Repton Rural District and part of South East Derbyshire Rural District. The Council provides statutory services which include planning, refuse collection, street cleaning, environmental health, housing strategy and housing benefits alongside non-statutory functions to support the health and wellbeing of residents within the district.

South Derbyshire is divided into 15 wards with a total of 36 seats. The political composition of seats as at 31 March 2022 is as follows:



About the Council

There are more than 300 employees working to ensure South Derbyshire remains a great place to live, visit and invest.

Services for the District are divided between Derbyshire County Council and South Derbyshire District Council. Through the values in our Corporate Plan, we aim to provide them as efficiently and effectively as possible.

Our constitution sets out how we operate, how decisions are made and the procedures which are followed to ensure we are efficient, transparent and accountable.

To show that our business is conducted in accordance with the law and proper standards, an Annual Governance Statement is produced which is published on our website.

How we work

Our Leadership Team (LT), made up of paid officers, works closely with elected Members to deliver our vision and values.

The LT is headed up by our Chief Executive Frank McArdle, who has been with the Council for more than 40 years and has been instrumental in the regeneration of Swadlincote Town Centre and attracting significant inward investment into South Derbyshire.

Narrative Report (continued)

The team is completed by two Strategic Directors and the Head of Legal and Democratic Services in their role as Monitoring Officer.

COUNCIL PERFORMANCE

During 2019/20 the Council adopted a new Corporate Plan for 2020 to 2024 after the District Election in May 2019.

This plan concentrates on the issues that are most important to the people who live and work in South Derbyshire, on national priorities set by the Government and on the opportunities and challenges presented by the environmental, economic and social aspects of the district.

As well as enabling effective monitoring and leading our performance management, it links our strategic priorities and objectives directly to the activities of each service area through annual Service Plans.

Aspirational targets are set to embed a process of continual improvement throughout our workforce and operations to ensure that we deliver high quality services at reasonable cost.

Our Medium-Term Financial Plan is monitored and revised to ensure we maintain stability and sustainability. Throughout all we do, we aim to be environmentally responsible and actively encourage corporate social responsibility.

The three key priorities in the Corporate Plan are summarised below:

Our Environment: keeping a clean, green District for future generations

- Reduce waste and increase composting and recycling
- Reduce fly tipping and litter through education, engagement and zero tolerance enforcement action where appropriate
- Enhance biodiversity across the District
- Strive to make South Derbyshire District Council carbon neutral by 2030
- Work with residents, businesses and partners to reduce their carbon footprint
- Enhance the appeal of Swadlincote town centre as a place to visit
- Improve public spaces to create an environment for people to enjoy

Our People: working with communities and meeting the future needs of the District

- Support and celebrate volunteering, community groups and the voluntary sector
- Help tackle anti-social behaviour and crime through strong and proportionate action
- With partners, encourage independent living and keep residents healthy and happy in their homes
- Promote health and wellbeing across the District
- Improve the condition of housing stock and public buildings
- Support social mobility to ensure people have the opportunity to access skilled jobs, higher and further education
- Ensure consistency in the way the Council deals with its service users
- Have in place methods of communication that enable customers to provide and receive information

Narrative Report (continued)

- Ensure technology enables us to effectively connect with our communities
- Invest in our workforce

Our Future: growing our District and our skills base

- Attract and retain skilled jobs in the District
- Support unemployed residents back into work
- Encourage and support business development and new investment in the District
- Enable the delivery of housing across all tenures to meet Local Plan targets
- Influence the improvement of infrastructure to meet the demands of growth
- Provide modern ways of working that support the Council to deliver services to meet changing needs
- Source appropriate commercial investment opportunities for the Council

There are many risks faced by the Council both financial and non-financial which are categorised and mitigated as far as possible.

Further detail of Council performance against the Corporate Plan and our detailed risk registers are reported quarterly to elected Members to each decision-making Committee and can be found on the Council's website.

EXPLANATION OF THE FINANCIAL STATEMENTS

The Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council, analysed into “**usable reserves**” (i.e. those that can be applied to fund expenditure or reduce local taxation) and other “**unusable**” reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES).

These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and Council House rent setting purposes. The Net Increase/Decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance and the Housing Revenue Account balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

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

The Balance Sheet

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

Narrative Report (continued)

The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Changes to the Financial Statements

There have been no significant changes to the Financial Statements for the year ended 31 March 2022. Some disclosures have been updated to ensure that the Financial Statements comply with best practice.

Accounting Policies

The Council's Accounting Policies are set out in Note 1 to the Financial Statements. There have been no significant changes in the Accounting Policies during the year.

Financial Report

This narrative report now goes on to explain the broad facts and figures regarding the Council's financial performance and position for 2021/22.

SUMMARY OF FINANCIAL PERFORMANCE

The statutory financial statements are intended to fulfil external reporting requirements and provide a comprehensive assessment of the Council's financial position. Management accounts, which show individual service expenditure, were reported to the Finance and Management Committee on 21 July 2022.

[CMIS > Meetings](#)

Narrative Report (continued)

These report the financial performance of Council services against the Budget for the year at a more detailed service level, the effect on reserves, together with explanations for budget variances and where income and expenditure changed during the year.

Income and Expenditure

Each year the Council spends money on key service areas, delivered in accordance with local priorities and statutory requirements. Income is received to fund this expenditure from various sources but primarily Central Government, residents in the form of Council Tax, local businesses in the form of Business Rates and rent from Council House tenants.

Although included in the overall Income and Expenditure Statement, the Council is required to account separately for the costs of providing Council Housing. This is undertaken in a supplementary financial statement called the Housing Revenue Account, or HRA.

Costs within the HRA must be met by the rental income received from Council House tenants. Any surplus or deficit is adjusted through the HRA Reserve which must remain “ring-fenced” from other Council reserves.

During 2021/22, the Council achieved a surplus on the Provision of Services of £7m. After adjustments in reserves for non-cash items and capital receipts, the adjusted surplus of (£673k) was allocated in the Movement in Reserves Statement between the General Fund and HRA.

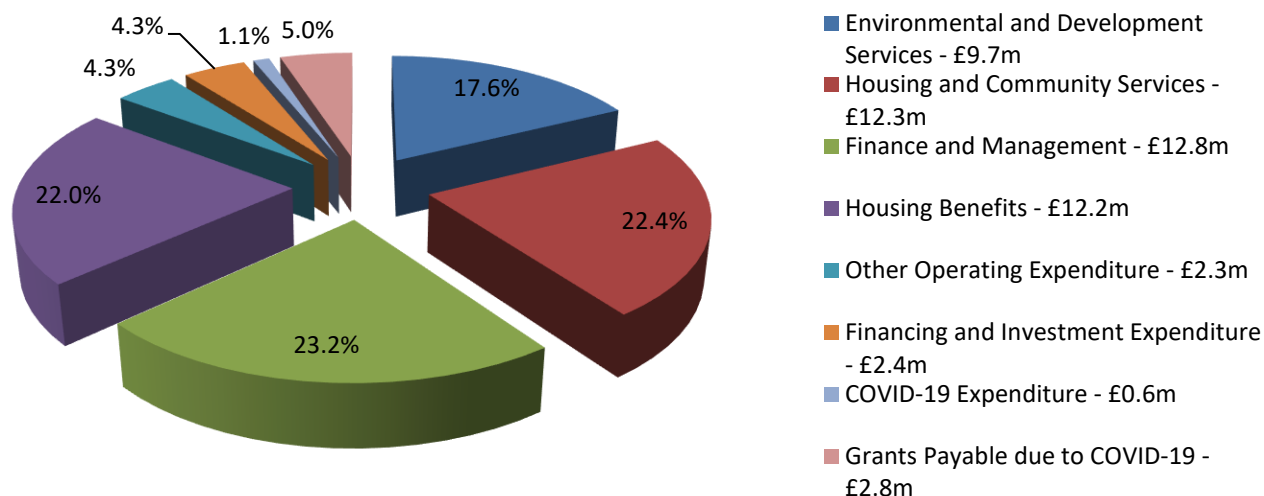
Surpluses were budgeted and expected for the year, the General Fund however performed better than budgeted by £284k. This is due mainly to lower service expenditure. The HRA reserve has decreased by £421k which is as higher than expected and budgeted.

The Comprehensive Income and Expenditure Statement is reported in line with the decision-making Committee structure of the Council. Performance of individual service areas within each Committee is reported to elected Members on a quarterly basis.

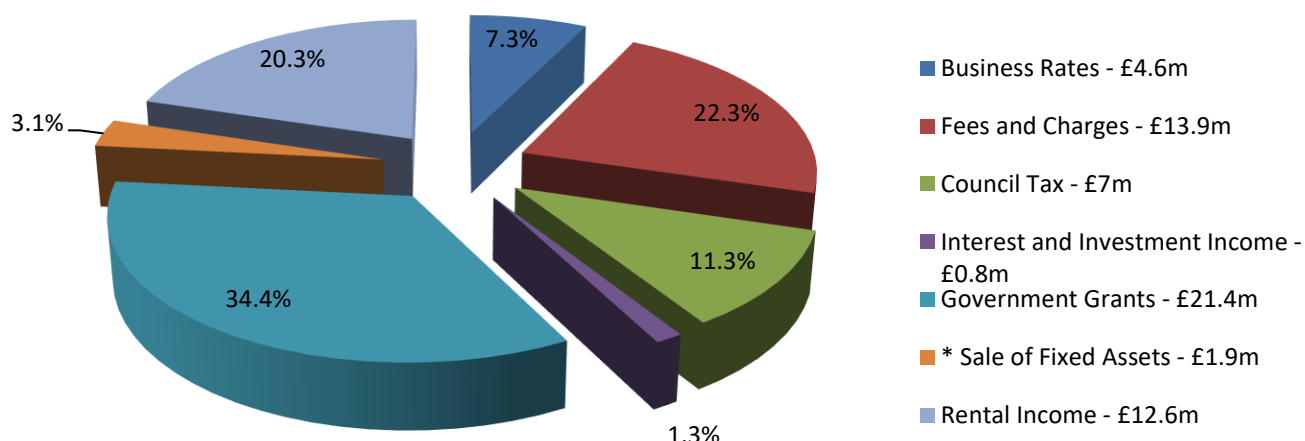
The following charts show the income received and expenditure incurred by the Council during 2021/22 as shown in the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis in Notes 7 to 9:

Narrative Report (continued)

Total Council Expenditure - £55.3m



Sources of Income - £62.3m



**The sale of fixed assets of £1.9m is not used to fund service expenditure and has been transferred into a capital reserve within the Movement in Reserves Statement*

Capital Expenditure and Financing

The Council incurs expenditure in acquiring new assets or through undertaking significant improvements to existing assets. This expenditure is financed from external contributions, Government grants and from the Council's own reserves.

Approximately £5.4m was spent by the Council on capital schemes during 2021/22, compared to £5.9m in 20/21.

Narrative Report (continued)

In summary, the capital expenditure incurred was on council houses (£2.81m), investment in new vehicles (£0.1m), investment in upgrading leisure and recreational facilities (£0.6m), private sector housing including Disabled Facility Grants (£0.9m), environmental protection (£0.7m), asset sale and upgrades (£0.2m) plus new build and acquisition of council housing (£0.2m).



Bungalow acquisitions in Overseal

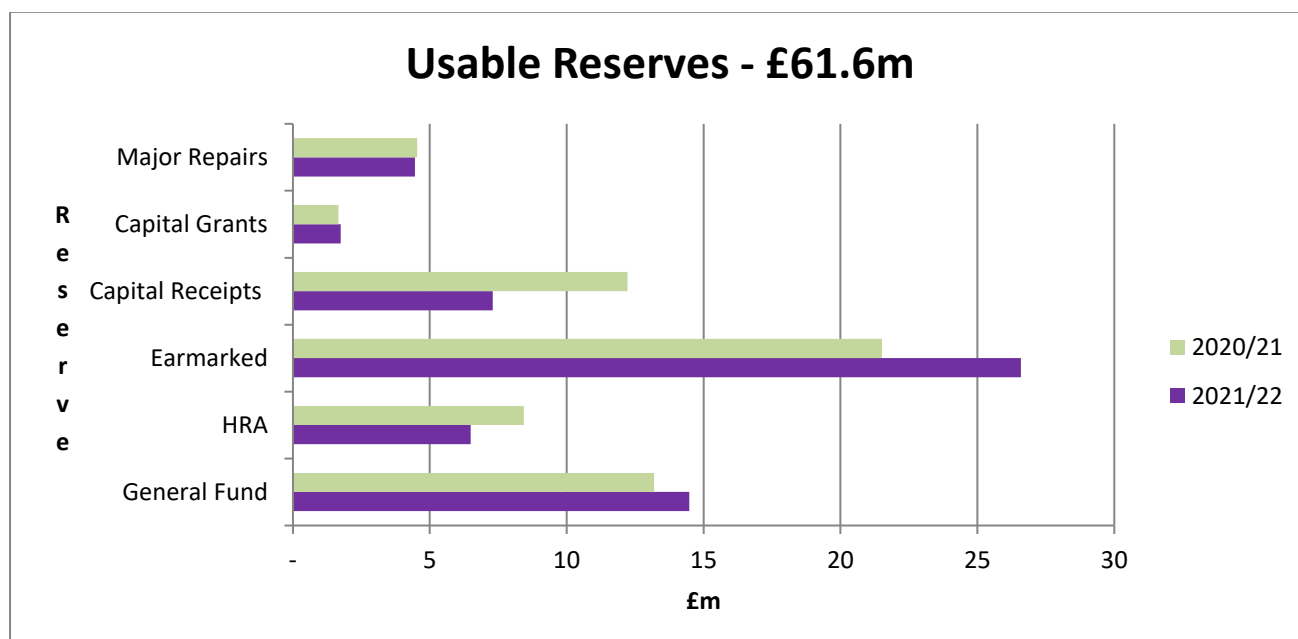
Detail of the Council's capital programme for 2021/22 was reported to the Finance and Management Committee on the 21 July 2022.

This reports the Council performance against the allocated budget for capital expenditure and investment.

Council Reserves

The Council's Usable Reserves have decreased slightly in the year from £61.6 m to £61m due to the repayment of Government Self Financing debt repayment, surpluses in year, receipts of Section 106 planning contributions plus asset sale receipts.

Detail of the Council's Usable Reserves can be found in Note 24 to the Financial Statements but a summary chart showing the movement between 2020/21 and 2021/22 is below:



Unusable reserves have increased from £43.3m to £79m mainly due to a decrease in the pension deficit of £12m as detailed in Note 34 and an increase in the revaluation reserve due to an upward

Narrative Report (continued)

revaluation of Council Dwelling £10m. Further detail of the Unusable Reserves held by the Council is listed in Note 25.

Key Indicator

As part of the Council's Financial Strategy, a minimum unallocated contingency balance of £1.5m is maintained on the General Fund reserve and £1m on the Housing Revenue Account (HRA) reserve. This represents approximately 14% of net revenue expenditure. The balance on the General Fund of £14.5m and £6.5m on the HRA reserve comfortably exceeded this amount as at 31 March 2022.

The Balance Sheet

The Balance Sheet is the Council's assets and liabilities as at 31 March each year. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The overall value of the Council's net assets decreased from £104.8m in 2020/21 to £140.1m in 2021/22.

Assets

Non-current assets increased by £13.3m in year. This is as a result of increased revaluation of the Council's assets.

Current assets increased by £8m in year. The reason for the large movement is mainly due to the increase in cash held by the Council (£8m). Cash has increased mainly due to an increased level of Section 106 agreements paid by Property Developers (£4m) and Government funding received to aid business recovery directly resulting from the Pandemic (£2m). Detail of movements in cash held by the Council is in Note 20.

Liabilities

The liabilities of the Council decreased in year by £16m. The main movements are the repayment of Government Self Financing Debt (£10m) and the reduction of the Pensions deficit (£12m).

Further detail on the Financial Instruments of the Council and performance against our key target can be found in Note 17.

Council Spending and Future Financial Position

The Council's detailed budget and spending plans for 2022/23 and the projected medium-term financial position to 2028 is available at:

[CMIS > Meetings](#)

The Council's General Fund was estimated to generate a deficit in 2021/22 with deficits expected every year going forwards. Following several years of budget savings, the Council's financial position has remained stable and has generally performed better than forecast.

The current Medium-Term Financial Plan (MTFP) highlights budget deficits from 2022/23 onwards. Current base budget costs are forecast to increase year-on-year due to inflation, together with a rapid growth in the local population which will place additional demands upon services.

South Derbyshire District Council does have a good track record of spending within its Budget and in recent years has absorbed inflation and growth. This has enabled it to build up a good level of general reserves as highlighted in these Accounts.

Narrative Report (continued)

The Council continues to benefit from increased income, mainly through planning fees, Council Tax and Business Rates due to the growth of the district. These income streams can be volatile and not guaranteed, being subject to external factors and the impact of this volatility was seen during the recent pandemic and now the impacts of the cost-of-living crisis. Given the cost of fuel and inflation are at its highest in over a decade. Growth is continuing to be seen and it is expected that planning and Council Tax income streams will remain stable. Additional income is reinvested back into services to meet increased demand.

The Future

As mentioned previously, the Council is forecast to be in a deficit position going forward in the current MTFP to 2027. The funding gap of £15m over the life of the MTFP is set to be funded from the General Reserve which is unsustainable in the longer-term. The General Fund reserve can't fund this deficit without falling below the £1.5m approved minimum level at this stage and the level of expected future deficits is reviewed regularly.

The challenges faced by the Council are due to reductions in Central Government funding. Changes to funding streams of Revenue Support Grant and New Homes Bonus have had the biggest impact and have been reported in detail in the MTFP during recent years.

Two Government Consultations (Business Rates Retention Review and Fair Funding Review) were released as part of the Financial Settlement in December 2018 to help determine future core funding. The outcome of these Reviews was likely to impact the Council's financial position significantly. The Funding Reviews have been delayed leaving further uncertainty into the future. At present, the Government has been issuing one-year financial settlements which creates difficulty with medium-term planning.

COVID-19 Pandemic

The Council had anticipated that the negative impact of Covid would continue in 2021/22 and had subsequently budgeted for a loss in income on key services such as Planning and Commercial income. Pleasingly the recovery was quicker than anticipated with reductions not as significant as expected. As a result of prudent budgeting Council reserves have been maintained during the pandemic and in-year government grants and efficiencies identified by officers has resulted in a net efficiency position in 2021/22 allowing for replenishment of reserves to insulate against future deficits for at least an additional 12 months.

The legacy of Covid continues to present in the form of staff shortages and reduced consumer activity but in addition there is also the inflation pressures with inflation predicted to peak at around 10% and the war in the Ukraine affecting fuel and commodity prices. The Council's budget will, unsurprisingly, be negatively affected not only on the costs of delivering Council services (such as fuel on refuse collection) but also there is a risk of a reduction in fees and charges income as consumer confidence drops. In 2021/22 the pressure has been absorbed by efficiencies elsewhere in the budget but moving forward this represents a significant risk.

The Council has continued to successfully support the local community with various Covid-19 government funded grant schemes, this included grants to support businesses such as Restart grants, Additional Restrictions Grants and more recently the Omicron Grants and Energy Rebates.

AND FINALLY

Narrative Report (continued)

For information regarding the Trade Union (Facility Time Publication Requirements) Regulations 2017, please see the Council's website.

The following sections set out the Council's Accounts and Financial Statements for 2021/22. As highlighted earlier, to meet accounting standards, they are necessarily detailed and technical in nature.

Further information is available from the Council at www.southderbyshire.gov.uk or by e-mail to customer.services@southderbyshire.gov.uk referencing any queries as **Statement of Accounts**

Certificate of the Council's and CFO Responsibilities

The Council's Responsibilities

The Council is required to:

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

The Strategic Director (Corporate Resources) Responsibilities

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

In preparing this Statement of Accounts, the Strategic Director (Corporate Resources) has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code of Practice.

The Strategic Director (Corporate Resources) has also:

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

Certification by the Strategic Director (Corporate Resources)

I certify that this Statement of Accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the financial position of the Council at 31 March 2022, and its income and expenditure for the year ended on that date.



Kevin Stackhouse (CPFA)

Chief Finance (Section 151) Officer

Certificate of Chief Financial Officer

I certify that:

- (a) The Statement of Accounts for the year ended 31 March 2022 on pages 19 to 22 has been prepared in the form directed by the Code and under the accounting policies set out on pages 23 to 36.
- (b) In my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

Signed:

Dated:

Independent Auditor's Report

**TO BE INSERTED AFTER THE AUDIT OF THE
STATEMENT OF ACCOUNTS IS COMPLETE**

Independent Auditor's Report

**TO BE INSERTED AFTER THE AUDIT OF THE
STATEMENT OF ACCOUNTS IS COMPLETE**

Council Approval of Statement of Accounts

These accounts are to be approved by resolution of the Finance and Management Committee on 12 January 2023 after completion of the External Audit.

Signed

Dated

Comprehensive Income and Expenditure Statement

For the year ended 31 March 2022

This statement, as set out below, 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. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

£000's	2021/22			2020/21		
	Expenditure	Income	Net	Expenditure	Income	Net
Environmental and Development Services	9,756	(4,364)	5,392	9,023	(3,364)	5,660
Housing and Community Services (incl HRA)	12,386	(14,547)	(2,161)	12,995	(13,801)	(806)
Finance and Management	25,001	(20,585)	4,415	25,952	(19,420)	6,532
Cost of Services	47,143	(39,496)	7,647	47,970	(36,585)	11,385
Other Operating Income & Expenditure			418			474
Exceptional (Note 5)			-			-
Total Other Operating Income & Expenditure (Note 12)			418			474
Financing & Investment Income & Expenditure (Note 13)			1,628			2,012
Taxation & Non-Specific Grant Income (Note 14)			(16,698)			(15,347)
(Surplus)/Deficit on Provision of Services			(7,006)			(1,475)
(Surplus)/Deficit on revaluation of Assets			(11,992)			(4,011)
(Surplus)/Deficit on revaluation of Available for Sale Assets			(631)			26
Remeasurement of the Net Defined Benefit Liability (Note 34)			(14,999)			13,402
Total Comprehensive Income & Expenditure			(34,628)			7,942

Movement in Reserves Statement

For the year ended 31 March 2022

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or deficit on the provision of services represents the true economic cost of providing services but is not the same as the statutory amounts that must be charged to the General Fund and the Housing Revenue Account for the purpose of setting Council Tax and dwelling rents. These are shown by the net increase / (decrease) before transfers to Earmarked Reserves and are calculated after entering all the adjustments that are required to move from the economic (accounting) basis to the funding basis.

Reserves 2021/22	General Fund	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
<i>£000's</i>									
Balance at 31 March 2020	12,605	16,316	8,260	10,120	1,635	4,190	53,126	60,288	113,413
Movement in reserves during 2020/21:									-
Restated Total Comprehensive Income & Expenditure	(215)	-	1,911	-	-	-	1,696	(10,272)	(8,576)
Adjustments between accounting basis & funding basis (Note 10)	5,855	-	(1,591)	2,046	29	352	6,743	(6,743)	-
Net increase/(decrease) before transfers to Earmarked Reserves	5,640	-	320	2,046	29	352	8,439	(17,015)	(8,576)
Transfers to/from Earmarked Reserves	(5,052)	5,202	(150)	-	-	-	-	-	-
Increase/(decrease) for the year ended 31 March 2020	588	5,202	170	2,046	29	352	8,439	(17,015)	(8,576)
Balance at 31 March 2021	13,193	21,518	8,430	12,166	1,664	4,541	61,580	43,957	105,537
Movement in reserves during 2021/22:									
Total Comprehensive Income & Expenditure	3,754	-	3,252	-	-	-	7,006	27,623	34,629
Adjustments between accounting basis & funding basis (Note 10)	2,536	-	(5,143)	(4,924)	79	(85)	(7,536)	7,536	-
Net increase/(decrease) before transfers to Earmarked Reserves	6,290	-	(1,891)	(4,924)	79	(85)	(531)	35,159	34,629
Transfers to/from Earmarked Reserves	(5,027)	5,072	(45)	-	-	-	-	-	-
Increase/(decrease) for the year ended 31 March 2021	1,263	5,072	(1,936)	(4,924)	79	(85)	(531)	35,159	34,629
Balance at 31 March 2022	14,472	26,590	6,494	7,242	1,743	4,456	60,996	79,116	140,116

Balance Sheet

For the year ended 31 March 2022

The Balance Sheet shows the value as at 31 March 2022 of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses from asset revaluations, together with reserves that account for timing differences.

£000's		2022	2021
	<i>Notes</i>		
Property, Plant & Equipment	15	163,972	152,036
Investment Property	16	5,991	5,674
Long-term Investments	17	4,269	3,638
Long-term Debtors	17	106	119
Non-Current Assets		174,338	161,466
Inventories		117	104
Short-term Debtors	18	11,698	13,211
Assets Held for Sale	21	0	-
Cash & Cash Equivalents	20	64,010	56,544
Current Assets		75,825	69,860
TOTAL ASSETS		250,163	231,326
Short-term Creditors	22	(30,991)	(24,700)
Short-term Borrowing	17	(89)	(10,089)
Provisions	23	(742)	(1,157)
Current Liabilities		(31,822)	(35,947)
Long-term Creditors	17	(57)	(48)
Long-term Borrowing	17	(47,423)	(47,423)
Pension Deficit	34	(30,745)	(42,420)
Non-Current Liabilities		(78,225)	(89,892)
TOTAL LIABILITIES		(110,048)	(125,839)
NET ASSETS		140,116	105,487
Usable Reserves	24	(60,999)	(61,531)
Unusable Reserves	25	(79,115)	(43,957)
TOTAL RESERVES		(140,116)	(105,487)

Cash Flow Statement

For the year ended 31 March 2022

The Cash Flow Statement, as set out below, shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Council.

£000's		2022	2021
	<i>Notes</i>		
Cash generated from operations			
Net Surplus/(Deficit) on the provision of services		7,006	1,475
Adjustment for non-cash movements:			
Depreciation	15	5,823	5,589
Impairments/Revaluations		(3,545)	(353)
Movement in Pension Liability	34	3,324	1,412
(Profit)/Loss from the sale of Property, Plant & Equipment	12	(867)	(729)
Changes in working capital:			
(Increase)/Decrease in Inventory		(13)	15
(Increase)/Decrease in Debtors	17	1,525	(4,523)
(Increase)/Decrease in Provision for Bad Debts	18	4	(620)
Increase/(Decrease) in Creditors	22/23	2,404	9,271
Net cash generated from operations		15,660	11,538
Cash flows from investing activities			
Purchase of Property, Plant & Equipment	32	(3,605)	(4,645)
Purchase of Investment Properties	16	(12)	(68)
Purchase of long-term Investments	17	-	-
Proceeds from the sale of Non-Current Assets	12	1,946	1,673
Net cash flows from investing activities		(1,671)	(3,040)
Cash flows from financing activities			
Proceeds from new Borrowings	17	-	61
Agency Agreement with Central Government	22	3,477	2,072
Repayment of Borrowings	17	(10,000)	-
Net cash flows from financing activities		(6,523)	2,134
Net increase in cash & cash equivalents		7,466	10,632
Cash & cash equivalents at the beginning of the period	20	56,544	45,912
Cash & cash equivalents at the end of the period	20	64,010	56,544

Cash Flow Statement

For the year ended 31 March 2022



Notes to the Financial Statements

For the year ended 31 March 2022

1. Accounting Policies

(a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position as at 31 March 2022. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and the Service Reporting Code of Practice 2021/22, supported by the International Financial Reporting Standards (IFRS). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Council's financial statements have been prepared on a going concern basis; the accounts have been prepared on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in The United Kingdom 2021/22) in respect of going concern reporting requirements reflect the economic and statutory environment in which the Council operates. As a result of this, it would not therefore be appropriate for the financial statements to be produced on anything other than a going concern basis.

Finances of all local authorities have been adversely affected by COVID-19, throughout 2021/22 recovery of pandemic has been reflected in the Councils financial position. Overall the impact as it currently stands will not be material to the Council's longer-term financial position. This is due to the level of Government funding and, the high level of Reserves held by the Council, together with its robust medium-term financial plans for the General Fund and Housing Revenue Accounts.

Reports are regularly taken to the Finance and Management Committee updating the current and forecasted position of the Council's financial position. The final outturn was reported on 21 July 2022 for 2021/22 with the next full quarterly forecast for 2022/23 presented in August 2022.

The mitigating factor underpinning the going concern assessment is that the authority continues to have available General Fund balances above the current recommended minimum working balance.

At the end of 2022/23 it is budgeted to be £12.1m which is £11.1m above the minimum level. Additionally, the Council's cash flow forecasts anticipate that cash balances will remain in a positive position for at least twelve months following publication of these financial statements and do not forecast a need to borrow. The Council has undertaken cash flow modelling through to March 2024 which demonstrates the Council's ability to work within its Capital Financing Requirement and cash management framework, with a minimum cash balance forecast during the period of £9m. Given this, the Council considers that the Statements can be prepared on a going concern basis.

The Statement of Accounts has been prepared in Sterling rounded to the nearest thousand.

The accounting policies are consistent with those applied in the year ended 31 March 2021, as amended to reflect the adoption of any new accounting standards as required by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

(b) Accruals of Income and Expenditure

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

- Revenue from the sales of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that the economic benefits or services potential associated with the transaction will flow to the Council.

Notes to the Financial Statements

For the year ended 31 March 2022

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are recognised as inventories on the Balance Sheet.
- Revenue from the provisions of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Where the income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Expenses relating to the services received (including services provided by employees) are recorded as expenditure when the services are received rather than when the payments are made.
- The Council Tax and income included in the Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The NDR income included in the Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year from the Statutory Return following the close of the financial year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund adjustment account through the Movement in Reserves Statement.

Accounting for Council Tax

While the Council Tax income for the year credited to the Collection fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund or paid from the Collection Fund to the major preceptors. The amount credited to the General Fund under statute is the Council's precept for the year, plus or minus the Council's actual share of the surplus / deficit on the Collection Fund for the previous year.

The cash collected by the Council from Council Tax payers belongs predominantly to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and payments made to them is reflected as a debtor or creditor balance as appropriate.

Accounting for Non-Domestic Rates (NDR) – Business Rates

The NDR income for the year credited to the Collection Fund is the accrued income for the year. Regulations determine when it should be released from the Collection Fund and paid out to major preceptors (excluding the Police and Crime Commissioner for Derbyshire) and the Government. The amount credited to the General Fund under statute is the Council's estimated share of NDR for the year from the statutory return made to the Government at the commencement of the financial year.

The cash collected by the Council from NDR Tax payers belongs predominantly to all the major preceptors (excluding the Police and Crime Commissioner for Derbyshire) and the Government. The difference between the amounts collected on behalf of the other major preceptors and payments made to them is reflected as a debtor or creditor balance as appropriate.

(c) Cash and Cash Equivalents

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that mature in a specified period of no more than 364 days, or less from the date of acquisition. They are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

(d) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

(e) Charges to Revenue 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 fixed assets during the year:

- ➔ Depreciation attributable to the assets used by the relevant service.
- ➔ Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluations reserve against which the loss can be written off.

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from the revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, impairment losses and amortisations are replaced by the contribution in the General Fund of a Minimum Revenue Provision (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

(f) Employee Benefits

Benefits Payable during Employment

Short Term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, annual leave, sick pay and car allowances. These are for current employees and are recognised as expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements, including annual leave, earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

The accrual is made at the wage or salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Termination Benefits are amounts payable as a result of a decision by the Council to terminate employment of employees before the normal retirement date, or an employee's decision to accept voluntary redundancy. These are charged on an accruals basis to the relevant service line of the Comprehensive Income and Expenditure Statement, when the Council is clearly committed to the termination of employment.

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

Post-Employment Benefits

Employees of the Council are entitled to be members of the Local Government Pension Scheme, administered by Derbyshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions) earned as Council employees.

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

- The liabilities of the Derbyshire County Council Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method. This means there is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate on long-term redemption yields available on AA rated corporate bonds.
- The assets of the Derbyshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities - mid market value.
 - Unquoted securities - professional estimate.
 - Unitised securities - average of the bid and offer rates.
 - Property - market value.

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

Service cost comprising

- Current service cost - the increase in liabilities as result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- Past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier year, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Finance and Management.
- Net interest on the net defined benefit liability (asset) i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Finance and Investment Income and

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Expenditure line in the Comprehensive Income and Expenditure Statement; this is calculated by applying the discount rate used to measure the defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurement 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 Derbyshire County Council Pensions Fund

The cash paid as employer's contributions to the pensions fund in the settlement of liabilities are not accounted for as an expense as statutory provisions require the General Fund and Housing Revenue Account Balances to be charged with the amount payable by the Council to the Pension Fund, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations 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 any amounts payable to the fund 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 flow rather than as benefits earned by the employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any additional liabilities that arise as a result of a discretionary award to an employee 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.

(g) Events after the Balance Sheet Date

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

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

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

(h) Financial Instruments

Financial Liabilities

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

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

Financial Assets

Financial assets are classified into three types:

- Loans and receivables - assets that have fixed or determinable payments but are not quoted on an active market.
- Fair value through other comprehensive income (FVOCI) – where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category.
- Fair value through profit and loss – all other financial assets.

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially valued at fair value, based upon prevailing benchmark market rates for new borrowing. They are subsequently measured and carried on the Balance Sheet at amortised cost. PWLB loan fair value estimates are based upon new borrowing (certainty rate) discount rates. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Investments elected in to the FVOCI category are recognised when the Council becomes a party to the contractual provisions of a financial instrument and are initially valued at fair value in the Balance Sheet. Changes in fair value are balanced by an entry in the Financial Instrument Revaluation Reserve and the gain/loss is recognised in the surplus or deficit on Revaluation of Financial Instruments. Any gains/losses on de-recognition are taken directly to the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Financial Instrument Revaluation Reserve.

(i) Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, Government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurances that the:

- Council will comply with the conditions attached to the payments; and
- Grants or contributions will be received.

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

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

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

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

(j) Investment Property

Investment properties are those that are solely used to earn rentals and/or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset would be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposals.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserve Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

(k) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administration purposes and that are expected to be used in more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of, Property, Plant or Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Assets are valued into components where a component may be a significant proportion of the overall value of the asset. For example, asset values may be split between land, buildings and services. Where a component is replaced, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount, subject to the recognition principles detailed above being met.

Measurement

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Fair value is defined by IFRS 13 as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

IFRS13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

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

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

Level 3 – unobservable input for the asset or liability.

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. The Council is unable to capture the impact of adopting IFRS13 in isolation as many other factors, such as market conditions, will have had an impact upon the valuation in the end.

Assets are initially measured at cost, comprising:

- The purchase price
- Any cost attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

- Vehicles, Plant and Equipment – depreciated historical cost.
- Land and Buildings - Fair value (the amount that would be paid for land and buildings in their existing use)
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH).
- Assets under construction – carried at cost until in use and then carried at EUV-SH.
- Surplus assets – best use fair value, based on what would be paid for the asset on the open market.

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

- All other assets – fair value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from reversals of a loss previously charged to a service.)

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

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

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an 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 by:

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is not charged on the year of acquisition or disposal.

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Depreciation is calculated on the following bases:

- Dwellings and other buildings – Straight-line allocation over the useful life of the property as estimated by the Valuer (between 18 and 75 years).
- Vehicles, plant, furniture and equipment – Straight-line allocation over the useful life of the item, as advised by a suitably qualified officer usually between 5 and 7 years.
- Community Assets – Not depreciated as their life is non-determinable,
- Land, Surplus assets not held for sale (land) and assets under construction - Not depreciated
- Surplus assets not held for sale (property) - Straight-line depreciation over the useful life of the asset up to 45 years.
- Infrastructure Assets - Straight-line depreciation allocation over the useful life of the asset up to 20 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item (as determined by the VOA), the components are depreciated separately.

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

Disposals and Non-current 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. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provisions of services. Depreciation is not charged on Asset Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as 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.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

Amounts received for a disposal are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

the Capital Receipts Reserve and then only can be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

(l) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a dispute that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate of the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision set-up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year, where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

(m) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund and HRA Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserve Statement so that there is no net charge against Council Tax for the expenditure incurred.

Certain reserves are kept to manage the accounting processes for Non-current assets, financial instruments, retirements and employee benefits. These do not represent usable resources for the Council. These reserves are explained in the relevant policies.

(n) Revenue Expenditure Funded from Capital under Statute

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

(o) Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not receivable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

(p) Principal and Agent Transactions

In its capacity as a billing authority the Council acts as an agent when collecting Council Tax & Non-Domestic Rate income and also with the COVID-19 Business Grants distributed on behalf of the Government. Council Tax income is collected and distributed by the Council both on its own behalf and as an agent for Precepting Authorities. Non-Domestic Rate (NNDR) income is collected on behalf of the Council, the Government, Derbyshire Fire and Rescue Authority & Derbyshire County Council. Business Grant income was provided to the Council by the Government and is distributed based on strict rules imposed by the Government.

Where the Council is acting as an agent, transactions are not reflected in the financial statements, except where cash is collected, or expenditure is incurred on behalf of the other bodies. In this case a debtor or creditor will be raised. Council Tax & NNDR income is included in the Comprehensive Income & Expenditure Statement on an accruals basis

(q) Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The inventory is used in the delivery of Council services.

Work in progress on long-term contracts, where interim valuations are made, is included in the appropriate revenue accounts at historical cost covering the main cost elements (labour, materials, etc.)

(r) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially the entire risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

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

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

Operating Leases - The Council as a Lessee

Rental paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

Operating Leases - The Council as a Lessor

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental Income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

(s) Exceptional Items

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

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

Local Authorities are required 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. The following standards have not yet been adopted:

→ IFRS 16 Leases

The impact of IFRS 16 will be considered for the 2021/22 Statement of Accounts. It is not considered that this standard will have a material impact on the Accounts although the exact impact is not currently known.

3. Critical Judgements

In applying the accounting policies as set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in these Accounts are detailed below.

Deferred Capital Receipts

Oversetts Road, Swadlincote

The Council has received a payment against the Deferred Capital Receipt created in the 2021/22 Statement of Accounts for the profit from a proportion of land that has been developed. The Council has received £420k of £1.5m expected over the two-year collaboration agreement. The Council is

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

expected to receive another payment in 2022/23 of £280k with the balance due once the final parcel of land is sold. All receipts are expected to be received during 2022/23.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain.

Estimates are made taking into account historical experience, current trends and other relevant factors.

However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current financial climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The valuation of assets has a level of uncertainty in 2021/22 due to the COVID-19 pandemic and the availability of economic data to support the valuations which may mean that the Balance Sheet Non-Current Assets are not a true reflection of the amount the Council could generate by selling all of its assets.
Provisions	The Council has made provisions in 2021/22 totalling £743k, comprising of Business Rate appeals (£733k) and Termination payments (£9k). The amounts are based on informed estimates of the final liability.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets, etc. A firm of consulting actuaries is engaged to provide the Pensions Administrator with expert advice about the assumptions to be applied.
Valuations	It is considered that a fair value basis under IFRS 13, applies to the Council's Investment Properties which are let under leases to local businesses in return for a rental income. These assets are not held as part of a wider economic development strategy for the district. Their value, at approximately £5.9m as shown in Note 16, reflects this position. In addition, long-term financial liabilities in the form of HRA loans outstanding of approximately £47m reflect a fair value measurement as shown in Note 17.

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Employee Benefits Payable During Employment	<p>The Council has accrued for known holiday entitlement outstanding as at 31 March 2022, but not taken. This was based on the Council's on-line Annual Leave System (ALS) which records leave as it is authorised and taken during the year. Accrued leave was calculated as £57k at 31 March 2022, compared to £42k at 31 March 2021. The Council has policies in place concerning the taking of accrued leave and other time in lieu. Only in special circumstances can this be converted into cash payments to the employees concerned. Therefore, in practice, much of the accrued sum is unlikely to be a true financial cost and, in most circumstances, the accrued time is managed within the confines of service delivery. Therefore, the accrued sum is not a charge to the Council's Reserves and with any cash payments being accounted for in the year that they are made.</p>
Bad and Doubtful Debts	<p>The Council has several debts outstanding at 31 March 2022. It is likely that a proportion of this debt will not be collectable in the future. Therefore, judgements are made to determine the amount that will remain uncollected, and this is converted into a sum which is transferred into a provision, in order that uncollectable debts can be written off.</p> <p>Debts are categorised into type and profile of the debtor. Judgements are then made, in some instances at an individual level, regarding the size of debt, period outstanding and any payments in place, etc. A percentage is then applied to debts that may not be collected. Generally, the older the debt, the greater the percentage applied. The percentage is also informed by past experience and the current economic climate. Within the overall resources of the Council, a prudent view is taken in calculating a bad debts provision.</p>

5. Exceptional items of Income and Expense

There are no exceptional items in 2021/22.

6. Events after the Balance Sheet Date

There have been no events following the balance sheet date.

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement.

£000's	2021/22			2020/21		
	Net Expenditure Chargeable to GF & HRA	Adjustments between Accounting & Funding (Notes 8&10)	Net Expenditure in Comprehensive Income & Expenditure Statement	Net Expenditure Chargeable to GF & HRA	Adjustments between Accounting & Funding (Notes 8&10)	Net Expenditure in Comprehensive Income & Expenditure Statement
Environmental and Development Services	5,255	(137)	5,392	5,152	(508)	5,660
Housing and Community Services (incl HRA)	1,999	4,160	(2,161)	528	1,334	(806)
Finance and Management	2,366	(2,050)	4,415	4,928	(1,604)	6,532
Net Cost of Services	9,620	1,973	7,647	10,607	(778)	11,384
Other Operating Income & Expenditure	(13,540)	1,112	(14,652)	(16,347)	(3,486)	(12,861)
(Surplus)/Deficit	(3,920)	3,086	(7,006)	(5,739)	(4,264)	(1,476)
Opening General Fund and HRA Balances	(42,921)			(37,182)		
(Surplus) / Deficit on General Fund and HRA Balances in year	(3,920)			(5,739)		
Closing General Fund and HRA Balances at 31 March	(46,841)			(42,921)		

*For a split of the balance between General Fund and HRA see the Movement in Reserves Statement

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

8. Note to the Expenditure and Funding Analysis

2021/22	Adjustments for Capital Purposes [1]	Net Change for the Pensions Adjustments [2]	Other Differences [3]	Total Adjustments
£000's				
Environmental and Development Services	(137)	-	-	(137)
Housing and Community Services	4,626	(466)	-	4,160
Finance and Management	808	(2,858)	-	(2,050)
Net Cost of Services	5,297	(3,324)	-	1,973
Other Income and Expenditure from Expenditure and Funding Analysis	258	-	855	1,112
Difference between General Fund and HRA (Surplus)/Deficit and the (Surplus)/Deficit on the Provision of Services	5,555	(3,324)	855	3,086

2020/21	Adjustments for Capital Purposes [1]	Net Change for the Pensions Adjustments [2]	Other Differences [3]	Total Adjustments
£000's				
Environmental and Development Services	(508)	-	-	(508)
Housing and Community Services	1,524	(190)	-	1,334
Finance and Management	(382)	(1,222)	-	(1,604)
Net Cost of Services	634	(1,412)	-	(778)
Other Income and Expenditure from Expenditure and Funding Analysis	321	-	(3,807)	(3,486)
Difference between General Fund and HRA (Surplus)/Deficit and the (Surplus)/Deficit on the Provision of Services	955	(1,412)	(3,807)	(4,264)

1. These amounts relate to adjustments for capital purposes such as depreciation, impairments and revaluations.
2. These amounts relate to the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits.
3. This amount relates to the difference between what is chargeable under statutory regulations for council tax and NNDR and income recognised under generally accepted accounting practices in the Code.

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

9. Expenditure and Income Analysed by Nature

£000's	2021/22	2020/21
Expenditure		
Employee Expenses	18,541	15,352
Other service expenses	28,516	30,163
Depreciation and Impairment	2,277	5,067
Interest payable	1,527	1,540
Parish precepts	974	891
Grants issued to the public due to COVID-19	2,770	2,837
Elected Members allowances	389	366
Payments to Housing Capital Receipts Pool	312	261
Total expenditure	55,305	56,478
Income		
Fees, charges and other service income	(13,890)	(10,293)
Interest and investment income	(831)	(1,061)
Income from Council Tax and Non-Domestic Rates	(11,581)	(10,562)
Rental income	(12,625)	(12,335)
Income from Sale of Fixed Assets	(1,946)	(1,530)
Government grants and contributions	(21,437)	(19,414)
Total income	(62,311)	(55,194)
(Surplus) / Deficit on the Provision of Services	(7,005)	(1,475)

Income received on a segmental basis is analysed in the table below.

£000's	2021/22	2020/21
Environmental and Development Services	(4,153)	(3,223)
Housing and Community Services (incl HRA)	(1,609)	(1,044)
Finance and Management	(8,128)	(6,025)
Total income from external customers	(13,890)	(10,293)

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

10. Adjustments between Accounting Basis and Funding Basis under Regulation

2021/22	Usable Reserves					Total
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
£000's						
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions Costs (transferred to/from Pensions Reserve)	2,858	466	-	-	-	3,324
Council Tax and NNDR (transferred to/from Collection Fund Adjustment Account)	(855)	-	-	-	-	(855)
Deferred Capital Receipts (transferred to/from Deferred Capital Receipts Reserve)	-	-	421	-	-	421
Holiday Pay (transferred to/from Accumulated Absences Reserve)	15	1	-	-	-	17
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (charged to the Capital Adjustment Account)	1,120	2,194	-	-	-	3,313
Total Adjustments to Revenue Resources	3,138	2,661	421	-	-	6,220
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(108)	(1,838)	1,946	-	-	-
Payments to the Government Housing Receipts Pool	-	312	(312)	-	-	-
Posting of HRA resources from Revenue to the Major Repairs and Capital Receipts Reserve	-	(6,277)	3,594	-	2,683	-
Posting of General Fund resources from revenue to the Capital Grants Unapplied	(79)	-	-	79	-	-
Voluntary revenue contribution for capital funding	(76)	-	-	-	-	(76)
Statutory provision for the repayment of debt (transferred from the Capital Adjustment Account)	(182)	-	(10,000)	-	-	(10,182)
Capital expenditure financed from revenue (transferred to the Capital Adjustment Account)	(157)	-	-	-	-	(157)
Total Adjustments between Revenue and Capital Resources	(602)	(7,804)	(4,771)	79	2,683	(10,415)
Adjustments to Capital Resources						
Use of Capital Receipts Reserve to finance capital expenditure	-	-	(574)	-	-	(574)

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Use of Major Repairs Reserve to finance capital expenditure	-	-	-	-	(2,768)	(2,768)
Application of capital grants to finance capital expenditure	-	-	-	-	-	-
Total Adjustments to Capital Resources	-	-	(574)	-	(2,768)	(3,341)
Total Adjustments	2,536	(5,143)	(4,924)	79	(85)	(7,536)

10. Adjustments between Accounting Basis and Funding Basis under Regulation (continued)

2020/21	Usable Reserves					
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total
<i>£000's</i>						
<u>Adjustments to Revenue Resources</u>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions Costs (transferred to/from Pensions Reserve)	1,222	190	-	-	-	1,412
Council Tax and NNDR (transferred to/from Collection Fund Adjustment Account)	3,807	-	-	-	-	3,807
Deferred Capital Receipts (transferred to/from Deferred Capital Receipts Reserve)	-	-	518	-	-	518
Holiday Pay (transferred to/from Accumulated Absences Reserve)	26	4	-	-	-	30
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (charged to the Capital Adjustment Account)	2,740	3,270	-	-	-	6,010
Total Adjustments to Revenue Resources	7,796	3,464	518	-	-	11,777
<u>Adjustments between Revenue and Capital Resources</u>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(855)	(791)	1,646	-	-	-
Payments to the Government Housing Receipts Pool	-	311	(311)	-	-	-
Posting of HRA resources from Revenue to the Major Repairs and Capital Receipts Reserve	-	(4,471)	1,536	-	2,935	-

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Posting of General Fund resources from revenue to the Capital Grants Unapplied	(29)	-	-	29	-
Voluntary revenue contribution for capital funding	(131)	-	-	-	(131)
Statutory provision for the repayment of debt (transferred from the Capital Adjustment Account)	(190)	-	-	-	(190)
Capital expenditure financed from revenue (transferred to the Capital Adjustment Account)	(679)	-	-	-	(679)
Total Adjustments between Revenue and Capital Resources	(1,883)	(5,000)	2,920	29	2,935
<u>Adjustments to Capital Resources</u>					
Use of Capital Receipts Reserve to finance capital expenditure	(57)	(54)	(1,340)	-	(1,451)
Use of Major Repairs Reserve to finance capital expenditure	-	-	-	(2,583)	(2,583)
Application of Capital Grants to finance capital expenditure	-	-	-	-	-
Total Adjustments to Capital Resources	(57)	(54)	(1,340)	-	(2,583)
Total Adjustments	5,855	(1,591)	2,098	29	6,743

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

11. Movements in Earmarked Reserves

This note details the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans, together with amounts posted back from earmarked reserves to meet General Fund expenditure in 2021/22.

£000's	Closing balance 2020/21	Transfers in	Transfers out	Closing balance 2021/22
General Fund				
IT Reserve	866	166	(125)	907
Committed Expenditure Reserve	186	3	-	189
Economic Regeneration Fund	932	-	(37)	895
S106 Receipts	10,371	5,332	(1,405)	14,298
Rosliston Capital Reserve	177	42	-	219
Public Buildings Maintenance	200	-	-	201
Welfare Reform, Fraud and Compliance	327	114	(33)	407
Homelessness Prevention	345	75	-	419
Schools Sport Partnership Project	269	120	-	389
Pensions Reserve	91	134	-	225
NNDR Deficit Provision	3,263	-	(2,120)	1,143
Local Authority COVID-19 Support	531	131	(0)	661
Asset Replacement and Renewal Fund	284	88	-	372
Public Open Space Reserves	562	-	(137)	425
District Growth	913	743	(300)	1,357
Biodiversity Enhancements - Swadlincote Reserve	158	-	-	158
Section 31 Compensation	-	1,672	-	1,672
Other Earmarked Reserves	709	666	(133)	1,242
Total	20,183	9,285	(4,290)	25,179
Fixed Asset Replacement Fund	1,336	315	(240)	1,411
	21,519	9,600	(4,530)	26,590

12. Other Operating Income and Expenditure

Total £000's	2021/22	2020/21
Parish Council Precepts	987	848
Parish Council Tax Support Grant	44	44
Payments to the Government Housing Capital Receipts Pool	261	261
Total - Other Operating Expenditure	1,291	1,153
Profit on disposal of non-current assets		
Normal (see below)	(867)	(729)
Exceptional (Note 5)	-	-
Total - profit on disposal of non-current assets	(867)	(729)

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Total - Other Operating (Income) / Expenditure	424	423
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12. Other Operating Income and Expenditure (continued)

(Profits)/losses on the disposal of non-current assets £000's	2021/22	2020/21
Net Proceeds from Sale of General Assets	(108)	(883)
Net Proceeds from Sale of HRA Assets	(1,838)	(790)
Disposal Costs	-	22
Book Value of non-current assets sold	1,079	921
Total	(867)	(729)

13. Financing and Investment Income and Expenditure

Total £000's	2021/22	2020/21
Interest Payable and Similar Charges	1,533	1,546
Interest Receivable and Similar Income	(227)	(413)
Net Interest on the Net Defined Benefit Liability (note 34)	872	644
Income and Expenditure in Relation to Investment Properties	(550)	10
Total	1,628	1,787

14. Taxation and Non-Specific Income

Total £000's	2021/22	2020/21
Council Tax Income	(7,011)	(6,564)
NNDR Income	(4,570)	(3,781)
Local Authority Support for COVID-19	(1,696)	(280)
Non-Ring-Fenced Government Grants	(3,535)	(4,722)
Total	(16,812)	(15,347)

Council Tax Income £000's	2021/22	2020/21
Current Year	(7,011)	(6,564)
Total	(7,011)	(6,564)

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

14. Taxation and Non-Specific Income (continued)

National Non-Domestic Rates (NNDR) £000's	2021/22	2020/21
Current Year	(10,098)	(7,374)
Tariff Payments	6,631	6,631
Business Rate Reliefs	(1,136)	(3,693)
Taxation Income Guarantee	(444)	(215)
Payment to Business Rates Pool	476	871
Total	(4,570)	(3,781)

Local Authority Support for COVID-19 £000's	2021/22	2020/21
Grant Income to Support COVID-19 Expenditure	(1,888)	(1,439)
Expenditure in Relation to COVID-19	184	1,258
Council Tax Hardship Fund	48	(606)
Local Council Tax Support due to Hardship	(40)	507
Total	(1,696)	(280)

Non-Ring-Fenced Government Grants £000's	2021/22	2020/21
Council Tax Discount Grant	(4)	(4)
EU Exit Funding	-	-
Custom Build Grant	-	-
Community Recovery Flood Grants	(10)	(92)
New Homes Bonus	(3,381)	(4,262)
New Burdens Grant	(139)	(364)
Total	(3,535)	(4,722)

- Although the Council Tax Hardship Fund was received by the Council for a specific purpose, it has been reported within non-specific for transparency in relation to COVID-19 grants received to support services

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

15. Property, Plant and Equipment

Year ended 31 March 2022	Council Dwellings	Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
<i>£000's</i>							
Cost or valuation							
At 1 April 2021	129,926	18,194	5,199	1,345	82	105	154,850
Additions	3,031	231	235	-	109	-	3,605
Revaluation Increases/(decrease) recognised in the surplus /deficit on the provision of services	9,595	220	-	51	-	-	9,865
Derecognition - Disposals	(1,073)	-	(29)	-	-	-	(1,102)
Derecognition - Other	-	-	-	-	-	-	-
Assets reclassified (to)/from other accounts	82	-	-	-	-	-	82
Other movements in cost or valuation	-	-	-	-	(82)	-	(82)
At 31 March 2022	141,560	18,645	5,404	1,396	109	105	167,218
Accumulated depreciation & Impairment							
At 1 April 2021			(2,814)	-	-	-	(2,814)
Depreciation Charge	(4,269)	(1,098)	(456)	-	-	-	(5,823)
Depreciation written out to the revaluation reserve	10,609	1,332	-	-	-	-	11,941
Impairments losses/(reversals) recognised on the provision of services	3,254	(14)	-	-	-	-	3,240
Derecognition - Disposals			23		-		23
Derecognition - Other					-	-	-
Other movements in depreciation an impairment	(9,595)	(220)		-	-	-	(9,815)
At 31 March 2022	(0)	(0)	(3,247)	-	-	-	(3,247)
Net Book Value							
At 31 March 2022	141,560	18,645	2,158	1,396	109	105	163,971
At 1 April 2021	129,926	18,194	2,384	1,345	82	105	152,035

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

15. Property, Plant and Equipment (continued)

Year ended 31 March 2020	Council Dwellings	Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
<i>£000's</i>							
Cost or valuation							
At 1 April 2020	124,978	19,277	4,981	1,300	-	105	150,641
Additions	4,018	277	246	-	82	-	4,622
Revaluation Increases/(decrease) recognised in the surplus /deficit on the provision of services	1,330	(1,277)		45	-	-	97
Derecognition - Disposals	(406)	(83)	(28)		-	-	(517)
Derecognition - Other	(29)	-			-	-	(29)
Assets reclassified (to)/from other accounts	36						36
Other movements in cost or valuation	-	-			-	-	-
At 31 March 2021	129,926	18,194	5,199	1,345	82	105	154,850
Accumulated depreciation & Impairment							
At 1 April 2020			(2,224)	-	-	-	(2,224)
Depreciation Charge	(3,942)	(1,033)	(614)	-	-	-	(614)
Depreciation written out to the revaluation reserve	3,978	(12)	-	45		-	45
Impairments losses/(reversals) recognised on the provision of services	1,294	(232)	-	-	-	-	-
Derecognition - Disposals			24		-		24
Derecognition - Other					-	-	-
Other movements in depreciation an impairment	(1,330)	1,277		(45)	-	-	(45)
At 31 March 2021	(0)	0	(2,814)	-	-	-	(2,814)
Net Book Value							
At 31 March 2021	129,926	18,194	2,385	1,345	82	105	152,036
At 1 April 2020	124,978	19,277	2,756	1,300	-	105	148,416

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

15. Property, Plant and Equipment (continued)

Valuations

In accordance with IAS 16, the Council revalues all Property, Land and Buildings annually on a fair value basis. It is considered that there is no material difference in a fair value basis compared to a valuation based on carrying value. All valuations were carried out externally by Jon Higgins MRICS, Senior Surveyor, VOA. Valuations of land and buildings were carried out as at 31 March 2022 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Except for Vehicles, Plant and Equipment, all assets are valued each year and summary values are shown in the following table.

	Council Dwellings	Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets under Construction	Surplus Assets	Total
£000's							
Carried at historical cost 2021/22	-	-	5,199	-	-	-	5,199
Carried at valuation as at:							
31 March 2022	141,560	18,645	2,158	1,396	109	105	163,971
31 March 2021	129,926	18,194	2,384	1,345	82	105	152,035

Valuation Assumptions

The significant assumptions applied in estimating the fair values by the Valuer are as follows:

- The land and property are not contaminated nor adversely affected by radon.
- Parts of the property which are covered, unexposed or inaccessible have not been inspected, and any inspection of those parts that have not been inspected would neither reveal defects nor cause material alteration at any valuation.
- No potentially deleterious or hazardous materials were used in the construction of the assets and none has subsequently been incorporated.
- No investigation has been carried out to determine the presence of contamination, deleterious or hazardous materials at any of the properties.
- The Valuer has not undertaken building or soil surveys or a survey of possible contamination of the subject properties, although the Valuer shall have regard to the apparent state of repair and condition of the properties.
- There has been no recent flooding affecting the assets and representation of the assets on any map identifying possible flood occurrences will have no effect on the value.
- Reliance has been placed on information provided by the Council, except where stated otherwise, and all information supplied by the Council with regard to details of tenure, tenancies, planning consents, details of floor areas and site areas, and all other relevant information is accurate.
- Original documents of title and lease and documentation have not been read.
- Except where specifically mentioned, it has been assumed that the assets are not subject to any unusual or especially onerous restrictions, encumbrances, mortgages, charges or other outgoings would affect their value and a good title can be shown.

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

15. Property, Plant and Equipment (continued)

- Mechanical and electrical installations and other specialist installations and services have not been tested.
- The assets and their values are unaffected by any matters which would be revealed by local search and replies to the usual enquiries or by any statutory notice, and that neither the construction of the properties nor their condition, use or intended use, is or will be unlawful or in breach of any covenants.
- No access audit has been undertaken to ascertain compliance with the Equality Act 2010.
- No allowances have been made for any rights obligations or liabilities arising from the Defective Premises Act 1972.
- Where a building is either listed or is in a conservation area, this will be identified in any individual report or on the valuation schedules.

Market conditions explanatory note: Novel Coronavirus (COVID-19)

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees and to reflect further “waves” of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

Impairments

Impairments for the year ended 31 March 2022 recognised in the Income and Expenditure Statement were £3,545k, with £3,239k of impairments being reversed relating to previous years.

16. Investment Properties

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

£000's	2021/22	2020/21
Balance at the beginning of the year	5,674	6,333
Additions	11	68
Transfers In Year	-	(36)

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Surplus/(Deficit) on revaluation	306	(693)
Balance at the end of the year	5,991	5,674

16. Investment Properties (continued)

Income and expenditure associated with Investment properties (including asset charges) have been accounted for in the "Financing and Investment Income and Expenditure" line in the Comprehensive Income and Expenditure Statement (Note 13).

17. Financial Instruments

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

£000'S	Non-current		Current	
	2021/22	2020/21	2021/22	2020/21
Investments				
Loans and receivables at amortised cost	40	40	-	-
Investments elected to fair value through other comprehensive income	4,229	3,598	-	-
Total Investments	4,269	3,638	-	-
Debtors				
Loans and receivables at amortised cost	106	119	-	-
Financial assets carried at contract amounts			7,251	6,614
Debtors that are not financial instruments			4,447	6,597
Total Debtors	106	119	11,698	13,211
Cash and cash equivalents				
Loans and receivables at amortised cost			56,010	43,044
Investments held at fair value through profit and loss			8,000	13,500
Total cash and Cash Equivalents	-	-	64,010	56,544
Borrowings				
Financial liabilities at amortised costs	(47,423)	(47,423)	(89)	(10,089)
Total Borrowings	(47,423)	(47,423)	(89)	(10,089)
Other Long Term Liabilities	(57)	(48)	-	-
Total Other long term liabilities	(57)	(48)	-	-
Creditors				
Financial liabilities carried at contract amounts	-	-	(3,947)	(3,014)
Creditors that are not financial instruments	-	-	(27,044)	(21,687)
Total Creditors	-	-	(30,991)	(24,700)

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

17. Financial Instruments (continued)

The Council adopted the IFRS9 Financial Instruments accounting standard with effect from 1 April 2018. Upon transition to IFRS 9, and in accordance with paragraphs 5.7.5 and 7.2.8(b) of IFRS 9, the Council made an irrevocable election to present changes in the fair value of the Local Authority (CCLA) Property Fund investments in other comprehensive income.

The investments elected to fair value through other comprehensive income of £4,229k is the fair value of the Council's investment in the CCLA Property Fund. The investments of £40k relate to money held in trust for a local community group. Debtors (Loans and receivables at amortised cost) relate to charges placed on properties following work undertaken by the Council under statutory powers plus other small loans.

As at 31 March 2021, the debt outstanding comprised the following loans.

- A portfolio of loans from the Public Works Loan Board with a book value of £47,423k (2021: £57,423k). £47,423k of the loan portfolio is fixed with rates between 2.7% and 3.5%. The remaining £10,000k loan is a variable rate loan (with a benchmark of the six-month gilt) currently incurring interest at 0.35% (2020: 0.75%) with a maturity of 2022.
- Loans of £89k (£28k: 2020) have been received from various Parish Councils within the South Derbyshire District Council area who have deposited funds with the Council. These loans can be recalled on immediate notice. Interest is calculated at the Bank of England Base Rate, less 1%. In 2020/21 no interest was calculated due to the Bank of England Base Rate being less than 1%.

Interest Income, Expenses, Gains and Losses

As part of the CIPFA Code of Practice in the financial instruments note, the Council is also required to disclose the interest income and expenses and the gains and losses in respect of this. These are shown in the table below:

17. Financial Instruments (continued)

£000'S	2021/22					2020/21				
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Elected to Fair Value through OCI	Financial Assets: Fair Value through Profit & Loss	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Elected to Fair Value through OCI	Financial Assets: Fair Value through Profit & Loss	Total
Interest Expense	1,527	-			1,527	1,546	-			1,546
Total Expense	1,527	-			1,527	1,546	-			1,546
Interest and Dividend Income	-	(82)	(140)	(6)	(227)	-	(249)	(157)	(6)	(413)
Total Income	-	(82)	(140)	(6)	(227)	-	(249)	(157)	(6)	(413)

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Gain on Revaluation	631					(26)				
Net (Gains)/Loss for the Year	1,527	(82)	492	(6)	1,932	1,546	(249)	(183)	(6)	1,107

Fair Values of Assets and Liabilities

The financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. The fair value is assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

The fair values of long-term loans from the Public Works Loan Board have been based on the new lending rates for equivalent loans at that date with an identical remaining term to maturity.

- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment impairment is recognised.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

17. Financial Instruments (continued)

£000'S	Carrying amount 2021/22	Fair Value 2021/22	Carrying amount 2020/21	Fair Value 2020/21
Financial Liabilities				
Long Term	(47,423)	(49,655)	(47,423)	(54,652)
Short Term	(89)	(89)	(10,089)	(10,089)
	(47,512)	(49,744)	(57,512)	(64,741)
Financial Assets				
Money Market Investments	8,000	8,000	13,500	13,500
CCLA Property Fund	4,000	4,229	4,000	3,598
	12,000	12,229	17,500	17,098

The fair value adjustment for long term financial liabilities relates to the Public Works Loan Board Portfolio. The fair values were obtained from the Treasury Management advisor Arlingclose Ltd, which values all loans for the purpose of year-end financial statements. The fair value in 2022 is approximately £2m higher than the current book value. This reflects that the loans are currently worth more due to the average discount rate on these loans being 1.62%, compared to the average actual interest paid of 2.81%.

The valuation technique to measure the money market investments and the CCLA Property Fund is in the category, Level 1, as explained in the Accounting Policies in Note 1.

Nature and Extent of Risks arising from Financial Instruments

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

The CIPFA's Code of Practice on Treasury Management which requires the adoption of the CIPFA Treasury Management Code and the approval of Treasury Management Strategy before the commencement of each financial year has been adopted by the Council. The Strategy sets out the parameters for the management of risks associated with financial instruments.

The Council is exposed to the financial risks:

- 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 its 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 financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Overall Procedures for Managing Risk

The Council's risk management procedures focus on the unpredictability of financial markets, and on implementing restrictions to minimise these. The procedures for risk management are set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code for Treasury Management in the Public Sector which governs borrowing and investment activity.

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

17. Financial Instruments (continued)

- Formally adopting the requirements of the Code of Practice.
- Approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debts;
 - Its maximum annual exposures 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 matters are required to be reported and approved at or before the Council's Annual Council Tax Budget setting. These items are reported with the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. The following narrative

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

summarises the Council's potential maximum exposure to credit risk on financial assets, based on the experience of default assessed by the ratings agencies and the Council's treasury advisors.

The following table summarises the balances held at 31 March 2022:

Counterparty	Credit rating criteria met when Investment placed	Balance invested at 31 March 2022
£000'S		
Banks	Yes	4,010
Other local authorities	Yes	52,000
Money Market Funds	Yes	8,000
CCLA Property Fund	Yes	4,000
		68,010

Liquidity Risk

The Council has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need, and whilst the Public Works Loan Board (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 actions are unlawful). The Council is also required to provide a balanced budget through the Local

17. Financial Instruments (continued)

Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures detailed previously, the setting and approval of prudential indicators, together with the approval of the Treasury and Investment Strategy Reports and through cash flow management procedures required by the Code of Practice.

The maturity analysis of financial liabilities is as follows:

Maturity analysis of financial liabilities	Balance at 31 March 2022	Balance at 31 March 2021
£000'S		
Less than one year	89	10,089
Between one and two years	10,000	
Between two and five years	10,000	10,000
Between five and ten years	10,000	10,000
More than ten years	17,423	27,423
	47,512	57,512

Refinancing and Maturity Risk

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

The Council maintains debt and short-term investment portfolios. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure of replacing financial instruments as they mature.

The approved prudential indicator limits for the maturity structure of debt, and the limits placed on investments, are the key parameters used to address this risk. The Council's approved Treasury and Investment Strategies address the main risks and the Financial Services Unit addresses the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs.

Market Risks

a) Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing investment periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charge to the Income and Expenditure Account will rise.
- Borrowing at fixed rates – the fair value of the borrowing liability will fall.
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.
- Investments at fixed rates – the fair value of the assets will fall.

17. Financial Instruments (continued)

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements.

The Council's benchmark, as approved in the Treasury Management Strategy, is to achieve a return on its short-term investments which is at least the average 7-day market rate over the year.

During 2020/21 the average investment rate returned was 0.38%, compared to a market average of 0.90%. The average rate earned from the Government's Debt Management Office (DMO) was 0.011%, whilst that earned from other local authorities was 0.57%.

Due to uncertainty in financial markets, the Council's lending policy is quite strict in safeguarding public money. Deposits are placed predominantly with the Government's Debt Management Office, Money Market Funds, instant access bank accounts and other local authorities. Although these are the safest form of deposit available and are "guaranteed," interest rates tend to be lower than the market average.

During the year, the Council also made an additional investment in the CCLA Property Fund which will generate a higher rate of return for the authority.

Investments classed as 'loans and receivables' 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.

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

If all interest rates had been 1% higher, with all other variables held constant, the financial effect would be:

	2021/22	2020/21
£000's		
Increase in interest payable on variable rate borrowings	-	(100)
Increase in interest receivable on variable rate investments	(634)	(702)
Impact on Surplus or Deficit on the Provision of Services	(634)	(802)

b) Price Risk

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £4m. A 5% fall in commercial property prices would result in a £100,000 charge to Other Comprehensive Income & Expenditure – this would have no impact on the Surplus or Deficit on the Provision of Services until the investment was sold.

18. Debtors

Current	2021/22	2020/21
£000's		
Trade receivables	3,174	1,857
Prepayments	1,095	739
Other receivable amounts	10,613	13,803
	14,882	16,398
Less: Bad Debt Impairment Provisions	(3,184)	(3,187)
Total	11,698	13,211

19. Debtors for Local Taxation

The past due but not impaired amount for local taxation (Council Tax and Non-Domestic Rates) can be analysed by age as follows:

Past Due	2021/22	2020/21
£000's		
Less than 3 Months	2,852	2,947
3 - 6 Months	-	-
6 Months - 1 Year	-	-
More than 1 Year	6,768	6,252
Total	9,620	9,199

20. Cash and Cash Equivalents

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand and in bank, together with short term deposits and investments (considered to be cash equivalents) net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet:

£000's	2021/22	2020/21
Cash and Bank Balances	4,010	(956)
Short Term Deposits (considered to be cash equivalents)	52,000	44,000
Money Market Funds	8,000	13,500
Total	64,010	56,544

Short term deposits were all invested with other local authorities as at 31 March 2022.

21. Assets Held for Sale

£000's	2022	2021
Balance at beginning of the year	-	400
Additions	-	-
Disposals	-	(400)
Revaluations	-	-
Transfers	-	-
Balance at end of the year	-	-

As detailed in Note 3, there are no assets held for sale.

22. Creditors

£000's	2021/22	2020/21
Trade payables	(2,722)	(1,073)
Other payables	(18,898)	(18,657)
Agency Agreement with Government	(5,549)	(2,072)
Accruals	(3,823)	(2,898)
Total	(30,991)	(24,700)

23. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. The Council has made two provisions in the accounts for 2021/22 as shown in the following table.

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Current £000's	At 1 April	Increase in provision during year	Utilised during the year	Unused amounts released	At 31 March
2021/22					
Planning Appeal	(75)	-	-	75	0
NNDR Appeals	(1,016)	(73)	216	140	(733)
Termination Benefits	(67)	-	57	-	(9)
	(1,158)	(73)	273	215	(743)
2020/21					
Planning Appeal	(90)	(15)	-	30	(75)
NNDR Appeals	(696)	(856)	194	342	(1,016)
Termination Benefits	-	(66)	-	-	(67)
	(786)	(871)	194	372	(1,158)

This provision is for the costs associated when planning permission is originally rejected by the Council but is then overturned by the Planning Inspectorate on appeal, have expired.

23. Provisions (continued)

National Non-Domestic Rate (NNDR) Appeals

This was decreased in year due to a decrease in challenges and appeal being logged with the District Valuer.

24. Usable Reserves

£000's	2021/22	2020/21
General Fund ¹	14,473	12,796
Earmarked Reserves ^{1,2}	26,590	21,518
HRA ¹	6,493	8,430
Capital Receipts Reserve ²	2,986	12,217
Capital Grants Unapplied Account ²	1,743	1,664
Major Repairs Reserve ²	4,457	4,542
Total	56,742	61,167

1. Reserve for Revenue purposes

2. Reserve for Capital purposes

Revenue Reserves

The General Fund is the main revenue fund of the Council. Day-to-day spending on services is met from this Fund. Income and expenditure associated with the provision of Council Housing is charged separately under statute within the Housing Revenue Account (HRA). The HRA has its own reserve.

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Earmarked Reserves

The Council maintains various earmarked reserves for specific purposes. These reserves are used to meet one-off commitments or to spread the cost of more significant expenditure over a number of years, for example, replacement of vehicles and ICT developments. Reserves are also created where income, for example, external contributions, is received in advance of expenditure which may occur beyond one year.

24. Usable Reserves (continued)

£000's	2021/22	2020/21
IT Reserve	907	866
Welfare Reform, Fraud and Compliance	407	327
Committed Expenditure Reserve	189	186
S106 Capital Receipts	14,298	10,370
Economic Regeneration Fund	895	932
Rosliston Capital Reserve	219	175
Public Buildings Maintenance	201	199
Fixed Asset Replacement Fund	1,411	1,142
Homelessness Prevention	419	344
Schools Sport Partnership Project	389	269
Biodiversity Enhancements - Swadlincote	158	158
Public Open Space Reserves	425	562
COVID-19 Support	661	531
Other Earmarked Reserves	1,467	997
Asset Replacement and Renewal Reserve	372	284
District Growth	1,357	913
NNDR Deficit Provision	1,143	3,263
Section 31 Compensation	1,672	0
Total	26,590	21,518

Capital Reserves

These are held to provide new assets or to upgrade existing ones.

Capital Receipts Reserve

These are cash receipts from the sale of Council assets, which have not yet been used to finance new capital expenditure. This includes a sum contributed from the HRA for repayment of loans due within the next 5 years.

Capital Grants Unapplied

This generally comprises Government, or other grants and external contributions received to fund expenditure, which is generally incurred beyond one year. A list of unapplied grants is listed below.

£000's	2021/22	2020/21

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Public Open Space (Commuted Sums)	456	472
Crime and Disorder Partnership	400	374
Youth Engagement Partnership	623	598
Get Active in the Forest Partnership	128	92
Other Capital Grants Unapplied	135	128
Total	1,743	1,664

24. Usable Reserves (continued)

Major Repairs Reserve

This reserve is used to finance investment in the housing stock and the reserve is funded by transfers from the HRA (through the Capital Expenditure Requirement).

A full analysis of the movements is provided in the Housing Revenue Account Statements.

25. Unusable Reserves

£000's	2021/22	2020/21
Capital Adjustment Account ²	70,194	58,507
Revaluation Reserve ²	41,121	30,373
Pensions Reserve ¹	(30,797)	(42,472)
Collection Fund Adjustment Account ¹	(2,137)	(2,992)
Deferred Capital Receipts Reserve	563	984
Financial Instruments Revaluation	229	(402)
Accumulating Compensated Absences Adjustment Account ¹	(57)	(41)
Total	79,115	43,957

1. Reserve for Revenue purposes
2. Reserve for Capital purposes

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

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

Note 10 “Adjustments between Accounting Basis and Funding Basis under Regulations” provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

25. Unusable Reserves (continued)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

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 1st April 2007, the date that the Reserve was created.

Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

£000's	2021/22
Balance at 1st April 2021	58,507
Charges for depreciation and impairment of non-current assets	(2,583)
Revaluation gains on Property, Plant and Equipment	1,244
Revenue expenditure funded from capital under statute	1,778
Amounts of non-current assets written off on disposal	(1,079)
Net written out amount of the cost of non-current assets consumed in the year	57,867
Capital financing applied in the year:	
Use of Capital Receipts to finance new capital expenditure	559
Use of Major Repairs Reserves to fund new capital expenditure	2,768
Application of grants to capital financing from the Capital Grants Unapplied Account	-
Minimum Revenue Provision	182
Voluntary Revenue Provision	76
Debt repayment self financing loan	10,000
Capital expenditure credited to the General Fund and HRA balance	(1,564)
Movements in the market value of Investment Properties	306
Balance as at 31st March 2022	70,194

25. Unusable Reserves (continued)

£000's	2021/22

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Balance at 1st April 2021	30,373
Upward revaluation of assets	11,992
Downward revaluation of assets	-
Amounts of non-current assets written off on disposal	-
Surplus on revaluation of non-current assets not posted to the Provision of Services	42,365
Accumulated gains on assets sold	(184)
Revaluation Reserve current excess depreciation	(1,060)
Balance as at 31st March 2022	41,121

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its instruments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

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

<i>£000's</i>	2021/22
Balance at 1st April 2021	(402)
Upward/(Downward) revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	631
Balance as at 31st March 2022	229

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require a benefit earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Collection Fund Adjustment Account

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

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

25. Unusable Reserves (continued)

Accumulating Compensated Absences Adjustment Account

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

26. Agency Services

The Council carries out, under an agency agreement with Derbyshire County Council, certain highways and gulley cleaning work. The value of this work is shown in the following table.

£000's	2021/22	2020/21
Income	275	275
Expenditure	(16)	(63)
Net surplus arising on the agency agreement	259	212

27. Members' Allowances

During the year Members allowances totalled £389k (2020/21: £366k) as shown in the following table.

£000's	2021/22	2020/21
Basic Allowance	263	241
Telephone Allowance	-	-
Travel and Subsistence	3	0
Special Responsibility Allowances	123	125
	389	366

28. Officers' Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more is as follows:

	2021/22 Number	2020/21 Number
£50,001 to £55,000		
£55,001 to £60,000	1	
£60,001 to £65,000		
£65,001 to £70,000	5	11
£70,001 to £80,000	5	1

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

£80,001 to £90,000	1	
£90,001 to £100,000		2
£100,001 to £110,000	2	
£125,000 to £130,000		
£130,001 to £140,000	1	1
	15	15

The remuneration of the officers included in the above table is disclosed in more detail below:

£'s	Salary, Fees, and Allowances	Expenses Allowances	Pension Contributions	Total
2021/2				
Chief Executive	133,930	1,531	19,822	155,283
Strategic Director (Corporate Resources)	100,367	1,505	14,854	116,726
Strategic Director (Service Delivery)	100,367	1,529	14,854	116,750
Head of Legal & Democratic	78,812	1,239	11,664	91,715
Head of Customer Services	74,979	1,239	11,097	87,315
Head of Business Change & ICT	69,094	1,239	10,226	80,559
Head of Organisational Dev & Performance	69,094	1,239	10,226	80,559
Head of Economic Dev & Growth Services	69,094	1,239	10,226	80,559
Head of Finance	69,094	1,239	10,226	80,559
Head of Planning & Strategic Housing	68,015	1,249	10,066	79,330
Human Resources Manager	67,340	1,505	9,966	78,812
Head of Corporate Property	65,855	1,239	9,747	76,841
Head of Environmental Health	65,855	1,239	9,747	76,841
Head of Housing	65,855	1,239	9,747	76,841
Head of Cultural & Community Services	54,607	929	8,044	63,580
Head of Operational Services	46,620	1,032	6,900	54,551
TOTAL FOR 2021/22	1,198,978	20,431	177,411	1,396,820

* The Head of Cultural & Community Services and Head of Operational Services was vacant part way through the year.

28. Officers' Remuneration (continued)

£'s	Salary, Fees, and Allowances	Expenses Allowances	Pension Contributions	Total
2020/21				
Chief Executive	131,951	1,656	19,529	153,136
Strategic Director (Corporate Resources)	96,211	1,524	14,239	111,974
Strategic Director (Service Delivery)	96,211	1,547	14,239	111,997

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Head of Legal & Democratic	77,647	1,239	11,492	90,378
Head of Cultural & Community Services	67,009	1,239	9,917	78,165
Head of Business Change & ICT	67,009	1,239	9,917	78,165
Head of Operational Services	67,009	1,524	9,917	78,450
Head of Organisational Dev & Performance	67,009	1,239	9,917	78,165
Head of Economic Dev & Growth Services	67,009	1,415	9,917	78,341
Head of Finance	67,009	1,239	9,917	78,165
*Head of Planning & Strategic Housing	48,572	913	7,189	56,674
Head of Corporate Property	63,818	1,239	9,445	74,502
Head of Customer Services	63,779	1,239	9,439	74,457
Head of Environmental Health	63,818	1,488	9,445	74,752
Head of Housing	63,818	1,239	9,445	74,502
Human Resources Manager	66,182	1,524	9,795	77,501
TOTAL FOR 2019/20	1,174,061	21,503	173,761	1,369,325

*The Head of Planning & strategic Housing was a vacant post until July 2020 therefore the full annual salary is not reflected.

Exit Packages and Other Departures

£'s	2021/22 Number	2020/21 Number	2021/22 £	2020/21 £
£0 to £20,000	-	3	-	11,175
£20,001 to £40,000	-	2	-	54,393
£40,001 to £60,000	1	-	44,347	-
£60,001 to £80,000	-	-	-	-
£80,001 to £100,000	-	-	-	-
£101,001 to £150,000	-	-	-	-
	1	5	44,347	65,568

One exit package was agreed £441k was paid on termination of employment from the Council.

29. External Audit Fees

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts and certification of grant claims.

29. External Audit Fees (continued)

£000's	2021/22	2020/21
External Audit Fees	38	38
Grant Claim Certification Fees	25	19
Scale Variation Fee	18	-
Housing Pooling Certification	2	2

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Public Sector Audit Appointments Rebate	(7)	-
Redmond Review Implementation	(20)	-
Total	56	58

30. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22:

£'000	2021/22	2020/21
Credited to Taxation and Non Specific Grant Income (Note 14)		
General Government Grants	3,535	4,722
Government Support for COVID-19	2,284	2,261
Business Rate Reliefs (Section 31 Grants)	1,136	3,693
	6,954	10,676
Credited to Net Cost of Service		
Department of Works and Pensions (Benefit Subsidy and Welfare Reform)	11,741	12,847
Supported Housing	217	213
Contributions from Developers (section 106 Planning Agreements)	5,994	4,358
Other Grants and Contributions to Service Expenditure	1,913	1,188
	19,864	18,606

The Council has received grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them, which if not met would require the monies or property to be returned to the giver. The balances as at 31 March 2021 are as follows:

£'000	2021/22	2020/21
Capital Grants Received in Advance	2,593	2,622

31. Related Parties

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

31. Related Parties (continued)

Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from Government

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Departments are set out in Note 14 – Taxation and Non-Specific Income. Debtor and Creditor values are analysed in Notes 18 and 22 respectively.

Elected Members

The Council appoints elected members to sit as representatives in an official capacity on committees of local voluntary and community organisations. Some of these organisations are also grant funded by the Council. In addition, there are some members who also sit on these committees as an independent person not representing the Council, or who may have close family employed by these organisations.

In each case, the member is part of a wider decision-making body and cannot on their own materially influence operations or funding, etc. In addition, members concerned are required to declare an interest in any funding decisions made by the Council in which they are in attendance and cannot then participate in any discussion or decision. The Council maintains appropriate records of these related parties in accordance with its Constitution. This applies to both Council Officers and Members.

All members are required to specify relationships that they have such as through employment and directorships, etc. During 2021/22, the Council had no significant dealings with any companies or organisations declared by elected members which would have a bearing on the Financial Statements.

32. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table, together with the resources that have been used to finance it.

The Capital Financing Requirement (CFR) is a measure of the Council's underlying need to borrow for capital purposes. It increases with new borrowing and is reduced as loans are repaid and amounts set-aside to repay future debt. The Council's overall debt outstanding cannot exceed CFR.

The position for 2021/22 is shown in the following table.

32. Capital Expenditure and Capital Financing (continued)

£000's	2021/22	2020/21
Capital Financing Requirement at 1 April	66,253	66,574
Add: Capital Expenditure		
Property, Plant and Equipment	3,606	4,713
Investment Properties	11	0
Revenue Expenditure Funded from Capital under Statute	1,811	1,167
Total Expenditure	5,428	5,880
Less: Source of Finance		
Capital Receipts	(626)	(1,361)
Government Grants and External Financing	(871)	(564)
Other External Contributions	546	(90)
General Fund Revenue Contributions	(581)	(693)
Housing Revenue Account Contributions	(2,765)	(2,656)
Planning Agreements - S106 Developer Contributions	(38)	(517)
Total Financing	(4,335)	(5,880)
Minimum Revenue Provision	(175)	(190)
Voluntary Revenue Contribution	(76)	(131)

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Actual Loan Principal Repaid	0	0
Total Repayments and Revenue Provisions	(251)	(321)
Capital Financing Requirement at 31 March	67,095	66,253
Actual Borrowings Outstanding - Gross (Note 17)	47,512	57,512
Investments		
Short-term Investments Outstanding	(47,500)	(57,500)
Long-term Investments Outstanding	(4,000)	(4,000)
Net Borrowings Outstanding (Gross less Investments)	(3,988)	(3,988)

33. Leases

Other land and building leases primarily consist of the lease of an Industrial Estate where the rental payable in 2021/22 was **£50k** (2020/21: £50k) plus some other minor commercial properties. The total future cash payments required under these leases are estimated at £247k (2021: £253k).

The Council was committed at 31 March 2022 to making payments of **£247k** (2021: £253k) under operating leases, comprising the following elements:

	2022			2021		
	Other Land and Buildings	Vehicles, Plant and Equipment	Total	Other Land and Buildings	Vehicles, Plant and Equipment	Total
<i>£000's</i>						
Within one year	63	-	63	54	-	54
Between two & five years	125	-	125	143	-	143
After five years	60	-	60	58	-	58
	247	-	247	254	-	254

33. Leases (continued)

The Council rents some properties to tenants under lease arrangements. Amounts receivable under these leases in 2021/22 was **£770k** (2020/21: £783k). The asset value of these properties at 31 March 2022 was **£5,991k** (2021: £5,674k)

34. Defined Benefit Pension Schemes

Nature of the Scheme

The Local Government Pension Scheme is available for Local Government in England and Wales. All employees are bought into the scheme unless they choose the option to opt out. South Derbyshire District Council is part of the Derbyshire Local Government Pension Scheme which is administered by the Derbyshire County Council Pension Section. Income and expenditure of the Scheme is accounted for in a Pension Fund managed by the County Council's Pensions Committee.

The Fund complies with Local Government Pension Scheme (Administration) Regulations 2008 and the draft statutory guidance issued on 21 July 2008 and incorporates changes approved by the Pensions Committee on 26 September 2008.

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

As the administering body, Derbyshire County Council has a statutory responsibility for administering the pension scheme under the Local Government Pension Scheme Regulations and associated legislation under Sections 7.12 & 24 of the Superannuation Act 1972; this is delegated to the Pensions Committee.

Participation in the Local Authority Pension Scheme

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

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

Governance of the Council's Pension Scheme

The Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the Scheme is the responsibility of the Pensions Committee. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the Fund are appointed by the Pensions Committee.

Pensions Risk

The principal risks to the Council of the Scheme are the longevity assumptions, statutory changes to the Scheme, structural changes (i.e. large-scale withdrawals) changes to inflation, bond yields and the performance of the equity investments held by the Scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies in Note 1 to these Accounts.

34. Defined Benefit Pension Schemes (continued)

Discretionary Post Retirement Benefits

These are unfunded defined benefit arrangements for which liabilities are recognised when awards are made. There are no investment assets built up to meet these pension liabilities and cash must be generated to meet actual pension payments as they eventually fall due.

Transactions relating to retirement benefits – CIES Charges

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against Council Tax and Housing Rents is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis and funding basis under regulations in the Movement in Reserves Statement. The following transactions have been made in the CIES and the adjustments between accounting basis and funding basis under regulations line, in the Movement in Reserves Statement during the year.

£000's	2021/22	2020/21
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Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Included in Net Cost of Services:		
Current Service Cost	(4,602)	(2,843)
Past Service Cost/(Gain) including curtailments	(5)	-
Pension Strain	-	-
	(4,607)	(2,843)
Included in Financing and Investment Income and Expenditure		
Interest income on plan assets	1,887	1,799
Interest cost on defined benefit obligations	(2,759)	(2,443)
	(872)	(644)
Net charge/(credit) to the Comprehensive Income and Expenditure Account	(5,479)	(3,487)
Other Comprehensive Income and Expenditure		
Changes in demographic assumptions	751	(1,703)
Changes in financial assumptions	9,230	(27,627)
Other Experience	(216)	1,077
Return on assets excluding amounts included in net interest	5,234	14,851
Total	14,999	(13,402)
Adjustments Between Accounting Basis and Funding Basis under Regulations		
Reversal of items relating to retirement benefits debited or credited on the Provision of Services in the CIES	(5,479)	(3,487)
Actual Amount Charged Against the General Fund Balance for Pensions in the Year		
Employers' Contributions Payable to the Scheme	2,155	2,075
Net (credit)/charge to the General Fund	(3,324)	(1,412)

The Current Service Cost figures include an allowance for administration expenses of 0.40%.

The following tables show the changes between the value of the liabilities and assets (investments) of the Council's Pension Scheme in the year and the overall liability in the longer term. These figures are based on an independent actuarial valuation of the Pension Fund as at 31 March.

Reconciliation of the Present Value of the Scheme Liabilities £000's	2021/22	2020/21
Balance at 1 April	(137,073)	(106,165)
Current Service Cost	(4,602)	(2,843)
Past Service Cost	-	-
Interest Cost on Defined Benefit Obligation	(2,759)	(2,443)
Contributions by Members	(592)	(558)
Changes in Demographic Assumptions	751	(1,703)
Changes in Financial Assumptions	9,230	(27,627)
Past Service (Costs) including curtailments	(5)	-
Effect of business combinations and disposals	-	-
Other Experience	(216)	1,077
Estimated Benefits Paid	3,105	3,044
Unfunded Benefits	140	145
Balance at 31 March	(132,021)	(137,073)

34. Defined Benefit Pension Schemes (continued)

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Reconciliation of the Present Value of the Scheme Assets £000's	2021/22	2020/21
Balance as at 1 April	94,654	78,560
Interest Income on Plan Assets	1,887	1,799
Contributions by Members	592	558
Contributions by Employer	2,015	1,930
Contributions in respect of unfunded benefits	140	145
Return on Assets excluding amounts included in net interest	5,234	14,851
Effect of business combinations and disposals	-	-
Estimated Benefits Paid	(3,105)	(3,044)
Unfunded Benefits Paid	(140)	(145)
Balance at 31 March	101,277	94,654

The expected return on scheme assets is determined by considering the expected returns available on the assets from the current investment policy. Expected yields on fixed interest investments are based on gross redemption.

Analysis of scheme assets and liabilities

£000's	2022	2021	2020	2019	2018	2017
Fair Value of Assets in Pension Scheme	101,277	94,654	78,560	93,787	89,366	86,858
Present Value of Defined Benefit Obligation	(132,021)	(137,073)	(106,165)	(135,436)	(121,034)	(119,753)
(Deficit) in the Scheme	(30,744)	(42,419)	(27,605)	(41,649)	(31,668)	(32,895)

The table shows that there is a continuing deficit on the Pension Scheme. This can fluctuate between years due to changes in assumptions and the value of annual payments into the Fund. The liabilities show the underlying commitments that the Council has in the long-term to pay retirement benefits. The total liability of £137.1m (2020: £76.9m) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £42.7m (2020: £13.6m).

34. Defined Benefit Pension Schemes (continued)

However, statutory arrangements for funding the deficit meant that the financial position of the Council is not materially affected in any one year. Plans are in place to reduce the deficit on the Pension Fund over time through various pension reforms affecting the Local Government Pension Scheme at a national level.

The net increase in the deficit in 2020/21 is approximately £29.1m. The real discount rate has fallen from the previous year due to the combination of a lower discount rate and higher CPI assumptions. Alongside this, longevity assumptions have been updated resulting in a further loss to obligations. Investment returns however have been significantly greater than the previous year which partially offsets the increased obligations.

Major categories of plan assets

The Pension Fund's assets consist of the following categories, by proportion of the total assets held:

Basis for Estimating Liabilities

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Liabilities have been assessed by the Actuary using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Estimates have been based on data pertaining to the latest full valuation of the Pension Scheme as at 31 March 2019. The assumptions are shown in the following table.

£000's	2022	2022	2022	2022	2021	2021	2021	2021
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percentage of Total Assets	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percentage of Total Assets
Equity Securities:								
Consumer	401	0	401	0%	1,603	0	1,603	2%
Manufacturing	258	0	258	0%	933	0	933	1%
Energy & Utilities	128	0	128	0%	340	0	340	0%
Financial Institutions	193	0	193	0%	716	0	716	1%
Health & Care	266	0	266	0%	839	0	839	1%
Information Technology	363	0	363	0%	1,299	0	1,299	1%
Other	3,545	0	3,545	4%	19,033	0	19,033	20%
Government Bonds:								
Corporate Bonds (investment grade)	6,272	6,909	13,181	13%	0	12,312	12,312	13%
UK Government	8,499	0	8,499	8%	7,980	0	7,980	8%
Other	1,798	0	1,798	2%	1,694	0	1,694	2%
Private Equity:								
All	1,893	2,969	4,862	5%	1,430	2,086	3,515	4%
Real Estate								
UK property	544	7,440	7,983	8%	0	7,188	7,188	8%
Investment Funds & Unit Trusts								
Equities	30,131	16,774	46,905	46%	25,315	0	25,315	27%
Bonds	0	0	0	0%	0	0	0	0%
Infrastructure	2,166	6,229	8,345	8%	1,379	4,492	5,870	6%
Cash & Cash Equivalents								
All		4,551	4,551	4%	0	6,017	6,017	6%
	56,455	44,872	101,277	100%	62,560	32,094	94,654	100%

34. Defined Benefit Pension Schemes (continued)

The Accounts have been prepared on the basis of the Actuary's IAS19 valuation report and take into account their assessment of the outcome of the McCloud judgement relating to the 2014 reforms of the Local Government Pension Scheme benefit structure.

	2021/22	2020/21
Mortality Assumptions (years):		
Men	21.1	21.3
Women	23.8	23.9
Longevity at 65 for Future Pensioners:		

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Men	22.2	22.5
Women	25.6	25.8
Principal Assumptions in the Valuation of the Liability		
Inflation / Rate of Increase in Pensions	3.20%	2.85%
Rate of Increase in Salaries	3.90%	3.55%
Discount Rate	2.70%	2.00%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2008	50%	50%
Service post April 2008	75%	75%

Information about the Defined Benefit Obligation

Defined benefit obligation illustrates the profile of the scheme liabilities between types of member, including the weighted average duration of the pension obligation.

Change in assumptions at 31 March 2022	Liability Split %	Weighted Average Duration
Active Members	40.30	23.10
Deferred Members	25.20	22.90
Pensioner Members	34.50	11.80
	100.00	17.60

Sensitivity Analysis

The sensitivity analysis shows the effect a change in financial assumptions used would have on the value of the scheme liabilities as at 31 March 2021 on varying basis.

To quantify the uncertainty around life expectancy a calculation was completed on a one-year increase in life expectancy for sensitivity purposes giving an around 3 - 5% increase in cost of benefits. In practice the actual cost of a one-year increase would depend on the structure of the revised assumption, for example, do survival rates predominantly apply at younger or older ages.

Change in assumptions at 31 March 2022	Approximate % Increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2.0	2,524
1 year increase in member life expectancy	4.0	5,281
0.1% increase in the Salary Increase Rate	0.0	183
0.1% increase in the Pension Increase Rate CPI	2.0	2,322

34. Defined Benefit Pension Schemes (continued)

Projected Defined Benefit Cost for the Period 31 March 2022

The Projected Defined Benefit is an analysis of the projected amount to be charged to the operating profit for the period to the 31 March 2022 and is shown in the following table.

Period Ended 31 March 2023	Assets	Obligations	Net (Liability)/asset
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Notes to the Financial Statements (continued)

For the year ended 31 March 2022

	£000	£000	£000	% of pay
Projected Service Cost	0	4,078	(4,078)	(46)
Past Service Cost including curtailments	0	0	0	0
Effects of settlements	0	0	0	0
Total Service Cost	0	4,078	(4,078)	(46)
Interest Income on plan assets	2,727	0	2,727	31
Interest cost on defined benefit obligation	0	3,583	(3,583)	(40)
Total Net Interest Cost	2,727	3,583	(856)	(10)
Total Included in Profit & Loss	2,727	7,661	(4,934)	(55)

35. Contingent Liabilities

There are no contingent liabilities to be reported by the Council in 2021/22

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36. Prior Year Adjustment

There are no prior year adjustments to report in 2022/22.

Housing Revenue Account

For the year ended 31 March 2021

Income and Expenditure Account

The Housing Revenue Account (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. The Council charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the HRA Movement in Reserves Statement.

£000's	2021/22	2020/21
General	2,139	1,762
Special	909	897
Rents, rates & taxes	92	80
Depreciation & Impairment of NCA's	1,205	2,835
Provision for Bad Debts	54	65
Supervision & Management	4,400	5,638
Repairs & Maintenance	3,858	3,504
Total Expenditure	8,258	9,143
Dwelling Rents	(12,219)	(12,026)
Non-Dwelling Rents	(102)	(105)
Charges for Services & Facilities	(184)	(170)
Contributions towards Expenditure	(8)	(27)
Supporting People	(217)	(213)
Total Income	(12,729)	(12,543)
Net Cost of HRA Services as included in the Comprehensive I&E	(4,472)	(3,400)
HRA share of Corporate & Democratic Core	112	119
Net Cost of HRA Services	(4,360)	(3,281)
Losses/(Gains) on sale of HRA non-current assets	(454)	(44)
Interest payable and similar charges	1,530	1,543
HRA investment income	(90)	(165)
Pensions interest cost & expected return on pension assets	122	87
Surplus for Year on HRA Services	(3,252)	(1,861)

Housing Revenue Account

For the year ended 31 March 2021

Movement on the Housing Revenue Account

The Movement on the HRA Statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

£000's	2021/22	2020/21
Balance at the beginning of the year	8,430	8,260
Surplus/(Deficit) for the year on the HRA Income and Expenditure Statement	3,252	1,911
Transfers in Reserves	(45)	(150)
Adjustments between accounting and funding basis under regulations	(5,143)	(1,591)
Increase for the year on the HRA	(1,936)	170
Balance at the end of the year	6,494	8,430

Note to the Statement of Movement on the Housing Revenue Account

£000's	2021/22	2020/21
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year		
Revaluation and impairment of non-current assets ¹	1,164	2,835
Retirement benefits charged/(credited) ²	768	470
Adjustments in relation to Short Term compensated absences	(1)	4
(Gains)/losses on sale of HRA non-current assets ^{1,3}	(454)	(94)
	1,476	3,214
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
Revenue contribution to finance major repairs	(2,684)	(2,935)
Revenue contributions to finance new build	-	-
Revenue contributions to finance debt repayment and capital	(3,637)	(1,590)
Employer's contributions payable to the Pensions Fund and retirement benefits payable direct to pensioners ²	(302)	(280)
	(6,623)	(4,805)
Net additional amount required by statute to be debited or (credited) to the HRA for the year	(5,147)	(1,591)

Notes

1. Transfers to / from Capital Adjustment Account
2. Transfers to / from Pensions Reserve
3. Transfers to / from Capital Receipts Reserve

Notes to the Housing Revenue Account

For the year ended 31 March 2021

1. Introduction

The Housing Revenue Account is a record of expenditure on, and income from, the provision of local council housing, and the form and content of the Account is prescribed by statute.

The Housing Revenue Account is “ring-fenced” and must be self-supporting. Contributions both to and from the Housing Revenue Account (e.g. from the General Fund) are limited to special circumstances.

2. Housing Stock

The number of dwellings in the Council's housing stock, as at 31 March 2022, totalled 2,953 (2021: 2,974) properties. This followed the sale of 23 properties under the Government's Right to Buy Scheme plus acquisitions of 2 dwellings. The stock is broken down over type of properties as shown in the following table.

	2020/21	2020/21
Houses	1,515	1,538
Flats	793	793
Bungalows	645	643
	2,953	2,974

Dwelling houses within the Housing Revenue Account are valued in accordance with the RICS Appraisal and Valuation Manual, as published by the Royal Institution of Chartered Surveyors, and DCLG guidance. Accordingly the Existing Use Value for Social Housing (EUV-SH) has been used as the basis of valuation. The beacon approach to valuation of the housing stock has been adopted as recommended by the MHCLG, including the regional adjustment to be adopted within the EUV-SH valuation.

The vacant possession value (open market value) of Council dwellings as at 31 March 2021 was £337,049 (2021: £309,348k). This does not compare to the Balance Sheet, which shows the Existing Use Value, the difference being an indication of the economic and social costs of providing Council housing at less than market rent.

3. Major Repairs Reserve

The Major Repairs Reserve is used to fund major improvements to Council properties. Expenditure financed from this Reserve is shown in Note 5. The movement on the Reserve during the 2020/21 is summarised below:

£000's	2021/22	2020/21
Balance at the beginning of the year	4,542	4,190
Add Depreciation Provision	4,424	4,131
Use of Capital Receipts Reserve	-	-

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Revenue Contribution for Capital	2,683	2,935
Amount available for capital expenditure on HRA Land, Houses and Other Property	11,649	11,257
Less Capital expenditure in the year (including Depreciation)	(7,191)	(6,714)
Transfer to Debt Repayment Reserve	-	-
Balance at the end of the year	4,458	4,542

Notes to the Housing Revenue Account

For the year ended 31 March 2021

4. Property, Plant and Equipment

Year ended 31 March 2022	Council Dwellings	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	Investment Properties	Total
£000's								
Cost or valuation								
At 1 April 2021	129,926	2,261	272	82	105	132,646	176	132,821
Additions	3,031	6	-	-	-	3,037	-	3,037
Revaluation Increases/(decrease) recognised in the surplus /deficit on the provision of services	9,595	10	-	-	-	9,605	(12)	9,593
Derecognition - Disposals	(1,073)	-	-	-	-	(1,073)	-	(1,073)
Derecognition - Other	-	-	-	-	-	-	-	-
Assets reclassified (to)/from other accounts	82	-	-	-	-	82	-	82
Other movements in cost or valuation	-	-	-	(82)	-	(82)	-	(82)
At 31 March 2022	141,560	2,277	272	-	105	144,214	164	144,378
Depreciation and Impairment								
At 1 April 2021	-	-	-	-	-	-	-	-
Depreciation Charge	(4,269)	(155)	(39)	-	-	(4,462)	-	(4,462)
Depreciation written out to the revaluation reserve	10,609	159	-	-	-	10,768	-	10,768
Impairments losses/(reversals) recognised on the provision of services	3,254	(6)	-	-	-	3,248	-	3,248
Derecognition - Disposals	-	-	-	-	-	-	-	-
Derecognition - Other	-	-	-	-	-	-	-	-
Other movements in depreciation and impairment	(9,595)	-	-	-	-	(9,595)	-	(9,595)
	-	-	-	-	-	-	-	-
At 31 March 2022	0	(0)	(39)	-	-	(41)	-	(41)
Net Book Value								
At 31 March 2022	141,560	2,277	233	-	105	144,173	164	144,337

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

At 1 April 2021	129,926	2,261	272	82	105	132,646	176	132,821
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4. Property, Plant and Equipment (continued)

Year ended 31 March 2021	Council Dwellings	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	Investment Properties	Total
£000's								
Cost or valuation								
At 1 April 2020	124,978	2,276	272	-	105	127,631	211	127,842
Additions	4,018	-	-	82	-	4,100	-	4,100
Revaluation Increases/(decrease) recognised in the surplus /deficit on the provision of services	1,330					1,330		1,330
Derecognition - Disposals	(406)	-	-	-	-	(406)	-	(406)
Derecognition - Other	(29)					(29)		(29)
Assets reclassified (to)/from other accounts	36	-	-	-	-	36	(36)	-
Other movements in cost or valuation		-	-	-	-	-	-	-
At 31 March 2021	129,926	2,276	272	82	105	132,661	176	132,836
Depreciation and Impairment								
At 1 April 2020	-	-	(23)	-	-	(23)	-	(23)
Depreciation Charge	(3,942)	(148)	(39)	-	-	(4,129)	-	(4,129)
Depreciation written out to the revaluation reserve	3,978	3		-	-	3,981	-	3,981
Impairments losses/(reversals) recognised on the provision of services	1,294	145		-	-	1,439	-	1,439
Derecognition - Disposals				-	-	-	-	-
Derecognition - Other	(1,330)			-	-	(1,330)	-	(1,330)
Other movements in depreciation and impairment				-	-	-	-	-
				-	-	-	-	-
At 31 March 2021	(0)	0	(62)	-	-	(62)	-	(62)

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Net Book Value								
At 31 March 2021	129,926	2,276	210	82	105	132,599	176	132,774
At 1 April 2020	124,978	2,276	249	-	105	127,610	211	127,820

Notes to the Housing Revenue Account

For the year ended 31 March 2021

5. Capital Expenditure

£000's	2021/22	2020/21
Capital Investment		
Operational Assets	3,039	4,342
	3,039	4,342
Sources of Funding		
External Grants	43	77
Capital Receipts in year	231	1,610
Revenue contribution	2,765	2,656
Capital Receipts Reserve	-	-
Major Repairs Reserve	-	-
	3,039	4,342

6. Capital Receipts from Disposal of Land, Houses and Other Property

£000's	2021/22	2020/21
Land	-	-
Council Homes	(1,838)	(791)
Total Receipts	(1,838)	(791)
Less: Pooled payments to Central Government	312	312
Net Receipts Retained (transferred to Capital Receipts Reserve)	(1,527)	(479)

The retained receipts are earmarked in the Housing Capital Receipts Reserve to fund the Council's New Build and Acquisition Programme, which is to provide new Council Housing for rent.

7. Rent Arrears

A summary of rent arrears and prepayments is shown in the following table:

£000's	2021/22	2020/21
Current Tenant Arrears	479	460
Former Tenant Arrears	155	118
Total Tenant Arrears	634	578

8. Provision for Bad and Doubtful Debts

The provision for bad and doubtful debts relating to rents and other charges, made against the Rent Arrears in Note 7 above, is £423k (2020: £423k).

Notes to the Housing Revenue Account

For the year ended 31 March 2021

9. Depreciation and Impairment of Fixed Assets

The Dwellings in the Housing Revenue Account were valued as at £337,049k. After taking account of houses sold in 2021/22 and the Social Housing Discount Factor, the vacant possession value of the remaining dwellings at 31 March 2022 was £141,560k (2020: £129,926k). The lower figure of £141,560k shown in the accounts represents the cost to the Council of providing housing at less than open market rents. As a result of the valuation the CIES was credited with £3,248k (20/21: £1294k) for the reversal of previous year impairments. This gain has been transferred to the Capital Adjustment Account.

The Housing Revenue Account assets were valued as at 31 March 2022; the balance sheet value reflects sales of dwellings and depreciation in the year. The revaluation was in accordance with the Government's resource accounting policy, at Existing Use Value - Social Housing. The Social Housing Discount Factor is 42%.

As shown in Note 4, Depreciation of £4,462k (2021: £4,129k) has been charged to the HRA. This figure is made up of £4,269k (2021: £3,924k) for Council Dwellings and £193k (2021: £187k) is in respect of garages, shops and other assets. These amounts have been credited back to the HRA below the net operating expenditure as a transfer from the Major Repairs Reserve.

10. Pension Costs

As part of the terms and conditions of employment of its officers, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme administered by Derbyshire County Council. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The cost of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure.

The Collection Fund

For the year ended 31 March 2021

This account reflects the statutory requirements for the Council as a “Billing Authority” to maintain a separate Collection Fund Account. This shows the transactions of the Council in relation to Non-Domestic Rates and the Council Tax and illustrates the way in which these have been distributed to preceptors and the Council’s General Fund.

£000's	2021/22	2020/21
Income		
Council Tax Income	(69,412)	(65,215)
Business Rates Income	(24,474)	(19,572)
Transitional Protection Payments	(263)	(343)
Total Income	(94,150)	(85,129)
Expenditure		
Council Tax Precepts (Note 4)	66,854	63,561
Business Rates Precepts (Note 6)	27,854	27,724
Previous Year's Surplus/(Deficit) Paid to/by Preceptors (Notes 4 & 6)	(4,703)	824
Cost of Collection	94	93
Provision for Bad and Doubtful Debts	1,039	2,136
Provision for Business Rates Appeals	(708)	799
(Surplus) / Deficit on the Fund	(3,719)	10,006
Fund Balance Brought Forward	5,541	(4,465)
(Surplus) / Deficit in Year	(3,719)	10,006
Fund Balance as at 31 March	1,823	5,541
Council Tax Element (Note 1)	(3,042)	(2,617)
Business Rate Element	4,865	8,158

Council Tax income increased marginally in year but not at the rate forecast and Business Rates income was significantly lower than the previous year all due to the COVID-19 pandemic. Additional Section 31 grants were provided by the Government to support the losses in Business Rates as referenced in Note 14 of these Accounts.

Approximately 90% of Council Tax income and 60% of Business Rates income is passed over to other Preceptors which is reflected in the above table.

During 2021/22, decrease in the appeals provision was made due to a the high level of check and challenge claims being rejected from the 2017 valuation listing.

A provision is required under accounting regulations, to recognise that some larger businesses have lodged appeals with the District Valuer against their rating assessment. The provision is made as a contingency should their appeals be successful, and a refund of rates becomes due.

Bad debt provisions were also increased to ensure the Council is protected from future bad debts that may arise.

Notes to the Collection Fund

For the year ended 31 March 2021

1. Council Tax

The introduction of Council Tax on 1 April 1993 revised the method of accounting for the Council's Collection Fund. The main features of the arrangements are:

- a) Interest is not payable between the General Fund and the Collection Fund on cash-flow deficits/surpluses. All interest is payable directly to the General Fund, as shown on the Income and Expenditure Account.
- b) The year end surplus or deficit on the Collection Fund is distributed to the Billing and Precepting Authorities on the basis of estimates, made in January of each year-end balance. This also applies to the Business Rates element.

The balance has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the Precepting Authorities and the Council, as the Billing Authority as follows:

	2021/22	2020/21
Derbyshire County Council	(2,216)	(1,915)
Derbyshire Police and Crime Commissioner	(387)	(322)
Derbyshire Fire and Rescue Authority	(127)	(110)
	(2,730)	(2,347)
South Derbyshire District Council	(311)	(270)
	(3,042)	(2,617)

2. Council Tax Valuation Bands

Most domestic Dwellings (including flats) whether rented or owned, occupied or not, are subject to Council Tax. Each Dwelling is allocated to one of eight bands according to their open market capital value at 1 April 1991.

Band				
A	Between	0	and	40,000
B	Between	40,001	and	52,000
C	Between	52,001	and	68,000
D	Between	68,001	and	88,000
E	Between	88,001	and	120,000
F	Between	120,001	and	160,000
G	Between	160,001	and	320,000
H	Greater than	320,001		

3. Council Tax Base

The amount of Council Tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings subject to Council Tax, expressed in relation to those dwellings in Band D. The Tax Base for 2021/22 was based on 36,702 chargeable dwellings (35,218 in 2020/21).

After allowing for national exemptions and local discounts, such as the Single Persons Discount, the Tax Base for 2021/22, on which the Council Tax rate was set, is shown in the following table.

Notes to the Collection Fund

For the year ended 31 March 2021

3. Council Tax Base (continued)

Band	Calculated number of Dwellings	Ratio to Band D	Equivalent number of Dwellings 2021/22	2020/21
X	25	5/9	14	12
A	7,871	6/9	5,247	5,316
B	8,511	7/9	6,620	6,567
C	7,244	8/9	6,439	6,300
D	6,874	1	6,874	6,651
E	4,424	11/9	5,408	5,145
F	2,056	13/9	2,970	2,885
G	907	15/9	1,512	1,467
H	68	18/9	135	132
			35,218	34,475

The Band D Council Tax rate for South Derbyshire District Council was £167.96 (2020/21: £165.48).

4. Council Tax Precepts and Demands

2021/22 £000's	Precept	Surplus	Total
Derbyshire County Council	48,709	881	49,590
Derbyshire Police and Crime Commissioner	8,509	144	8,653
Derbyshire Fire and Rescue Authority	2,792	51	2,843
South Derbyshire District Council	6,845	124	6,969
	66,854	1,200	68,054

2020/21 £000's	Precept	Surplus	Total
Derbyshire County Council	46,517	587	47,104
Derbyshire Police and Crime Commissioner	7,812	96	7,908
Derbyshire Fire and Rescue Authority	2,680	34	2,713
South Derbyshire District Council	6,553	83	6,636
	63,561	800	64,361

Notes to the Collection Fund

For the year ended 31 March 2021

5. Non-Domestic Rates

Non-Domestic Rates are managed on a National basis. The Government specifies an amount and subject to the effects of transitional arrangements and any other prevailing reliefs, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2021/22 the amount was 49.9p in the pound (2020/21: 51.2p). The Council is responsible for collecting rates due from the ratepayers in its area.

The total rateable value of business premises in South Derbyshire at 31 March 2022 was £67,378,732 (2021: £67,341,926) – a decrease of 0.1%, mainly due to the settlement of 2010 Appeals. The total amount of Non Domestic Rates collected is shared on the following basis:

Public Body	%
Central Government	50%
South Derbyshire District Council	40%
Derbyshire County Council	9%
Derbyshire Fire and Rescue Authority	1%

The deficit balance on the Business Rates element of £4,865k on the Collection Fund Account, has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the precepting authorities and the Council as the Billing Authority as follows:

£000's	2021/22	2020/21
Central Government	2,432	4,079
Derbyshire County Council	438	734
Derbyshire Fire and Rescue Authority	49	82
	2,919	4,895
South Derbyshire District Council	1,946	3,263
	4,865	8,158

6. Non-Domestic Rates Demands

These are the amounts (precepts) paid into the General Funds of the preceptors under statute.

2021/22 £000's	Precept	Surplus	Total
Central Government	13,927	(2,952)	10,976
Derbyshire County Council	2,507	(531)	1,976
Derbyshire Fire and Rescue Authority	279	(59)	220
South Derbyshire District Council	11,142	(2,361)	8,780
	27,854	(5,903)	21,951

Notes to the Collection Fund

For the year ended 31 March 2021

6. Non-Domestic Rates Demands (continued)

2020/21 £000's	Precept	Surplus	Total
Central Government	13,862	(36)	13,826
Derbyshire County Council	2,495	40	2,535
Derbyshire Fire and Rescue Authority	277	0	277
South Derbyshire District Council	11,089	19	11,108
	27,724	24	27,747

Glossary

ACCOUNTING PERIOD

The period of time covered by the Accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date, 31 March each year.

ACCRUALS

Sums included in the Final Accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

For a Defined Benefit Pension Scheme, the changes in actuarial surpluses or deficits that arise because:

- ➔ Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- ➔ The actuarial assumptions have changed.

ASSET

An item having value to the Council in monetary terms. Assets are categorised as either current or fixed:

- ➔ A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock).
- ➔ A fixed asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

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

Glossary

CAPITAL RECEIPT

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

CIPFA

The Chartered Institute of Public Finance and Accountancy.

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

CONSISTENCY

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

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's Accounts.

CONTINGENT LIABILITY

A contingent liability is either:

- ➔ A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- ➔ A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITOR

Amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a Defined Benefits Pension Scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Glossary

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations, 1996 eg benefits would be released if an employee was terminally ill.

EQUITY

The Council's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

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.

EXPECTED RETURN ON PENSION ASSETS

For a Funded Defined Benefit Scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

GENERAL FUND

Glossary

The main revenue fund of the Council. Day-to-day spending on services is met from this fund. Spending on the provision of Council housing however must be charged to a separate Housing Revenue Account (HRA).

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HOUSING BENEFITS

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

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which covers the income and expenditure arising from the provision of Council housing accommodation.

IMPAIRMENT

A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

INCOME AND EXPENDITURE ACCOUNT

The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a Defined Benefit Scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the Pension Scheme Assets associated with their underlying obligations.

LIABILITY

A liability is where the Council owes payment to an individual or another organisation.

Glossary

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the Revenue Account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NET BOOK VALUE

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

NET DEBT

The Council's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

NATIONAL NON-DOMESTIC RATES (NNDR)

The National Non-Domestic Rate is a levy on businesses, based on a National rate in the pound set by the Government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of Central Government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

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

OPERATING LEASE

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

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Glossary

PAST SERVICE COST (PENSIONS)

For a Defined Benefit Pension Scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a Defined Benefit Pension Scheme in respect of outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)

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