2023/2024

Gedling Borough Council

Annual Statement of Accounts 2023/2024

Unaudited

Gedling Borough Council

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GEDLING BOROUGH COUNCIL

ANNUAL STATEMENT OF ACCOUNTS 2023/24

TABLE OF CONTENTS

(1) INTRODUCTION

(2) ANNUAL STATEMENT OF ACCOUNTS

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with International Reporting Standards (IFRS), rather than the amounts to be funded from taxation (which are shown in the Expenditure Funding Analysis at note 5 on page 46). The Movement in Reserves Statement (MiRS) shows how the Council's resources, or "net worth", moved over the year, and the Balance Sheet shows how those resources were held at the year-end in the form of assets and liabilities. Finally the Cashflow Statement shows how the Council's cash balances have moved over the year.

ANNUAL STATEMENT OF ACCOUNTS 2023/24

TABLE OF NOTES TO THE ACCOUNTS

ANNUAL STATEMENT OF ACCOUNTS 2023/24
NARRATIVE REPORT

1. Introduction to Gedling Borough

The Borough of Gedling is home to an estimated 117,800 people living in just over 53,000 households and is also the base for around 5,000 businesses. It covers 120 square kilometres on the outskirts of Nottingham and is a Borough of contrasts, with an urban commuter base centred on the towns of Carlton and Arnold, extending out to rural farmland and villages including Calverton, Ravenshead and Woodborough.

Gedling's vision is clear: we are responsible for a wide range of local services that matter to our residents in the borough. However, we do not limit our interest to those services we are directly accountable for but rather seek to influence and make a difference in all aspects of community life. At the centre of what we do is the motto "Serving People, Improving Lives" by which we aim to fulfil our ambition of being regarded as an excellent Council by the people and businesses we serve and the staff we employ and by making a positive difference to people's lives as well as creating opportunities for everyone to fulfil their full potential.

Managing a net revenue budget of £14.2m and a revised capital budget of over £13.2m, the Council provides a wide range of services for its residents as detailed in our Gedling Plan 2023-27.

Gedling has a strong record of delivering high-quality, low-cost services, but the Council continues to face cuts in central government funding, making this an ever-increasing challenge to maintain. Funding cuts have come at a time of increasing demands for services from a growing and increasingly ageing population, together with inflationary pressures, in particular the Government's removal of the public sector pay cap has impacted on pay expectations in local government. Details of the plans made by the Council for 2023/24, the performance achieved against those plans and a look forward to 2024/25 and beyond are given in the following sections.

2. Gedling's Plans for 2023/24

The Gedling Plan 2023-27, summarising how the Council would work with its partners to improve the lives of its residents, support local businesses and provide high quality and excellent value for money services, was approved by Council on 2 March 2023. This document set out the Council's four priorities, and all Gedling's plans are structured around these priorities, which are summarised below:

- Economy – to encourage and support healthy businesses in our town and local centres, improving local skills and employment opportunities, and prioritising an economy that attract visitors throughout the day and supports leisure activity.

- Community - to enable a resilient, empowered, connected, inclusive and healthy community.

- Place - to enable a safe, attractive, clean and culturally vibrant borough that plays its part to tackle the climate emergency.

- The Council - to ensure the council is a healthy place to work, it engages with its customers, has a focus on improvement, is financially sound, and ensures compliance with all relevant legislation.

2023/24 Budget Highlights

On 17 November 2022, the Chancellor of the Exchequer presented his Autumn Statement to Parliament.

The Autumn Statement confirmed that government DEL budgets will be maintained at least in line with the budgets set at the Spending Review 2021 but then grow more slowly than previously expected. The Spending Review 2021 set UK government Departmental Expenditure Limit (DEL) budgets from 2022-23 to 2024-25. This included an average increase in Core Spending Power for local government of 3% in real terms over the Spending Review period. However, a substantial part of the additional £4.8 billion of new grant funding allocated at the time to local government is primarily to meet social care pressures which is an upper tier function and does not therefore benefit Gedling Borough Council.

At the Spending Review 2021, departments were also provided with funding to cover employer costs of the Health and Social Care Levy. As the Levy is no longer being introduced as a separate tax from April 2023 and departments will not face these additional costs, budgets have been adjusted centrally to remove this compensation.

To keep spending focused on the government's priorities and help manage pressures from higher inflation, the Autumn Statement indicated that government departments will be required to continue to identify efficiency savings in day-to-day budgets. To support departments to do this, the government is launching an Efficiency and Savings Review. This will include reprioritising spending away from lower-value and low-priority programmes, and reviewing the effectiveness of public bodies.

The Chief Secretary to the Treasury and the Minister for the Cabinet Office will work with all the cross-cutting government functions and departments to drive up professional standards, accelerate progress on innovation and automation, and further reduce waste and duplication. The government will report on progress with the Review in the spring. This is potentially an indication that increases in spending allocations will not be available in the future.

The 2023/24 Settlement determines how much Revenue Support Grant central government will give to each local authority in England in 2023/24 and sets the Baseline Funding Level for Business Rates (the actual amount of business rates funding will be determined by the actual amount of rates collected and movements in the business rates base in accordance with the business rates retention scheme).

The one year settlement means that there is still no clarity over funding levels after March 2024. This continues to hamper meaningful financial planning at a time when demand and inflationary pressures are now increasing beyond expectations.

The 2023/24 Settlement Funding Assessment (SFA) figures are set out in the table below along with those for previous periods for comparative purposes:

Year	Revenue Support Grant £	Business Rates £	**Total SFA £**	Cash (Reduction) /Increase £	Movement from Prev. Year	**Movement from 2015/16 (last CSR)**
2015/16	2,146,200	2,792,300	**4,938,500**			
2016/17	1,415,700	2,815,500	**4,231,200**	(707,300)	-14.3%	**-14.3%**
2017/18	780,500	2,873,000	**3,653,500**	(577,700)	-13.7%	**-26.0%**
2018/19	384,900	2,959,300	**3,344,200**	(309,300)	-8.5%	**-32.3%**
2019/20	0	3,027,100	**3,027,100**	(317,100)	-9.5%	**-38.7%**
2020/21	0	3,076,400	**3,076,400**	49,300	+1.6%	**-37.7%**
2021/22	0	3,076,400	**3,076,400**	0	0%	**-37.7%**
2022/23	500	3,076,400	**3,076,900**	500	0%	**-37.7%**
2023/24	117,500	3,191,600	**3,309,100**	232,200	7.5%	**-33.0%**

The new element of Revenue Support Grant (RSG) relates to the consolidation of grant funding that has previously been received outside of the Settlement Process, primarily being Council Tax Administration Subsidy i.e. this is not new funding. An offsetting reduction has been made in the core Revenue Budgets detailed at paragraph 2.5. The increase in business rates is due to adjustments made to baseline funding levels due to the revaluation of the system (see para 2.4.3)

The total cumulative settlement reductions equate to 33% or £1.63m in cash terms over the periods from 2016/17 to 2023/24 compared to the base position of 2015/16. Excluding the grants now consolidated into RSG i.e. not additional funding, the equivalent cumulative settlement reductions equate to 35% or £1.75m over the same period. Total settlement reductions compared to the amount received in 2010/11 are £5.65m or 64% by 2023/24. This is broadly the same position as last year.

SFA is reduced to 23% of Gedling's net budget for 2023/24, before accounting for new required efficiency targets, compared to 60% in 2010/11.

3. Gedling's Performance in 2022/23

a. Financial Performance

During 2023/24, Cabinet received the usual Gedling Plan monitoring reports by portfolio for decision making (see the Expenditure and Funding Analysis at disclosure note 5 on page 46) and approved budget amendments to align resources to meet identified budget pressures, managing within the overall maximum capital and revenue budgets approved by Council, which included approved budget carry forwards from 2022/23.

Capital Outturn

Summary capital outturn expenditure by portfolio is shown below, together with its financing:

Capital Outturn	Revised Estimate 2023/24 £000	Actual 2023/24 £000	Variance 2023/24 £000
Capital Expenditure:			
Local Pride & Community Engagement	0	0	0
Lifestyles, Health & Wellbeing	40	33	(7)
Public Protection	77	25	(52)
Environment Services	2,144	1,653	(491)
Sustainability Growth & Economy	8,723	7,360	(1,363)
Corporate Resources & Performance	2,163	1,563	(600)
Total Capital Expenditure	**13,147**	**10,634**	**(2,513)**
Financing:			
Capital Receipts	(611)	(2,175)	(1,564)
Capital Grants and Contributions	(3,463)	(4,486)	(1,023)
General Fund Revenue Contribution	(276)	(60)	216
Developer Contributions	(4,671)	(81)	4,590
Borrowing	(4,126)	(3,832)	294
Total Financing	**(13,147)**	**(10,634)**	**2,513**

Requests for carry forward of budgets to 2024/25 totalled £2.364m.

Major investments in services during the year included:

- £4.448m on the Gedling Access Road (GAR) Contributions
- £1.500m on the Economic Regeneration Land Assembly
- £1.280m on Temporary Accommodation
- £1.058m provided for Disabled Facilities Grants.
- £1.038m on the Vehicle Replacement Programme
- £0.614m provided for Green Homes Grant Scheme.
- £0.584m on the East Midlands Domestic Retrofit Project
- £0.429m on The Arnold Market Place (AMP).

At the end of the year capital grants and contributions received but not yet applied to capital expenditure totalled £0.448m. These capital reserves remain available for use in future years.

The Capital Financing Requirement represents the Council's underlying "need" to borrow for capital purposes and totalled £15.730m at 31 March 2024. No PWLB loans matured during 2023/24 and no additional PWLB loans were taken out in the year. Total external debt as at 31 March 2024 totalled £10.812m and therefore the Council remained in an "internally borrowed position", effectively using some of its reserves and balances to support capital expenditure in the short term. This approach is deemed prudent since although borrowing and investment rates are starting to increase, any further borrowing in advance of cash flow requirements would result in a significant additional cost to carry the extra debt. The Council has access to borrowing facilities at concessionary "certainty" rates from the PWLB. Loans taken from PWLB have special characteristics in that interest rates are based on the Government's cost of borrowing, rather than on market rates.

Revenue Outturn

Summary outturn revenue expenditure by portfolio is shown below, together with its financing:

Revenue Outturn	Estimate 2023/24 £000	Actual 2023/24 £000	Variance £000
Portfolio:			
Communities & Place	354	324	(30)
Lifestyles, Health & Wellbeing	1,991	299	(1,692)
Public Protection	1,500	1,873	373
Life Chances & Vulnerability	1,147	1,099	(48)
Environmental Services	4,661	4,701	40
Climate Change & Natural Habitat	1,974	1,970	(4)
Sustainable Growth & Economy	1,662	863	(799)
Corporate Resources & Performance	1,793	389	(1,404)
Net Portfolio Budget	**15,082**	**11,518**	**(3,564)**
Transfer (from)/to Earmarked Reserves	(1,064)	2,392	3,456
Net Council Budget	**14,018**	**13,910**	**(108)**
Financing:			
Business Rates	(6,328)	(6,382)	(54)
Council Tax	(7,150)	(7,150)	0
Funding Guarantee	(350)	(350)	0
Service Grant	(124)	(124)	0
Business Rates Levy	(26)	(26)	0
Revenue Support Grant	(118)	(118)	0
New Homes Bonus	(333)	(333)	0
HMRC VAT Claim	(3,500)	(3,573)	(73)
Prior Year Audit Adjustments	0	64	64
Transfer (from)/to General Fund Balance	3,911	4,082	171
Total Financing	**(14,018)**	**(13,910)**	**108**

The table shows an net underspend of £108k against the current approved Net Council Budget, equating to 0.77%. This underspend is primarily due to additional income in Leisure Centres, interest on investments and staffing savings across numerous services due to vacant posts. Whilst budgets have been changed as part of quarterly monitoring to reflect the current position at that time. During the year there still remained a level of uncertainly due to the current economic climate and increasing rates of interest and inflation.

The General Fund balance at 31 March 2024 is £4,913m. This remaining balance will be available to support future revenue expenditure.

In addition to the General Fund balance, earmarked reserves are sums set aside to provide financing for specific future expenditure plans. The total balance of such reserves at 31 March 2024 is £8.604m as opposed to £6.200m at 31 March 2023.

Council Tax

Gedling collects its own council tax and, as a billing authority, for Nottinghamshire County Council, the Nottinghamshire Police and Crime Commissioner, the Combined Fire Authority and twelve parish councils. This has a significant impact on the Council's cash flow with the Council planning to collect around £88.1m and retaining only its own £7.1m for spend on services in 2023/24. Gedling's element of the council tax was increased by £5 (for a Band D equivalent property) in 2023/24 and during the year 97.8% of council tax due was collected, against a target of 98.5%.

Non-Domestic Rates

Under the Business Rates Retention Scheme, Gedling collects business rates income and pays over the appropriate shares to Central Government, Nottinghamshire County Council and the Combined Fire Authority. Gedling was due to collect business rates income of £22.9m in 2023/24 after applying a number of reliefs announced by the Government. These reliefs and the accompanying compensation grants from the Government impacted the Council's cash flow during 2023/24 and this impact will continue for a number of years. Gedling's share of business rates income amounted to £6.4m in 2023/24.

The Business Rates Retention Scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the degree of successful appeals nor the reduction in rateable value achieved can be pre-determined. Using the best information available the total provision at 31 March 2024 is £1.791m, of which Gedling's share under the scheme is £0.716m. This represents a decrease for Gedling's share of £0.664m from the position at 31 March 2023.

During the year 97.9% of the business rates due was collected against a target of 98.9%.

Balance Sheet

The Council's net worth increased from a net asset of £26.360m to £33.335m at 31 March 2024. The movement is largely due to a change in the pension liability.

- Pension Liabilities

The Council's pension liability is the value of its commitment to pay retirement benefits across future years, offset by the value of assets invested in the Pension Fund. The Pension Fund is revalued every three years to set future contribution rates. At the most recent actuarial valuation on 31 March 2023, which set Gedling's contribution rates for 2023/24 to 2025/26, the funding level of the Nottinghamshire County Council Pension Fund was 100% of the accrued liabilities as at 31 March 2022, which has increased from 93% at the 2019 valuation.

Gedling's pension liability decreased by £5.6m to £4.5m during 2023/24. This was mainly due to decrease in the present value of the defined benefit obligation and an increase of the fair value of fund assets based on technical calculations and actuarial assumptions. Whilst this has a significant impact on the Council's net worth, the increase in pension liability will be made good by the increases in future contributions and bears no relation to the cash position on the Pension Fund.

- Short Term Creditors

  The value of short-term creditors and receipts in advance decreased by £3.6m during 2023/24.

- Short Term Debtors

  The value of short-term debtors increased by £1.3m during 2023/24.

b. Non-Financial Performance

Key Achievements and Key Performance Measures:

The Council has made a commitment to closely align budget and performance management in line with good practice. To deliver this commitment, progress in respect of activities, achievements and performance measures, grouped by the Council's priorities, is reported to Cabinet on a regular basis. Key achievements are deemed to be those making a real difference to peoples' lives, in keeping with the Council's key aim of Serving People, Improving Lives whilst key performance measures allow progress towards these to be monitored.

Economy:

To encourage and support healthy businesses in our town and local centres, improving local skills and employment opportunities, and promoting an economy that attracts visitors throughout the day and supports leisure activity.

Key Achievements

- In partnership with the Department for Work and Pensions, we held four jobs' fairs over the year. Around 1,000 people attended those events, where they learnt about job and career opportunities and received advice from over 100 exhibitors representing employers, apprenticeship providers, training providers and advisors.

- Working together with Nottinghamshire County Council we held four business surgeries, providing vital support and advice on how to either start or further grow a business. All the surgeries were well attended.

- Our support to businesses is also demonstrated through our payment of 98.4% of invoices within 30 days.

- Several events were held at the Arnold Marketplace (AMP) including a Chinese New Year event, a Nottinghamshire Makers and Vintage Market and summer holiday events involving Inspire Learning and the Play Forum.

- As part of the preparation of the Greater Nottingham Strategic Plan the Council consulted on its Preferred Approach to housing, employment and logistics. A range of evidence documents have been commissioned focusing on transport modelling, housing needs, town and local centres, viability, habitats and carbon reduction. This evidence has informed policy preparation which will underpin a full draft plan.

- As a part of the Town Centre improvement plan "Ambition Arnold", a contractor has been appointed to develop a strategic vision to support the regeneration and long-term sustainability of the Borough's main retail centre. Additional progress has been made for the programme with the Council recently securing £150k from "One Public Estate" government spending to develop feasibility.

- Funding for Carlton has been awarded by the Government under a second tranche of the Long Term Plan for Towns. This could equate to up to £20 million over a 10-year period to use on community projects to regenerate Carlton, improve connectivity and reduce anti-social behaviour.

Community:

To enable a resilient, empowered, connected, inclusive and healthy community.

Key Achievements

- Our Revenues team administered two further Energy Bill Support schemes, making payments to our harder to reach customers, such as those in care homes, who were initially not included in the Government's general energy support. This provided equal opportunity for people in care homes and other shared accommodation who pay towards the energy cost as a part of their care and accommodation, to receive the same support as those who have their own energy contracts.

- Our customer services team referred over 3,600 residents in need for the Household Support Fund. Gedling Borough Council have always been in the top three local authorities for the number of referrals. The scheme aims to provide a lifeline to residents experiencing financial hardship due to the cost-of-living crisis.

- The Council spent £1,024,000 on disabled adaptations to enable residents with disabilities to remain living independently in their own homes and 95 grants were awarded to fund the adaptation works.

- Our highly successful annual Arnold Summer Fair coincided with Refugee Week and the 75th anniversary of Windrush arrivals. Residents celebrated the vibrant multicultural heritage of the area enjoying live music, performances and creative workshops. Other successful events throughout the year included Christmas Markets and light switch-ons, Easter and Chinese New Year Trails and children's summer holiday activities in the AMP event space in Arnold.

- We opened our new "Changing Places" public toilet block at King George V Recreation Ground in Arnold. The facility is designed to meet the needs of people with profound and multiple learning disabilities as well as people with other physical disabilities and is available by Radar Key and monitored by our existing network of CCTV cameras.

- Our highly successful learn to swim scheme reached an all-time high of over 4,000 customers with over 600 children achieving their 25m swim badge. Successful campaigns around drowning prevention and the annual swim galas at Arnold and Carlton Forum Leisure Centres also took place.

- During the year, the number of visitors to our five leisure centres in the borough reached 1,153,000 - an increase of over 20,000 from pre-Covid levels. Upgrades to our Leisure Centres included new surround sound audio equipment and mood lighting at Calverton Leisure Centre, creating a superb sensory experience for people with disabilities. A special Armed Forces Leisure Card scheme reached the number of 410 subscribers.

- To improve their life chances and help young people develop essential skills and confidence, we hosted eleven school age work experience places over the year.

- The Council delivered on 90% of its key equality actions (74 in total) with the remainder being carried forward for delivery during 2024/25. The improvements focused both on external service delivery such as the development of a new Equality Policy (Services) and internal actions such as the introduction of a new equality training programme for staff.

Place:

To promote and drive sustainable growth across the borough to meet current and future needs.

Key Achievements

- Over 200 long term (between 6 months and 5 years) empty homes were returned to use helping to improve neighbourhoods and reduce antisocial behaviour along with providing more available housing.

- The play area at Lambley Lane recreation ground was completely refurbished thanks to £100k of funding from FCC Communities. The redesigned site includes wheelchair accessible facilities.

- We exceeded our targets, by planting a total of 3,656 trees on several sites in the borough including Gedling Country Park, Arnot Hill Park and Digby Park. Our tree planting initiative enhances the local environment, provides improved air quality, increases shade, improves habitat for wildlife and aligns with the broader goal of creating a more sustainable and resilient community in the face of climate change.

- We were announced winners at the Association of Public Service Excellence (APSE) Awards in the category "Best Collaborative Working Initiative, with other public sector or third sector" for our entry of "Notts Green Rewards Helping Nottinghamshire and Nottingham City residents take action to reduce their carbon footprint and to help tackle climate change".

- We proudly took part, once again, in the nation's Great British Spring Clean campaign, inspiring residents to take pride in their surroundings and take care of their environment. Many volunteers took part in local litter pick activities and our Climate Change Officer also visited local schools, encouraging creativity in tackling environmental challenges through competitions.

- New CCTV cameras have been installed at Balmoral Road in Colwick, St Wilfred's Square Car Park in Calverton and Church Lane recreation ground in Arnold to assist the police with investigations and aid the Council's Community Safety Team and Neighbourhood Wardens in tackling anti-social behaviour.

- Our robust approach to hygiene of the food premises in the borough brought about the success of 96% of food premises scoring four or five in the national food hygiene rating scheme, with five being the highest level.

- As residents were given an opportunity to enjoy a range of local cultural activities, an achievement of 47,000 visits to Bonnington Theatre was recorded which is an 18% increase from the previous year.

The Council:

To be a high performing, efficient and effective council.

Key Achievements

- Our Customer Services outreach team continued to advise over 1,000 customers at our Outreach hubs at Calverton, Carlton and Bestwood Village, helping with services such as housing, council tax, benefit claims and services from our partners.

- We introduced web chat as a new digital access channel for residents of the borough, totalling 4,155 interactions in its first six months of use. Many positive comments were received from the public, mainly relating to the user-friendly aspect of this online communication system.

- Our residents are now able to sign up to access their Council tax bills and invoices online. This not only allows the customer 24/7 access to their account, but also results in significant savings to the Council on postage and printing costs and benefits the environment.

- We successfully completed local elections in May 2023, for the first time under the new voter ID requirements. Positive feedback was received from election staff, internal officers, candidates, agents and councillors.

- We created a "Gedling Inclusion Group" of employees drawn from teams across the Council to contribute to its work to the benefit of the organisation and its workforce in respect to issues relating to equality, diversity and inclusion.

- To underpin our new Gedling Plan (2023-27) we have this year adopted a revised Workforce Strategy and a new Digital, Data and Technology Strategy. These are the foundations from which, combined with a review of our structures, we will fundamentally transform the ways that we deliver our services. Still with our residents, customers and service users at the heart of our delivery we will streamline processes and introduce appropriate technology to ensure that we continue to deliver great services that are innovative and even more efficient and cost-effective.

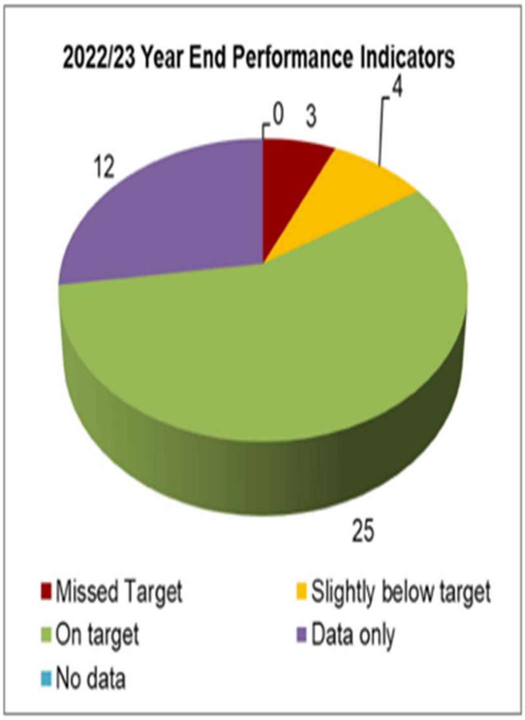
- The Council produced a balanced Medium Term Financial Plan for the period of 2024/25 - 2028/29. This means that as long as the Council continues to meet its efficiency targets, the budget is robust and the Council should remain in a financially stable position for the duration of the medium term plan.

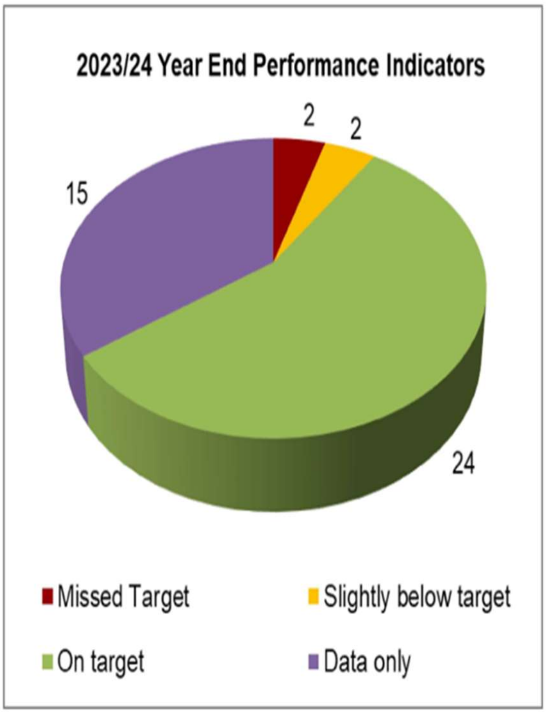
Actions:

Of the 69 actions included in the Gedling Plan 2023-27 which were due for completion in 2023/24, 61 are complete or incorporated into the 2024/25 Gedling Plan, 8 are uncomplete and are being carried forward into 2024/25.

Performance Indicators:

Whilst Actions refer to the Council’s broad aims, Performance Indicators are more specific and represent measurable targets that are monitored and reported to Members on a quarterly or annual basis as appropriate. At 31 March 2024, 26 of the 43 indicators were on target or slightly behind target, with 2 behind target and 15 indicators used for tracking purposes only. Data was available for all of the indicators.





What we did well - 26 indicators were on target or slightly behind target. Examples of particularly positive results, either in terms of the performance against the target or when compared with 2022/23, are shown below

- Number of attendances at the Bonington Theatre was 47,456 against a target of 40,600.
- Average number of Swim School Members (12 month rolling period) was 4,070 against a target of 3,800.
- Number of visits to leisure centres was 1,153,000 against a target of 1,060,000.
- Current number of DNA members was 4,389 against a target of 4,125.
- Average time to process Housing Benefit change in circumstances (in calendar days) was 4.4 days against a target of 5.0 days.
- Average time to process new Housing Benefit claims (in calendar days) was 13.5 days against a target of 15.0 days.
- Percentage of calls to the contact centre answered (or call back made) - 12 month rolling total was 95% against a target of 94%
- Number of social media followers was 50,300 against a target of 43,000.
- Net additional homes provided was 604 against a target of 497.
- Number of long-term empty homes (6 months) in the Borough returned to use as a result of Gedling Borough Council intervention 217 against a target of 40.

- ❖ Number of rented households with health and safety hazards that fall below the minimum legal standard that have been remediated following the council's intervention was 87 against a target of 20.

- ❖ Number of affordable homes delivered (gross) was 111 against a target of 60.

- ❖ Number of affordable homes delivered (gross) was 100% against a target of 92%.

- ❖ Percentage of other planning applications processed within 8 weeks was 87% against a target of 80%.

- ❖ Percentage of household waste sent for reuse, recycling and composting was 34.5% against a target of 30.0%.

Where we need to improve - whilst overall performance is positive, 2 indicators were behind target. The two major areas of concern were:

- ❖ The percentage of Minor planning applications processed within 8 weeks was 81.4% against a target of 86.0%.

- ❖ Working Days Lost Due to Sickness Absence (rolling 12-month total) was 9.88 days against a target of 9.0 days.

4. <u>The Council's Future Plans – The Way Forward</u>

The financial position remains extremely challenging with Central Government support to the Council continuing to fall.

The final settlement figures announced on 6 February 2023 related only to 2023/24 and is a one-year settlement and once again there was no multi-year settlement which many local authorities, including Gedling Borough Council lobbied for. However, the Government has attempted to provide some clarity for 2024/25 by confirming that the core settlement will continue in a similar manner for 2024/25 i.e. Revenue Support Grant and Baseline Funding Levels will continue in the same format as 2023/24 meaning there will be no implementation of the Fair Funding Review or reset of the Business Rates system in 2024/25 and confirming no future changes will be made to Council Tax referendum principles. Further consideration will be given to the funding position of lower tier councils for 2024/25 and the future of the New Homes Bonus scheme will be set out ahead of the 2024/25 local government finance settlement.

The total cumulative settlement reductions equate to 33% or £1.63m in cash terms over the periods from 2016/17 to 2023/24 compared to the base position of 2015/16. Excluding the grants now consolidated into RSG i.e. not additional funding, the equivalent cumulative settlement reductions equate to 35% or £1.75m over the same period. Total settlement reductions compared to the amount received in 2010/11 are £5.65m or 64% by 2023/24. This is broadly the same position as last year.

SFA is reduced to 23% of Gedling's net budget for 2023/24, before accounting for new required efficiency targets, compared to 60% in 2010/11.

The Council has always taken, and will continue to take, a proactive approach to funding cuts, actively seeking out ways to identify pressures, possible efficiencies and new sources of income. The Gedling Plan 2023-27 was presented to Members on 2 March 2023 and reaffirmed the Council's priorities as:

- ❖ Economy
- ❖ Community
- ❖ Place
- ❖ The Council

Since 2014/15 Council have approved six separate efficiency programmes totalling £7.0m net of risk provision. The total programme remaining for delivery over 2023/24 to 2024/25 is £0.373m (net of risk provision).

The progress of the current programme delivery has been positive and budget reductions achieved remain broadly in line with the profiled estimate.

A new efficiency programme totalling £443,500 for delivery in 2023/24 is now proposed for approval. An additional risk provision of £50,000 is included in the budget to manage the inherent risks of efficiency programme delivery and a Transformation Fund budget of £50,000 is included to facilitate the implementation of the overall programme.

It is recognised that there continues to be significant risks in delivering the full amount of savings in the remaining projects.

Even in the face of the financial challenges, the Council remains ambitious for its residents, businesses and taxpayers and the 3 year capital investment plan, detailed below, includes schemes to provide affordable housing, replace vehicles and refurbish play areas.

Capital Estimate	**Three Year Plan**		
	2023/24 £000	**2024/25 £000**	**2025/26 £000**
Environment	3,712	2,364	2,124
Sustainability Growth and Economy	126	831	0
Corporate Resources and Performance	3,090	430	430
Total Expenditure	**6,928**	**3,625**	**2,554**
Financing			
Capital Receipts	(611)	(50)	(50)
Capital Grants and Contributions	(1,999)	(2,526)	(1,200)
General Fund Revenue Contribution	(21)	0	0
Borrowing	(4,297)	(1,049)	(1,304)
Total Financing	**(6,928)**	**(3,625)**	**(2,554)**

In addition to reductions in Government grant funding, the key strategic financial risks facing the Council over the forthcoming years are:

- Major Budget Pressure - Since the approval of the original 2022/23 budget there has been a significant increase in inflationary pressures being faced by the Council, resulting in a substantial increase in costs across the medium term. The inflationary pressures arising have been caused by a range of factors: the aftermath of the Covid-19 pandemic; post-Brexit supply and labour shortages; the war in Ukraine and subsequent western sanctions; and more recently the previous Chancellor’s fiscal statement and growth plan set out in September of last year; which all together created a ‘perfect storm’ culminating in an adverse impact on the economy, dampening growth with inflation rising significantly above the Bank of England target levels and resulting in an increasing Bank of England base rate.

- Fair Funding Review – Funding baselines for local authorities, as determined by the local government finance settlement, are based on an assessment of local authorities’ relative needs and resources. This consists of a large number of economic and social indicators that underlie the distribution of Revenue Support Grant and the setting of tariffs and top-ups within business rate retention. The methodology behind this assessment was introduced over ten years ago, and has not been updated since the introduction of the 50% business rates retention system in 2013/14.

  Since that time, demographic pressures have affected local areas in different ways, as has the cost of providing particular services. In recognition of these pressures, the Fair Funding Review will address concerns about the fairness of current funding distributions which have diverged from the needs basis. The outcome of this review will enable the Government to reconsider how the relative needs and resources of local authorities should be assessed in a world in which they will continue to have greater control over the money that they raise.

Transitioning to the new funding distribution. The Government recognises that introducing a new needs and resources formula could result in significant changes to the funding baselines of some local authorities. It is therefore intended to introduce transitional arrangements that are fair, transparent and easily understood so that budgetary impacts can be accommodated.

The latest consultation proposed that the starting baseline for the purposes of transition will be a measure of the current funding available to each local authority i.e. the Core Spending Power measure excluding one-off grants. This should mean that no authority will see its funding reduce as a result of the new system in the first instance. It proposed that transition be time-limited, establishing a fixed period of time to enable target allocations to be reached as soon as practicable.

Whilst the need for a transition period is usual in these circumstances there is a risk that the funding reductions that Gedling have suffered since 2015/16, as detailed in the CSP measure, will be locked in for a period if:

a) the outcome of the review is that Gedling's funding is currently too low based on relative needs, which may be the case given that the disproportionate £1.5m CSP reductions (excluding one-off grants which may not be protected) we have faced are mainly due to the NHB scheme which takes no account of relative needs; and
b) the current CSP is used as the comparative measure to apply protection similar to its use in the 2022/23 Lower Tier Services Grant.

Gedling will take an active part in any further Fair Funding Review consultation processes to ensure its position is understood and views are represented.

❖ Business Rates Retention Scheme – The Business Rates Retention Scheme will be retained at 50% for next year and there will also be no reset of the business rates baseline for 2024/25 which provides some funding certainty for next two years. If the reset is implemented in 2025/26 it is expected that some existing business rates growth could be removed upon reset, reducing income levels.

The Council has an excellent record for budget management and financial planning. It has always aimed to be a year ahead of the budget reductions required, to ease the transition. It has also already developed strategies to manage efficiencies and for the digitalisation of services. However, given the scale of the challenges faced, especially in the light of the recovery from Covid-19 and the budget reductions required, there will inevitably be some contraction of services or reduction in performance in some areas over the coming years if existing efficiency plans do not proceed in line with expectations or there are further funding reductions following the implementation of the Fair Funding Review. Working with partners will be essential to successfully respond to the challenges faced.

5. Corporate Risk

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. In discharging this responsibility the Council is responsible for putting in place proper governance arrangements, facilitating the effective exercise of its functions including arrangements for the management of risk. For this purpose, the Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government" and also meets the requirements of the Accounts and Audit Regulations 2015.

For the year ended 31 March 2024 The Head of Internal Audit (BDO) Annual Report and Annual Statement for 2023/24, concluded an overall opinion of Moderate assurance, which is a positive level of assurance and demonstrates the work undertaken by the Council to strengthen its internal control environment. This is an improved opinion to 2022/23 where Limited assurance was provided. Therefore, the Council are on a positive trajectory, with better engagement with internal audit across the organisation and a clear commitment to enhance controls

The AGS assesses governance up to 31 March 2024. Significant issues affecting our governance arrangements arising during 2023/24 included the emergence of Covid-19 in March 2020, which continued for 2021/22, 2022/23 and 2023/24. The key governance issues arising have been effectively addressed as demonstrated through regular reports to Cabinet on the Council's response to the pandemic and the impact on the Gedling Plan.

A number of proposed actions for 2024/25 have been identified in the AGS to address control and risk issues following a review of the governance framework which, whilst not all significant, are included to provide a proactive and holistic approached to governance, including assessing and monitoring the risks and assumptions underpinning the Council's Medium Term Financial Plan (MTFP), monitoring the emerging risk of workforce capacity to the delivery of the Gedling Plan and to governance compliance, reviewing the emergency planning arrangements to incorporate lessons learnt from the Covid-19 pandemic response and updating all business continuity plans to ensure they are fit for purpose for all business continuity risks, reviewing and adopting the principles of CIPFA's Position Statement: Audit Committees in Local Authorities to ensure that effective audit committee arrangements are in place in order to meet statutory responsibilities, ongoing monitoring of compliance with the Financial Management Code and implementation of planned actions as well as implementing system improvements to support the monitoring and timely implementation of internal audit actions by management.

6. Explanation of the Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements.

Statements to the Accounts

- ❖ The Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Authority and of the Chief Financial Officer.

- ❖ The Auditors Report gives the auditor's opinion of the financial statements and of the authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

Financial Statements

- ❖ The Comprehensive Income and Expenditure Statement (CIES) shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards, rather than the amounts to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations, which may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

- ❖ The Movement in Reserves Statement (MiRS) shows the movement from the start of the year to the end, on different reserves held by the authority, analysed into "usable" reserves (those that can be applied to fund expenditure or reduce local taxation) and other "unusable" reserves. The statement shows how the in-year movements of the authorities reserves are broken down between gains and losses incurred in accordance with Generally Accepted Accounting Practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movement in the year, following those adjustments.

- ❖ The Balance Sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the authority. The net assets are matched by the reserves held by the authority, reported as usable reserves (those that may be used to provide services subject to the need to keep a prudent level of reserves) and unusable reserves (those holding unrealised gains and losses and therefore not available to use in the provision of services).

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

Supplementary Statements

- The Collection Fund Statement is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from the taxpayer and distribution to local authorities and the Government, of council tax and non-domestic rates.

7. Summary

The Council's financial and non-financial position in 2023/24 remains robust, given the extent of the financial challenges it faces. The revenue outturn represents an underspend that is broadly in line with expectations and the capital programme has been actively managed. The Council continues to maintain a level of reserves and balances that will provide financial resilience for 2024/25 and although the recovery from the Covid-19 pandemic and the impacts of the 'Cost of Living' crisis are likely to present a significant challenge in the medium term, the Council will not lose sight of achieving the Gedling Plan and delivering its aim of 'Serving People, Improving Lives'.

No material events took place between the reporting date of 31 March 2024 and the date the Statement of Accounts was authorised for issue by the Chief Financial Officer.

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ANNUAL STATEMENT OF ACCOUNTS 2023/24

STATEMENT OF ACCOUNTING POLICIES

FOR GEDLING BOROUGH COUNCIL

1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 20232/24 financial year and its position at the year end of 31 March 2024. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with the proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code), supported by International Financial Reporting Standards (IFRS).

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

The Statement of Accounts has been prepared on a going concern basis. As required by IAS1, it has been assumed that the Council will continue in operation for the foreseeable future.

2. 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 sale of goods or services is recognised in accordance with the terms and conditions of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance is written down and a charge made to revenue for the income that might not be collected.

An exception to this principle relates to electricity and similar quarterly payments, which are charged at the date of meter readings rather than being apportioned between financial years. This policy is consistently applied each year and is unlikely to have a material effect on the year's accounts.

3. Cash and Cash Equivalents

Cash is represented by cash in hand at the bank, cash in transit and imprest amounts. Cash equivalents are represented by deposits held in Business Reserve accounts and Money Market

Funds that are repayable at call without penalty. 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 Authority's cash management.

All deposits held for fixed periods, however short, are classed as short-term investments, since they are not readily convertible to cash as they cannot be broken without the payment of penalties.

4. Exceptional items

When items of income and expenditure are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to the understanding of the Council's financial performance.

5. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in Accounting Policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority'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.

6. Charges to Revenue for Non-Current Assets

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

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

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 require local authorities to approve an MRP policy at the beginning of each financial year, determining how the amount to be set aside for the repayment of principal on outstanding debt is to be calculated. This policy is included in the Treasury Management Strategy Statement for 2023/24, which was approved by Council on 6 March 2024.

7. 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, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year which employees render service to the authority. An accrual is made for the estimated cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserve 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 pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the Authority are members of The Local Government Pensions Scheme, administered by Nottinghamshire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Authority.

The Local Government Pension Scheme

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

- The liabilities of the Nottinghamshire County Council Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie 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 that reflects the time value of money and the characteristics of the liability.
- The assets of Nottinghamshire County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
    - quoted securities – current bid price;
    - unquoted securities – professional estimate;
    - unitised securities – current bid price;
    - property – market value.

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

- Service cost comprising:
    - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
    - past service cost – the increase in liabilities as a result of scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
    - Net interest on the net defined benefit liability (asset), ie. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of the contribution and benefit payments.
- Re-measurements comprising:
    - The return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) – 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 Nottinghamshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the

Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

8. 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 events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts 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.

9. Financial Instruments

Financial Liabilities

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

For all the Authority's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has not undertaken any repurchase or early settlement of borrowing during 2023/24.

STATEMENT OF ACCOUNTING POLICIES

Financial Assets

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

- Amortised cost;
- Fair value through profit and loss (FVPL); and
- Fair Value through other comprehensive income (FVOCI).

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Authority has provided car loans to employees at less than market rates (soft loans). In normal circumstances soft loans would be recognised and measured in the accounts at fair value, in accordance with the Code. However, car loans to employees have been considered at length and it has been concluded that the sum outstanding is not material. Accordingly, no additional calculations for fair value have been undertaken and car loans are recognised at the value of the sums loaned less repayments made.

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

Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised costs, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade debtors held by the Authority.

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

Changes in loss allowances (including balances outstanding at the date of de-recognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the. Comprehensive Income and Expenditure Statement.

Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised in the Balance Sheet when the authority becomes a party to contractual provisions of a financial instrument and are initially measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as they occur.

The Authority holds an investment in the CCLA property fund (a pooled investment fund) which is classified as FVPL. Gains and losses on the fund must now be charged to the Comprehensive Income and Expenditure Statement, however a statutory override effective until 31 March 2023 requires that gains and losses on pooled investment funds must be reversed out through the Movement in Reserves Statement to the Pooled Investment Funds Adjustment Account.

Fair Value through Other Comprehensive Income (FVOCI)

These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the Comprehensive Income and Expenditure Statement when the asset is disposed of. The Authority did not hold any FVOCI instruments during 2023/24.

10. Foreign Currency Conversion

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are converted at the European Central Bank Reference Rate applicable at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

11. Government Grants and Contributions

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

- The Authority will comply with the conditions attached to the payments and;
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of a grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.
Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non Specific 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.

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges are largely used to fund capital expenditure. However, a small proportion of the charges for this authority may be used to fund revenue expenditure and to meet administrative expenses.

12. Intangible Assets

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible assets held by the Authority meets the criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

13. Inventories

Inventories included in the Balance Sheet are valued at last price paid.

Stocks and stores held in the Authority's depot and leisure centres at the year-end are valued at the latest price paid. This is a departure from the requirements of the Code which require stocks to be shown at actual cost or net realisable value, if lower. The effect of the different treatment is not considered to be material. Work in progress on uncompleted jobs is valued at the lower of cost or net realisable value.

14. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but values are revalued annually and are reviewed at year-end according to the market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Investment property that meets the classification criteria for assets held for sale with a realistic expectation of disposal within the next financial year will be re-classified as Held-for-Sale Investment Property in Current Assets.

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

15. Leases

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

Where a lease covers both land and buildings, the land and buildings element 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. The Authority did not have any arrangements of this type during 2023/24.

The Authority as Lessee:

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The Authority operates a de minimis level of £5,000 in recognising and valuing assets acquired under finance lease. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability and,

- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

The Authority does not currently have any finance leases as lessee in excess of the de-minimis level.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

The Authority as Lessor:

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal) matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received) and

- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

The Authority does not currently have any finance leases as lessor.

Operating Leases

Where the Authority 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 appropriate service revenue account in the Net Cost of Services in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

A new standard with respect to leasing has been deferred until 1 April 2024 (IFRS16) which will change the accounting treatment of finance and operating leases. The Council is actively assessing the implications of the new standard, and considers it unlikely that the impact will be material.

16. Overheads and Support Services

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

17. 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 administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. The Authority operates a de minimis level of £5,000 in recognising and valuing assets.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority 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 (ie. repairs and maintenance) is charged as an expense when it is incurred.

STATEMENT OF ACCOUNTING POLICIES

Measurement

Assets are initially measured at cost, comprising:

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

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

The costs of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the Authority). 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 Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost;
- all other assets – current 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.
Assets included in the Balance Sheet at current value are 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 two 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 the reversal of a loss previously charged to a service).

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

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

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

Impairment

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains);

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is 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 (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful life of the property as estimated by the valuer;

- Vehicles, plant, furniture and equipment – straight-line allocation over useful life of the asset as advised by a suitably qualified officer;

- Infrastructure – straight line allocation over estimated useful life.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, 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 Provision of Services. Depreciation is not charged on Assets 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 to be recognised had they not been classified as Assets 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 carrying amount of the asset in the Balance Sheet (whether Property, Plant, and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie 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 in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment, or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in Movement in Reserve Statement.

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

18. Provisions, Contingent Liabilities and Contingent Assets and Reserves

Provisions

Provisions are made where an event has taken place that gives the authority 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 Authority may be involved in a court case 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 authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority 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 authority. 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 authority 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 authority.

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.

Reserves

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

19. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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

20. VAT

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

21. **Fair Value Measurement**

The Authority measures some of its non-financial assets i.e. investment assets and some of its financial instruments at fair value at each reporting date. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an 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:

a) In the principal market for the asset or liability; or

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

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

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

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of a fair value measurement are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices in active market for identical assets or liabilities that the authority can access at the measurement date;

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

- Level 3 – unobservable inputs for the asset or liability.

22. **Collection Fund**

As a billing authority, Gedling Borough Council is required to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and non-domestic rates (NDR). The Council acts as an agent, collecting and distributing council tax and NDR income on behalf of the major preceptors (including central government for NDR) and, as principals, collecting council tax and NDR for themselves. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risk and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

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

Gedling's share of non-domestic rating income and its own council tax demand are paid out of the Collection Fund and credited to the Comprehensive Income and Expenditure Statement

(CIES). The transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the financial year, however each authority will recognise income on a full accruals basis, ie. sharing out in full the surplus or deficit on the Collection Fund at the end of the year, even though it will be distributed to, or recovered from, the relevant authorities in a subsequent financial year. The difference between the accrued income included in the CIES and the estimated income share or demand is reversed out via the Movement in Reserves Statement, and transferred to the Collection Fund Adjustment Account.

There is no requirement for a separate Collection Fund Balance Sheet. Instead Collection Fund balances are distributed across the balance sheets of the billing authority, central government, and precepting authorities. In Gedling's accounts this is represented by the establishment of a debtor or creditor position with each organisation for the difference between the preceptors' and central government's share of business rates income or council tax demand and the cash collected, and settlement of the surplus/deficit on the Collection Fund.

Gedling's Balance Sheet includes the authority's share of the year end balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

As the billing authority, Gedling Borough Council's Cash Flow Statement includes in 'operating activities' only its own share of the council tax and non-domestic rating income collected with movements in the debtor/creditor position with preceptors and central government being included in the Cash Flow Statement as 'financing activities'.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

FOR GEDLING BOROUGH COUNCIL

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Financial Officer;
- Manage its affairs to secure economic, efficient and effective use of resources, and to safeguard its assets; and
- Approve the Statement of Accounts.

THE RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("The Code").

In preparing this Statement of Accounts, the Chief Financial Officer has:

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

CERTIFICATION

I certify that this Statement of Accounts presents a True and Fair view of the financial position of the Authority as at 31 March 2024 and its income and expenditure for the year then ended.

Signed:

T Adams ACMA CGMA
Chief Financial Officer Date: 28 February 2025

Financial Statements

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure Statement (CIES) shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amounts to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations, which may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis (EFA), see note 5 on page 46 and the Movement in Reserves Statement on page 39.

Restated 2022/23				2023/24		
Gross Exp £000s	Gross Inc £000s	Net Exp £000s		Gross Exp £000s	Gross Inc £000s	Net Exp £000s
			Net Cost of Services:			
414	(133)	281	Communities and Place	427	(107)	**320**
5,534	(3,676)	1,858	Lifestyles, Health and Wellbeing	5,874	(9,193)	**(3,319)**
4,660	(2,282)	2,378	Public Protection	4,069	(2,239)	**1,830**
19,419	(18,636)	783	Life Chances and Vulnerability	20,192	(19,110)	**1,082**
6,345	(2,186)	4,159	Environmental Services	6,913	(2,060)	**4,853**
2,902	(701)	2,201	Climate Change and Natural Habitat	2,607	(651)	**1,956**
2,357	(859)	1,498	Sustainable Growth and Economy	2,379	(1,555)	**824**
5,736	(2,343)	3,393	Corporate Resources and Performance	9,989	(1,170)	**8,819**
47,367	(30,816)	16,551	**Cost of Services**	**52,450**	**(36,085)**	**16,365**
			Other Operating Expenditure:			
785	0	785	Payment of Precepts to Parishes	853	0	**853**
28	0	28	Drainage Board Levy	39	0	**39**
38	0	38	Pensions Administration Cost	44	0	**44**
48	0	48	(Gain)/Loss on disposal of PPE	41	0	**41**
899	0	899		**977**	**0**	**977**
			Financing and Investment I&E:			
373	0	373	Interest Payable on Debt	380	0	**380**
1,296	0	1,296	Net Pensions Interest Cost	423	0	**423**
0	(656)	(656)	Interest Receivable and similar income	0	(1,371)	**(1,371)**
2,989	(678)	2,311	Income & Exp re. Investment Properties & changes in their fair value	200	(542)	**(342)**
0	0	0	(Gain)/Loss on disposal of Inv't Assets	0	0	**0**
0	180	180	(Gain)/Loss on Pooled Investm't Funds	0	36	**36**
0	(144)	(144)	Mvt on Impairment Loss Allowances	0	(158)	**(158)**
4,658	(1,298)	3,360		**1,003**	**(2,035)**	**(1,032)**
			Taxation and Non Specific Grants:			
0	(7,622)	(7,622)	Council Tax Income	0	(8,114)	**(8,114)**
0	(5,586)	(5,586)	Non Domestic Rates	0	(6,044)	**(6,044)**
0	(888)	(888)	Non Ring-fenced Government Grants	0	(925)	**(925)**
0	(510)	(510)	Capital grants and contribs (note 11)	0	(2,022)	**(2,022)**
0	(14,606)	(14,606)		**0**	**(17,105)**	**(17,105)**
52,924	(46,720)	6,204	**(Surpl)/Def on Provision of Services**	**54,430**	**(55,225)**	**(795)**
		(794)	(Surplus)/Deficit on reval'n of non current assets (PPE)			**(510)**
		(44,592)	Actuarial re-measurements on Pension assets and liabilities			**(5,670)**
		(45,386)	**Other Comprehensive Income and Expenditure**			**(6,180)**
		(39,182)	**Total Comprehensive Income and Expenditure**			**(6,975)**

ANNUAL STATEMENT OF ACCOUNTS 2023/24

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement (MiRS) shows the movement, from the start of the year to the end, on the different reserves held by the authority, analysed into "usable reserves" (ie. those that can be applied to fund expenditure or reduce local taxation), and other "unusable reserves". The Statement shows how the in-year movements of the authority's reserves are broken down between gains and losses incurred in accordance with Generally Accepted Accounting Practices, and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/(Decrease) line shows the statutory General Fund Balance movement in the year, following those adjustments. The General Fund balance at 31 March 2023 is £4.913m.

2023/24 Statement	**Unallocated Reserves**	**Earmarked Reserves**	**Total General Fund**	**Capital Receipts Reserve**	**Capital Grants Unapplied**	**Total Usable Reserves**	**Total Unusable Reserves**	**TOTAL RESERVES**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Balance at 1 April 2023 per Balance Sheet	**766**	**6,200**	**6,966**	**0**	**6,936**	**13,902**	**12,458**	**26,360**
Total Comprehensive Income and Expenditure	795	0	**795**	0	0	795	6,180	**6,975**
Adj between Acc'g and Funding basis under regs. (note 9)	5,756	0	**5,756**	0	(4,762)	**994**	(994)	**0**
Net Increase/(Decrease) before transfers to Earmarked Reserves	**6,551**	**0**	**6,551**	**0**	**(4,762)**	**1,789**	**5,186**	**6,975**
Transfers (to)/from Earmarked Reserves (note 10)	(2,404)	2,404	**0**	0	0	**0**	0	**0**
Increase or (Decrease) in the year 2023/24	**4,147**	**2,404**	**6,551**	**0**	**(4,762)**	**1,789**	**5,186**	**6,975**
Balance at 31 March 2024 per Balance Sheet	**4,913**	**8,604**	**13,517**	**0**	**2,174**	**15,691**	**17,644**	**33,335**

2022/23 Comparatives	**Unallocated Reserves**	**Earmarked Reserves**	**Total General Fund**	**Capital Receipts Reserve**	**Capital Grants Unapplied**	**Total Usable Reserves**	**Total Unusable Reserves**	**TOTAL RESERVES**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Balance at 1 April 2022 per Balance Sheet (Restated)	4,592	6,122	10,714	0	6,770	17,484	(30,306)	(12,822)
Total Comprehensive Income and Expenditure	(6,204)	0	(6,204)	0	0	(6,204)	45,386	39,182
Adj between Acc'g and Funding basis under regs. (note 9)	3,073	0	3,073	(9)	(440)	2,624	(2,624)	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	(3,131)	0	(3,131)	(9)	(440)	(3,580)	42,762	39,182
Transfers (to)/from Earmarked Reserves (note 10)	(695)	78	(617)	9	606	(2)	2	0
Increase or (Decrease) in the year 2022/23	(3,826)	78	(3,748)	0	166	(3,582)	42,764	39,182
Balance at 31 March 2023 per Balance Sheet	766	6,200	6,966	0	6,936	13,902	12,458	26,360

BALANCE SHEET

The Balance Sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the authority. The net assets (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves includes Usable Reserves, ie. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use (for example, the Capital Receipts Reserve may only be used to fund capital expenditure or to repay debt). The second category of reserves includes those reserves that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, for example the Revaluation Reserve, where amounts would only become available to provide services if assets were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line "adjustments between accounting basis and funding basis under regulations".

31 March 2023			31 March 2024	
£000s	£000s		£000s	£000s
		Property, Plant & Equipment (note 13)		
21,191		Land and Buildings	**24,393**	
3,434		Vehicles, Plant and Equipment	**3,663**	
692		Infrastructure	**640**	
2,117		Community Assets	**2,012**	
		Assets Under Construction	**496**	
0		Assets Held for Sale	**1,800**	
	27,434			**33,004**
	5,646	**Investment Property** (note 14)		**3,967**
	87	**Intangible Assets** (note 15)		**102**
	913	**Long Term Investments**		**877**
	22	**Long Term Debtors** (note 18)		**17**
	34,102	**LONG TERM ASSETS**		**37,967**
13,402		Short Term Investments	**10,709**	
209		Inventories	**189**	
8,204		Short Term Debtors (note 19)	**9,545**	
9,200		Cash and Cash Equivalents (note 20)	**3,943**	
	31,015	**CURRENT ASSETS**		**24,386**
(2)		Short Term Borrowing (under 1year)	**(181)**	
(12,685)		Short Term Creditors (note 21)	**(9,087)**	
	(12,687)	**CURRENT LIABILITIES**		**(9,268)**
(1,481)		Provisions over 1 year (note 22)	**(816)**	
(10,812)		Long term Borrowing (PWLB)	**(10,812)**	
(10,056)		Net Pensions Liability (note 32)	**(4,458)**	
(3,520)		Capital Grants & Contributions Received in Advance (note 11)	**(3,316)**	
(201)		Revenue Grants & Contributions Received in Advance (note 11)	**(348)**	
	(26,070)	**LONG TERM LIABILITIES**		**(19,750)**
	26,360	**NET ASSETS / (LIABILITIES)**		**33,335**

BALANCE SHEET

31 March 2023			31 March 2024	
£000s	£000s		£000s	£000s
	26,360	**NET ASSETS / (LIABILITIES) AS ABOVE**		**33,335**
		Usable Reserves (MiRS p39)		
766		General Fund	**4,913**	
6,200		Earmarked Reserves (note 10)	**8,604**	
6,936		Capital Grants and Contributions Unapplied	**2,174**	
	13,902			**15,691**
		Unusable Reserves (note 24)		
549		Deferred Capital Receipts	**0**	
6,504		Revaluation Reserve	**6,795**	
(87)		Pooled Investment Funds Adjustment Account	**(123)**	
(10,056)		Pensions Reserve	**(4,458)**	
14,046		Capital Adjustment Account	**15,114**	
87		Collection Fund Adjustment Account - CTax	**2**	
1,758		Collection Fund Adjustment Account - NDR	**652**	
(343)		Short-term Accumulating Compensated Absences Account	**(338)**	
	12,458			**17,644**
	26,360	**TOTAL RESERVES**		**33,335**

CASH FLOW STATEMENT

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

2022/23		2023/24
£000s		£000s
(6,204)	**Net Surplus / (Deficit) on the Provision of Services per the Comprehensive Income and Expenditure Statement**	**795**
5,110	Total of adjustments to net Surplus/(Deficit) on Provision of Services for non-cash movements	**1,753**
(711)	Total of adjustments to the net Surplus/(Deficit) on Provision of Services for items that are investing and financing activities	**(873)**
(1,805)	**Net cash flow from operating activities** (see note 25)	**1,675**
1,694	Investing activities (see note 26)	**(1,495)**
353	Financing activities (see note 27)	**(5,437)**
242	**Net Increase / (Decrease) in Cash & Cash Equivalents**	**(5,257)**
8,958	Cash and Cash Equivalents at the beginning of the reporting period	**9,200**
9,200	**Cash and Cash Equivalents at the End of the Reporting Period**	**3,943**

Analysis of Cash and Cash Equivalents at Balance Sheet dates:	31 March 2022	31 March 2023
	£000s	£000s
Bank Account balances and cash in transit	(530)	**(552)**
Imprest accounts	5	**5**
Cash equivalents	9,725	**4,490**
Total Cash and Cash Equivalents per Balance Sheet	9,200	**3,943**

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Please refer to the full Statement of Accounting Polices which can be found on pages 19 to 35.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

At the balance sheet date, the following new accounting standards and amendments to existing standards have been published but not yet adopted by the Code.

IFRS16 (Leases) - Following an emergency consultation, CIPFA LASAAC has further deferred the implementation of IFRS16 until 1 April 2024, ie. for the 2024/25 Accounts. Authorities may implement the standard prior to this if they so wish. Gedling has not, as yet, decided to do so.

In addition reference is made to regular annual improvements to the IFRS Standards and references to the Conceptual Framework in IFRS Standards. These are not anticipated to have any material impact on the Council's financial statements.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the Accounting Policies set out on pages 19 to 35, the authority may have to make certain judgements about complex transactions or those involving uncertainty about future events.

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

Following a referendum held on 23 June 2016, the UK left the European Union (EU) on the 31 January 2020 and concluded a trade deal with the EU by the deadline of 31 December 2020. As yet the full ongoing impact of this on the Council remains unclear.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The estimates are reviewed on an ongoing basis. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The estimated items in the Authority's Balance Sheet at 31 March 2024 for which there is a significant risk of causing a material adjustment in the forthcoming financial year are set out below. This list does not include assets and liabilities carried at fair value based on a recently observed market price.

The coronavirus pandemic has impacted on global financial markets, with market activity affected in many sectors. The property market is recovering well, and market evidence for comparison purposes is now becoming more available to inform opinions of value. Most valuations in 2023/24 were carried out by the Council's in-house valuer E. Wimble MRICS, a chartered surveyor. However valuations were also commissioned from external valuers as necessary. The Council's valuer is responsible for reporting on all values. In line with the RICS Material Valuation Uncertainty Leaders' Forum (UK), material valuation uncertainty (MVU) declarations are no longer required unless an individual valuer believes there is a reason for such a declaration. It is the Council valuer's professional judgement that none of the valuations for the 2023/24 Accounts are subject to MVU.

An impairment review of property values at the balance sheet date was completed at 31 March 2024. Any material differences have been reflected in value compared to the carrying amount.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Item	**Uncertainties**	**Effect if Actual Results Differ from Assumptions**
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements in relation to the discount rate used, the rate at which salaries are projected to increase, changes in the retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For example, a one year increase in the mortality assumption (life expectancy) would result in an increase of £4.096m in the pension liability and a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.582m. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 32 on pages 81 to 88 for further details.
Pensions Assets	The Council participates in the Nottinghamshire Local Government Pension Fund. In line with the RICS Material Valuation Uncertainty Leaders' Forum (UK), material valuation uncertainty declarations are no longer required unless the individual valuer believes that there is reason for such a declaration. The Actuary has confirmed that no MVU declaration has been made in respect of Pension Fund property assets in 2023/24.	As the Actuary has confirmed that no MVU declarations have been made in 2023/24, there is no impact on Gedling's share of the property assets held within the Pension Fund.
Property Plant and Equipment	Depreciation and amortisation is provided to write down the assets to their residual values over their estimated useful lives. The selection of these residual values and useful lives requires the exercise of management judgements considering anticipated usage levels in service provision and levels of repairs and maintenance. A review of balance sheet values is undertaken each year end to assess if any of the assets have not been used at the estimated rates and if any impairment charges are required.	If the useful lives of assets are reduced, depreciation increases and the carrying amount of the asset falls. If assets lives were 10% lower than estimated the annual depreciation charge would be increased by approximately £203,208. However, as the asset values are reviewed on an annual basis this level of incorrect estimation is unlikely. See note 13 on pages 59 to 61 for further details.

NOTES TO THE FINANCIAL STATEMENTS

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Provisions	The Authority has made provisions of £50,000 each for Transferred Housing Stock Repairs and Transferred Housing Stock Environmental Warranty Excesses. These provide amounts to cover for an estimated number of future claims. It is possible the actual number may exceed the estimate. The Business Rate Retention scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the number of successful appeals nor the percentage reduction in rateable value (RV) achieved can be pre-determined. The current provision totals £1,791,167 of which the Council's share as billing authority is £716,466.	A change of 5% in the assumed RV reduction achieved for each NDR appeal could increase or decrease the provision requirement by around £89,558. Of this, the Council's share as billing authority would be £35,823. See note 22 on page 70 for further details on Provisions.
Arrears	An estimate of the impairment allowance for doubtful debts is based upon the age and type of each debt. A collective assessment matrix is used, including the value of items with shared characteristics, eg. the type of debtor and the period overdue, together with a weighting factor for the probability of default. The loss allowance for impairment at 31 March 2023 is £2,654,136. Whilst the full impact of the coronavirus pandemic remains uncertain, it has been addressed when assessing the expected credit loss provisions and the use of a collective provision matrix ensures that where arrears rise there is a corresponding increase in the expected credit loss provision.	If collection rates were to deteriorate, a 10% increase on the impairment amount would require an additional £211,222 to be set aside as an allowance.

5. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with Generally Accepted Accounting Practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under Generally Accepted Accounting Practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES) on page 38.

Restated 2022/23				2023/24		
Net Exp chg'ble to General Fund Balance £000s	Adjs between Funding & Acc'g Basis £000s	Net Exp in CIES (page 36) £000s	**Net Cost of Services:**	Net Exp chg'ble to General Fund Balance £000s	Adjs between Funding & Acc'g Basis £000s	Net Exp in CIES (page 36) £000s
266	15	281	Communities and Place	324	(4)	**320**
1,528	330	1,858	Lifestyles, Health and Wellbeing	(3,275)	(44)	**(3,319)**
2,161	217	2,378	Public Protection	1,859	(29)	**1,830**
641	142	783	Life Chances and Vulnerability	1,099	(17)	**1,082**
3,694	465	4,159	Environmental Services	4,898	(45)	**4,853**
2,044	157	2,201	Climate Change and Natural Habitat	1,970	(14)	**1,956**
1,281	217	1,498	Sustainable Growth and Economy	863	(39)	**824**
1,371	2,022	3,393	Performance	2,295	6,524	**8,819**
12,986	3,565	16,551	**Cost of Services**	**10,033**	**6,332**	**16,365**
			Other Operating Expenditure:			
785	0	785	Payment of Precepts to Parishes	853	0	**853**
28	0	28	Drainage Board Levy	39	0	**39**
0	38	38	Pensions Administration Cost	0	44	**44**
9	39	48	(Gain)/Loss on disposal of PPE	2	39	**41**
822	77	899		**894**	**83**	**977**
			Financing and Investment I&E:			
373	0	373	Interest Payable on Debt	380	0	**380**
0	1,296	1,296	Net Pensions Interest Cost	0	423	**423**
(632)	(24)	(656)	Interest Receivable & similar income	(1,359)	(12)	**(1,371)**
(180)	2,491	2,311	Inc & Exp re. Investment properties & changes in their fair value	(222)	(120)	**(342)**
0	0	0	(Gain)/Loss on disposal of Inv't Assets	0	0	**0**
0	180	180	(Gain)/Loss on Pooled Investm't Funds	0	36	**36**
(144)	0	(144)	Mvt on Impairment Loss Allowances	(158)	0	**(158)**
(583)	3,943	3,360		**(1,359)**	**327**	**(1,032)**
			Taxation and Non Specific Grants:			
(7,512)	(110)	(7,622)	Council Tax Income	(8,003)	(111)	**(8,114)**
(1,011)	(4,575)	(5,586)	Non Domestic Rates	(7,190)	1,146	**(6,044)**
(888)	0	(888)	Non Ring-fenced Government Grants	(925)	0	**(925)**
0	(510)	(510)	Capital grants and contribs (note 11)	0	(2,022)	**(2,022)**
(9,411)	(5,195)	(14,606)		**(16,118)**	**(987)**	**(17,105)**
3,814	2,390	6,204	**(Surpl)/Def on Prov'n of Services**	**(6,550)**	**5,755**	**(795)**

£000s		**£000s**
(10,780)	**Opening General Fund Balance**	**(6,966)**
3,814	(Surplus)/Deficit on General Fund	(6,550)
(6,966)	**Closing General Fund Balance**	**(13,516)**

6. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

The Code requires a reconciliation of the main adjustments to net expenditure chargeable to the General Fund to arrive at the amounts shown in the Comprehensive Income and Expenditure Statement (CIES) on page 38. The relevant transfers between reserves are shown in the Movement in Reserves Statement (MiRS) on page 39.

2023/24	**Adjs. between Funding and Accounting Basis**			
	Adjustments for capital purposes	**Net change for Pension adjustments**	**Other Differences**	**Total Adjustments**
	£000s	**£000s**	**£000s**	**£000s**
Communities and Place	0	(4)	0	**(4)**
Lifestyles, Health and Wellbeing	0	(42)	(2)	**(44)**
Public Protection	0	(23)	(6)	**(29)**
Life Chances and Vulnerability	0	(15)	(2)	**(17)**
Environmental Services	0	(52)	7	**(45)**
Climate Change and Natural Habitat	0	(20)	6	**(14)**
Sustainable Growth and Economy	0	(27)	(12)	**(39)**
Corporate Resources and Performance	5,733	(211)	1,002	**6,524**
Cost of Services	**5,733**	**(394)**	**993**	**6,332**
Other income and expenditure from the Expenditure and Funding Analysis	(2,080)	467	1,036	**(577)**
Difference between the General Fund (surplus)/deficit and the CIES (surplus)/deficit on the Provision of Services	**3,653**	**73**	**2,029**	**5,755**

2022/23 Restated	**Adjs. between Funding and Accounting Basis**			
	Adjustments for capital purposes	**Net change for Pension adjustments**	**Other Differences**	**Total Adjustments**
	£000s	**£000s**	**£000s**	**£000s**
Communities and Place	0	18	(3)	**15**
Lifestyles, Health and Wellbeing	0	343	(13)	**330**
Public Protection	0	218	(1)	**217**
Life Chances and Vulnerability	0	116	26	**142**
Environmental Services	0	474	(9)	**465**
Climate Change and Natural Habitat	0	161	(4)	**157**
Sustainable Growth and Economy	0	218	(1)	**217**
Corporate Resources and Performance	1,533	533	(44)	**2,022**
Cost of Services	**1,533**	**2,081**	**(49)**	**3,565**
Other income and expenditure from the Expenditure and Funding Analysis	2,176	1,334	(4,685)	**(1,175)**
Difference between the General Fund (surplus)/deficit and the CIES (surplus)/deficit on the Provision of Services	**3,709**	**3,415**	**(4,734)**	**2,390**

Adjustments for Capital purposes

Services lines are adjusted for depreciation and amortisation charges. Statutory charges for capital financing (the minimum revenue provision) and other revenue contributions are deducted as these are not chargeable under Generally Accepted Accounting Practices.

Other operating expenditure is adjusted for disposals of Property, Plant and Equipment.

6. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (Continued)

Financing and investment income and expenditure is adjusted for changes in the fair value of investment property and for disposals of investment assets.

Taxation and non-specific grant income and expenditure is credited with capital grants receivable in the year without condition or for which conditions were satisfied in the year.

Net Change for Pensions adjustments

Service lines are adjusted for the removal of employer's contributions made by the Council as allowed by statute and their replacement with current service costs and past service costs.

Other operating expenditure is adjusted for pensions administration.

Financing and investment income and expenditure is adjusted for the net interest on the defined benefit liability which is charged to the CIES.

Other Differences

Service lines include adjustments relating to the accumulated absences account. Accruals are made for compensated absences earned but not taken in the year, eg. annual and flexi-leave carried forward at 31 March. Statutory arrangements require that the impact of these accruals on the General Fund balance is neutralised by transfers to and from the accumulated absences account.

The charge under taxation and non-specific grant income mainly represents the difference between what is chargeable under statutory regulations for council tax and NDR, ie that was projected to be received at the start of the year, and the income to be recognised under Generally Accepted Accounting Practices. This is a timing issue as any difference will be brought forward in future surpluses and deficits on the Collection Fund.

7. SEGMENTAL ANALYSIS

The introduction of the Expenditure and Funding Analysis fulfils the majority of the segmental reporting requirements. However the Code requires that if certain specified items are reported segmentally to management and are material, these should be disclosed more fully. The Council's depreciation, amortisation charges and revaluation losses are reported segmentally, as is external income from customers, and details of these charges are given below.

Depreciation, Amortisation & Revaluation Losses	**2022/23 Restated**	**2023/24**
	£000s	**£000s**
Communities and Place	0	**0**
Lifestyles, Health and Wellbeing	279	**300**
Public Protection	6	**10**
Life Chances and Vulnerability	32	**42**
Environmental Services	642	**661**
Climate Change and Natural Habitat	430	**429**
Sustainable Growth and Economy	1	**1**
Corporate Resources and Performance	(2,635)	**74**
	(1,245)	**1,517**
External Income from Customers		
Communities and Place	0	0
Lifestyles, Health and Wellbeing	(3,367)	(7,386)
Public Protection	(870)	(748)
Life Chances and Vulnerability	(336)	(430)
Environmental Services	(1,941)	(1,875)
Climate Change and Natural Habitat	(479)	(423)
Sustainable Growth and Economy	(703)	(860)
Corporate Resources and Performance	(1,217)	(1,363)
	(8,913)	**(13,085)**

8. EXPENDITURE AND INCOME ANALYSED BY NATURE

	2022/23 £000s	2023/24 £000s
Employee benefits expenses	18,551	**16,663**
Other service expenses	27,965	**34,239**
Depreciation, amortisation & revaluation losses	2,186	**2,016**
Interest payments	372	**379**
Precepts and levies	813	**891**
Costs associated with the disposal of fixed assets	48	**41**
Expenditure on investment properties and reductions in fair value	2,989	**201**
Losses on pooled investment funds	0	**0**
Increases on Impairment Loss Allowances	0	**0**
Total Expenditure per CIES	52,924	**54,430**
Fees, charges and other service income	(8,913)	**(13,085)**
Interest and investment income	(658)	**(1,547)**
Income from council tax and NDR	(13,208)	**(14,157)**
Government grants and other contributions	(23,299)	**(25,772)**
Income from the disposal of assets	0	**0**
Income from investment properties and increases in fair value	(678)	**(542)**
Income from gains on pooled investment funds	180	**36**
Decreases on Impairment Loss Allowances	(144)	**(158)**
Total Income per CIES	(46,720)	**(55,225)**
(Surplus)/Deficit on the Provision of Services	6,204	**(795)**

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2023/24	Usable Reserves General Fund Balance	Usable Reserves Capital Receipts Reserve	Usable Reserves Capital Grants Unapplied	Total Mov't on Usable Reserves	Mov't on Unusable Reserves
	£000s	£000s	£000s	£000s	£000s
Adjustments primarily involving the Capital Adjustment Account (note 24)					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES):					
Charges for depreciation & impairment of non-current assets	1,742	0	0	1,742	(1,742)
Revaluation losses/(reversals) on Property Plant and Equipment	187	0	0	187	(187)
Movement in fair value of investment properties	(120)	0	0	(120)	120
Amortisation of intangible assets	87	0	0	87	(87)
Capital grants & contributions applied	(486)	0	0	(486)	486
Revenue Expenditure Funded from Capital Under Statute	4,831	0	0	4,831	(4,831)
Carrying Amounts debited as part of the gain or loss on disposals of non-current assets	0	0	0	0	0
Insertion of items NOT debited or credited to the CIES:					
Statutory provision for the financing of capital investment (Minimum Revenue Provision)	(724)	0	0	(724)	724
Capital expenditure charged against General Fund Balance	(60)	0	0	(60)	60
Adjustments primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied, credited to the CIES	(1,535)	0	1,535	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(6,297)	(6,297)	6,297
Adjustments primarily involving the Pooled Investment Funds Adjustment Account					
Transfer of the gain/loss on pooled investments	36	0	0	36	(36)
Sub-total of items adjusted	3,958	0	(4,762)	(804)	804

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2023/24 (Continued)	Usable Reserves			Total Mov't on Usable Reserves	Mov't on Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied		
	£000s	£000s	£000s	£000s	£000s
Sub-total of adjustments from prev. page	3,958	0	(4,762)	(804)	804
Adjustments primarily involving the Capital Receipts Reserve					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES (PPE)	(9)	0	0	(9)	9
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES (Investment Assets)	561	0	0	561	(561)
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve					
Transfer of interest on deferred capital receipt	(12)	0	0	(12)	12
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	2,585	0	0	2,585	(2,585)
Employers pension contributions and direct payments to pensioners payable in the year	(2,513)	0	0	(2,513)	2,513
Adjustments primarily involving the Collection Fund Adjustment A/C					
Amount by which Council Tax & NDR income credited to the CIES differs to that income calculated for the year in accordance with statutory requirements	1,191	0	0	1,191	(1,191)
Adjustments primarily involving the Accumulated Absences Account					
Amount by which officer remuneration credited to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(5)	0	0	(5)	5
Total Net adjs between Accounting basis and Funding basis under regulation (per Movement in Reserves Statement on p39)	5,756	0	(4,762)	994	(994)

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

	Usable Reserves			Total	Mov't on
2022/23 Comparatives	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Mov't on Usable Reserves	Unusable Reserves
	£000s	£000s	£000s	£000s	£000s
Adjustments primarily involving the Capital Adjustment Account (note 24)					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES):					
Charges for depreciation & impairment of non-current assets	1,720	0	0	1,720	(1,720)
Revaluation losses/(reversals) on Property Plant and Equipment	325	0	0	325	(325)
Movement in fair value of investment properties	2,491	0	0	2,491	(2,491)
Amortisation of intangible assets	92	0	0	92	(92)
Capital grants & contributions applied	(120)	0	0	(120)	120
Revenue Expenditure Funded from Capital Under Statute	802	0	0	802	(802)
Carrying Amounts debited as part of the gain or loss on disposals of non-current assets	0	0	0	0	0
Insertion of items NOT debited or credited to the CIES:					
Statutory provision for the financing of capital investment (Minimum Revenue Provision)	(639)	0	0	(639)	639
Capital expenditure charged against General Fund Balance	(99)	0	0	(99)	99
Adjustments primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied, credited to the CIES	(385)	0	385	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(825)	(825)	825
Adjustments primarily involving the Pooled Investment Funds Adjustment Account					
Transfer of the gain/loss on pooled investments	180	0	0	180	(180)
Sub-total of items adjusted	4,367	0	(440)	3,927	(3,927)

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2022/23 Comparatives (Continued)	Usable Reserves General Fund Balance	Usable Reserves Capital Receipts Reserve	Usable Reserves Capital Grants Unapplied	Total Mov't on Usable Reserves	Mov't on Unusable Reserves
	£000s	£000s	£000s	£000s	£000s
Sub-total of adjustments from prev. page	4,367	0	(440)	3,927	(3,927)
Adjustments primarily involving the Capital Receipts Reserve					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES (PPE)	47	2	0	49	(49)
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES (Investment Assets)	0	561	0	561	(561)
Use of Capital Receipts Reserve to finance new capital expenditure	0	(572)	0	(572)	572
Adjustments primarily involving the Deferred Capital Receipts Reserve					
Transfer of interest on deferred capital receipt	(25)	0	0	(25)	25
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	5,785	0	0	5,785	(5,785)
Employers pension contributions and direct payments to pensioners payable in the year	(2,370)	0	0	(2,370)	2,370
Adjustments primarily involving the Collection Fund Adjustment A/C					
Amount by which council tax & NDR income credited to the CIES differs to the council tax income calculated for the year in accordance with statutory requirements	(4,684)	0	0	(4,684)	4,684
Adjustments primarily involving the Accumulated Absences Account					
Amount by which officer remuneration credited to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(47)	0	0	(47)	47
Total Net adjs between Accounting basis and Funding basis under regulation (per Movement in Reserves Statement on p39)	3,073	(9)	(440)	2,624	(2,624)

10. TRANSFERS TO/FROM EARMARKED RESERVES

Contributions to Earmarked Reserves provide financing for future expenditure plans, and contributions posted back from such reserves helped to meet General Fund expenditure during 2022/23 and 2023/24.

Reserve:	Balance 31 Mar 2022 £000s	Transfers out during 2022/23 £000s	Transfers in during 2022/23 £000s	Balance 31 Mar 2023 £000s	Transfers out during 2023/24 £000s	Transfers in during 2023/24 £000s	Balance 31 Mar 2024 £000s
IT Equip't Replacement & Investment	637	(80)	110	**667**	**(57)**	**184**	**794**
Community and Crime	200	(27)	7	**180**	**(32)**	**113**	**261**
Risk Mgt & Budget Red'n	69	(32)	0	**37**	**(21)**	**0**	**16**
Housing and Housing Benefits	249	(52)	0	**197**	**(102)**	**37**	**132**
Insurance	340	(101)	35	**274**	**(71)**	**52**	**255**
Efficiency & Innovation	327	(87)	107	**347**	**(158)**	**252**	**441**
Asset Management	521	(103)	71	**489**	**(57)**	**68**	**500**
Local Plan Reserve	269	(27)	0	**242**	**(40)**	**12**	**214**
S106 Revenue	134	(29)	66	**171**	**(40)**	**101**	**232**
Earmarked Grants	1,021	(349)	692	**1,364**	**(322)**	**375**	**1,417**
Joint Use Maintenance	151	(16)	25	**160**	**(33)**	**6**	**133**
CCTV	152	(89)	32	**95**	**(25)**	**32**	**102**
Local Authority Mortgage Scheme	111	(111)	0	**0**	**0**	**0**	**0**
Apprentices	43	0	0	**43**	**(7)**	**0**	**36**
NDR Pool	573	(186)	694	**1,081**	**(73)**	**673**	**1,681**
Transformation	445	(266)	0	**179**	**(31)**	**1,504**	**1,652**
Economic Development	118	(91)	56	**83**	**(2)**	**0**	**81**
Leisure Strategy	255	(73)	0	**182**	**(48)**	**114**	**248**
Property Management	64	0	0	**64**	**0**	**0**	**64**
Selective Licencing	193	0	138	**331**	**0**	**0**	**331**
Additional Restrictions Grant (ARG)	0	0	14	**14**	**0**	**0**	**14**
Inflationary Pressures Contingency Reserve	250	(297)	47	**0**	**0**	**0**	**0**
Total Earmarked Reserves per Balance Sheet p40-41	**6,122**	**(2,016)**	**2,094**	**6,200**	**(1,119)**	**3,523**	**8,604**
Net Movement in Year per MiRS p39		**78**			**2,404**		

IT Replacement & Investment - to provide for the cost of replacing personal computing facilities based on a rolling programme, and investment in new equipment.

Community and Crime Reserve - to fund future community and crime initiatives, including mobile radios.

Risk Management Fund - monies set aside from savings in insurance premiums, to be used to reduce the risk of loss or injury in the provision of Council services, with the objective of reducing future insurance costs, and to provide for potential underachievement against the approved budget reduction programme.

10. TRANSFERS TO/FROM EARMARKED RESERVES (Continued)

Housing and Housing Benefit Reserve - to provide for future risk of rising caseload for homelessness, and to cover unpredictable increases in the volume or category of housing benefit claimants. The reserve is also to provide for costs which may arise from the planned transfer of Housing Benefit to DWP, to form part of Universal Credit.

Insurance Fund - provides cover for excess payments following changes in the insurance market, and the level of cover provided by the Council's insurers.

Efficiency and Innovation Reserve - to provide funding for future initiatives.

Asset Management Reserve - to provide for asset maintenance and replacement.

Local Plan Reserve - to cover the costs of any future inspection by the Planning Inspectorate and fluctuations in workload arising from the planning application process.

Section 106 Reserve - holds contributions from Developers, where conditions have been satisfied, but where appropriate projects have yet to be undertaken.

Earmarked Grants Reserve - holds various grants and contributions received, which may only be used for the specific purposes for which they were received.

Joint Use Maintenance Reserve - to fund maintenance falling within the Joint Use Agreement for leisure centres within the borough.

Closed Circuit Television (CCTV) Reserve - to provide for the cost of replacing CCTV equipment, based on a rolling replacement programme.

Local Authority Mortgage Scheme Reserve - to provide for potential defaults in connection with two LAMS schemes launched in April 2012 and June 2013, under which the Council indemnified Lloyds for 20% of individual loans for 5 years from the date of each completion.

Apprentice Reserve - to provide for the employment of future apprentices in line with the Council's priorities.

NDR Pool Reserve - represents the Council's share of surpluses arising from its membership of the Nottinghamshire Business Rates Pool for Economic Development projects.

Transformation Reserve - to provide for the change management costs of implementing the budget reduction programme.

Economic Development Reserve - to provide for committed and future economic development projects.

Leisure Strategy Reserve - to provide for future investment in the Council's leisure facilities.

Property Management Reserve - to provide for entry fees for property funds and similar investments.

Selective Licencing Reserve - to provide for future costs associated with the Selective Licencing Scheme.

ARG Reserve - Additional Restrictions Grant was paid to the Council to fund Covid-19 related discretionary grants to local businesses in 2020/21, based on the authority's specific local knowledge.

Inflationary Pressures Contingency Reserve - to provide for pressures in coming years for cost of living increases, including but not restricted to utilities, pay etc.

11. ANALYSIS OF GRANTS AND CONTRIBUTIONS INCLUDED IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement (CIES). The sums included within both Taxation and Non-Specific Grant Income and Cost of Services are analysed further below.

	2022/23	2023/24
	£000s	£000s
Credited to Taxation and Non-Specific Grant Income:		
Revenue Support Grant	(1)	**(117)**
New Homes Bonus	(521)	**(334)**
Local CTRS Support Grant	(212)	**0**
Lower Tier Services Grant	(140)	**(124)**
Funding Guarantee	0	**(350)**
Covid-19 related non-ringfenced grants (see below)	(14)	**0**
Non Ring-fenced Grants	(888)	**(925)**
Community Infrastructure Levy (CIL)	(390)	**(1,455)**
Section 106 Developer Contributions	(1)	**(60)**
CCTV Developments	(20)	**0**
Colwick Recreation Ground	(99)	**0**
Lambley Lane Changing Rooms	0	**(21)**
UKSPF - Various	0	**(29)**
King George V Toilets	0	**(40)**
FCC Lambley Lane	0	**(100)**
DFG - DCLG Funding	0	**(200)**
EM Domestic Retro Fit Grant	0	**(117)**
Capital Grants and Contributions	(510)	**(2,022)**
S31 Grants included in Non Domestic Rates income	(2,915)	**(2,512)**
Local Tax Income Guarantee included in Non Domestic Rates Income	0	**0**
Local Tax Income Guarantee included in Council Tax Income	0	**0**
Total Non Ring-fenced Grants included in CIES on page 38	(4,313)	**(5,459)**
Credited to Services:		
Housing Benefits	(17,768)	**(18,103)**
Grants for Revenue Expenditure funded from Capital	(1,282)	**(1,318)**
Covid-19 related Grants credited to Services (see below)	0	**0**
Other Grants & Contributions	(1,137)	**(1,549)**
Total grants & contributions credited to Services	(20,187)	**(20,970)**
Total Grants, Contributions and Donated Assets	(24,500)	**(26,429)**

The Community Infrastructure Levy (CIL) is a planning charge available to local authorities in England and Wales. It came into force in April 2010 and an authority may choose to levy the charge on most types of new development in its area. The proceeds of the levy must be spent on infrastructure in the local area, including transport, flood defence, schools, hospitals and other health and social care facilities. Gedling's CIL Charging Schedule came into effect in October 2015.

11. ANALYSIS OF GRANTS AND CONTRIBUTIONS INCLUDED IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (Continued)

Significant sums are included in both Taxation and Non-Specific Grant Income and Cost of Services that relate to Covid-19 support. The amounts are made up as follows:

Credited to Taxation and Non-Specific Grant Income:	**2022/23**	**2023/24**
	£000s	**£000s**
Additional Restrictions Grant (discretionary grants based on local knowledge)	(14)	0
Sales, Fees & Charges compensation (to mitigate irrecoverable losses of service income)	0	0
Emergency Covid-19 Delivery (to mititgate local authority funding pressures)	0	0
Discretionary Grants (Retail, Hospitality & Leisure sectors)	0	0
Local Restrictions Grant - Open (discretionary grants for businesses not mandated to close)	0	0
Track and Trace (discretionary grants)	0	0
Non ringfenced Business Grants Administration	0	0
Total	**(14)**	**0**

Credited to Services:	**2022/23**	**2023/24**
	£000s	**£000s**
New Burdens & Covid Delivery Grants	0	0
Furlough Scheme	0	0
Contain Otbreak and Enforcement (to support costs associated with public health)	0	0
Track & Trace Discretionary (grants to eligible residents required to self isolate)	0	0
Compliance and Enforcement	0	0
Winter Assistance	0	0
Reopening High Streets Safely (to create a safe trading environment)	0	0
Welcome Back Fund	0	0
Additional HB Admin Subsidy	0	0
Total	**0**	**0**

Grants and Contributions Received in Advance

The authority has also received a number of grants and contributions that have yet to be recognised as income, since they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at year-end for capital and revenue are as follows:

	2022/23	**2023/24**
Capital	**£000s**	**£000s**
Developers' Section 106 Contributions	(3,520)	**(3,316)**
	(3,520)	**(3,316)**
Revenue		
Developers' Section 106 Contributions	(201)	**(348)**
	(201)	**(348)**

12. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2022/23	2023/24
	£000s	£000s
Opening Capital Financing Requirement (CFR)	11,659	**12,412**
Additions:		
Property, Plant & Equipment (note 13)	2,325	**5,189**
Intangible Assets	83	**102**
Revenue expenditure funded from capital under statute (REFCUS)	2,084	**6,209**
Total Capital Investment	4,492	**11,500**
Financing:		
Capital receipts	(572)	**0**
Government Grants	(1,362)	**(893)**
Other Grants and Contributions	(1,167)	**(5,910)**
Minimum Revenue Provision (MRP)	(638)	**(724)**
Total Sources of Finance	(3,739)	**(7,527)**
Closing Capital Financing Requirement (CFR)	12,412	**16,385**
Explanation of movements in the year:		
Increase/(Decrease) in underlying need to borrow - supported by Government financial assistance	0	**0**
Increase/(Decrease) in underlying need to borrow - not supported by Government financial assistance	753	**3,973**
Increase/(Decrease) in Capital Financing Requirement (CFR)	753	**3,973**

13. PROPERTY, PLANT & EQUIPMENT

Movements in 2023/24	Land & Bldgs. £000s	Vehicles Plant & Equipm't £000s	Infra-Struct. Assets £000s	Comm'y Assets £000s	Assets Under Constrn. £000s	Assets Held for Sale £000s	Total £000s
Cost or Valuation:							
As at 1 April 2023	21,570	9,930	1,504	8,522	0	0	**41,526**
Additions	3,739	1,032	0	170	248	0	**5,189**
Revaln incr/(decr) recognised in the Revaluation Reserve	222	0	0	0	0	0	**222**
Revaln incr/(decr) recognised in the Surplus/Deficit on Provision of Services	(129)	0	0	0	0	0	**(129)**
Derecognition-Disposals	7	(127)	0	0	0	0	**(120)**
Derecognition-Decommissioned	0	0	0	0	0	0	**0**
Other movements in cost or valuation	(249)	0	0	1	248	1,800	**1,800**
As at 31 March 2024	**25,160**	**10,835**	**1,504**	**8,693**	**496**	**1,800**	**48,488**
Accumulated Depreciation and Impairment:							
As at 1 April 2023	(378)	(6,496)	(812)	(6,406)	0	0	**(14,092)**
Depreciation Charge	(612)	(803)	(52)	(275)	0	0	**(1,742)**
Depreciation written out to the Revaluation Reserve	230	0	0	0	0	0	**230**
Depreciation written out to the Surplus/Deficit on Provision of Services	0	0	0	0	0	0	**0**
Derecognition-Disposals	(7)	127	0	0	0	0	**120**
Derecognition-Decommissioned	0	0	0	0	0	0	**0**
As at 31 March 2024	**(767)**	**(7,172)**	**(864)**	**(6,681)**	**0**	**0**	**(15,484)**
Net Book Value 31/3/23	21,192	3,434	692	2,116	0	0	27,434
Net Book Value 31/3/24	**24,393**	**3,663**	**640**	**2,012**	**496**	**1,800**	**33,004**

13. PROPERTY, PLANT & EQUIPMENT (Continued)

Comparative Movements in 2022/23	Other Land & Bldgs. £000s	Vehicles Plant & Equipm't £000s	Infra-Struct. Assets £000s	Comm'y Assets £000s	Assets Under Constrn. £000s	Assets Held for Sale £000s	Total £000s
Cost or Valuation:							
As at 1 April 2022	21,371	10,146	1,470	8,380	3,167	0	44,534
Additions	369	1,029	30	146	751	0	2,325
Revaln incr/(decr) recognised in the Revaluation Reserve	(126)	0	0	0	0	0	(126)
Revaln incr/(decr) recognised in the Surplus/Deficit on Provision of Services	(110)	0	0	0	0	0	(110)
Derecognition-Disposals	2	(1,245)	4	(4)	0	0	(1,243)
Derecognition-Decommissioned	0	0	0	0	0	0	0
Other movements in cost or valuation	64	0	0	0	(3,918)	0	(3,854)
As at 31 March 2023	21,570	9,930	1,504	8,522	0	0	41,526
Accumulated Depreciation and Impairment:							
As at 1 April 2022	(529)	(6,854)	(748)	(6,145)	0	0	(14,276)
Depreciation Charge	(554)	(841)	(57)	(267)	0	0	(1,719)
Depreciation written out to the Revaluation Reserve	705	0	0	0	0	0	705
Depreciation written out to the Surplus/Deficit on Provision of Services	0	0	0	0	0	0	0
Derecognition-Disposals	0	1,199	(7)	6	0	0	1,198
Derecognition-Decommissioned	0	0	0	0	0	0	0
As at 31 March 2023	(378)	(6,496)	(812)	(6,406)	0	0	(14,092)
Net Book Value 31/3/22	20,842	3,292	722	2,235	3,167	0	30,258
Net Book Value 31/3/23	21,192	3,434	692	2,116	0	0	27,434

Depreciation

The following useful lives have been used in the calculation of depreciation on a straight line basis:

Land and Buildings	Generally 25 to 95 years however Arnot Hill House, a listed building, has a life of 170 years.
Vehicles, Plant and Equipment	5 to 25 years
Infrastructure	10 to 25 years

13. PROPERTY, PLANT & EQUIPMENT (Continued)

Revaluation

The authority carries out a rolling programme which ensures that all Property, Plant and Equipment required to be measured at Current Value is revalued at least every two years. Items within a class of Property, Plant and Equipment are revalued simultaneously within that rolling programme. Most valuations in 2023/24 were completed by the Council's in-house valuer, E. Wimble MRICS, a chartered surveyor. However valuations were also commissioned from external valuers as deemed necessary. Bruton Knowles carried out the valuations of Mapperley Golf Course and Bestwood Lodge Hotel whilst Lambert Smith Hampton valued land at Killisick Lane.

Valuations of land and buildings are carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. An impairment review is carried out annually on the Land and Buildings Portfolio. Due to Covid-19 there was previously a risk of material valuation uncertainty (MVU). However, as per the RICS Material Valuation Uncertainty Leaders' Forum (UK), MVU declarations are no longer required unless the individual valuer believes that there is reason for such a declaration. It is the Council valuer's professional judgement that none of the valuations for the 2023/24 Accounts are subject to MVU. Vehicles, Plant and Equipment are valued on a depreciated historic cost basis as a proxy for Current Value.

Capital Commitments

At 31 March 2024 there were two significant capital contracts that had been entered into but not fully completed. The construction costs relating to the East Midlands Domestic Retrofit project toalling £583,500 and the Arnold Market Place (AMP) project totalling £429,300. This represents the sums remaining to be paid in 2024/25 and not the value of the contracts.

14. INVESTMENT PROPERTY

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

	2022/23	2023/24
	£000s	£000s
Rental from Investment Property	(192)	**(239)**
Direct operating expenses arising from Investment Property	12	**18**
Net (Gain)/Loss	(180)	**(221)**

There are no restrictions on the authority's ability to realise the value inherent in its investment property, or on the authority's contractual obligations to purchase, construct or develop investment property, or repairs, maintenance or enhancement.

Investment property is valued on an annual basis, and an impairment review is also completed at the balance sheet date. Most valuations in 2023/24 were completed by the Council's in-house valuer, E. Wimble MRICS, a chartered surveyor. However valuations were also commissioned from external valuers as deemed necessary. The Council's valuer is however responsible for reporting on all values. Due to Covid-19 there was previously some risk of material valuation uncertainty (MVU). However as per the RICS Material Valuation Uncertainty Leaders' Forum (UK), MVU declarations are no longer required unless the individual valuer believes that there is reason for such a declaration. It is the Council valuer's professional judgement that none of the valuations for the 2023/24 Accounts are subject to MVU.

The following table summarises the movements in the fair value of investment properties over the year. The valuation basis adopted uses Level 2 inputs, ie. those other than quoted prices that are observable for the financial asset.

14. INVESTMENT PROPERTY (Continued)

Long Term Investment Property:	2022/23	2023/24
	£000s	£000s
Balance at the start of the year	4,283	**5,646**
Additions (purchase, construction & subsequent expenditure)	0	**0**
Transfers	3,854	**(1,800)**
Net gain/(loss) from fair value adjustments	(2,491)	**121**
Balance at the end of the year per Balance Sheet	5,646	**3,967**

15. INTANGIBLE ASSETS

The authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite life, based on assessments of the period that the software is expected to be of use to the authority.

The carrying amount of intangible assets is amortised on a straight line basis. The full amortisation of £92,286 charged to revenue in 2023/24 was charged to IT and then absorbed as an overhead across all relevant service headings in Cost of Services.

In view of the above, it is not possible to quantify exactly how much of the amortisation of intangible assets has been attributed to each service heading.

	2022/23	2023/24
	£000s	£000s
Gross carrying amount	993	**1,081**
Accumulated amortisation	(897)	**(994)**
Net carrying amount at start of year	96	**87**
Additions	83	**102**
Derecognition of decommissioned assets:		
Gross carrying amount	0	**0**
Accumulated amortisation	0	**0**
Amortisation for the year	(92)	**(87)**
Net carrying amount at end of year per Balance Sheet	87	**102**
Represented by:		
Gross carrying amount	1,076	**1,183**
Accumulated amortisation	(989)	**(1,081)**
Total	87	**102**

16. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset in one entity, and a financial liability on another. Most straightforward financial assets (debtors, bank deposits, investments etc.) and liabilities (creditors, borrowings etc.) are covered, together with more complex ones not used by this authority (eg. debt instruments with embedded swaps, and options).

The Code requires extensive disclosures in relation to financial instruments, the purpose being to enable users to evaluate the significance of financial instruments for the authority's financial position and performance, and to assess the nature and extent of the risks arising from financial instruments to which the authority was exposed and how the authority manages those risks.

The Code accepts however that the level of detail included in the disclosures will depend on the extent of the authority's involvement in financial instruments, both in terms of the amounts involved and the complexity of the instruments. Gedling Borough Council is party only to straightforward instruments and accordingly the majority of the disclosure is given as a narrative, as permitted by the Code.

The Code requires authorities to measure their assets and liabilities and provide disclosures in accordance with IFRS13 - Fair Value Measurement. Therefore, wherever financial instruments are measured or disclosed at fair value, this is to be done in accordance with IFRS13. The Code defines fair value 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". This emphasises that fair value is a market based measurement and not an authority specific measurement.

A key element of IFRS13 is the fair value hierarchy. Level 1 inputs use quoted prices in an active market for identical assets and liabilities, which an authority can access at the measurement date. Level 2 uses inputs other than quoted prices that are observable for the asset or liability. Level 3 uses unobservable inputs for the asset or liability.

Initial Recognition

A financial asset or liability is recognised on the balance sheet when the holder becomes committed to the purchase, ie. the contract date. Trade receivables (debtors) are an exception, being recognised not when a contract to supply is made, but when the goods have been supplied or the service rendered by the Council. Similarly, trade payables (creditors) are recognised only when the goods or services have been received by the Council. In the case of a contract to borrow money, recognition is at the point at which the cash lent is received, not when the authority becomes committed to the loan agreement. In most cases relevant to Gedling Borough Council, the recognition point is obvious.

Initial Measurement

Financial assets and liabilities are initially measured at fair value, less the transaction costs that are directly attributable to them. As above, fair value is defined 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. In general, the fair value on initial recognition will be the transaction price. Transaction costs include fees paid to brokers, dealers and advisers, but do not include internal administrative costs.

Soft Loans

Local Authorities often make "soft loans", ie. loans for policy reasons, rather than as financial instruments, and these loans may sometimes be interest free or at rates below those prevailing in the market, for example to voluntary bodies or to employees for the purchase of motor vehicles. The "fair value" of such loans may be held to be less than the amount of cash lent, and would accordingly be estimated as the present value of all the future cash receipts, discounted using the prevailing market rate of interest for a similar loan. Any sum by which the amount lent exceeds the fair value of the loan should be charged to the Comprehensive Income and Expenditure Statement.

16. FINANCIAL INSTRUMENTS (Continued)

Subsequent accounting would require the loan's "effective rate of interest" to be used, which will be higher than the contractual rate since the initial carrying amount of the loan is less than the principal sum required to repay the loan. This rate will be the same as the rate used to discount the loan to its initial fair value. Interest in excess of the contractual rate is then credited to the Comprehensive Income and Expenditure Statement over the term of the loan.

The only "soft loans" identified by the Council in 2023/24 were car loans to employees. It is the Council's view that the outstanding sum of £17k is not material and accordingly, no calculation for fair value has been undertaken. Car loans are therefore recognised in the balance sheet at the value of the sums loaned, less repayments made.

Subsequent Measurement

Although all financial instruments are initially measured on the basis of fair value, subsequent measurement depends on the "classification" of an instrument. IFRS9 defines two classes of financial liabilities, and three classes of financial assets. Classification is now based on the characteristics of the financial asset, including consideration of the business model within which the asset is held. This requires an assessment of the objectives for holding the asset, and whether the contractual terms give rise to cashflows that are solely payments of principal and interest (the SPPI test).

Financial liabilities:

* Amortised cost

* Fair value through profit and loss (FVPL) - none held by the Council

Financial assets:

* Amortised cost

* Fair value through comprehensive income (FVOCI) - none held by the Council

* Fair value through profit and loss (FVPL)

In practice the majority of financial liabilities held by the Council will be in the "amortised cost" category, and most financial assets will be either at amortised cost, or held at fair value through profit and loss. It will often not be necessary to undertake a formal effective interest rate (EIR) calculation, either because the instrument is a short duration receivable (debtor) or payable (creditor) which is required to be measured at the original invoice amount, or because it is clear that the nominal interest rate equals the EIR, as is the case with most fixed rate instruments.

Most loan debts and investments will feature transaction costs which should be applied to the initial carrying amount, however where these are judged not to be material, for example the 0.035% charge made by PWLB, the transaction costs may be charged immediately to the Comprehensive Income and Expenditure Statement (CIES). This is the treatment adopted by Gedling Borough Council.

Premiums and Discounts

The accounting treatment for premiums and discounts arising on the early repayment of debt is largely dictated by the principle that financial instruments are derecognised when the contracts that establish them come to an end. Premiums and discounts may arise from the extinguishment of a financial liability. The amounts of such premiums payable or discounts receivable are thus required to be cleared to the Comprehensive Income and Expenditure Statement upon the extinguishment of the liability.

However, it has been recognised by the Government that this accounting treatment does not necessarily result in a charge which is equitable on Council Taxpayers in terms of gains and losses. Provisions have therefore been introduced to allow authorities to spread the impact of premiums and discounts on Council Tax over future financial years, and in England such spreading is a requirement for discounts.

No premiums or discounts were paid or received by the Council during 2023/24

16. FINANCIAL INSTRUMENTS (Continued)

The Council's Financial Instruments at 31 March 2024

(a) Financial Liabilities at Amortised Cost:

(i) **Long and Short Term Borrowing** - Total long term debt outstanding on the balance sheet on 31 March 2024 is £10.812m, all held with the Public Works Loan Board (PWLB). The short term borrowing balance of £181k shown on the Balance Sheet is represented by accrued interest only. PWLB loans have special characteristics in that the interest rates are based on the Government's cost of borrowing rather than on market rates, and a penalty charge is payable on early redemption that is over and above the cost to the lender.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, and these are termed the PWLB certainty interest rates. As a result of its PWLB commitments for fixed rate loans, a comparison of the terms of these loans with the new borrowing rates available from PWLB has been used to calculate the fair value. If a value is calculated on this basis the carrying amount of the Councils outstanding loans of £10.812m would be valued at £7.608m (excluding accrued interest). If the Council was to seek to repay the loans to PWLB, the PWLB would discount the charge based on the premature redemption interest rates, totalling £1.938m. The exit price for the outstanding PWLB loans including the penalty discount would therefore be £8.874m (excluding accrued interest).

This redemption charge is a supplementary measure of the fair value of the outstanding PWLB loans of £10.812m. It measures the economic effect of the terms agreed by the Council with the PWLB, compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date, which have been assumed to be the PWLB premature redemption interest rates. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB against what would be paid if the loans were at prevailing market rates.

If the discount rate applied to each outstanding loan was to increase by 1%, the discount would increase from £1.938m to £3.296m and the exit price from £8.874m to £7.516m (excluding accrued interest). These amounts would be reversed if the discount rate was to fall, ie. the penalty and the exit price would rise.

The valuation basis adopted uses level 2 inputs, ie. inputs other than quoted prices that are observable for the financial liability.

(ii) **Long and Short Term Creditors** - Operational creditors are financial instruments of short duration, with no formal effective interest rate, and are required to be valued at their original amounts, ie. the carrying amount is a reasonable approximation of fair value. Long term creditors are represented by grants received in advance of £3.664m. Short-term creditors outstanding at 31 March 2024, which are classed as financial instruments, totalled £3.763m.

(b) Financial Assets at Amortised Cost

(i) **Short Term Investment** - Investments held at 31 March 2024 amounted to £10.709m, including accrued interest, and consisted of fixed term deposits with approved counterparties. Term deposit rates were fixed at inception, with interest paid on maturity. No formal calculation of EIR is deemed necessary, and the carrying amount is a reasonable approximation of the fair value.

(ii) **Long Term Debtors** - As discussed above, the only soft loans identified by Gedling Borough Council are car loans to employees. The sum outstanding at 31 March 2024 is £17k, which is not deemed material.

(iii) **Short Term Debtors** - Operational debtors are financial instruments of short duration, with no formal effective interest rate, and are required to be valued at their original amount, ie. the carrying amount is a reasonable approximation of fair value. Short term debtors outstanding at 31 March 2024, which are classed as financial instruments, totalled £3,155m net of impairment provisions for doubtful debts (see note 19).

16. FINANCIAL INSTRUMENTS (Continued)

(iv) **Cash and Cash Equivalents** - The fair value of cash balances in hand (or overdrawn) is deemed to be the carrying value. The Council's overdrawn cash balances at 31 March 2024 totalled £0.588m as a result of daily cashflow management. This balance is combined on the Balance Sheet as part of the overall Cash and Cash Equivalents balance of £3.943m in hand, including a total of £4.490m held in Money Market Funds. Whilst the value of these funds can technically fluctuate, suggesting treatment as fair value through profit and loss, the Council invests with Low Volatility Net Asset Value (LVNAV) products, which have an exceptionally low level of fluctuation. The Money Market Funds are AAA rated, and this would not be the case if the Funds were not deemed stable.

(c) Financial Assets at Fair Value through Profit and Loss

The Council has a long term investment of £1m with the CCLA Local Authority Property Fund (LAPF). Under IFRS9 this investment is classified as a financial asset at fair value through profit and loss, whereby fluctuations in the certificated value of the fund would generally be charged to the CIES. However, a statutory override in place until 31 March 2024 requires these fluctuations to be reversed out via the MiRS to a Pooled Investment Funds Adjustment Account and held on the balance sheet.

The certificated value of the property fund investment fell from £912,738 at 31 March 2023 to £877,118 at 31 March 2024. The loss of £35,620 was debted to CIES and reversed out in accordance with the statutory override. The current balance on the Pooled Investment Funds Adjustment Account is a loss of £122,882.

Dividends received in respect of the property fund investment totalled £45,120 in 2023/24. These have been credited to the CIES and are included in the surplus on the provision of services.

A summary of the Council's exposure to financial instruments at 31 March 2023 is shown below:

Summary of Financial Instruments	31/3/23	31/3/24
	£000s	£000s
Financial liabilities at amortised cost		
Long Term Borrowing	(10,812)	**(10,812)**
Short Term Borrowing	(2)	**(181)**
Long Term Creditors	(3,722)	**(3,664)**
Short Term Creditors	(3,532)	**(3,763)**
Total Financial Liabilities	(18,068)	**(18,420)**
Financial assets at amortised cost		
Short Term Investments	13,402	**10,709**
Long Term Debtors	22	**17**
Short Term Debtors	4,359	**3,155**
Cash & Cash Equivalents	9,200	**3,943**
Financial assets at fair value through profit and loss		
Pooled Investment Funds	913	**877**
Total Financial Assets	27,896	**18,701**

17. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council is required to disclose information regarding the risk arising from financial instruments to which the authority is exposed.

Credit risk is the possibility that other parties might fail to pay amounts due to the authority. Liquidity risk is the possibility that the authority may not have funds available to meet its commitments to make payments. Refinancing risk is the possibility that the Council might be required to renew a financial instrument on maturity at unfavourable interest rates or terms. Market risk is the possibility that financial loss may arise as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

Credit Risk

Credit risk arises from deposits with banks and financial institutions. The Council's Treasury Management Policy is to select counterparties by the use of a creditworthiness methodology provided by its treasury advisers. This is based on a sophisticated model that incorporates credit ratings from all three main rating agencies, supplemented by information relating to positive and negative outlooks and other technical market information. The result is a banding for the suggested duration of investments with any given counterparty, from "do not use" to 60 months. Any deviation from these suggested durations must be specifically approved by the Chief Financial Officer and reported to Full Council at the earliest opportunity. Full credit rating information is received from the treasury advisers on a weekly basis, with any changes in between being notified by ratings alerts. Accordingly, changes to the approved counterparty list can be made promptly in order to minimise the Council's exposure to risk.

The Council also operates maximum investment limits with individual counterparties and Money Market Funds. Any investment in excess of these limits is subject to the specific approval of the Chief Financial Officer. The Council did not experience any non-performance from any of its counterparties in respect of its temporary investments or cash equivalents during 2023/24

Impairment of Financial Assets - the Expected Credit Loss Model

IFRS9 introduced the concept of "expected credit losses" as opposed to "incurred losses". This is largely in response to the financial crisis, when impairment provisions were often found to be too little, and to have been made too late.

Impairment losses must be calculated to reflect the expectation that future cashflows might not take place because the borrower could default on their obligations. Provision for trade receivables (debtors) is made on a lifetime expected loss basis using a collective provision matrix, and credit risk plays a crucial role in assessments. The Council has historically used such a matrix, and this has been reviewed to ensure that it is sufficiently "forward looking" and not simply based on past experience. The overall decrease of £158k in the Council's impairment loss allowances for financial instruments during 2023/24 has been credited to the financing and investment section of the CIES, in accordance with the requirement of IFRS9.

Whilst the full impact of the coronavirus pandemic is not yet known, it has been addressed when assessing the expected credit loss provisions. The use of a collective provision matrix ensures that where arrears rise there is also a corresponding increase in the expected credit loss provision, and furthermore, whilst recovery may be currently suspended, it will ultimately recommence. On the basis of a "lifetime expected credit loss" the overall position remains unchanged.

No provision for impairment has been made for short term investments on the basis that these are fixed term deposits with high quality counterparties and the risk is assessed as negligible. The Council's treasury advisers have calculated that the historic risk of default on the entire short term investment portfolio at 31 March 2024 is 0.01%, and would amount to an expected credit loss provision of less than £1,500. This is not deemed to be material.

Similarly, no provision has been made for cash and cash equivalents, which includes the Council's investments in money market funds. As previously discussed, these are AAA rated funds and are deemed to represent negligible risk.

17. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Liquidity and Refinancing Risk

As the authority has access to borrowings from PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority may have to replace significant proportions of its borrowings at unfavourable interest rates. The Prudential Code requires an indicator specifying the maximum proportions of debt maturing at different times, and performance in this respect is reported to the Chief Financial Officer on a daily basis. The PWLB maturity profile as at 31 March is shown below:

PWLB Maturity Analysis	31/3/23	31/3/24
	£000s	£000s
Short Term Borrowing (repayable within 1 year)		
Principal	0	**0**
Interest accruals	(2)	**(181)**
Short Term Borrowing per Balance Sheet	(2)	**(181)**
Long Term Borrowing		
Repayable in 1 to 2 years	0	**0**
Repayable in 2 to 5 years	0	**0**
Repayable in 5 to 10 years	(681)	**(681)**
Repayable in over 10 years	(10,131)	**(10,131)**
Long Term Borrowing per Balance Sheet	(10,812)	**(10,812)**

It is a requirement of the Code that the long-term and short-term parts of individual instruments be separated. Even when separated, the assets and liabilities remain financial instrument balances and should be carried in the Balance Sheet as investments or borrowings, rather than as debtors or creditors.

Market Risk:

The authority is exposed to some degree of risk on its exposure to interest rate movements on its borrowings and investments, and movements in interest rates can have a complex impact. The Treasury Management Strategy set each year specifies the maximum proportions of variable rate borrowings and investments that may be outstanding at any one time, and performance in this respect is reported to the Chief Financial Officer daily. In addition, regular advice is taken from the Council's treasury advisers with regard to the timing of significant borrowings and investments.

Price Risk:

The authority's property fund investment is subject to fluctuations in value and the capital sum is not guaranteed. However the intention is to hold the investment for at least five years to minimise the risk. The authority has no equity shareholdings and thus no exposure to risk from movements in share prices.

Foreign Exchange Risk:

The authority has no material financial assets denominated in foreign currencies and thus has no significant exposure to loss arising from movements in exchange rates.

18. LONG TERM DEBTORS

	2022/23	2023/24
	£000s	£000s
Car Loans	21	**16**
Other - Cycle Scheme	1	**1**
Land Sale Deferred Settlement	0	**0**
Total Long Term Debtors per Balance Sheet	22	**17**

19. SHORT TERM DEBTORS

	2022/23			2023/24		
	Financial Instrum'ts	Statutory Debts	Total	Financial Instrum'ts	Statutory Debts	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Central Government Departments	554	567	1,121	**1,210**	**1,573**	**2,783**
Other Local Authorities	256	1,870	2,126	**66**	**3,075**	**3,141**
Land Sale Deferred Settlement	549	0	549	**0**	**0**	**0**
Other Entities and Individuals	5,270	1,838	7,108	**3,991**	**2,284**	**6,275**
Total Short Term Debtors	6,629	4,275	10,904	**5,267**	**6,932**	**12,199**
Less Impairment Loss Allowance	(2,270)	(430)	(2,700)	**(2,112)**	**(542)**	**(2,654)**
Net Short Term Debtors per Balance Sheet	4,359	3,845	8,204	**3,155**	**6,390**	**9,545**

Amounts in respect of council tax and business rates are outside the scope of financial instruments, being "statutory debtors". The balance has reduced at 31 March 2024.

In accordance with IFRS9, the reduction on the impairment loss allowance for financial instruments between 2022/23 and 2023/24 has been credited to the Financing and Investment section in the Comprehensive Income and Expenditure Statement.

20. CASH AND CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes. There are no strict criteria relating to the nature and maturity of cash equivalents, but at Gedling all bank call accounts, including money market funds, are deemed to be such instruments, given that they are repayable at call without penalty. All the Council's fixed term deposits (however short) and notice accounts are classed as short-term investments, since penalties will be incurred if they are broken.

The balance of cash and cash equivalents is made up as follows:	31/03/23	31/03/24
	£000s	£000s
Cash balance at bank and cash in transit	(530)	**(552)**
Imprest Accounts	5	**5**
	(525)	**(547)**
Call Accounts	9,725	**4,490**
Total Cash and Cash Equivalents per Balance Sheet	9,200	**3,943**

21. SHORT TERM CREDITORS AND RECEIPTS IN ADVANCE

Creditors are defined as liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied, and have been invoiced or formally agreed with the supplier.

If the Council receives consideration that does not yet meet the required conditions for revenue recognition, ie. goods have not been received, or a service has not been undertaken, a receipt in advance must be recognised.

	2022/23			2023/24		
	Financial Instrum'ts	Statutory Creditors	Total	Financial Instrum'ts	Statutory Creditors	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Central Government Departments	(5)	(6,893)	(6,898)	**(4)**	**(3,323)**	**(3,327)**
Other Local Authorities	(1,333)	(1,738)	(3,071)	**(1,498)**	**(1,341)**	**(2,839)**
Other Entities and Individuals	(2,194)	(523)	(2,717)	**(2,261)**	**(660)**	**(2,921)**
Total Short Term Creditors per Balance Sheet	(3,532)	(9,154)	(12,686)	**(3,763)**	**(5,324)**	**(9,087)**

Amounts due in respect of council tax, business rates and HMRC taxes are outside the scope of financial instruments, being "statutory creditors". The balance of statutory creditors at 31 March 2024 remains significant due to S31 grant initially paid to Gedling as the billing authority being repayable to DLUHC.

22. PROVISIONS

	Transf'd Stock Env. Warranties	Transf'd Stock Repairs	NDR Appeals	Total Provisions
	£000s	£000s	£000s	£000s
<u>**Over one year:**</u>				
Balance at 1 April 2023	**(50)**	**(50)**	**(1,381)**	**(1,481)**
Additional Provisions made in 2023/24	0	0	665	**665**
Used in 2023/24	0	0	0	**0**
Reversed in 2023/24	0	0	0	**0**
Balance at 31 March 2024	**(50)**	**(50)**	**(716)**	**(816)**

Transferred Stock Environmental Warranties - to provide for the payment of excesses under the Environmental Warranty provided to Gedling Homes under the Large Scale Voluntary Transfer (LSVT) arrangement. An excess of £25,000 makes it likely that the Council will be required to meet certain expenses over the life of the policy.

Transferred Stock Repairs - to provide for work required under warranties on the transferred properties referred to above.

NDR Appeals - The Business Rate Retention regime places a liability on the Council to refund ratepayers who successfully appeal against the rateable value of their properties on the rating list. A provision of £717,000 has been made, representing the Council's estimated share of such liabilities at 31 March 2024.

23. USABLE RESERVES

Movements in the authority's Usable Reserves are detailed in the Movement in Reserves Statement on page 39, and in note 9 on pages 50 to 53.

24. UNUSABLE RESERVES

	31/03/23	31/03/24
	£000s	£000s
Deferred Capital Receipts	549	**0**
Revaluation Reserve	6,504	**6,795**
Pooled Investment Funds Adjustment Account	(87)	**(123)**
Capital Adjustment Account	14,046	**15,114**
Pensions Reserve	(10,056)	**(4,458)**
Collection Fund Adjustment Account - Council Tax	87	**2**
Collection Fund Adjustment Account - Non Domestic Rates	1,758	**652**
Accumulated Absences Account	(343)	**(338)**
Total Unusable Reserves	12,458	**17,644**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve. The balance relates to the sale of land at Teal Close, completed on 30 April 2018.

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 1 April 2007, the date at which the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2022/23	2023/24
	£000s	£000s
Balance at 1 April	5,874	**6,504**
Upward revaluation of assets	746	**655**
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	48	**(145)**
Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services	794	**510**
Difference between fair value depreciation and historic cost depr'n	(164)	**(219)**
Accumulated gains on assets sold or scrapped	0	**0**
Amount written off to the Capital Adjustment Account	(164)	**(219)**
Balance at 31 March	6,504	**6,795**

24. UNUSABLE RESERVES (Continued)

Pooled Investment Funds Adjustment Account

The introduction of IFRS9 requires pooled investment funds to be classified at Fair Value through Profit and Loss (FVPL), whereby all gains and losses are immediately charged to the Surplus and Deficit on the Provision of Services. However, in the case of certain property funds, including the CCLA LAPF in which the Council has an investment of £1m, a statutory override initially in place until 31 March 2024 requires these gains and losses to be neutralised via the Movement on Reserves Statement to the Pooled Investment Funds Adjustment Account (PIFAA). The increase in value of the Council's property fund investment in 2023/24 represents a loss, which has been reversed out to the PIFAA in accordance with the regulations.

	2022/23	2023/24
	£000s	£000s
Balance at 1 April	93	**(87)**
Gain/(Loss) on CCLA Property Fund in year	(180)	**(36)**
Balance at 31 March	(87)	**(123)**

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 authority as finance for the costs of acquisition, construction or enhancement.

The Capital Adjustment Account contains accumulated gains and losses on Investment Properties, and if relevant, gains recognised on donated assets that have yet to be consumed by the authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 9 on pages 50 to 53 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

24. UNUSABLE RESERVES (Continued)

Capital Adjustment Account (continued)	2022/23	2023/24
	£000s	£000s
Balance at 1 April	17,104	**14,046**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	**(1,720)**	**(1,742)**
Revaluation (losses)/reversals on Property, Plant and Equipment	**(325)**	**(187)**
Amortisation of Intangible Assets	**(92)**	**(87)**
Revenue Expenditure funded from Capital under Statute (REFCUS)	**(802)**	**(4,831)**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**(47)**	**9**
	(2,986)	**(6,838)**
Adjusting amount written out of the Revaluation Reserve	**164**	**219**
Net written out amount of non-current assets consumed in the year	**(2,822)**	**(6,619)**
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	**572**	**0**
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	**120**	**486**
Applications of grants to capital financing from the Capital Grants Unapplied Account	**825**	**6,297**
Statutory provision for the financing of capital investment charged against the General Fund	**639**	**724**
Capital expenditure charged against the General Fund	**99**	**60**
	2,255	**7,567**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	**(2,491)**	**120**
Balance at 31 March	14,046	**15,114**

Pensions Reserve

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

24. UNUSABLE RESERVES (Continued)

	2022/23	2023/24
	£000s	£000s
Balance at 1 April	(51,233)	**(10,056)**
Actuarial gains or (losses) on pensions assets and liabilities	44,592	**5,670**
Reversal of items relating to benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(5,785)	**(2,585)**
Employer's pension contributions and direct payments to pensioners payable in the year	2,370	**2,513**
Balance at 31 March	(10,056)	**(4,458)**

<u>Collection Fund Adjustment Accounts</u>

The Collection Fund Adjustment Accounts manage the differences arising from the recognition of council tax and non domestic rate income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and ratepayers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

<u>Council Tax:</u>	2022/23	2023/24
	£000s	£000s
Balance at 1 April	(23)	**87**
Amount by which council tax income credited to the Comprehensive Income and Expenditure Account is different from council tax income calculated for the year in accordance with statutory arrangements	110	**(85)**
Balance at 31 March	87	**2**

24. UNUSABLE RESERVES (Continued)

Collection Fund Adjustment Accounts (continued)

Non Domestic Rates:	**2022/23**	**2023/24**
	£000s	**£000s**
Balance at 1 April	(2,816)	**1,758**
Amount by which non domestic rate income credited to the Comprehensive Income and Expenditure Account is different from NDR income calculated for the year in accordance with statutory arrangements	4,574	**(1,106)**
Balance at 31 March	1,758	**652**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned, but not taken in the year, for example 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.

Overall balances of outstanding leave at each year-end are relatively consistent, however an annual review is carried out. Accruals are based on outstanding hours multiplied by pay rates for the following year, ie. the year in which the leave will be taken.

	2022/23	**2023/24**
	£000s	**£000s**
Balance at 1 April	(390)	**(343)**
Settlement or cancellation of accrual made at the end of the preceding year	390	**343**
Amounts accrued at the end of the current year	(343)	**(343)**
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**47**	**5**
Balance at 31 March	(343)	**(338)**

25. CASH FLOW STATEMENT - OPERATING ACTIVITIES

	2022/23	2023/24
	£000s	**£000s**
Net Surplus / (Deficit) on the Provision of Services per CIES on p33	(6,082)	**795**
Adjustments to the net surplus / (deficit) on the Provision of Services for non-cash movements:		
Depreciation	1,720	**1,742**
Impairment and downward revaluations	325	**187**
Amortisation	92	**87**
Increase / (Decrease) in revenue creditors	(1,264)	**(735)**
(Increase) / Decrease in revenue debtors	(1,536)	**1,130**
(Increase) / Decrease in stocks and works in progress	(43)	**20**
Pension liability	3,415	**72**
Carrying amount of non current assets sold	0	**0**
Other non-cash items charged to net surplus/(deficit) on provision of services	2,279	**(750)**
	4,988	**1,753**
Adjustments to the net surplus / (deficit) on the Provision of Services for items that are investing and financing activities:		
Proceeds from sales of property, plant and equipment, and other investment property receipts and payments	(711)	**(873)**
Net cash flow from Operating Activities per Cash Flow Statement on p42	(1,805)	**1,675**

Cash flows for operating activities include the following items:	2022/23	2023/24
	£000s	**£000s**
Interest Received	(550)	**(1,392)**
Interest Paid	369	**202**

26. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2022/23	2023/24
	£000s	£000s
Purchase of property, plant and equipment, investment property and intangible assets	(2,519)	**(6,279)**
Purchase of short term and long term investments	0	**0**
Other payments for investing activities	(13)	**(18)**
Proceeds from sale of property, plant and equipment, investment property and intangible assets	585	**0**
Proceeds from short-term and long term investments	3,130	**2,780**
Capital grants & contributions	318	**(1,152)**
Other receipts from investing activities	193	**3,174**
Net cash flows from Investing Activities per Cash Flow Statement on p42	1,694	**(1,495)**

27. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2022/23	2023/24
	£000s	£000s
Receipt of short-term and long-term borrowing	0	**0**
Other receipts from financing activities	12	**9**
Movement on NDR debtor with preceptors and CLG	6,383	**(2,645)**
Movement on Council Tax debtors with Preceptors	158	**(1,397)**
Community Infrastructure Levy held for Parishes	1,390	**(940)**
Grants & contributions held for other principal parties	(7,561)	**(460)**
Written off car loans and accrued income	0	**0**
Long term pension fund debtor	0	**0**
Other payments for financing activities	(29)	**(4)**
Net cash flows from Financing Activities per Cash Flow Statement on p42	353	**(5,437)**

28. MEMBERS' ALLOWANCES

Payments to Members are made under the Local Authorities (Members Allowances) (England) Regulations 2003, which provide for the circumstances in which allowances are payable to Members, and to the maximum amounts payable in respect of certain allowances. The regulations include a requirement for authorities to make public their scheme for Members' allowances, and to disclose annually the amounts paid under such a scheme. The Council fulfils this requirement by the placement of a notice on its website. Under the Council's scheme, a Basic Allowance is paid to each Member, together with relevant Special Responsibility Allowances. There is also provision for the payment of car allowances, plus public transport, conference and subsistence expenses.

28. MEMBERS' ALLOWANCES (Continued)

The authority paid the following amounts to Members of the Council during the year:

	2022/23	2023/24
	£000s	£000s
Allowances:		
Basic	**182**	**190**
Special Responsibility	**119**	**130**
Expenses:		
Conferences and subsistence	**3**	**1**
	304	**321**

The figures above include payments made to independent members.

29. EXTERNAL AUDIT COSTS

The authority is required to disclose amounts paid to its appointed auditors for work carried out in performing statutory functions. For 2023/24, Mazars are the appointed auditors for accounts and inspection work, however KPMG are the appointed auditors for grant certification work. Amounts paid to the appointed auditor for work carried out in providing additional services such as tax advice must also be disclosed, the purpose being to demonstrate that the objectivity of the auditor is not compromised by fees for other work being significant in relation to audit costs.

	2022/23	2023/24
	£	£
Audit services carried out by the appointed auditor (Mazars)	32,776	**53,600**
Additional fees to be paid to the appointed auditors in respect of previous years	23,590	**0**
Total fees for statutory audit services in the year	56,366	**53,600**
Fees for tax advisory services	0	**0**
Total fees paid to the appointed auditor	56,366	**53,600**

30. OFFICERS' REMUNERATION

The Accounts and Audit Regulations 2015 require certain disclosures in respect of the remuneration of senior employees in Local Authorities, in order to provide greater transparency and accountability to local taxpayers in respect of the total remuneration package for the senior team charged with the stewardship of the Council. For the purpose of this disclosure note, senior officers are defined as those collectively representing the Council's Senior Leadership Team.

There is a requirement to disclose by job title the individual remuneration for senior employees whose annualised basic salary is £50,000 or more, but less than £150,000. Any employee in receipt of an annualised salary of £150,000 or more is required to be identified by name, however this does not apply at Gedling Borough Council as no employee is paid a salary at this level.

Remuneration is defined as amounts payable to or receivable by a person, and includes salary (the amount received under a contract of employment for services rendered), bonuses, expenses, the estimated monetary value of non-cash benefits, ie. "benefits in kind", and compensation for loss of employment. Remuneration generally excludes an employer's pension contributions, however for "senior officers" such contributions must also be included.

The remuneration paid to the Authority's senior employees in 2023/24, and in 2022/23 for comparison, is detailed in the table below.

Senior Employees in receipt of a basic salary exceeding £50,000:	**Salary, Fees & All'wces**	**Exps All'wces**	**Benefits in Kind**	**Comp'n for loss of Office**	**Total exc Pension Contribs**	**Employer Pension Contribs**	**Total**
	£	**£**	**£**	**£**	**£**	**£**	**£**
2023/24							
Chief Executive	**134,398**	**255**	**0**	**0**	**134,653**	**25,043**	**159,696**
Director of Corporate Resources & S151 Officer	**98,175**	**0**	**0**		**98,175**	**9,358**	**107,534**
Acting Deputy Chief Executive & Monitoring Officer	**86,605**	**0**	**0**	**0**	**86,605**	**16,557**	**103,162**
Acting Chief Finance Officer & S151 Officer	**71,037**	**0**	**0**	**0**	**71,037**	**13,923**	**84,960**
2022/23							
Chief Executive	**123,897**	**731**	**0**	**0**	**124,628**	**22,468**	**147,096**
Director of Corporate Resources & S151 Officer	**86,600**	**0**	**0**	**0**	**86,600**	**15,761**	**102,361**
Communities & Leisure (part year)	**77,422**	**0**	**0**	**0**	**77,422**	**11,050**	**88,472**

30. OFFICERS' REMUNERATION (Continued)

There is also a requirement to disclose the authority's other employees receiving remuneration totalling more than £50,000 in the year (excluding employer's pension contributions) and these are analysed in bands of £5,000 starting at £50,000 in the table below.

Number of Employees in each Remuneration Band: (excluding employer pension contributions)	**2022/23 Number**	**2023/24 Number**
£50,000 to £54,999	4	**7**
£55,000 to £59,999	2	**3**
£60,000 to £64,999	1	**0**
£65,000 to £69,999	0	**1**
£70,000 to £74,999	5	**0**
£75,000 to £79,999	1	**4**
Total number of other employees whose remuneration exceeds £50,000	13	**15**

31. EXIT PACKAGES (TERMINATION BENEFITS)

The Council is required to disclose the number and cost of exit packages made in the financial year in rising bands of £20,000 up to £100,000, and bands of £50,000 thereafter. Exit packages to be included are those that have been agreed by the Council, ie. for which it is "demonstrably committed".

Termination benefits are defined as amounts payable as a result of either the Council's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. Voluntary early retirement does not represent a termination benefit, being instead a "post employment benefit". Termination benefits differ from post-employment benefits in that the latter are earned throughout an employee's working life, whereas termination benefits arise as a result of a specific event, such as a reduction in service capacity or as a result of budget cuts.

No compulsory redundancies were made during 2023/24. There was seven terminations agreed for reasons other than redundancy, incurring total liabilities of £80,614. These amounts have been charged to the Comprehensive Income and Expenditure Statement in the year.

Exit Packages per Cost-Band £	**Number of Compulsory Redundancies**		**Number of other departures agreed in year**		**Total number of exit packages by cost-band**		**Total cost of exit packages in each band £**	
	2022/23	**2023/24**	**2022/23**	**2023/24**	**2022/23**	**2023/24**	**2022/23**	**2023/24**
0 to 20,000	3	**0**	1	**6**	4	**6**	55,797	**13,380**
20,001 to 40,000	1	**0**	0	**1**	1	**1**	32,300	**67,234**
40,001 to 60,000	0	**0**	0	**0**	0	**0**	0	**0**
60,001 to 80,000	0	**0**	0	**0**	0	**0**	0	**0**
100,001 to 150,000	0	**0**	0	**0**	0	**0**	0	**0**
	4	**0**	1	**7**	5	**7**	88,097	**80,614**

32. POST-EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME

(i) Participation in the Pension Scheme:

As part of the terms and conditions of employment for its officers, the Council makes contributions towards the cost of post employment (retirement) benefits. Although these benefits will not actually be payable until employees retire, the authority 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 (LGPS) administered locally by Nottinghamshire County Council. This is a funded defined benefit statutory scheme with index linked benefits, meaning that that the authority and employees both pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. Until 31 March 2014, benefits were based on final salary and length of service, however following changes to the LGPS, all benefits accrued from 1 April 2014 are based on career average revalued earnings and the length of service on retirement.

In addition, the Council has made arrangements for the payment of added years benefits to certain retired employees, outside the provisions of the scheme. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made, however there are no investment assets built up to meet these pension liabilities. Cash therefore has to be generated to meet actual pensions payments as they eventually fall due.

The actuary, Barnett Waddingham, is instructed by Nottinghamshire County Council to undertake pension expense calculations, and has prepared its figures in accordance with its understanding of IAS19. The principal risks to Gedling Borough Council are the longevity assumptions, statutory changes to the scheme, changes to inflation and bond yields, and the performance of the equity investments held by the scheme. In addition, as there are many unrelated employers in the LGPS there is an "orphan liability risk", where an employer leaves the fund but with insufficient assets to cover their pension obligations, in which case the shortfall may fall on the remaining employers. These risks are mitigated to a certain extent by the statutory requirement to charge to the General Fund the amount required by statute, as described in the accounting policies note, and by the assumption that an employer may leave the fund with excess assets, and these may be inherited by the remaining employers.

Further information can be found in the annual report of the Nottinghamshire County Council Pension Fund, which is available upon request from Nottinghamshire County Council, County Hall, West Bridgford, Nottingham NG2 7QP.

(ii) Explanation of terms:

Liabilities (obligations) - the post employment benefits that have been promised under the formal terms of the pension scheme, plus any constructive obligation for further benefits where the authority has given employees valid expectations that such benefits will be granted. Liabilities are measured on an actuarial basis, estimating the future cashflows that will arise from them based on such things as mortality rates, employee turnover, salary growth and expected early retirements under the scheme rules, discounted to present values.

Assets - the Council's attributable share of the investments held in the pension scheme to cover the liabilities, measured at fair value at the balance sheet date.

Movements on pensions assets and liabilities are analysed into the following constituents:

Service cost - comprising:

Current service cost - the increase in the present value of a defined benefit scheme's liabilities (defined benefit obligation) resulting from employee service in the current period.

Past service cost - the change in the present value of a scheme's liabilities for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of a change to a defined benefit scheme) or a curtailment (a significant reduction in the number of employees covered by a scheme).

32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

Gains or losses on settlements - arising when an authority enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit scheme.

An amendment to IAS19 requires that when determining any past service cost, or gain or loss on settlement, the net defined benefit liability is to be remeasured using current assumptions, and the fair value of plan assets at the time of the event. The amendment does however note that this extra remeasurement does not need to be applied where the application of that remeasurement is not material. The Actuary has treated no events as "material special events" in 2023/24.

Net interest cost - the change during the period in the net defined benefit liability/asset that arises from the passage of time. It comprises interest costs on the liabilities and the interest income on plan assets.

Re-measurement of the net defined liability/(asset) comprising:

Actuarial gains and losses - changes in the present value of the defined benefit obligation resulting from (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), and (b) the effects of changes in the actuarial assumptions.

Return on plan assets - excluding amounts included in net interest on the net defined benefit liability/(asset).

Contributions by scheme participants - the increase in scheme liabilities and assets due to payments into the scheme by employees.

Contributions by employer - the increase in scheme assets due to payments into the scheme by the employer.

Benefits paid - payments to discharge liabilities directly to pensioners.

(iii) Transactions relating to post-employment benefits:

Pensions are accounted for in accordance with IAS19. The cost of retirement benefits are recognised in the Cost of Services in the Comprehensive Income and Expenditure Statement (page 34) when they are earned by employees, rather than when they are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, therefore the real cost of post employment (retirement) benefits is reversed out of the General Fund via the Movement in Reserves Statement (page 35). Transactions affecting the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement are shown below.

In 2018 the Court of Appeal ruled that changes made to the pension schemes for judges and firefighters were unlawful on the grounds of age discrimination, a decision known as the "McCloud and Sargeant" judgement, and this was upheld by the Supreme Court. Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. The Council previously included an allowance to reflect the potential impact of the McCloud case, and this has been rolled by the Actuary in obtaining the accounting results for 2023/24.

32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

As a result of a High Court ruling on the equalisation of guaranteed minimum pensions (GMPs) between genders, a number of pension schemes have made an adjustment to accounting disclosures to reflect the effect of this ruling on the value of pension liabilities. The Government published the outcome of its consultation on GMP Indexation on 23 March 2021. Barnett Waddingham have indicated that their assumptions are consistent with the consultation outcome and does not therefore believe that any adjustment to the value placed on liabilities is required.

Following a case involving the Teachers Pension scheme (the Goodwin Case) the Government has confirmed that a remedy is required in all public sector schemes, including the LGPS. A review is ongoing but Barnett Waddingham expect the impact on the LGPS to be minimal.

	2022/23	2023/24
Comprehensive Income and Expenditure Statement (CIES):	**£000s**	**£000s**
Cost of Services:		
a) Service cost comprising:		
Current service cost	4,432	**2,128**
Past service cost	19	**0**
Reconciliation Adjustments	0	**(10)**
b) Other Operating Expenditure:		
Administration Cost	38	**44**
c) Financing & Investment Income & Expenditure:		
Net Interest Cost	1,296	**423**
Total Post Employment benefits charged to the Surplus or Deficit on the Provision of Services	5,785	**2,585**
Re-measurement of the net defined liability comprising:		
Return on plan assets less interest (gain) / loss	4,394	**(3,302)**
Other actuarial (gains) / losses	(1)	**0**
Actuarial (gains) and losses on changes in financial assumptions	(59,249)	**(1,674)**
Actuarial (gains) and losses on changes in demographic assumptions	0	**(1,428)**
Experience (gains) and losses on the defined benefit obligation	10,264	**734**
Total Re-measurements (See Comprehensive Income and Expenditure Statement on page 38)	(44,592)	**(5,670)**
Total Post Employment benefits charged to the Comprehensive Income and Expenditure Statement	(38,807)	**(3,085)**
Movement in Reserves Statement:		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code (see note 9)	(5,785)	**(2,585)**

Actual amount charged against the General Fund Balance for pensions in the year	2022/23 £000s	2023/24 £000s
Employer's contributions payable to the scheme	2,264	**2,394**
Discretionary payments (added years, pension strain etc)	106	**120**
Total	2,370	**2,514**

32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

(iv) Pensions Liabilities and Assets recognised in the Balance Sheet:

The amounts included in the balance sheet arising from the Council's obligation in respect of its defined benefit scheme is as follows:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000s	£000s	£000s	£000s	£000s
Present value of the funded defined benefit obligation	121,473	156,086	143,998	99,657	**100,906**
Fair value of assets	(73,829)	(88,191)	(94,617)	(90,731)	**(97,489)**
Net liability arising from the funded defined benefit obligation (LGPS)	47,644	67,895	49,381	8,926	**3,417**
Present value of the unfunded obligation (Discretionary Benefits)	1,533	1,561	1,436	1,130	**1,041**
Net Pension Liability on the Balance Sheet	49,177	69,456	50,817	10,056	**4,458**

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. These total £101.946m, including funded and unfunded obligations.

The net pension liability of £4.458m has a substantial impact on the net worth of the authority, as recorded in the Balance Sheet, reducing it by 11.8%. However, statutory arrangements for funding the deficit means that the financial position of the authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (ie. before payments fall due), as assessed by the actuary, therefore finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Reconciliation of the movements in the fair value of scheme liabilities:	2022/23	2023/24
	£000s	£000s
Opening defined benefit obligation	145,434	**100,786**
Current service cost	4,432	**2,128**
Interest Cost	3,732	**4,758**
Change in financial assumptions	(59,249)	**(1,674)**
Change in demographic assumptions	0	**(1,428)**
Experience loss/(gain) on defined benefit obligation	10,264	**734**
Estimated Benefits Paid (net of transfers in)	(4,396)	**(3,933)**
Past Service Cost including curtailments	19	**0**
Contributions by Scheme Participants	654	**695**
Unfunded Pension Payments	(104)	**(120)**
Adjustment for rounding (see offsetting adjustment on assets)	0	**0**
Closing defined benefit obligation	100,786	**101,946**

32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

Reconciliation of the movements in the fair value of scheme assets:	2022/23	2023/24
	£000s	£000s
Opening fair value of scheme assets	94,617	**90,731**
Interest on assets	2,436	**4,335**
Return on plan assets in excess of interest	(4,394)	**3,302**
Other actuarial gains/(losses)	1	**0**
Administration expenses	(38)	**(44)**
Contributions by Employer including Unfunded Benefits	1,955	**2,513**
Contributions by Scheme Participants	654	**695**
Estimated Benefits paid including Unfunded Benefits	(4,500)	**(4,053)**
Adjustment for rounding (see offsetting adjustment on liabilities)	0	**10**
Closing fair value of scheme assets	90,731	**97,489**

LGPS assets allocated to Gedling Borough Council by asset class:	2021/22	2022/23	2023/24	
	£000s	£000s	£000s	%
Public Equities	51,092	52,880	**58,956**	**61**
Gilts	1,892	1,876	**2,334**	**2**
Other Bonds	7,570	5,374	**4,836**	**5**
Property	11,922	10,769	**10,364**	**11**
Cash and Temporary Investments	1,892	4,748	**5,869**	**6**
Inflation-linked Pooled Fund	5,299	4,580	**4,959**	**5**
Infrastructure	9,273	7,132	**7,048**	**7**
Private Equities	5,677	3,372	**3,122**	**3**
Total assets allocated to Gedling Borough Council	94,617	90,731	**97,488**	**100**

It is estimated that Gedling Borough Council's share of the total assets in the Fund is approximately 1.39%. Information regarding the detail of the total assets held in the Fund at 31 March 2024 is summarised in the table below. This represents the percentages of the total Fund held in each asset class, split by those that have a quoted market price in an active market, and those that do not. Further information regarding the Fund's precise asset allocations is available from Nottinghamshire County Council Pension Fund as administering authority.

32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

Asset Class		Quoted	Unquoted	Total
		%	%	%
Fixed Interest Gov't Securities	UK	2.0	0.0	**2.0**
Corporate Bonds	Overseas	5.0	0.0	**5.0**
Equities	UK	17.0	0.0	**17.0**
	Overseas	44.0	0.0	**44.0**
Property	All	0.0	12.0	**12.0**
Others:	Private equities	0.0	3.0	**3.0**
	Infrastructure	0.0	7.0	**7.0**
	Inflation-linked Unit Trust	0.0	5.0	**5.0**
	Credit	0.0	3.0	**3.0**
	Cash/temporary investments	0.0	2.0	**2.0**
Total		**68.0**	**32.0**	**100.0**

(v) <u>Basis for estimating Liabilities and Assets:</u>

Liabilities have been assessed on an actuarial basis 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. Both the LGPS and the Discretionary Benefit liabilities have been assessed by Barnett Waddingham Ltd. Actuaries, an independent firm of actuaries. No differentiation has been made between the two schemes in terms of assumptions. Estimates for the Nottinghamshire County Council Pension Fund are based on the latest full valuation of the scheme at 31 March 2022 (the next triennial valuation of the Fund will be carried out as at 31 March 2025, and will set contributions for the period from 1 April 2026 to 31 March 2029). The actuary's estimate for the duration of Gedling Borough Council's liabilities is 16 years.

Significant assumptions used by the actuary as at 31 March 2024 are as follows:

<u>Expected return on assets:</u>

The discount rate is the annualised yield at the 16-year point on the Merill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with the consideration of the Council's liabilities. This is consistent with the approach used at the last accounting date.

<u>Mortality assumptions:</u>

Assumed life expectations from the age of 65 are as follows:		31 Mar 22	31 Mar 23	31 Mar 24
		Years	Years	Years
Retiring today-	Male	20.7	20.7	**20.4**
	Female	23.5	23.5	**23.3**
Retiring in 20 years-	Male	21.9	22.0	**21.7**
	Female	24.9	25.0	**24.7**

32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

Financial Assumptions

The financial assumptions used for IAS19 purposes are as follows, and were set with reference to market conditions at 31 March 2024

	31 Mar 22	31 Mar 23	31 Mar 24
	%	%	%
Consumer Price Index increase	2.60	4.80	**4.90**
Salary Increase	3.20	2.95	**2.95**
Pension Increase	3.55	3.30	**3.25**
Discount rate for liabilities	4.20	3.95	**3.95**

IAS19 suggests that in assessing the future levels of long-term inflation, assumptions should be used that result in a best estimate of the ultimate cost of providing pension benefits whilst also giving consideration to the gilt market (in line with general price levels), to give an indication of market expectations. Pension increases in the LGPS are expected to be based on the Consumer Prices Index (CPI).To derive assumptions on CPI, the actuary first makes an assumption on the Retail Price Index (RPI), and then makes an adjustment. A Single Equivalent Inflation Rate (SEIR) approach is used to derive an appropriate RPI assumption, rounded to the nearest 0.05%, for the duration of the Council's pension liabilities, ie 16 years. An adjustment is then made by the actuary to reflect the expectation that CPI will be lower than RPI. This is consistent with the approach used at the previous accounting date. The actuary's estimate of CPI for Gedling Borough Council is 2.95%.

Salaries are assumed to increase at 1% above CPI, ie. 3.95%. This is consistent with the approach at the previous accounting date.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions, occurring at the end of the reporting period, and assume for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes to some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

Sensitivity analysis:	**£000s**	**£000s**	**£000s**
Adjustment to discount rate:	+0.1%	**0%**	-0.1%
Present value of total obligation	100,364	**101,946**	103,569
Projected service cost	1,965	**2,030**	2,097
Adjustment to long term salary increase:	+0.1%	**0%**	-0.1%
Present value of total obligation	102,094	**101,946**	101,799
Projected service cost	2,031	**2,030**	2,029
Adjustment to pension increase and deferred revaluation	+0.1%	**0%**	-0.1%
Present value of total obligation	103,450	**101,946**	100,479
Projected service cost	2,098	**2,030**	1,964
Adjustment to mortality age rating assumption	+ 1 Year	**None**	- 1 Year
Present value of total obligation	106,042	**101,946**	98,028
Projected service cost	2,104	**2,030**	1,958

Asset and liability matching strategy

The LGPS administered by Nottinghamshire County Council does not operate an asset and liability matching strategy. The Pension Fund accounts include a section on the nature and extent of risks arising from financial instruments, and directs readers to the Fund's Risk Management Strategy and Risk Register. This information is available in the Pension Fund Annual Report via the Fund's website, www.nottspf.org.uk.

Asset Ceiling

Accounting Standards state that if an employer has an accounting surplus, it should be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is commonly referred to as the "asset ceiling". The Actuary has therefore incorporated an asset ceiling into the Gedling's balance sheet, however the relevant calculations have shown that the impact of the asset ceiling on the Council is Nil.

Impact on the Council's cash flows

The objectives of the pension scheme are to keep employers' contributions at as constant a rate as possible. Contributions are set every three years as a result of the actuarial valuation of the fund, as required by the regulations. The next triennial valuation will be carried out as at 31 March 2025 and will set contribution rates for the period from 1 April 2026 to 31 March 2029 (financial years 2026/27, 2027/28 and 2028/29). There are no minimum funding levels in the LGPS, however contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

Estimated costs for 2023/24

The actuary's estimate of the total pension expense for the year to 31 March 2025 is £2,234,000. Service cost is estimated to be £2,030,000, net interest on the defined liability £160,000, and administration expenses £44,000. Expected employer contributions are £2,301,000, and contributions for discretionary benefits are £117,600, as per the Council's own budget for 2024/25.

33. RELATED PARTIES

In accordance with IAS24, the Council is required to disclose material transactions with related parties, ie. bodies or individuals that have the potential to control or influence the Council, or be influenced by the Council. Disclosure of these transactions allows readers of the accounts to assess the extent to which the Council might have been constrained in its ability to operate independently, or might have secured the means to limit another party's ability to bargain freely with the Council.

Central Government

The UK Central Government has significant influence over the Council's general operations, being responsible for providing the statutory framework within which the Council operates, providing the majority of its funding in the form of grants, and prescribing the terms of many of the transactions that the Council has with other parties (eg. council tax bills, housing benefits etc). Grants received from government departments are included in note 11 on pages 56 to 57.

Members

Elected Members of the Council, and potentially close members of their families, exert direct control over the Council's financial and operating policies and as such must be identified as related parties. The statutory disclosure requirements in respect of Members' Allowances are satisfied by note 28 on pages 77-78. The aggregation option for individual transactions has been taken on the basis that the Council is satisfied that all the transactions entered into have been concluded in accordance with its procedures for preventing undue influence.

Officers

Officers on the Council's Senior Leadership Team (SLT), Service Managers, and the closest members of their families, have the potential to significantly influence the policies of the Council, however this is limited by the Scheme of Delegation. During 2023/24 no interests were declared by members of SLT and the statutory disclosure requirements in respect of officer remuneration are satisfied by note 30 on pages 79 to 80.

Other Public Bodies

The Council has pooled budget arrangements with Rushcliffe and Broxtowe Borough Councils as part of the South Nottinghamshire Community Safety Partnership, but these are not material. All transactions are recorded in Broxtowe Borough Council's accounts.

The Council's procedure for obtaining information in respect of related parties

Requests for information were sent to all Elected Members, members of the Senior Leadership Team, Heads of Service/Service Managers, and the Procurement Officers, explaining the requirements of IAS24, and seeking declarations to assist the demonstration of compliance with the standard. The information provided has been used in the preparation of the disclosures below. Details of outstanding debtors and creditors in respect of related parties are included within notes 19 and 21 on pages 69 and 70 respectively. The Council also maintains a register of Members' interests, together with a record of interests declared at Cabinet and Council meetings.

Most transactions with related parties are disclosed elsewhere in the Statement of Accounts, as indicated above, however material transactions not otherwise disclosed are set out in the table below. Material transactions are generally defined as those over £10,000, however, consideration is also given to "the surrounding circumstances", ie. a transaction that is not material to the Council may well be material to the related party.

33. RELATED PARTIES (Continued)

Organisation/Body	Nature of relationship	Receipts £000s	Payments £000s
APSE	Elected Member is a representative	(4)	26
Citizens' Advice Bureau	Elected Member has a management interest	0	45
East Midlands Council	Elected Member is a representative	0	25
Gedling Indoor Bowls Centre Ltd (Community Amateur Sports Club)	Elected Member has a connection to the organisation	(49)	0
Gedling/Jigsaw Homes	Elected Member is a board member and/or representative	(97)	0
Local Government Association	Elected Members are board members and/or representatives	0	17
Mapperley Golf Club	Elected Members are representatives and/or have a management interest	(77)	0
Nottinghamshire Police & Crime Commissioner's Office	Elected Member is a member of the Crime Panel	(141)	0
Redhill Academy Trust	Elected Member is a board member	(30)	0
Unison	Elected Member is a branch administrator / organiser	0	10
Other Local Authorities	Material employee relationships	(469)	809
Parish Councils	GBC Elected Members on parish councils	(86)	232

34. CONTINGENT LIABILITIES

No significant contingent liabilities have been identified at the Balance Sheet date.

35. CONTINGENT ASSETS

Truck Cartel Legal Claim

The Council is party to a legal claim for damages and/or other relief in respect of loss and/or damage suffered as a result of inflated pricing for medium and heavy trucks between 1997 and 2011. As purchasers of waste disposal vehicles, the Council is claiming for overcharging as a result of prices which

Fraudulent Activity

The financial impact of fraudulent activity identified in July 2022 has been quantified as £948k. Whilst £300k has been recovered, £648k has been lost to revenue, and subsequently to the General Fund. This element is the subject of an insurance claim.

36. EVENTS AFTER THE BALANCE SHEET DATE

The final Audited Statement of Accounts will be authorised for issue by the Chief Financial Officer, following approval by the Audit Committee. Events taking place after Audit Committee approval will not be reflected in the financial statements or notes. Where events taking place before Audit Committee approval provide information about conditions existing at 31 March 2024, the figures in the financial statements and notes will be adjusted in all material respects to reflect the impact of this information.

37. LEASES

In anticipation of the introduction of IFRS16 from the 2024/25 financial year, the Council has been working to identify all its operating leases, both where it is the Lessor and where it is the Lessee, to ensure that these are documented and classified as required. The most significant items for Gedling are operating leases where the Council is the Lessor, and include business units. It is estimated that at 31 March 2024 the total "non-cancellable" lease rental income due in future years in respect of these leases is approximately £3.8m. Of this sum, £0.5m is due within one year, £1.3m is due between years 2 to 5, and £2.0m is due beyond year 5.

COLLECTION FUND STATEMENT

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

2022/23 Council Tax £000s	2022/23 NDR £000s	2022/23 Total £000s		2023/24 Council Tax £000s	2023/24 NDR £000s	2023/24 Total £000s
			INCOME:			
(83,478)	0	(83,478)	Council Tax receivable from Taxpayers	**(88,733)**	**0**	**(88,733)**
(133)	0	(133)	Transfers from General Fund	**(316)**	**0**	**(316)**
0	(23,195)	(23,195)	Business Rates Receivable	**0**	**(22,932)**	**(22,932)**
(83,611)	(23,195)	(106,806)		**(89,049)**	**(22,932)**	**(111,981)**
			Apportionment of previous year deficits			
0	(3,568)	(3,568)	Central Government	**0**	**1,719**	**1,719**
0	(642)	(642)	Nottinghamshire County Council	**0**	**310**	**310**
0	0	0	Notts. Police and Crime Commissioner	**0**	**0**	**0**
0	(71)	(71)	Combined Fire Authority	**0**	**34**	**34**
0	(2,854)	(2,854)	Gedling Borough Council	**0**	**1,376**	**1,376**
0	(7,135)	(7,135)		**0**	**3,439**	**3,439**
			Other Income to Collection Fund			
0	0	0	Transitional Protection Pyts recv'ble	**0**	**(1,275)**	**(1,275)**
0	0	0		**0**	**(1,275)**	**(1,275)**
			EXPENDITURE:			
			Precepts, Demands and Shares			
0	9,533	9,533	Central Government	**0**	**12,218**	**12,218**
62,108	1,716	63,824	Nottinghamshire County Council	**67,111**	**2,199**	**69,310**
9,604	0	9,604	Notts. Police and Crime Commissioner	**10,481**	**0**	**10,481**
3,195	190	3,385	Combined Fire Authority	**3,487**	**244**	**3,731**
6,727	7,626	14,353	Gedling Borough Council	**7,151**	**9,775**	**16,926**
785	0	785	Parish Councils	**853**	**0**	**853**
82,419	19,065	101,484		**89,083**	**24,436**	**113,519**

ANNUAL STATEMENT OF ACCOUNTS 2023/24

COLLECTION FUND STATEMENT (Continued)

2022/23				2023/24		
Council Tax £000s	NDR £000s	Total £000s		Council Tax £000s	NDR £000s	Total £000s
			Other Charges to Collection Fund			
163	75	238	Sums written off	**438**	**196**	**634**
(192)	(16)	(208)	Incr/(Decr) in Impairment Allowance	**457**	**185**	**642**
0	(668)	(668)	Incr/(Decr) in Provision for Appeals	**0**	**(1,661)**	**(1,661)**
0	44	44	Transitional Protection Pyts payable	**0**	**0**	**0**
0	439	439	Renewables	**0**	**379**	**379**
9	0	9	Miscellaneous Expenditure	**0**	**0**	**0**
0	98	98	Costs of Collection	**0**	**99**	**99**
(20)	(28)	(48)		**895**	**(802)**	**93**
(1,212)	(11,293)	(12,505)	**Net Deficit/(Surplus) for Current Yr.**	**929**	**2,866**	**3,795**
248	7,039	7,287	Add Balance BFwd from Previous Yr.	**(964)**	**(4,254)**	**(5,218)**
(964)	(4,254)	(5,218)	**Balance CFwd (Surplus) / Deficit (notes 2 and 4 to the Collection Fund Accounts)**	**(35)**	**(1,388)**	**(1,423)**

NOTES TO THE COLLECTION FUND ACCOUNTS

1. COUNCIL TAX BASE

Chargeable Dwellings in each Band at Band D equivalent and after allowing for discounts, disregards, exemptions etc.

Note: Disability Reduction reduces the Council Tax charge to a lower Band. In the case of Band A, this results in the creation of a Band A*.

	2022/23 Number	2023/24 Number
Band A*	10	**11**
Band A	6,348	**6,519**
Band B	9,407	**9,565**
Band C	7,783	**7,953**
Band D	6,102	**6,223**
Band E	4,654	**4,735**
Band F	1,938	**1,966**
Band G	1,371	**1,388**
Band H	141	**144**
Council Tax Base	**37,754**	**38,504**

2. ACCOUNTING FOR THE COLLECTION FUND BALANCE - COUNCIL TAX

A billing authority acts as an agent, collecting Council Tax on behalf of the major preceptors, as well as itself. Council Tax transactions and balances therefore need to be allocated between the billing authority and the major preceptors.

In accordance with the Code, only the share of the Council Tax Collection Fund deficit attributable to Gedling Borough Council is shown in its own Balance Sheet. The shares attributable to the major preceptors are included in Other Local Authority debtors in respect of Nottinghamshire County Council, and in General Debtors in respect of the Police and Crime Commissioner and the Combined Fire Authority.

The opening balance on the Council Tax Collection Fund was a surplus of £0.964m. By 31 March 2024, this had moved to a surplus of £0.035m.

	2022/23	2023/24
Balance Sheet Deficit/(Surplus) Allocation:	**£000s**	**£000s**
Nottinghamshire County Council (Local Authority Debtors)	(726)	**(27)**
Nottinghamshire Police & Crime Commissioner (General Debtors)	(113)	**(5)**
Combined Fire Authority (General Debtors)	(38)	**(1)**
	(877)	**(33)**
Council Tax Deficit attributable to Gedling BC	(87)	**(2)**
TOTAL	(964)	**(35)**

3. NON DOMESTIC RATES (NDR)

	2022/23	2023/24
(a) Non Domestic Rateable Value at 31 March	61,379,698	**66,163,421**
(b) Multiplier for General Businesses	51.2p	**51.2p**
(c) Multiplier for Small Businesses	49.9p	**49.9p**

NOTES TO THE COLLECTION FUND ACCOUNTS (Continued)

4. ACCOUNTING FOR THE COLLECTION FUND BALANCE - NDR

Following the introduction of the Business Rates Retention Scheme on 1 April 2013, billing authorities act as agents, collecting non domestic rates on behalf of the major preceptors and central government and, as principals, collecting rates for themselves. NDR transactions and balances therefore need to be allocated between the billing authority, the major preceptors and central government. The applicable proportions are 50% for central government, 40% for Gedling Borough Council as the billing authority, 9% for Nottinghamshire County Council and 1% for the Combined Fire Authority.

In accordance with the Code, only the share of the NDR Collection Fund deficit attributable to Gedling Borough Council is shown in its own Balance Sheet. The shares attributable to the major preceptors are included in Other Local Authority debtors in respect of Nottinghamshire County Council, and in General Debtors in respect of the Combined Fire Authority. The share attributable to central government is included in government debtors.

The opening balance on the NDR Collection Fund was a deficit of £4.254m. By 31 March 2024, this had moved to a surplus of £1.388m.

	2022/23	2023/24
Balance Sheet Deficit/(Surplus) Allocation:	**£000s**	**£000s**
Central Government	(2,127)	**(694)**
Nottinghamshire County Council	(383)	**(125)**
Combined Fire Authority	(42)	**(14)**
	(2,552)	**(833)**
NDR (Surplus) / Deficit attributable to Gedling BC	(1,702)	**(555)**
TOTAL	(4,254)	**(1,388)**

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY WITH REGARD TO THE COLLECTION FUND

(i) Arrears:

Uncertainties

An estimate of the impairment allowance for doubtful NDR and Council Tax debts is based upon the age and type of each debt. A collective assessment matrix is used, incorporating the value of items with shared characteristics, eg. the type of debtor and the period overdue, together with a weighting factor for the probability of default. The total Collection Fund impairment allowance at 31 March 2024 is £3,689,534, of which £275,434 and £266,484represent Gedling's shares of NDR and Council Tax respectively.

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY WITH REGARD TO THE COLLECTION FUND (Continued)

Effect if actual results differ from assumptions

If collection rates were to deteriorate, a 10% increase on the impairment amount would require an additional total of £596,110 to be set aside as an allowance, of which Gedling's share as billing authority would be approximately £27,543 for NDR and £26,648 for Council Tax. The collection rate for Council Tax in 2023/24 was 97.80%, and the rate has not varied by more than +/- 0.25% in any of the past five years. The collection rate for NDR in 2023/24 was 97.9% which represents an reduction of 1.06% on that for 2022/23.

(ii) Appeals:

Uncertainties

The Business Rates Retention scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the number of successful appeals nor the percentage reduction in rateable value (RV) achieved can be pre-determined. The current provision totals £1,791,167 of which the Council's share as billing authority is 40%, ie £716,466.

Effect if actual results differ from assumptions

A change of 5% in the assumed RV reduction achieved for each NDR appeal could increase or decrease the provision required by £89,558. Of this, the Council's share as billing authority would be 40%, ie. £35,823.

Audit Statements

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Accompanying Statements

ANNUAL STATEMENT OF ACCOUNTS 2023/24

ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility

1.1 Gedling Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Gedling Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, Gedling Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

1.3 Gedling Borough Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)*. A copy of the authority's local code is on our website at https://www.gedling.gov.uk/council/aboutus/financeandaccounts/ or can be obtained from the Chief Finance Officer, Gedling Borough Council, Arnot Hill Park, Arnold, Nottingham. NG5 6LU. This statement explains how Gedling Borough Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

2. The Purpose of the Governance Framework

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

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Gedling Borough Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

2.3 The governance framework has been in place at the Council for the year ended 31 March 2024 and up to the date of approval of the statement of accounts.

3. The Governance Framework

3.1 Gedling Borough Council's Local Code of Corporate Governance recognises that effective governance is achieved through the 7 core principles as identified in the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016 Edition*. These are:

(A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

(B) Ensuring openness and comprehensive stakeholder engagement.

Principles A and B permeate the implementation of principles C-G.

(C) Defining outcomes in terms of sustainable economic, social and environmental benefits.

(D) Determining the interventions necessary to optimise the achievement of the intended outcomes.

(E) Developing the entity's capacity, including the capability of its leadership and the individuals within it.

(F) Managing risks and performance through robust internal control and strong public financial management.

(G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3.2 Good governance is a dynamic process and the Council is committed to improving governance on a continuing basis through a process of evaluation and review. The Audit Committee on 14 March 2023 received the report on Gedling's *"Local Code of Corporate Governance 2023/24"* which set out in detail how the Council demonstrates that its governance structures comply with these seven core principles. An end of year review considered by Audit Committee on the 19 March 2024 has confirmed that these were in place for the whole of the financial year.

4. Governance Arrangements

4.1 There is a governance assurance framework through which the Council satisfies itself as to the effectiveness of its system of internal control. This takes as its starting point the Council's principal statutory objectives and our organisational objectives as set out in the Council's Corporate Plan. From this are identified the key risks to the achievement of the Council's objectives as set out within the Council's corporate, directorate and service risk registers.

4.2 The framework identifies the main sources of assurance on the controls in place to manage those risks, and it is the evaluation of those assurances that is the basis of this Annual Governance Statement.

4.3 The following documents establish these policies, aims and objectives at a strategic level:

- The Corporate Plan (The Gedling Plan);
- The Community Safety Partnership Strategy;
- The Local Plan;
- The Annual Budget and Performance Management Framework;
- The Financial Strategy;
- The Treasury Management Strategy;
- The Internal Audit Strategy;
- The Risk Management Strategy;
- The Equality and Diversity Policy;
- The Counter Fraud and Corruption Strategy.

4.4 These high level plans are further supported by Service Plans. The Constitution provides clear guidance on how the Council operates, how decisions are made and the procedures and protocols to ensure that decisions and activities are efficient, transparent and accountable to local citizens. Some of these processes are required by law, whilst others are determined by the Council for itself. All of these documents are within the Council's Publication Scheme and available on the Council's website at www.gedling.gov.uk or can be inspected at the Council's Civic Centre, Arnot Hill Park, Arnold, Nottinghamshire.

4.5 Gedling's corporate governance framework defines the roles and responsibilities of the full Council, Cabinet, Scrutiny and officer functions as detailed in the Constitution, and demonstrates how the Council meets defined standards of governance in relation to its policies, aims and objectives.

4.6 The Council acknowledges its responsibility to ensure that it operates an effective system of internal control to maintain and operate controls over its resources. This system of internal control can only provide reasonable (not absolute) assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are prevented or would be detected within a reasonable period.

4.7 The internal control system includes:

- Annual review of the effectiveness of the Council's Corporate Governance Framework, including signed Assurance Statements from Directors and Heads of Service;

- An established Counter Fraud and Corruption Strategy, including whistleblowing procedures, communicated to Members, officers and the public, and are available on the Council's website;

- An established Audit Committee that undertakes the core functions as identified in CIPFA guidance;

- The Terms of Reference for the Audit Committee which include specific responsibility for reviewing risk management procedures, including the reporting arrangements on strategic risks via a corporate risk scorecard;

- A Risk Management Strategy that is led by Senior Management for the identification and evaluation of strategic and operational risks, and integrated with the work of Internal Audit to provide a holistic source of assurance aligned to corporate objectives;

- A comprehensive risk management process that includes the identification of both strategic and operational risks which are held and maintained on corporate and directorate Risk Registers, and subject to regular review;

- Internal audit reviews are carried out using a risk-based audit approach with the emphasis on key financial systems. This work is undertaken in co-operation with the Council's External Auditor ensuring maximum use of Audit resources, and ensures that professional standards are maintained;

- Performance Plan monitoring, review and reporting;

- Facilitation of policy and decision making through the Constitution, Codes of Conduct and the decision-making process, Forward Plan and role of the Scrutiny Committee;

- The statutory roles of the Council's Head of Paid Service, Monitoring Officer and Chief Financial Officer place a duty on these post-holders to provide robust assurance on governance and ensure compliance with established policies, procedures, laws and regulations;

- Compliance with established policies, procedures, laws and regulations are monitored through the work of the Finance and Legal staff that are adequately trained and experienced;

- Budgetary and performance management reporting to management, Cabinet and Council;

- Formal project management guidelines;

- Business continuity planning processes;

- Adherence to good employment practices;

- Governance training has been provided to all key officers and Members, including induction training, and arrangements are in place for the ongoing continuation of that training.

5. Financial Management

5.1 Ensuring that an effective system of internal financial control is maintained and operated is the responsibility of the Chief Financial Officer.

5.2 Internal financial control is based on a framework of management information that includes the Financial Regulations, Contract and Procurement Rules and administration procedures, adequate separation of duties, management supervision, and a system of delegation and accountability.

5.3 The Council has produced comprehensive procedure notes/manuals for all key financial systems, and these are regularly reviewed. The controls created by management are evaluated to ensure:

- Council objectives are being achieved;
- The economic and efficient use of resources;
- Compliance with policies, procedures, laws, rules and regulations;
- The safeguarding of Council assets;
- The integrity and reliability of information and data.

5.4 CIPFA issued in 2016 a Statement on *"The Role of the Chief Financial Officer in Local Government"*, and this covered five key areas. The Council can demonstrate how it conforms to these governance requirements as the Chief Financial Officer:

- is a member of the Senior Leadership Team and plays a key role in helping it to develop and implement strategy to resource and deliver the Council's strategic objectives sustainably and in the public interest;
- is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and there is alignment with the Council's overall financial strategy;
- leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively;
- leads and directs the finance function, which is resourced to be fit for purpose;

- is professionally qualified and suitably experienced.

5.5 CIPFA issued in 2019 a Statement on the Role of the Head of Internal Audit, and this covered five key principles. The Council can demonstrate how it conforms to these governance requirements as the Head of Internal Audit:

- Objectively assesses the adequacy and effectiveness of governance and management of risks, giving an evidence based opinion on all aspects of governance, risk management and internal control;
- champions best practice in governance and comments on responses to emerging risks and proposed developments;
- is Gurpreet Dulay, a Partner of BDO UK, and he (or his BDO representatives) have regular and open engagement across Gedling Borough Council, particularly with the Leadership Team and with the Audit Committee;
- leads and directs an internal audit service that is resourced appropriately, sufficiently and effectively;
- is professionally qualified and suitably experienced.

6. <u>Review of Effectiveness</u>

6.1 Gedling Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

6.2 The Council is committed to the maintenance of a system of internal control which:

- Demonstrates openness, accountability and integrity;
- Monitors and reviews compliance with established policies, procedures, laws and regulations and effectiveness against agreed standards and targets;
- Monitors and reviews the effectiveness of the operation of controls that have been put in place;
- Identifies, profiles, controls and monitors all significant strategic and operational risks;
- Ensures that the risk management and control process is monitored for compliance.

6.3 <u>Assurance From Executive Managers</u>

In preparing this statement each Head of Service and Director has signed an assurance checklist. The checklist requires assurance that services are operating in compliance with the Council's policies, procedures and practices and with the internal control and governance assurance framework. The checklist asked each Head of Service to draw attention to any matters in respect of which internal controls were not working well and required a positive assurance that apart from those areas which were identified for improvement that the controls within the service had been, and are, working well. Each Head of Service gave a positive assurance with no material risk issues raised. An emerging issue relating to a challenge received of possible non-compliance with legal responsibilities in the area of Public Protection income was noted and is under review and assessment.

6.4 Assurance from Internal and External Audit

Two of the key assurance statements the Council receives, and the external auditor's review of Value for Money arrangements and the annual report and opinion of the Head of Internal Audit:

External Auditor (Mazars) Value for Money arrangements:

The Code of Audit Practice issued by the National Audit Office requires External Audit to consider if the Council has proper arrangements for securing economy, efficiency and effectiveness in its use of resources, reporting by exception where they have identified significant weakness in those arrangements.

The external auditor is required to report under three specified criteria:

- Financial Sustainability – How the Council plans and manages its resources to ensure it can continue to delivers its services;
- Governance – How the Council ensures that it makes informed decisions and properly manages its risks;
- Improving economy efficiency and effectiveness – How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

For the year ended 31 March 2024 The Head of Internal Audit (BDO) Annual Report and Annual Statement for 2023/24, concluded:

- *We have reached an overall opinion of Moderate assurance, which is a positive level of assurance and demonstrates the work undertaken by the Council to strengthen its internal control environment. This is an improved opinion to 2022-23 where Limited assurance was provided. Therefore, the Council are on a positive trajectory, with better engagement with internal audit across the organisation and a clear commitment to enhance controls.*

- *The improvement assurance we have provided is partly driven by the results of our follow up process, which was a significant factor in the prior year's Limited assurance opinion. There has been a strong push from the*

Senior Leadership Team (SLT) to improve the completion of recommendations, including some historic recommendations raised by the previous internal audit service which remain outstanding. To streamline the follow up process, we now have direct access to the Council's performance management system, Ideagen, which has supported ongoing updates on the completion of audit recommendations. We also presented our audit follow up process to the Corporate Management Team (CMT) in October 2023. These transformations in process have led to an improvement in the completion of recommendations, with 93% of 2021-22 recommendations and 67% of 2022-23 recommendations fully implemented. There is still scope to improve the recommendation completion further, however, the direction of travel has been positive.

- *Across our audits completed in 2023-24, five have received Moderate assurance for either the control design, the control effectiveness or both. We have only provided Limited assurance for one report, which was Safeguarding where the Council have reduced levels of responsibility as a lower tier authority. There have also been several reviews where we have provided Substantial assurance over controls, notably Council Tax and NNDR where Substantial assurance was provided for the control design and assurance. There has been an increase in the number of reviews that have been given Substantial assurance for the effectiveness of controls.*

- *Despite vacancies within the SLT, there has been positive engagement with us throughout the year, with better direct communication channels with CMT. This has been enabled by us attending two CMT meetings throughout the year, to present our follow up process and our internal audit plan. Some delays remain in obtaining responses to follow up and audit documentation requests however, clear escalation channels are in place for us to raise these to SLT. We also recognise the resource challenges that the Council have faced over recent months due to other priorities, i.e. elections.*

- *The Council have prepared a new Risk Management Strategy and Framework which was presented to the Audit Committee in March 2024, then approved by Cabinet. While this is yet to be fully implemented due to other priorities, this supports an improved control environment for risk management.*

- *The Council had a follow up to the Local Government Association's peer review challenge in November 2023. This report highlighted its 'commitment to sector-led improvement to honesty, openness and self-awareness'. The report, presented to Cabinet on 28 March 2024 with the updated Action Plan, broadly identified positive progress in each of the nine recommendations raised in the corporate peer challenge review. Additionally, the Council won an award for the 'Best Collaborative Working Initiative' category at the Association for Public Service Excellence awards* *for 2023. This was for its collaborative environmental work as part of the Green Rewards campaign to incentivise residents taking actions to reduce the impact of climate change.*

- *There continue to be challenges over the Council the completion of its financial accounts. The 2021-22 and 2022-23 Statement of Accounts remain unaudited and, consequently, there has been a delay in publishing the 2023-24 accounts. While we appreciate that there are specific, historic challenges causing these delays and this is a wider challenge across the sector, this indicates a weakness in financial reporting.*

The Head of Internal Audit's Annual Report also details evidence of BDO's own compliance with the Public Sector Internal Audit Standards against which they are externally assessed every five years. This provides assurance that the internal audit provision is effective.

6.5 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined in section 7 below.

7. Significant Governance Issues

7.1 The control framework described above facilitates the identification of any areas of the Council's activities where there are significant weakness in the financial controls, governance arrangements of the management of risk.

As detailed in paragraph 6 above the annual review of the effectiveness has been completed and the Council was provided with Limited Assurance of its system of controls.

7.2 Significant Issues Arising 2023/24

7.2.1 Covid-19 Pandemic

The first impact of Covid-19 on our governance arrangements emerged in March 2020, had a significant impact throughout 2020/21 and continued into 2021/22 and 2022/23. Whilst the direct impact of Covid-19 is currently lessening in 2023/24 it continues to impact on service delivery.

The key governance issues arising from the pandemic have been effectively addressed as demonstrated through regular reports to Cabinet on the Council's response to the pandemic and the impact on the Gedling Plan.

7.2.2 Management Arrangements and Workforce Capacity

The Council approved a review of the senior management structure as part of its efficiency programme with a phased implementation timescale recognising the need to balance the requirements of delivering efficiencies with appropriate management capacity to ensure effective governance and the continued delivery of strategic objectives.

It was recognised at the outset that new ways of working will be required to ensure successful delivery and there is potential for some capacity reductions to arise during this period of change which may impact on governance compliance and service planning which will require appropriate prioritisation to ensure Gedling Plan delivery is aligned to resources and to maintain staff morale.

As detailed in paragraph 7.2.1 and 7.2.3, the risk to workforce capacity is further exacerbated by the impact of Covid-19 pandemic and resulting backlogs and the emerging cost of living of living crisis.

The Head of Internal Audit's opinion detailed at paragraph 6.4 identifies a concern about the timeliness of management responses to draft reports and the implementation of agreed audit actions. Staff capacity issues are acknowledged as a potential reason for this arising which need to be addressed.

7.2.3 Economic Growth / Cost of Living Crisis

Both Brexit and Covid-19 had a major adverse impact on the economy and whilst effective vaccines improved the economic outlook, the related ongoing uncertainty continued to create major challenges for economic forecasting.
Overall the balance of risk to economic growth in the UK is now to the downside, with significant risks related to: labour supply shortages proving more enduring and depressing economic activity; inflationary pressures not being effectively controlled by monetary policy interventions; UK/EU trade agreements being effective.

Key potential risk issues will be monitored via the established Risk Management process and include:

- a direct impact on service delivery and workforce capacity arising from increased service demand pressures and new initiatives to support vulnerable households.
- Interrupted supply chains directly affecting service delivery;
- Budget pressures due to rising inflation for example pay pressures, fuel and utilities, reduced fees and charges income.

7.2.4 The CIPFA Financial Management Code

CIPFA introduced the Financial Management Code (FM Code) 2019, which sets out for the first time, the standards of financial management for local authorities. Adoption of the Code was required from 1 April 2021 and was included the Annual Governance Statement (AGS) Action Plan for 2021/22. A self-assessment providing assurance that the standards of the FM Code are being met was considered by Audit Committee in September 2021 and some improvement actions were noted.

The implementation of the majority being implemented in 2022/23 and outstanding actions implemented in 2023/24 as detailed in the paragraphs below, including for example, implementation of the Officer Declarations of Interest process.

It should be noted that compliance with the FM Code is an ongoing requirement and new actions to both maintain and improve standards will be a normal feature of securing effective financial management and continuous improvement.

7.2.5 Fraudulent Activity

A sophisticated fraud which took place over a number of decades, conducted by an individual with key inside knowledge of the council's financial systems using sophisticated techniques was discovered in July 2022.

Upon discovery of the fraud the individual was suspended and subsequently dismissed following a thorough investigation by the Council and its internal auditors (BDO), the Council co-operated with the relevant bodies and a prosecution commenced in 2024 with the individual being sentence to 5 years imprisonment in October 2024.

The financial impact of the fraudulent activity has been quantified as £934,343. During 2022/23 £327,750 was recovered from Nottinghamshire Local Government Pension Scheme leaving a balance of £606,593 which is currently being pursued via an insurance claim.

Following discovery of the fraud the Council have conducted training for all staff in fraud awareness and commissioned an extensive internal audit and implemented numerous changes in its processes. Recent changes in legislation have also put more measures in place to prevent this type of fraud from happening in the future.

7.3 Action Plans

7.3.1 Review of Progress in 2023/24

The 2022/23 Annual Governance Statement (AGS) identified the following control or risk issues and some issues deferred from the previous year which whilst not significant were included, through its proactive and holistic approach to Governance. The progress is detailed below:

2023/24 AGS Actions:

- Sustainable Medium Term Financial Plan – *A mid-year review of the Medium Term Financial Plan will be presented to Cabinet to consider the emerging risk on increased service delivery costs and inflation. To consider the impact of rising prices, including pay pressures, fuel and utilities, the potential adverse supply impacts on service delivery, and increasing service demand pressures from vulnerable households*
  Action: Chief Financial Officer/Senior Leadership Team – Ongoing

- Counter Fraud Implementation of a number of recommendations following a forensic review if the core financial system arising as a result of the recent fraud including:

  ICT Risk and Control Framework across the whole ICT environment, ensuring adequate controls designed and embedded across the authority**.**
  Action**: Director of Transformation/Senior Leadership Team - Ongoing**

  User Access Review including centralisation of access from service areas where possible.
  Action: Director of Transformation/Senior Leadership Team – Ongoing

  - Introduce additional segregation for user management, system management and business process transactions
    Action: Chief Finance Officer – Interim arrangements introduced immediately wider restructure ongoing.

  - Implement a Council wide formal change management process for systems, gorming part of the digital road map.
    Action: Chief Finance Officer& Director of Transformation – Interim arrangements for reporting changes to the chart of account in place through a reporting process, a Council wide approach is ongoing.

- Workforce Capacity – To m*onitor the emerging risk of restrictions on workforce capacity to the delivery of the Gedling Plan and to governance compliance. Prioritise Gedling Plan actions to ensure alignment with resources available and to maintain staff morale. Workforce capacity is being impacted by increased service demand and a shortage of professionals in the job market, with reliance on high cost Interim staffing arrangements, implementation of the management restructure to deliver required efficiency savings requiring new ways of working to ensure success resulting in capacity reductions during this period of change; and the cost of living crisis is still increasing demands to support for vulnerable households.*

Action: Senior Leadership Management Team - Ongoing

- Emergency Planning Arrangements and Business Continuity Plans – *A review of emergency planning arrangements to incorporate lessons learned from the Covid-19 pandemic response and an update of all Business Continuity Plans to ensure they are fit for purpose for all business continuity risks. To include emergency planning training, in particular related to cyber risk. Revise strategic policy, corporate business continuity plan and update response structures.*

  Action: Interim Director of Corporate Resources – Business Continuity completion due December 2024, Emergency Planning March 2025.

- Audit Committees in Local Authorities – *To review and adopt: the principles of CIPFA's Position Statement: Audit Committees in Local Authorities, which was published early in 2022/23 and aims to ensure that effective audit committee arrangements are in place in order to meet statutory responsibilities; the latest recommendations regarding independent audit committee members being proposed by Government following the Redmond Review and the introduction of the new Audit Reporting and Governance Authority. To determine and deliver appropriate training for committee members.*
  Action: Chief Financial Officer – Ongoing

- Financial Management Code Compliance Update – *Ongoing monitoring of compliance with the Financial Management Code and implementation of planned actions.*
  Action: Chief Financial Officer – Ongoing

- Internal Audit Actions Implementation – *to implement system improvements to support the monitoring and timely implementation of internal audit actions by management.*
  Action: Chief Finance Officer - Completed

- Risk Management Strategy – Building on audit recommendations review and compile a new risk management strategy, that ensures risk are considered, analysed, monitored and reported effectively.
  Action: Chief Finance Officer & Interim Director of Corporate Resources – Completed.

7.3.2 Actions 2024/25

Based on our review of the Governance Framework, the following control and risk issues will be addressed in 2023/24. Whilst not all actions represent significant issues, all planned governance actions are included to provide a proactive and holistic approach to Governance:

- Sustainable Medium Term Financial Plan – *A mid-year review of the Medium Term Financial Plan will be presented to Cabinet to consider the emerging risk on increased service delivery costs and inflation. To consider the impact of rising prices, including pay pressures, fuel and utilities, the potential adverse supply impacts on service delivery, and increasing service demand pressures from vulnerable households*
  Action: Chief Financial Officer/Senior Leadership Team – Ongoing

- Workforce Capacity – To m*onitor the emerging risk of restrictions on workforce capacity to the delivery of the Gedling Plan and to governance compliance. Prioritise Gedling Plan actions to ensure alignment with resources available and to maintain staff morale. Workforce capacity is being impacted by increased service demand and a shortage of professionals in the job market, with reliance on high cost Interim staffing arrangements, implementation of the management restructure to deliver required efficiency savings requiring new ways of working to ensure success resulting in capacity reductions during this period of change; and the cost of living crisis is still increasing demands to support for vulnerable households.*
  Action: Senior Leadership Management Team – Ongoing

- Counter Fraud Implementation of a number of recommendations following a forensic review if the core financial system arising as a result of the recent fraud including:

  ICT Risk and Control Framework across the whole ICT environment, ensuring adequate controls designed and embedded across the authority**.**
  Action: Director of Transformation/Senior Leadership Team - Ongoing

  User Access Review including centralisation of access from service areas where possible.
  Action: Director of Transformation/Senior Leadership Team – Ongoing

- Introduce additional segregation for user management, system management and business process transactions, whilst interim arrangements are I place a wider restructure need to take place to ensure an appropriate resources are in place to facilitate segregation of duties in a consistent and complaint way.
  Action: Chief Finance Officer – Ongoing.

- Implement a Council wide formal change management process for systems, forming part of the digital road map. Whilst interim arrangements have been put in place for within the finance systems a Council wide approach is planned for 2024/25-2025/26.
  Action: Chief Finance Officer& Director of Transformation/ Chief Finance Officer - Ongoing

- Senior Management Restructure - Significant turnover of senior Management has had an impact on service delivery and decision making in the authority resulting in an under resourced Senior Management Team. A full senior Management Restructure will be considered for implementation.
  Action Senior Leadership management team – Ongoing due June/July 2024.

- Emergency Planning Arrangements – *A review of emergency planning arrangements to incorporate lessons learned from the Covid-19 pandemic response. To include emergency planning training, in particular related to cyber risk.*
  Action: Head of Governance and Customer Services – January 2025

- Audit Committees in Local Authorities – *To review and adopt: the principles of CIPFA's Position Statement: Audit Committees in Local Authorities, which was published early in 2022/23 and aims to ensure that effective audit committee arrangements are in place in order to meet statutory responsibilities; the latest recommendations regarding independent audit committee members being proposed by Government following the Redmond Review and the introduction of the new Audit Reporting and Governance Authority. To determine and deliver appropriate training for committee members.*
  Action: Chief Financial Officer – March 2025

- Financial Management Code Compliance Update – *Ongoing monitoring of compliance with the Financial Management Code and implementation of planned actions.*
  Action: Chief Financial Officer – March 2025

- Anti- Fraud Strategy and Whistleblowing Policy – *Review, revise and refresh the anti- fraud strategy and whistle blowing policy in line with audit recommendations.*
  Action: Chief Finance Officer – March 2025

- Procurement Strategy – *The new Procurement Act comes into force in February 2025 and includes a number of new areas that need to be implemented. A revised procurement strategy will be required in order to ensure we are operating withing the legislative framework.*

Action: Interim Director of Resources & Chief Finance Officer – February 2025.

7.4 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Mike Hill
Chief Executive Date:

John Clarke
Council Leader Date:

This is the Unaudited Version, published by the
Financial Services Team.

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