

**DRAFT  
STATEMENT OF ACCOUNTS  
2021/22**



**BOROUGH OF  
BROXBOURNE**

[www.broxbourne.gov.uk](http://www.broxbourne.gov.uk)



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## **Introduction**

This draft Statement of Accounts sets out Broxbourne Borough Council's financial position at the end of the 2021/22 financial year.

The document has been prepared with a focus on the main statements and disclosure notes which are likely to be of most interest to readers of the accounts.

# Statement of Responsibilities for the Statement of Accounts

## The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

## The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

## Certificate of Chief Finance Officer

I certify that this Statement of Accounts presents a true and fair view of the financial position of Broxbourne Borough Council as at 31 March 2022 and its income and expenditure for the year then ended.



**Sandra Beck FCCA**

Director of Finance

## Approval of the Statement of Accounts

I confirm that the Statement of Accounts was approved by the Audit and Standards Committee at its meeting held on XXX.

**Councillor D Taylor**

Chairman

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (those that can be used to fund expenditure) and other reserves.

	Total Revenue Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves Restated	Total Reserves
Note	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2020</b>	(26,985)	(717)	(14,379)	(42,081)	(134,831)	(176,911)
<b>Movement in Reserves during 2020/21</b>						
Deficit on provision of services	4,025	-	-	4,025	-	4,025
Other comprehensive income	-	-	-	-	7,409	7,409
<b>Total Comprehensive Income and Expenditure</b>	<b>4,025</b>	<b>-</b>	<b>-</b>	<b>4,025</b>	<b>7,409</b>	<b>11,434</b>
Adjustments between accounting basis and funding basis under regulations	(12,109)	(40)	2,333	(8,957)	9,816	-
<b>(Increase)/decrease in year</b>	<b>(8,084)</b>	<b>(40)</b>	<b>2,333</b>	<b>(5,791)</b>	<b>17,225</b>	<b>11,434</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>(35,069)</b>	<b>(757)</b>	<b>(12,046)</b>	<b>(47,872)</b>	<b>(117,604)</b>	<b>(165,477)</b>
<b>Movement in Reserves during 2021/22</b>						
Surplus on provision of services	(3,548)	-	-	(3,548)	-	(3,548)
Other comprehensive income	-	-	-	-	(11,288)	(11,288)
<b>Total Comprehensive Income and Expenditure</b>	<b>(3,548)</b>	<b>-</b>	<b>-</b>	<b>(3,548)</b>	<b>(11,288)</b>	<b>(14,836)</b>
Adjustments between accounting basis and funding basis under regulations	5,646	(271)	2,757	8,132	(8,132)	-
<b>(Increase)/decrease in year</b>	<b>2,099</b>	<b>(271)</b>	<b>2,757</b>	<b>4,585</b>	<b>(19,420)</b>	<b>(14,838)</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>(32,969)</b>	<b>(1,028)</b>	<b>(9,289)</b>	<b>(43,289)</b>	<b>(137,101)</b>	<b>(180,388)</b>

## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

		2021/22		2020/21			
	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Chief Executive		6,589	(1,503)	5,086	6,781	(1,229)	5,552
Environmental Services		11,241	(4,934)	6,307	10,963	(4,310)	6,653
Finance		37,269	(33,567)	3,702	39,714	(37,418)	2,296
Legal Services		338	(280)	58	167	(147)	20
Broxbourne Sport and Broxbourne Leisure and Culture		4,631	(3,030)	1,601	3,530	(980)	2,550
<b>Cost of Services</b>		<b>60,068</b>	<b>(43,314)</b>	<b>16,754</b>	<b>61,155</b>	<b>(44,084)</b>	<b>17,071</b>
Other Operating Income and Expenditure	7	7,035	(6,166)	869	665	(16)	649
Financing and Investment Income and Expenditure	8	3,337	(14,925)	(11,588)	6,081	(10,080)	(3,999)
Taxation and Non Specific Grant Income	9	-	(9,583)	(9,583)	-	(9,696)	(9,696)
<b>Deficit/(Surplus) on Provision of Services</b>	<b>3</b>			<b>(3,548)</b>			<b>4,025</b>
Surplus on revaluation of non current assets				(9)			(1,303)
Actuarial losses/(gains) on pension assets/liabilities	21(a)			(11,279)			8,712
<b>Other Comprehensive Income and Expenditure</b>				<b>(11,288)</b>			<b>7,409</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(14,836)</b>			<b>11,434</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date (31 March 2022) of the assets and liabilities recognised by the Council. The net assets (assets less liabilities) are matched by the reserves held by the Council.

		31 March 2022	31 March 2021
	Note	£000	£000
Property, Plant and Equipment		72,160	68,156
Heritage Assets		550	550
Investment Property	10	116,324	111,321
Intangible Assets		3,896	4,348
Long Term Debtors	12	19,331	13,624
<b>Non Current Assets</b>			<b>197,999</b>
Short Term Investments		27,015	22,002
Assets Held for Sale	14	121	7,147
Inventories	11	58	41
Short Term Debtors	12	29,745	34,532
Cash and Cash Equivalents	13	27,579	25,061
<b>Current Assets</b>		<b>84,518</b>	<b>88,783</b>
Short Term Creditors	19	45,282	41,214
Short Term Borrowing		57,700	57,804
<b>Current Liabilities</b>		<b>102,982</b>	<b>99,018</b>
Long Term Creditors and Provisions	16	13,408	22,287
<b>Non Current Liabilities</b>		<b>13,408</b>	<b>22,287</b>
<b>Net Assets</b>		<b>180,388</b>	<b>165,477</b>
Unusable Reserves	17	137,101	117,604
Usable Reserves	page 6	43,289	47,873
<b>Total Reserves</b>		<b>180,388</b>	<b>165,477</b>

These financial statements have been authorised for issue on 31 July 2022 by the Director of Finance (Chief Finance Officer)



**Sandra Beck FCCA**  
**Director of Finance**



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# Notes to the Core Financial Statements

## Note 1 - Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2020/21		2020/21			
	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
Chief Executive	3,774	1,312	5,086	3,465	2,087	5,552
Environmental Services	5,200	1,107	6,307	5,856	797	6,653
Finance	318	3,384	3,702	(430)	2,726	2,296
Legal Services	9	49	58	6	14	20
Broxbourne Sport and Broxbourne Leisure and Culture	1,236	365	1,601	2,410	140	2,550
<b>Net Cost of Services</b>	<b>10,537</b>	<b>6,217</b>	<b>16,754</b>	<b>11,307</b>	<b>5,764</b>	<b>17,071</b>
Other Income and Expenditure	(10,562)	(9,740)	(20,302)	(21,638)	8,592	(13,046)
Revenue Contribution to Capital	2,124	(2,124)	-	2,247	(2,247)	-
<b>(Surplus)/Deficit on Provision of Services</b>	<b>2,099</b>	<b>(5,647)</b>	<b>(3,548)</b>	<b>(8,084)</b>	<b>12,109</b>	<b>4,025</b>
Opening General Fund Balance and Revenue Reserves at 31 March	(35,069)			(26,985)		
Add surplus in Year	2,099			(8,084)		
<b>Closing Revenue Reserves Balance at 31 March</b>	<b>(32,969)</b>			<b>(35,069)</b>		

# Notes to the Core Financial Statements

## Note 2 - Note to the Expenditure and Funding Analysis

2021/22	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Chief Executive	845	449	18	1,312
Environmental Services	899	215	(6)	1,108
Finance	2,431	968	(16)	3,383
Legal Services	-	56	(7)	49
Broxbourne Sport and Broxbourne Leisure and Culture	-	352	13	365
<b>Net Cost of Services</b>	<b>4,175</b>	<b>2,040</b>	<b>2</b>	<b>6,217</b>
Other Income and Expenditure	869	-	-	869
Financing and Investment Income and Expenditure	(3,680)	468	-	(3,212)
Taxation and Non Specific Grant Income	(3,598)	-	(3,799)	(7,397)
Revenue Contribution to Capital	(2,124)	-	-	(2,124)
<b>Difference Between General Fund Deficit and Comprehensive Income and Expenditure Deficit</b>	<b>(4,358)</b>	<b>2,508</b>	<b>(3,797)</b>	<b>(5,647)</b>
<b>2020/21</b>	<b>Adjustments for Capital Purposes</b>	<b>Net Change for Pension Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	£000	£000	£000	£000
Chief Executive	1,950	136	-	2,086
Environmental Services	745	51	1	797
Finance	2,387	336	3	2,726
Legal Services	-	14	-	14
Broxbourne Sport and Broxbourne Leisure and Culture	-	139	1	140
<b>Net Cost of Services</b>	<b>5,082</b>	<b>676</b>	<b>5</b>	<b>5,763</b>
Other Income and Expenditure	649	-	-	649
Financing and Investment Income and Expenditure	2,582	265	-	2,847
Taxation and Non Specific Grant Income	(644)	-	5,741	5,097
Revenue Contribution to Capital	(2,247)	-	-	(2,247)
<b>Difference Between General Fund Deficit and Comprehensive Income and Expenditure Deficit</b>	<b>5,422</b>	<b>941</b>	<b>5,746</b>	<b>12,109</b>

# Notes to the Core Financial Statements

## Note 2 - Note to the Expenditure and Funding Analysis (continued)

### Adjustments for Capital Purposes

Adjustments for capital purposes - this column includes depreciation and revenue expenditure funded by statute (REFCUS) in the service line, and for:

- Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Taxation and non-specific grant income - adjusts for capital grants received in the year and credited to the Comprehensive Income and Expenditure Statement as they either do not have conditions attached to them or any conditions were satisfied in the year.

### Net Change for the Pensions Adjustments

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

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure, the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement (CIES).

### Other Statutory Adjustments

Other statutory adjustments between amounts debited or credited to the Comprehensive Income and Expenditure Statement and amounts payable or receivable to be recognised under statute:

- The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and non domestic rates that was projected to be received at the start of the year and the income recognised under the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

### Other Non-Statutory Adjustments

Other non-statutory adjustments represent amounts debited or credited to service areas which need to be adjusted to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For financing and investment income and expenditure the other non-statutory adjustments column recognises adjustments for interest income and expenditure and changes in the fair values of investment properties.

# Notes to the Core Financial Statements

## Note 3 - Expenditure and Income Analysed by Nature

The analysis of income and expenditure by department on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's members on the basis of budget reports analysed across departments made up of service areas. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- Commercial property trading activities are reported within the Finance department;
- Bishops' College Old Building commercial letting is reported within the Finance department;
- The activities of the Broxbourne Sport and Broxbourne Leisure and Culture are treated as a trading operation for management reporting purposes.

The Council's expenditure and income is analysed as follows:

	<b>2021/22</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
<b>Expenditure</b>		
Employee expenses	13,022	10,696
Other operating expenditure	45,272	48,309
Depreciation, amortisation and revenue expenditure funded from capital under statute	4,436	3,844
Revaluation losses on property, plant and equipment	-	1,485
Pension interest costs and expected return on pension assets	468	265
Interest and investment expenditure	209	303
Net book value of non current assets disposed	7,035	665
Changes in the fair value of investment properties	-	2,334
Payments to housing capital receipts pool	-	-
<b>Total Expenses</b>	<b>70,442</b>	<b>67,901</b>
<b>Income</b>		
Government grants	(26,388)	(29,153)
Fees, charges and other service income	(27,638)	(24,888)
Changes in fair value of investment properties	(3,940)	-
Gain on disposal of current and non current assets	(6,166)	(16)
Interest and investment income	(658)	(615)
Income from council tax	(3,881)	(4,984)
Income from business rates	(1,720)	(2,503)
Capital grants and contributions	(3,598)	(644)
Other grants and contributions	(1)	(1,073)
<b>Total Income</b>	<b>(73,990)</b>	<b>(63,876)</b>
<b>Deficit/(Surplus) on the Provision of Services</b>	<b>(3,548)</b>	<b>4,025</b>

# Notes to the Core Financial Statements

## Note 4 - Capital Expenditure and Capital Financing

During 2021/22, in addition to the annual net revenue expenditure on services, the Council spent £14.8 million on various capital schemes (£19.7 million in 2020/21).

	<b>2021/22</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Opening Capital Financing Requirement	57,130	43,726
<b>Capital Investment</b>		
Vehicles, plant and equipment	3,782	504
Investment property	1,064	13,506
Land and buildings	686	1,848
Intangible assets	716	1,892
Infrastructure assets	32	48
Community assets	8	-
Assets under construction	2,345	-
Revenue expenditure funded from capital under statute	419	495
Loan to Badger BC Investments Ltd	5,712	1,390
	14,764	19,683
<b>Sources of Finance</b>		
Capital receipts	(10,383)	(3,451)
Government grants and other contributions	(2,075)	(581)
<i>Sums set aside from revenue:</i>		
Direct revenue contributions	(2,306)	(2,247)
	(14,764)	(6,279)
<b>Closing Capital Financing Requirement</b>	<b>57,130</b>	<b>57,130</b>
<i>Explanation of movements in year</i>		
Increase in underlying need to borrow	0	13,404
<b>Increase in Capital Financing Requirement</b>	<b>0</b>	<b>13,404</b>

# Notes to the Core Financial Statements

## Note 5 - Adjustments Between Accounting Basis and Funding Basis Under Regulations

The purpose of this note is to explain the adjustments that are made to the total Comprehensive Income and Expenditure Statement and the funding sources that are allowed by statute as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves against which the adjustments are made.

### General Fund Balance

The General Fund records all the receipts of the Council out of which the Council's liabilities are paid, except to the extent that statutory rules might provide otherwise. The General Fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the year.

### Capital Grants Unapplied

The Capital Grants Unapplied account holds unused grants and contributions which are intended to be spent on future capital projects, where the Council has met the conditions of the grant or contribution that would otherwise require it to be repaid. The terms of the grants restrict the projects these funds can be used on or the financial year in which the funds can be spent.

### Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, these are restricted by statute from being used for any purpose other than to fund new capital expenditure. The balance on the reserve shows the amount that has yet to be applied for these purposes at the year end.

	Usable Reserves			Unusable Reserves
	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	
2021/22	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<i><u>Reversal of items included in the Comprehensive Income and Expenditure Statement:</u></i>				
Charges for depreciation and impairment of non current assets	(2,848)	-	-	2,848
Movements in the value of investment properties	3,940	-	-	(3,940)
Amortisation of intangible assets	(1,168)	-	-	1,168
Capital grants and contributions applied	1,378	-	-	(1,378)
Revenue expenditure funded from capital under statute	(419)	-	-	419
Amounts of non current assets written off on derecognition	(7,035)	-	-	7,035
<i><u>Insertion of items not included in the Comprehensive Income and Expenditure Statement:</u></i>				
Capital expenditure charged against the General Fund balance	2,511	-	-	(2,511)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	284	(284)	-	-

# Notes to the Core Financial Statements

## Note 5 - Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)

	Usable Reserves			Unusable Reserves
	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	
<b>2021/22</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Application of grants to capital financing transferred to the Capital Adjustment Account	-	13	-	(13)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain on disposal to the Comprehensive Income and Expenditure Statement	6,166	-	(6,166)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	10,383	(10,383)
Other capital related income credited to the Comprehensive Income and Expenditure Statement	1,450	-	(1,450)	-
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>				
Transfer of cash receipts from Deferred Capital Receipts Reserve	-	-	(10)	10
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited to the Comprehensive Income and Expenditure Statement	(4,159)	-	-	4,159
Employer's pension contributions	1,681	-	-	(1,681)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	309	-	-	(309)
Amount by which non domestic rate (NDR) income credited to the Comprehensive Income and Expenditure Statement is different from NDR income calculated for the year in accordance with statutory requirements	3,488	-	-	(3,488)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>				
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	(2)	-	-	2
<b>Total Adjustments</b>	<b>5,576</b>	<b>(271)</b>	<b>2,757</b>	<b>(8,132)</b>



# Notes to the Core Financial Statements

## Note 5 - Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)

	Usable Reserves			Unusable Reserves
	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	
2020/21	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<i><u>Reversal of items included in the Comprehensive Income and Expenditure Statement:</u></i>				
Charges for depreciation and impairment of non current assets	(2,614)			2,614
Revaluation losses on Property, Plant and Equipment	(1,485)			1,485
Movements in the value of investment properties	(2,334)			2,334
Amortisation of intangible assets	(735)			735
Capital grants and contributions applied	522			(522)
Revenue expenditure funded from capital under statute	(495)			495
Amounts of non current assets written off on derecognition	(665)			665
<i><u>Insertion of items not included in the Comprehensive Income and Expenditure Statement:</u></i>				
Capital expenditure charged against the General Fund balance	2,247			(2,247)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	99	(99)		
Application of grants to capital financing transferred to the Capital Adjustment Account		59		(59)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain on disposal to the Comprehensive Income and Expenditure Statement	17		(17)	
Use of the Capital Receipts Reserve to finance new capital expenditure			3,451	(3,451)
Other capital related income credited to the Comprehensive Income and Expenditure Statement	1,091		(1,091)	

# Notes to the Core Financial Statements

## Note 5 - Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)

	Usable Reserves			Unusable Reserves
	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	
2020/21	£000	£000	£000	£000
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>				
Transfer of cash receipts from Deferred Capital Receipts Reserve			(10)	10
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited to the Comprehensive Income and Expenditure Statement	(2,466)			2,466
Employer's pension contributions	1,525			(1,525)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(121)			121
Amount by which non domestic rate (NDR) income credited to the Comprehensive Income and Expenditure Statement is different from NDR income calculated for the year in accordance with statutory requirements	(6,692)			6,692
<b>Adjustment primarily involving the Accumulated Absences Account:</b>				
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	(3)			3
<b>Total Adjustments</b>	<b>(12,109)</b>	<b>(40)</b>	<b>2,333</b>	<b>9,816</b>

# Notes to the Core Financial Statements

## Note 6 - Transfers to/(from) Earmarked Reserves

This note sets out the amounts which have been set aside to provide financing for future expenditure plans and the amounts transferred back from earmarked reserves to fund expenditure in 2021/22.

Movements on Earmarked Reserves in 2021/22 were as follows:

	Balance at 31 March 2021	Transfers Out	Transfers In	Balance at 31 March 2022
	£000	£000	£000	£000
<i>Capital Related Reserves</i>				
Capital and Building Works Reserve	3,129	(435)	-	2,694
Environmental Services Reserve	206	(279)	150	77
Broxbourne Sport and Broxbourne Leisure and Culture Reserve	1,023	(123)	840	1,740
	<b>1,229</b>	<b>(402)</b>	<b>990</b>	<b>1,817</b>
<b>TOTAL CAPITAL RELATED RESERVES</b>	<b>4,358</b>	<b>(837)</b>	<b>990</b>	<b>4,511</b>
<i>Revenue Reserves</i>				
Economic Development Reserve	598	-	131	729
Personnel Reserve	116	-	248	364
Grave Maintenance Reserve	17	-	-	17
Service Specific Grants Reserve	3,361	(410)	729	3,680
Service Protection and Enhancement Fund	3,367	-	87	3,454
Housing and Planning Delivery Grant Reserve	812	(56)	-	756
Performance Reward Grant Reserve	45	-	-	45
Repairs and Renewals Fund	898	(2)	17	913
Park Lane Footbridge Reserve	318	-	-	318
Brookfield Reserve	4,122	-	1422	5,544
Lottery Grant Reserve	28	-	6	34
Community Safety Projects Reserve	142	-	-	142
Rental Income Protection Reserve	1,040	-	624	1,664
Collection Fund Reserve	2,548	(1,826)	-	722
S31 Grant Reserve	7,224	(3,221)	-	3,894
<b>TOTAL REVENUE RESERVES</b>	<b>24,527</b>	<b>(5,515)</b>	<b>3,264</b>	<b>22,276</b>
<b>Total Earmarked Reserves</b>	<b>28,885</b>	<b>(6,352)</b>	<b>4,254</b>	<b>26,787</b>
<b>Total Movement in Earmarked Reserves in 2021/22</b>				<b>(2,098)</b>

In addition to the above the Council also has a General Fund Reserve of £6,181k (2020/21 £6,181k) which results in total usable revenue reserves of £32,968k (2020/21 £35,080k).

# Notes to the Core Financial Statements

## Note 6 - Transfers to/(from) Earmarked Reserves (continued)

Movements on Earmarked Reserves in 2020/21 were as follows:

	Balance at 31 March 2020	Transfers Out	Transfers In	Balance at 31 March 2021
	£000	£000	£000	£000
<i>Capital Related Reserves</i>				
Capital and Building Works Reserve	3,200	(71)	-	3,129
Environmental Services Reserve	367	(161)	-	206
Broxbourne Sport and Broxbourne Leisure and Culture Reserve	688	(16)	351	1,023
	<b>1,055</b>	<b>(177)</b>	<b>351</b>	<b>1,229</b>
<b>TOTAL CAPITAL RELATED RESERVES</b>	<b>4,255</b>	<b>(248)</b>	<b>351</b>	<b>4,358</b>
<i>Revenue Reserves</i>				
Economic Development Reserve	505	-	93	598
Personnel Reserve	291	(175)	-	116
Grave Maintenance Reserve	17	-	-	17
Service Specific Grants Reserve	3,266	(444)	539	3,361
Service Protection and Enhancement Fund	3,293	-	74	3,367
Housing and Planning Delivery Grant Reserve	812	-	-	812
Performance Reward Grant Reserve	45	-	-	45
Repairs and Renewals Fund	999	(101)	-	898
Park Lane Footbridge Reserve	318	-	-	318
Brookfield Reserve	3,700	-	422	4,122
Lottery Grant Reserve	21	-	7	28
Community Safety Projects Reserve	142	-	-	142
Rental Income Protection Reserve	590	-	450	1,040
Collection Fund Reserve	2,548	-	-	2,548
S31 Grant Reserve	-	-	7,224	7,224
<b>TOTAL REVENUE RESERVES</b>	<b>16,547</b>	<b>(720)</b>	<b>8,700</b>	<b>24,527</b>
<b>Total Earmarked Reserves</b>	<b>20,802</b>	<b>(968)</b>	<b>9,051</b>	<b>28,885</b>
<b>Total Movement in Earmarked Reserves in 2020/21</b>				<b>8,083</b>

# Notes to the Core Financial Statements

## Note 6 - Transfers to/(from) Earmarked Reserves (continued)

These reserves are an important way of projecting the Council's current resources into the future and preparing to meet future needs. Their purposes are as follows:

- Capital and Building Works Reserve - used to finance capital works including works to the Council's buildings, as well as purchases of vehicles, plant and equipment.
- Services Reserves - used to finance purchases of vehicles and equipment for Environmental Services, Broxbourne Sport and Broxbourne Leisure and Culture.
- Economic Development Reserve - used to invest in the economic well being of the Borough.
- Personnel Reserve - to provide for potential personnel costs.
- Grave Maintenance Reserve - money received to maintain graves in perpetuity.
- Service Specific Grants Reserve - grants received in advance of expenditure being incurred but which need to be recognised as income in the year they are received.
- Service Protection and Enhancement Fund - to protect and enhance services in future years.
- Housing and Planning Delivery Grant Reserve - to fund future expenditure associated with the Local Plan.
- Performance Reward Grant Reserve - to hold performance reward grant funding for future allocation by the Local Strategic Partnership.
- Repairs and Renewals Fund - to enable accelerated maintenance of revenue generating fixed assets.
- Lottery Grant Reserve - contributions received from the Broxbourne Community Lottery, set aside to fund grant applications from local organisations
- Park Lane Footbridge Reserve - to fund the construction of a footbridge over the railway .
- Brookfield Reserve - to fund the future relocation of the Council's depot and allotments
- Community Safety Project Reserve - to fund community safety initiatives and projects identified by the Council.
- Rental Income Protection Reserve - to be used in the event of a significant drop in the commercial rental income the Council receives.
- Collection Fund Reserve - to be used to smooth the impact of any significant drop in the business rates and council tax income the Council receives.
- s1Grant Reserve—to be used in future years to fund the NDR deficit in the Collection Fund

# Notes to the Core Financial Statements

## Note 7 - Other Operating Income and Expenditure

	2021/22	2020/21
	£000	£000
Losses/(gains) on the disposal of current and non current assets	869	649
<b>Total</b>	<b>869</b>	<b>649</b>

## Note 8 - Financing and Investment Income and Expenditure

	2021/22	2020/21
	£000	£000
Interest payable	209	303
Pensions interest cost and expected return on pension assets	468	265
Interest receivable and similar income	(658)	(615)
Changes in fair value in relation to investment properties	(3,940)	2,334
Net income from trading operations not in service expenditure analysis	(7,667)	(6,286)
<b>Total</b>	<b>(11,588)</b>	<b>(3,998)</b>

## Note 9 - Taxation and Non Specific Grant Income

	2020/21	2020/21
	£000	£000
Council tax income	(3,881)	(4,984)
Non domestic rates	(1,720)	(2,503)
Non ringfenced Government grants	(383)	(492)
Other income	(1)	(1,073)
Capital grants and contributions	(3,598)	(644)
<b>Total</b>	<b>(9,583)</b>	<b>(9,696)</b>

# Notes to the Core Financial Statements

## Note 10 - 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:

	2021/22	2020/21
	£000	£000
Rental income from investment property*	10,328	9,465
Direct operating expenses arising from investment property*	(2,662)	(3,179)
<b>Total</b>	<b>7,666</b>	<b>6,286</b>

\* included in 'Trading Operations' in Note 8. See also full analysis of trading operations in Note 20

### Capital Commitments

There are no restrictions on the Council's ability to realise the value of its investment property or on the Council's right to receive income from any proceeds of sale. The Council did not have any contractual obligations to develop or enhance investment property to at 31 March 2022 (31 March 2021 £nil).

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

	2021/22	2020/21
	£000	£000
Balance at 1 April	111,321	100,149
Purchases	1,064	13,506
Net gains/(losses) from fair value adjustments	3,940	(2,334)
<b>Balance at 31 March</b>	<b>116,325</b>	<b>111,321</b>

### Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes.

### Valuation Techniques Used to Determine Level 2 Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants and data and market knowledge gained in managing the Council's investment asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy. There has been no change in the valuation techniques used in the year for investment properties.

### Highest and Best Use

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

### Valuation Process for Investment Properties

The Council's investment properties have been valued as at 31 March 2022 by a combination of the Council's internal valuer and external valuers, NPS and Colliers, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

# Notes to the Core Financial Statements

## Note 11 - Inventories

	2021/22	2020/21
	£000	£000
Balance outstanding at 1 April	41	57
Purchases and issues	17	(16)
<b>Balance outstanding at 31 March</b>	<b>58</b>	<b>41</b>

## Note 12 - Debtors

<b>Short Term Debtors</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	£000	£000
Government departments	823	13
Other local authorities	15,096	22,427
Other entities and individuals	18,706	16,606
	<b>34,625</b>	<b>39,048</b>
Less: Provision for bad and doubtful debts	(4,880)	(4,516)
<b>Total</b>	<b>29,745</b>	<b>34,532</b>

<b>Long Term Debtors</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	£000	£000
Mortgages	22	22
Car loans	11	10
Loans to Badger BC Investments Ltd (subsidiary company)	17,354	11,642
Other	1,944	1,950
<b>Total</b>	<b>19,331</b>	<b>13,624</b>



# Notes to the Core Financial Statements

## Note 13 - Cash and Cash Equivalents

	31 March 2022	31 March 2021
	£000	£000
Cash	9	9
Bank current accounts	6,566	4,052
Money market funds	21,005	21,000
<b>Total</b>	<b>27,579</b>	<b>25,061</b>

## Note 14 - Assets Held for Sale

	2021/22	2020/21
	£000	£000
<b>Balance at 1 April</b>	7,147	535
Assets newly classified as held for sale	(7,035)	6,289
Revaluation gains	9	323
<b>Total</b>	<b>121</b>	<b>7,147</b>

## Note 15 - Short Term Creditors

	31 March 2022	31 March 2021
	£000	£000
Government departments	5,675	15,966
Other local authorities	11,287	4,885
Other entities and individuals	28,320	20,363
<b>Total</b>	<b>45,282</b>	<b>41,214</b>

# Notes to the Core Financial Statements

## Note 16 - Long Term Creditors and Provisions

Provisions	Insurance Claims	MMI	NDR	Total
	£000	£000	£000	£000
Balance at 1 April 2021	12	54	1,253	<b>1,310</b>
Provision made during the year	3	-	-	<b>3</b>
Amount used during the year	(8)	-	(71)	<b>(79)</b>
<b>Balance at 31 March 2022</b>	<b>7</b>	<b>54</b>	<b>1,182</b>	<b>1,243</b>

Business ratepayers are entitled to appeal against the rateable value allocated to their property by the Valuation Office Agency (VOA). In the event that an appeal is successful the Council is responsible for repaying its share of the business rate income to the ratepayer. A provision has been included in the Balance Sheet based on the expected outcome of the appeals outstanding with the VOA as at 31 March 2022 as well as an amount for appeals which have not yet been lodged relating to the 2017 revaluation.

Deferred Capital Receipts	2021/22	2020/21
	£000	£000
Balance at 1 April	90	91
Receipts	(1)	(1)
<b>Balance at 31 March</b>	<b>89</b>	<b>90</b>
<b>Pensions Liability</b>		
Balance at 1 April	20,877	11,223
Actuarial losses/(gains)	(11,279)	8,712
Service cost	2,478	942
<b>Balance at 31 March</b>	<b>12,076</b>	<b>20,877</b>
<b>Total</b>	<b>13,408</b>	<b>22,286</b>

## Note 17 - Unusable Reserves

	31 March 2022	31 March 2021
	£000	£000
Revaluation Reserve	(40,005)	(39,995)
Accumulated Absences Account	79	77
Capital Adjustment Account	(113,458)	(106,556)
Deferred Capital Receipts Reserve	(344)	(353)
Pensions Reserve	12,076	20,877
Collection Fund Adjustment Account\	4,551	8,346
<b>Total Unusable Reserves</b>	<b>(137,101)</b>	<b>(117,604)</b>

# Notes to the Core Financial Statements

## Note 18 - Trading Operations

The Council maintains the following trading units, which operate in a competitive environment.

	2021/22			2020/21		
	Turnover	Expenditure	Deficit/ (Surplus)	Turnover	Expenditure	Deficit/ (Surplus)
	£000	£000	£000	£000	£000	£000
<b>Trading Operations Included in Cost of Services</b>						
Broxbourne Sport and Broxbourne Leisure and Culture	(3,030)	4,632	1,602	(980)	3,530	2,550
	<b>(3,030)</b>	<b>4,632</b>	<b>1,602</b>	<b>(980)</b>	<b>3,530</b>	<b>2,550</b>
<b>Trading Operations Included in Financing and Investment Income and Expenditure</b>						
Commercial Properties	(10,328)	2,661	(7,667)	(9,465)	3,179	(6,286)
	<b>(10,328)</b>	<b>2,661</b>	<b>(7,667)</b>	<b>(9,465)</b>	<b>3,179</b>	<b>(6,286)</b>
<b>Total Trading Operations</b>	<b>(13,358)</b>	<b>7,293</b>	<b>(6,065)</b>	<b>(10,445)</b>	<b>6,709</b>	<b>(3,736)</b>

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. They are an integral part of the Council's services to the public (e.g. leisure management). The income and expenditure of Broxbourne Sport and Broxbourne Leisure and Culture is included in the cultural and related services line in the Cost of Services. Only the net surplus achieved by commercial properties is included as Financing and Investment Income and Expenditure (see note 8).

The Broxbourne Sport and Broxbourne Leisure and Culture trading operation runs the Council's two sports centres - Laura Trott and John Warner - as well as other leisure facilities within the Borough such as Cheshunt Park Golf Centre and The Spotlight.

## Note 19 - Members' Allowances

The Council paid the following amounts to members of the Council during the year:

	2021/22	2020/21
	£000	£000
Allowances (including national insurance contributions)	259	241
Expenses	1	-
<b>Balance at 31 March</b>	<b>260</b>	<b>241</b>

# Notes to the Core Financial Statements

## Note 20 - Officers' Remuneration

The Council is required to disclose the remuneration of senior officers whose salary exceeds £50,000. Senior officers are defined as those who are responsible for departments within the Council, report directly to the Chief Executive and form the Corporate Management Team.

	Year	Salary	Expenses, Fees and Allowances	Pension Contribution	Total
Chief Executive	2021/22	141,216	-	30,425	<b>171,641</b>
	2020/21	129,424	10	30,323	<b>159,757</b>
Director of Finance	2021/22	105,225	75	23,931	<b>129,232</b>
	2020/21	100,313	-	23,299	<b>123,612</b>
Director of Environmental Services	2021/22	103,910	-	22,925	<b>123,238</b>
	2020/21	100,313	-	22,925	<b>123,238</b>
Director of Place	2021/22	42,761	-	7,954	<b>50,714</b>
	2021/22	-	-	-	-
Head of Legal Services	2021/22	78,057	-	17,977	<b>96,034</b>
	2020/21	77,268	6	17,947	<b>95,221</b>

The Director of Place joined the Council in October 2021.

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

Remuneration Band	2021/22	2020/21
	Number of Employees	
£50,000 - £54,999	5	5
£55,000 - £59,999	2	3
£60,000 - £64,999	4	4
£70,000 - £74,999	1	-
£705000 - £79,999	2	-
<b>Total</b>	<b>14</b>	<b>12</b>

# Notes to the Core Financial Statements

## Note 20 - Officers' Remuneration (continued)

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
							£	£
£0-£20,000	5	12	2	14	7	26	38,999	148,903
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	2	-	-	-	2	-	110,053
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,000 - £150,000	-	-	-	-	-	-	-	-
<b>Total cost included in bandings and in the CIES</b>	<b>28,076</b>	<b>241,827</b>	<b>10,923</b>	<b>17,129</b>	<b>38,999</b>	<b>258,956</b>	<b>38,999</b>	<b>258,956</b>

# Notes to the Core Financial Statements

## Note 21 - Defined Benefit Pension Scheme

### Participation in Pension Schemes

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

The Council participates in the Local Government Pension Scheme, a funded defined benefit scheme administered by Hertfordshire County Council.

### (a) Transactions Relating to Post Employment Benefits

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

However, as the charge the Council is required to make against council tax is based on the cash payable in the year, the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2021/22	2020/21
	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>		
<i>Service Cost Comprising:</i>		
Current service cost	3,696	2,193
Past service cost	25	9
<i>Financing and Investment Income and Expenditure</i>		
Net interest expense	438	265
<b>Total Post Employment Benefit Charged to the Surplus of Deficit on the Provision of Services</b>	<b>4,159</b>	<b>2,467</b>
<i>Other Post Employment Benefit Credited to the Comprehensive Income and Expenditure Statement</i>		
<i>Remeasurement of the net defined benefit liability comprising:</i>		
Return on plan assets (excluding the amount included in the net interest expense)	2,284	(17,313)
Actuarial gains/(losses) arising on changes in demographic assumptions	(757)	1,524
Actuarial gains/(losses)/arising on changes in financial assumptions	(8,504)	25,679
Actuarial (losses) arising on changes in experience assumptions	266	(1,178)
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(11,279)</b>	<b>11,179</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the code	(4,159)	(2,467)
<b>Actual Amount Charged Against the General Fund Balance for Pensions in the Year:</b>		
Employer's contributions payable to scheme	1,681	1,525

# Notes to the Core Financial Statements

## Note 21 - Defined Benefit Pension Scheme (continued)

### (b) Pensions Assets and Liabilities Recognised in the Balance Sheet

	2021/22	2020/21
	<b>£000</b>	<b>£000</b>
Opening fair value of scheme assets	108,432	90,419
Interest Income	2,155	2,063
<i>Remeasurement gain/(loss):</i>		
The return on plan assets, excluding the amount included in the net interest expense	2,284	17,313
Other experience	-	-
Contributions from employer	1,681	1,525
Contributions from employees into scheme	480	435
Benefits paid	(3,369)	(3,323)
<b>Balance at 31 March</b>	<b>109,379</b>	<b>108,432</b>

#### Reconciliation of Present Value of the Scheme Liabilities

Balance at 1 April	129,309	101,642
Current service cost	3,696	2,193
Past service cost (including curtailments)	25	9
Interest cost	2,596	2,328
Contributions by scheme participants	480	435
<i>Remeasurement (loss)/gain:</i>		
Actuarial gains/(losses) arising on changes in demographic assumptions	(757)	1,524
Actuarial gains/(losses) arising on changes in financial assumptions	(8,504)	25,679
Actuarial losses arising on changes in experience assumptions	266	(1,178)
Benefits paid	(3,369)	(3,323)
<b>Balance at 31 March</b>	<b>123,739</b>	<b>129,309</b>

	2021/22	2020/21
	<b>£000</b>	<b>£000</b>
Present value of the defined benefit obligation	(123,739)	(129,309)
Fair value of plan assets	111,663	108,432
<b>Net Liability Arising from Defined Benefit Obligation</b>	<b>(12,076)</b>	<b>(20,877)</b>

# Notes to the Core Financial Statements

## Note 21 - Defined Benefit Pension Scheme (continued)

### (c) Local Government Pension Scheme Assets Comprised:

	2021/22	2020/21
	£000	£000
Equity securities:		
Consumer	1,592	964
Manufacturing	529	850
Financial institutions	613	695
Health and care	965	429
Information technology	2,031	2,472
Other		97
Debt securities		
UK Government	8,193	5,556
Other	2,926	2,474
Private equity	8,160	6,518
Real estate		
UK property	8,669	6,000
Overseas property	6,251	4,997
Investment funds and unit trusts		
Equities	41,044	49,882
Bonds	16,565	17,534
Infrastructure	68	45
Other	7,583	6,909
Foreign exchange derivatives	(58)	(43)
Cash and cash equivalents	6,534	3,053
<b>Total assets</b>	<b>111,663</b>	<b>108,432</b>



# Notes to the Core Financial Statements

## Note 21 - Defined Benefit Pension Scheme (continued)

### (d) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method to arrive at an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The pension fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries with estimates being based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used in the actuary's calculations are:

	2021/22	2020/21
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.9 years	22.1 years
Women	24.4 years	24.5 years
Longevity at 65 for future pensioners:		
Men	22.9 years	23.2 years
Women	26 years	26.2 years
Rate of inflation	3.7%	3.3%
Rate of increase in salaries	3.6%	3.3%
Rate of increase in pensions	3.2%	2.9%
Rate for discounting scheme liabilities	2.7%	2.0%

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

### (e) Local Government Pension Scheme Assets Comprised:

	Increase in Assumption £000	Decrease in Assumption £000
Rate for discounting scheme liabilities (decrease 0.1%)		2,324
1 year increase in member life expectancy	4,950	
Rate of increase in salaries (increase by 0.1%)	165	
Rate of increase in pensions (increase by 0.5%)	2,142	
	<b>2,307</b>	<b>2,324</b>

### (f) Impact on the Council's Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. Funding levels are monitored on an annual basis.

# Glossary of Financial Terms

## Accounting Basis

The basis on which the Council's accounts are prepared whereby expenditure and income are reported when they are incurred.

## Accounting Period

The period of time covered by the accounts, normally a period of twelve months, commencing on 1 April for local authority accounts. The end of the accounting period is the balance sheet date.

## Accounting Policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- (i) recognising;
- (ii) selecting measurement bases for; and
- (iii) presenting assets, liabilities, gains, losses and changes to reserves.

## Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

## Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (i) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- (ii) the actuarial assumptions have changed.

## Accumulated Absences

Holiday entitlements (or any form of leave such as time off in lieu) earned by employees but not taken before the year end which can be carried forward into the following year.

## Appointed Auditors

These are the external auditors appointed by Public Sector Audit Appointments Ltd (PSAA). The Council's current approved auditors are Ernst and Young LLP.

## Approved Institutions

Funds that are not immediately required may be invested but only with third parties meeting the credit rating criteria approved annually as part of the Council's Treasury Management Strategy.

## Arrears

Unpaid, overdue debts.

## Audit of Accounts

An independent examination of the Council's accounts to ensure that the relevant legal obligations, accounting

standards and codes of practice have been followed.

## Balances

The capital or revenue reserves of an authority made up of the accumulated surplus of income over expenditure on the General Fund, etc.

## Capital Expenditure

Expenditure on the acquisition of a non current asset or expenditure which adds to and not merely maintains the value of an existing non current asset.

## Capital Financing

The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions and revenue reserves.

## Capital Receipt

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

## Cash Equivalents

Cash investments which are held on deposit and are repayable on demand without financial penalty.

## Cash Flow Statement

A statement that summarises the inflows and outflows of cash within the Council's accounts.

## CIPFA

Chartered Institute of Public Finance and Accountancy. The principal accountancy body dealing with local government finance.

## Collection Fund

A separate fund maintained by a billing authority that records the expenditure and income relating to council tax and non domestic rates, including the amounts raised on behalf of and paid over to precepting authorities.

## Code of Practice on Local Authority Accounting (The Code)

The Code of Practice on Local Authority Accounting sets out the arrangements required to be followed in the Statement of Accounts. It constitutes 'proper accounting practice' and is recognised as such by statute.

## Collection Fund Adjustment Account

This account holds the difference between the income (including accruals) held in the Comprehensive Income and Expenditure Statement and the amount required by statutory regulation to be credited to the Collection Fund.

# Glossary of Financial Terms

## Community Assets

Assets that a local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and allotments.

## Comprehensive Income and Expenditure Statement

An account which summarises income generated and money spent in the provision of services for which the Council is responsible.

## Consistency

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

## Contingency

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non occurrence of one or more uncertain future events.

## Contingent Asset

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

## Contingent Liability

A contingent liability is a possible liability arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the local authority's control.

## Corporate and Democratic Core

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

- corporate policy making;
- representing local interests;
- support to elected bodies;
- duties arising from public accountability.

## Council Tax

This is a local tax set by local councils to help pay for local services.

## Creditors

Amounts owed by the Council for goods received or services provided before the end of the accounting period but for which payments have not been made by the end of

that accounting period.

## Current Assets

Assets which can be classified as cash or cash equivalents, assets held primarily for the purposes of trading (e.g. inventories), or any asset which is expected to be realised within the next financial year.

## Current Service Cost (Pensions)

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

## Deficit

An excess of expenditure over income (or liabilities over assets).

## Debtors

Amounts due to the Council before the end of the accounting period but for which payments have not yet been received by the end of that accounting period.

## Deferred Capital Receipts

Capital receipts to be received by instalments over agreed periods of time.

## Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments in the scheme. The scheme may be funded or unfunded (including notionally funded).

## Depreciation

The measure of the cost or revalued amount of the benefits of the non current asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

## Earmarked Reserves

These are reserves set aside for a specific purpose or a particular service or type of expenditure.

## Employee Benefits

Entitlements accrued by employees as part of their employment rights, e.g. annual leave (holiday), sick pay and payments as a result of their employment being terminated before normal retirement age.

## Estimation Techniques

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes to reserves.

# Glossary of Financial Terms

Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured. Where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique. Estimation techniques include, for example:

- methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a tangible fixed asset consumed in the period;
- different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole rather than individual balances.

## Events After the Balance Sheet Date

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

## Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

## Expected Rate of Return on Pension Assets

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

## Extraordinary Items

Material items which derive from events or transactions that fall outside the ordinary activities of the authority and which are therefore expected not to recur frequently or regularly.

## Fair Value

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

## Finance Lease

A lease that transfers substantially all of the risks and rewards of a non current asset to the lessee.

## Financial Instruments

Any document with monetary value. For example, securities such as bonds and stocks which have value and may be traded in exchange for money.

## Financial Reporting Standard (FRS)

Financial Reporting Standards cover particular aspects of

accounting practice and set out the correct accounting treatment, for example, of depreciation. Compliance with these statements is mandatory and any departure from them must be disclosed and explained. The standards originated in the commercial sector and some are not directly relevant to local authority accounts.

## Funding Basis

The basis according to statute on which the Council determines what resources are available to meet capital and revenue expenditure.

## General Fund

The main revenue account of a charging authority. Day to day spending on services is met from the fund.

## Going Concern

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

## Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, towards either revenue or capital expenditure incurred in providing local authority services.

## Gross Carrying Amounts

The amount at which an asset is held in the Council's balance sheet.

## Heritage Asset

An asset which is held solely for its cultural, environmental or historic associations. This encompasses such things as civic regalia, historical buildings and monuments, museum collections and works of art. Any asset which is used for operational purposes would not be classified as a Heritage Asset. So, for example, within this Council, the Lowewood Museum building itself would not be considered a Heritage Asset as its primary use is as the premises for the museum and thus it is an operational asset.

## Housing Benefits

A system of financial assistance to individuals towards certain housing costs, which is administered by local authorities.

Assistance takes the form of rent rebates and rent allowances toward which central government pays a subsidy.

## Impairment

A reduction in the value of a non current asset below its carrying amount on the balance sheet.

## Infrastructure Assets

Examples of infrastructure assets are highways and footpaths.

# Glossary of Financial Terms

## Intangible Assets

An asset that brings benefit for more than one financial year, that does not have physical substance but is identifiable and controlled by the owner (e.g. software licences).

## Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

## International Financial Reporting Standard (IFRS) also International Accounting Standard (IAS)

International Financial Reporting Standards cover particular aspects of accounting practice, and set out the correct accounting treatment, for example, of depreciation. Compliance with these statements is mandatory and any departure from them must be disclosed and explained. The standards originated in the commercial sector and some are not directly relevant to local authority accounts.

## Inventories

The amount of unused or unconsumed inventories (stock) held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises. Stocks comprise the following categories:

- Goods or other assets purchased for resale;
- Consumable stores;
- Raw materials and components purchased for incorporation into products for sale;
- Products and services in intermediate stages of completion;
- Long term contract balances; and
- Finished goods.

## Investments

The commitment of funds to purchase financial instruments or other assets in order to gain profitable returns in the form of interest, income or appreciation of the value of the instrument.

## Investment Property

Property which is held solely to earn rentals and/or for capital appreciation but not used for the purpose of service delivery.

## Liabilities

Money owed to somebody else.

## Market value/price

The amount at which an asset could be bought or sold on the open market.

## Member

An elected Councillor.

## Net Book Value

The amount at which non current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

## Net Current Replacement Cost

The cost of replacing or recreating a particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

## Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of non operational assets), less the expenses to be incurred in realising the asset.

## Non Current Asset

Any asset which is not regarded as a current asset.

## Non Domestic Rates (Business Rates)

These are rates charged on properties other than domestic property. The business rate poundage is set annually by the Government and is a flat rate throughout the country.

## Obligating Event

An event which creates a legal or constructive obligation that results in the Council having no realistic alternative to settling that obligation.

## Officer

An employee of the Council.

## Operating Lease

A lease other than a finance lease.

## Operational Assets

Non current assets held and occupied, used or consumed by a local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

## Precept

The levy made by one authority on another. Hertfordshire County Council and Hertfordshire Police (Hertfordshire Police and Crime Commissioner) who do not administer the council tax system each levy an amount on the Borough of Broxbourne which collects the required income from local taxpayers on their behalf.

## Prior Period Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

## Property Plant and Equipment

Assets that have physical substance and are held for use

# Glossary of Financial Terms

in the provision of services.

## Provisions

Provisions are sums set aside to meet any liabilities or losses which are likely to be incurred in the future but where there is uncertainty as to the amounts or dates on which they will arise.

## Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

## Prudential Code

The Prudential Code, introduced in April 2004, sets out the arrangements for capital finance in local authorities. It constitutes 'proper accounting practice' and is recognised as such by statute.

## Related Parties

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has the ability to exercise significant influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

- central government;
- local authorities and other bodies precepting or levying demands on the council tax;
- its subsidiary and associated companies;
- its joint ventures and joint venture partners;
- its members;
- its chief officers; and
- its pension fund.

## Related Party Transaction

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

## Remuneration

All sums paid to or receivable by an employee and sums

due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of all benefits received other than in cash. Pension contributions payable by the employer are excluded.

## Reserves

Amounts set aside to meet general items of future expenditure, without being earmarked for any particular service or project.

## Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

## Revaluation Reserve

An account containing any unrecognised gains or losses arising from the revaluation of non current assets held by the Council. When assets are sold, the gain or loss on sale will be recognised in the Comprehensive Income and Expenditure Statement once all previous entries relating to unrecognised gains or losses have been removed from the accounts.

## Revenue Contributions to Capital Outlay

The financing of capital expenditure directly from revenue.

## Revenue Expenditure

The day to day running costs an authority incurs in providing services.

## Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non current asset.

## Revenue Support Grant

A grant paid by the Government to councils, contributing towards the costs of their services.

## Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

## SeRCOP

Service Reporting Code of Practice (SeRCOP) is CIPFA's accounting recommendations for local authorities that legally constitute proper accounting practice, below the statement of accounts level.

## Service Organisation (SO)

A separate trading unit which operates in a competitive environment and which consists of people directly employed by the authority.

# Glossary of Financial Terms

## **Subsidiary**

A company that is more than 50% controlled by another company or entity. The Council has two wholly owned subsidiaries - Badger BC Investments Ltd and Broxbourne Environmental Services Trading Ltd.

## **Surplus**

An excess of income over expenditure (or assets over liabilities).

## **Total Cost**

The total cost of a service or activity includes all costs which relate to the provision of the service or to the undertaking of the activity.

## **Trading Operation**

Services operating on a "trading" basis which are financed by charges made to recipients of the services.

## **Useful Life**

The period over which the authority will derive benefits from the use of a non current asset.





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