



Unaudited



North West
Leicestershire
District Council

Annual Statement of Accounts 2021-22

CONTENTS

		Page No
Section 1	Narrative Report	1-18
	Statement of Responsibilities for the Statement of Accounts	19
Section 2	Core Accounting Statements	20-26
	Comprehensive Income & Expenditure Account	22
	Movement in Reserves Statement	23
	The Balance Sheet	24-25
	Cash Flow Statement	26
Section 3	Notes to the Core Financial Statements	27-94
Section 4	Housing Revenue Account	95-100
Section 5	Collection Fund	101-103
Section 6	Glossary of Main Financial Terms	104-108

Section 1 Narrative Report

1. North West Leicestershire as a place

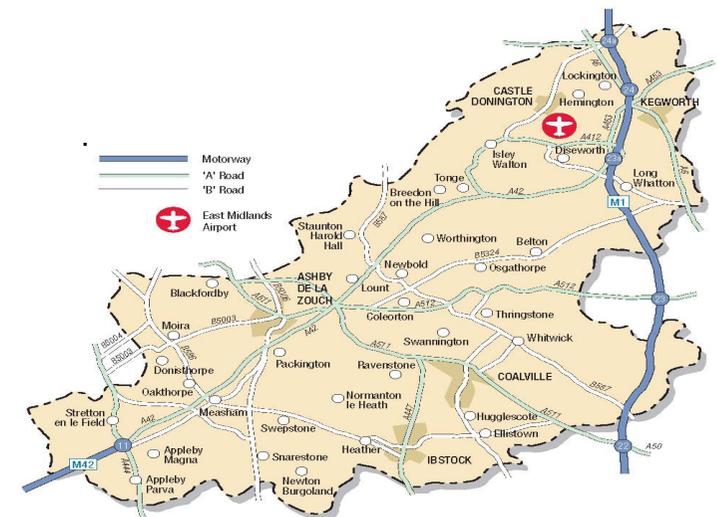
North West Leicestershire is a semi-rural district with a population of approximately 108,000. Most people live in the district's two main towns of Coalville and Ashby de la Zouch. Around the district are a handful of large villages (Castle Donington, Kegworth, Ibstock and Measham) and numerous smaller villages.

In the 1990s and 2000s, Coalville and the wider area underwent significant regeneration and the District's economy has been one of the fastest growth areas in the East Midlands. The coal mining sites formerly used for mineral extraction are now home to a diverse array of business parks and industrial estates providing local employment and drawing from a wide regional labour market.

North West Leicestershire sits at the axis of the Midlands, strategically located within 25 miles of Birmingham, Derby, Leicester and Nottingham. It is served by the M1/M42 (A42) and A50 and is also home to East Midlands Airport – the UK's busiest 'pure' cargo airport.

The district has one of the highest jobs density figures in the Region – indicating a very high level of jobs and this is because our location has proved to be a major attraction to inward investors and developers as well as continuing to be a place that indigenous businesses call home. Key employment sectors in the district are wholesale and retail trade, transport and storage, manufacturing and professional, scientific and technical activities.

We are very proud that our district lies at the heart of the National Forest which spans across parts of Derbyshire, Leicestershire, and Staffordshire. We are a key partner in an ongoing project that is transforming former mining areas through tree planting and forest activities.



2. The council

Governance

We operate a cabinet style government with separation of executive and scrutiny functions. All Cabinet members have been allocated a specific portfolio and are responsible for driving forward the Council's key strategic aims.

Political structure in 2021/22

The Council's political structure as at the 31 March 2022 was:

- Conservative Party – 22 councillors
- Labour Party – 9 councillors
- Liberal Democrat Party – 4 councillors
- Independent – 2 councillors
- Green Party – 1 councillor

The council's Leader, Councillor Richard Blunt was re-elected in May 2021. Councillor Blunt subsequently appointed six Cabinet Members for various portfolios and the delegation of executive functions.

Chief Officer Structure

Councillors are supported by the Corporate Leadership Team (CLT) which is led by the Council's Chief Executive. CLT are responsible for the overall management of the Council, for setting and monitoring overall direction and ensuring high performance in the delivery of council services. Including the Chief Executive, CLT is made up of eleven members: two Strategic Directors and eight Heads of Service (which include the Monitoring Officer and Section 151 Officer).

Reviewing our governance

Every year we undertake a review of our governance framework, assessing against the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' 2016. This review of effectiveness is informed by the work of senior managers and directors within the Council who have responsibility for the development and maintenance of the internal control environment, the Internal Audit Annual Report, the work of the Audit and Governance Committee plus the

comments of external auditors and other review agencies and inspectorates. Our Annual Governance Statement summarises our view of the arrangements and can be found on our [website](#).

Our priorities

The Council's vision is that "North West Leicestershire is a place where people and business belong and are proud to call home". Our Council Delivery Plan for 2021/22 sets out our priorities and aims for the coming years. Our priority areas are:

- Supporting Coalville to be a more vibrant, family friendly town.
- Our communities are safe, healthy and connected.
- Local people live in high quality, affordable homes.
- Supporting business and helping people into local jobs.
- Developing a clean and green district.

The priorities are underpinned by a balanced budget, set in February each year, a constant focus on value for money, local income generation where

appropriate and a prudent approach to future challenges to our funding and expenditure.

Our vision is supported by four key programmes that were launched in 2017/18, each of which oversee the delivery of multiple projects:

- **Customer First** – making sure we put customers at the heart of what we do, driving and improving services and increasing the choice customers have in where, when and how they engage with the council
- **Place** – co-ordinating projects that will develop and shape our environment, both built and natural, ensuring delivery of quality homes and facilities for our residents and business
- **People** – making sure we develop our staff to have the skills for a 21st century business, valuing our staff and transforming the organisation
- **Journey to Self-sufficiency** – having effective financial management that increases our resilience and adaptability to changing financial pressures.

Who works for the council?

The council employs 558 individuals across a wide range of services, many of whom are part-time and hold multiple roles. Our full time equivalent number of employees is 480 and 10 of these are apprenticeship roles. The majority of the council's services are provided in-house, and our employed positions reflect this, with roles across many job types including manual operatives, skilled tradesmen and accredited service professionals.

Our People Plan

Our People Plan sets an ambition to develop a sustainable, ambitious, effective and efficient workforce that reflects the local communities we serve. The plan was developed in 2018 is based on five themes:

- Being an employer of Choice.
- Developing and Supporting Staff.
- Leadership.
- Happy and Healthy workforce.
- Communicate and Listen.

We have made good progress against the plan including gaining Investors In People accreditation in 2019.

Our Values

In 2019 we adopted corporate values with staff which reflect how we want to be as a Council:

Trust – We are honest, fair and transparent and we value trust

Respect – We respect each other and our customers in a diverse, professional and supportive environment

Excellence – We will always work to be the best that we can be

Pride – We are proud of the role we play in making North West Leicestershire a happy, healthy and vibrant place to live and work

Growth – We will work together to grow and continually improve.

3. The council's non-financial performance

Below is a summary of some of our key achievements for the 2021/22 year under each of the council's five priorities.

Supporting Coalville to be a more vibrant family friendly town

- Delivery has commenced on some of the projects identified in the Coalville Regeneration Framework – an example being the Mantle Lane Bridge environmental improvements.
- A contractor has been appointed to deliver the Marlborough Square improvement works and material are being ordered to start the works.
- The NewMarket continues to go from strength to strength with a range of events and activities increasing footfall and leading to some excellent feedback from participants.

- Negotiations are continuing with private sector partners to try to seek a cinema venue in Coalville.
- After extensive stakeholder engagement, an options paper has been prepared for the former Hermitage Leisure Centre site and its environs.

Our communities are safe, healthy and connected

- A number of initiatives to improve our interactions with customers in both the service centre and in linking in back-office service areas have progressed during the quarter. These will lead to better linking of contact options and improvements to the call management arrangements.
- Usual levels at the New Whitwick and Coalville Leisure Centre have continued to be very encouraging since the opening in February.
- Five neighbourhoods Plan group have been supported.

- Consultation on the development strategy element of the Local Plan substantive review was undertaken.
- The three main priorities of the Integrated Neighbourhood Plan in relation to the care Planning pilot, a health needs analysis was completed in the Overweight and Obesity area and a mental health accelerator area is being identified with the Integrated Neighbourhood team locality.

Local people live in high quality, affordable homes

- Our plans to deliver more homes through S106 agreements with developments were subject to slippage due to disruptions in the building trade and our reliance on developers to achieve this objective. However, seven units are due for completion in the first quarter of 2022/23 and nine units are scheduled for later in the year.

- Working with Housing Associations and partners we have exceeded the target of over 100 affordable homes, with two hundred and ninety-five delivered during the year.
- We are continuing to invest in the Council rented housing stock with £3 million of works rolled forward from the year as we do everything we can to catch up from the delays caused by the COVID pandemic. continue.
- Work is anticipated to commence on the Appleby Magna Caravan site during early 2022/23.

Support for businesses and helping people into local jobs

- Our Economic Growth Plan was approved by Cabinet in March 2022.
- The Economic Development Team continued to provide support to new business enquiries.
- The new high street loyalty card was rolled out across the districts

key shopping areas which seeks to encourage and reward people for shopping locally.

- The build of the new Whitwick and Coalville Leisure Centre generated significant social value contributions to the local economy.
- The East Midlands Development Company is progressing with a Chairman and Managing Director now in place. Current work is to develop the delivery strategy for East Midlands Airport.

Developing a clean and green district

- We have continued to work with the National Forest to develop the Heart of the Forest Masterplan, and the Sustainable Tourism Accommodation design guide and the accelerator programme.
- We have been awarded further government funding to support the installation of Electric Vehicle charging points in Measham. This is now the sixth location in Council

owned car parks to be fitted with EV points and a further four have been installed at the new Leisure Centre.

- Hydrotreated Vegetable Oil (HVO) is now being used for all the Council's former diesel operated fleet. We have made progress with ordering electric vehicles for use as alternatives across our operations.
- We are continuing to seek to tackle the on-going problem in littering and fly-tipping working with volunteer groups and our in-house cleansing teams. This is through an emphasis on education, clearance and fines.
- We have achieved our aim of reducing the vehicle emissions on hackney carriages and private vehicle operators.

4. The council's financial performance

Financial Outturn for 2021/22

The Council has two main accounts, the General Fund and Housing Revenue Account as well as a Special Expenses account covering services to parishes and unparished areas. Each account has a revenue budget for provision of services and a capital budget for delivery of significant projects.

General Fund

Our General Fund account summarises the expenditure on the council's main services which are paid for in part by council tax.

We budgeted to contribute £1.1 million into our self-sufficiency reserve balances in 2021/22. However, there was a reduction of this amount by £991,000 to £111,000.

The reduction in the surplus was mainly due to additional costs in the Refuse and Recycling Service due to operating the service in a COVID safe manner and not achieving the budgeted self-sufficiency savings.

A more detailed review of variances is shown overleaf.

Service	Budget £'000	Outturn £'000	Variance £'000
Chief Executive	274	260	- 14
Human Resources inc Covid	248	611	363
Legal and Commercial Services	1,497	1,504	7
Strategic Director of Place	341	517	176
Community Services	6,751	7,628	877
Planning and Infrastructure	794	1,011	217
Economic Development	843	957	114
Joint Strategic Planning	12	12	-
ICT	1,038	1,045	7
Revenues & Benefits	747	675	- 72
Property Services	498	352	- 146
Customer Services	831	811	- 20
Finance	1,050	971	- 79
Strategic Housing	535	658	123
J2SS	- 570	-	570
Corporate And Democratic Core	38	13	- 25
Non-Distributed Costs	92	151	59
Net Recharges	- 1,582	- 1,629	- 47
Net Financing Costs	1,458	1,394	- 64
Investment Income	- 6	- 31	- 25
Localisation Of Council Tax Grant	48	48	-
Revenue Contribution To Capital	-	44	44
Debt Restructuring Premium	-	2	2
IAS19	-	-	-
Transfer to Reserves	1,102	111	- 991
Transfer to Other	-	805	805
Transfer from Reserves	-	- 44	- 44
Asset adjustment	-	- 699	- 699
Funding of Capital Expenditure	-	922	922
Section 106	-	- 1,364	- 1,364
Net Cost of Services after Recharges	16,039	16,735	696
New Homes Bonus	2,452	2,452	-
Transfer From Collection Fund	- 99	- 99	-
Other Grants	550	1,246	696
Council Tax	5,525	5,525	-
National Non Domestic Rates Baseline	7,611	7,611	-
Total Funding	16,039	16,735	696

The analysis opposite shows the major variances in the General Fund revenue budget for 2021/22. The majority of the adverse variances are associated with the loss of income from services suspensions during the pandemic as well as the additional costs associated with providing essential services in a COVID safe manner.

Favourable variances are largely attributed to underspends in budgets, additional planning fee income and grants received.

Major Variances	£'000
Adverse Variances	
Costs associated with sale of Cropston Drive	- 184
Grounds Maintenance - reduction of income and increased vehicle hire costs	- 157
Additional Support to Leisure Contract during COVID	- 412
Refuse and Recycling - additional salaries, vehicle hire, wash down and legal fees	- 756
Depot - contract cleaning and general repairs	- 42
Cleansing Services - additional salaries and vehicle hire costs and reduced income	- 96
Fleet - reduction in recharges and additional equipment	- 312
Environment Protection - Restructure Savings Target not achieved	- 17
Car Parks - reduced income and additional electricity costs	- 70
Coalville Market - reduced income and additional legal fees	- 105
Planning and Development - agency costs to cover additional workload	- 72
Section 106	- 353
Building Control - Charges for legacy work	- 122
Homelessness Prevention - additional bed and breakfast and	- 143
Elections - contribution to contingency reserve	- 95
Economic Development - COVID memorial benches	- 68
Property Services - loss of income due to vacant units and additional cleaning (COV	- 111
Rent Allowances and Rent Rebates - higher than budgeted	- 268
Procurement - Consultancy Fees	- 57
Non Distributed Surplus Assets	- 75
Journey to Self Sufficiency - savings not achieved	- 570
Revenue Contribution to Capital	- 44
	- 4,129
Favourable Variances	
Salary Savings	434
Human Resources - Corporate Training	32
Electoral Registration	22
Economic Development - saving on consultancy	50
Council Offices - general repairs	239
ICT - Equipment Maintenance	21
Revenues/Benefits - additional grants and compensation, reduction in partnership fe	301
Finance - unidentified income, reduction in bad debts and asset protection	132
Corporate & Democratic Core - Redmond Review Implementation Grant	20
Net Financing Costs - additional investment income/reduced MRP	90
Additional Non-Specific Grants	252
Refuse & Recycling - additional income, savings food waste and other vehicle costs	749
Cleansing Services - Vehicles and Other Income	30
Safe and Stronger - Community Focus/Safety and Free Tree Scheme	27
Car Parks - reduced NNDR and credit card charges	35
Border Inspection Post - Vet Expenditure	23
HS2 - reduced costs	53
Planning Fee Income	298
Planning Policy - Local Development Framework	50
Homelessness Prevention Grant	251
	3,109
Deminmus Non Salary Variances	324
	- 696

Housing Revenue Account (HRA)

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation of the 4,100 homes provided by the Council.

The HRA is a ring-fenced account, meaning that HRA funds are maintained separately from other council finances and must only be spent on the council's housing stock and tenants' services. Its primary source of income is from collecting £18 million of rent from properties let at either social or affordable rental rates.

Service	Budget £'000	Outturn £'000	Variance £'000
Repairs and Maintenance	5,566	6,741	1,175
Supervision and Management	3,054	3,134	80
Provision for Doubtful Debts	100	- 77	- 177
Capital Financing	3,182	2,295	- 887
J2SS Savings	- 225	-	225
Total Expenditure	11,677	12,093	416
Rental Income and Service Charges	- 18,491	- 18,344	147
Net Cost of Services	- 6,814	- 6,251	563
Capital Financing (Interest)	3,365	2,231	- 1,134
Investment Income	- 3	- 16	- 13
Net (Surplus)/Deficit	- 3,452	- 4,036	- 584

Major Variances	£'000
Adverse Variances	
Rental Income	- 41
Service Charges and Garage Rent Income	- 54
Salaries and Agency Costs	- 64
Supervision and Management - Other Income	- 42
Compliance Testing and Inspections	- 89
Council Tax on Void Properties	- 35
Repairs and Maintenance Overspend	- 1,580
J2SS Savings not achieved	- 225
Supervision & Management (After adjustment for items reported separately)	- 191
Minor Adverse Variances	- 5
	- 2,326
Favourable Variances	
Corporate Democratic Core Recharge	22
Provision for Doubtful Debts	177
Corporate recharges & Asset Rentals	39
Depreciation & Impairment	888
Interest Charges	1,134
Ofgem RHI	197
Responsive Repairs	292
Cyclical Maintenance	28
Car Allowances	45
Energy Costs	61
Housing Needs Contributions	20
Minor Favourable Variances	7
	2,910
	584

Service	Budget £'000	C/Fwd £'000	In Year £'000	Total £'000	Outturn £'000	Variance £'000
General Fund						
ICT Systems	57	102	324	483	463	20
Fleet	1,363	1,197	- 183	2,377	43	2,334
Leisure Centres	1,894	8,881	3,127	13,902	12,791	1,111
Disabled Facilities Grant	670	-	21	649	649	-
Property	2,999	3,234	- 2,255	3,978	1,181	2,797
Other Schemes	50	205	3	258	174	84
	7,033	13,619	995	21,647	15,301	6,346
Housing Revenue Account (HRA)						
Housing Improvement Programme	4,500	815	-	5,315	2,243	3,072
New Supply	5,082	426	-	5,508	769	4,739
Estates Improvements	591	391	-	982	306	676
Compliance	100	470	-	570	39	531
Major Aids and Adaptions	300	23	-	323	374	- 51
Zero Carbon	250	-	-	250	750	- 500
Supported Housing Improvements	50	230	-	280	-	280
Active Asset Management	350	-	-	350	206	144
New Housing System	180	-	-	180	490	- 310
Capital Salaries	678	-	-	678	683	- 5
	12,081	2,355	-	14,436	5,860	8,576
				-		-
Total Capital	19,114	15,974	995	36,083	21,161	14,922

Capital

We spent £15.3 million on capital schemes in the General Fund and £5.9 million in the Housing Revenue Account in 2021/22.

General Fund:

The main areas of spending were on our new Leisure Centre in Coalville which opened in February 2022, purchase of replacement fleet vehicles and Marlborough Square improvements.

Housing Revenue Account:

The majority of the expenditure was in relation to the Housing Improvement Programme, New Supply and Zero Carbon.

Our Assets and Liabilities

Pension Liabilities

£48.2 million

This is how much the council owes across future years offset by the value of assets invested in the pension fund. Net liabilities decreased by £15.1 million from 2020/21.

The pension fund, which is a Local Government Pension Scheme, is revalued every three years to set the future contribution rates. The scheme was revalued in 2022.

Cash flow

£22.2 million

The Council's cash flow shows an increase of £1.3 million in its cash and cash equivalents from the previous

year. Generally, cash balances have been healthy throughout the year and the Council invests these in accordance with its Treasury Management Strategy Statement which aims to minimise risk to these balances.

Borrowing

£65.2 million

As at 31 March 2022 the Council has total external borrowing of £65.2 million, a reduction of £14.2 million when compared with the previous year. The majority of this borrowing was taken out to fund the Housing Revenue Account self-financing and are made up of Public Works Loan Board loans. All of our borrowing complies with the Prudential Code which means it is prudent, sustainable and affordable.

Provisions

£2.2 million

This provision for Business Rates appeals was created as a result of the adoption in 2013/14 of the Business Rates Retention scheme through which the Council bears part of the risk for future appeals. The Council's estimate of the value of outstanding appeals up to 31 March 2022 is £5.4 million (£5.0 million as at 31 March 2021), the value of appeals used in completing the Collection Fund position as at 31 March 2022. The Council receives 40% of business rates as part of the localised system and must therefore bear 40% of the appeals provision which is £2.16 million.

Financial health

The Council has maintained a good level of financial health but like all local authorities faces significant pressures from reduced funding, demand pressures and the longer-term impact of COVID.

Usable Revenue Reserves

Usable revenue reserves are the most recognised and accepted measure of Local Government financial health. They help the Council to cope with unpredictable financial pressures and plan for future spending commitments. The Council will continue to use reserves to balance competing pressures for example:

- Using reserves to offset funding reductions and protect services – although this can only be a short-term strategy as reserves are a one-off funding resource – the Journey to Self Sufficiency Reserve

is held to provide resources to meet anticipated funding reductions which will provide time and resources to adapt the authority for lower levels of funding

- Using reserves to provide ‘one-off’ expenditure to meet corporate priorities.
- Investing in making changes that reduce the cost of providing services in the longer-term.
- Increasing reserves to strengthen resilience against future, uncertain cost pressures.

General Fund usable revenue reserve balances at 31 March 2022 were £18.2 million, a decrease of £3.2 million on the previous year. Most of this decrease is due to COVID grant allocations that have been spent or returned in 2021/22 and when the effect of this is removed, usable

revenue reserves remained at similar levels. The HRA has usable revenue reserves of £7.4 million, a decrease of £12.1 million compared with 2020/21. The reason for the reduction is due to the repayment of debt.

Funding Outlook

Like all authorities, North West Leicestershire has received significant reductions in funding in recent years and anticipates future reductions as well as pressures on services. The Council, unlike some other authorities, receives no Revenue Support Grant and its entire funding comes from Council Tax, Business Rates and New Homes Bonus. The outlook in respect of each of these income streams is considered below:

- **Council Tax** – the Collection Fund statement shows that we collected £69.9 million in Council Tax but retained only about 9% of this with the majority being passed on to the County Council, Police and Fire services and parish councils. North West Leicestershire froze its share of the Council Tax in 2021/22 for the eleventh consecutive year which means all of our growth in respect of council tax income results from growth in the number of homes in North West Leicestershire. The COVID pandemic has had the effect of

increasing Council Tax Support and also non payment, both of which will reduce Council Tax income in the next years.

- **Business Rates** – the Council collected £73.5 million in business rates income in 2021/22 but retained £10.7 million with the remainder being returned to the Government to fund other local services. A significant proportion of the amount retained is due to accumulated growth of business rates in the area which the Council is able to keep as part of the Government's business rates localisation scheme. A planned reset of this scheme will significantly reduce the Council's income from business rates in the medium term.
- **New Homes Bonus** – the Council received £2.4 million in New Homes Bonus in 2021/22 an amount significantly above average reflecting the significant home growth in the district. However, the

Government reduced the size of this reward in 2021/22 and is set to reduce it further in 2022/23. Beyond this point, it is uncertain whether this funding stream will be maintained and this will have a further detrimental impact on the Council's funding position.

5. Risk Management

We have a Risk Management Policy in place which was approved in September 2021

The overall objective of the Council's risk management approach is the identification, analysis, management and financial control of those risks which can most impact on the Council's ability to pursue its approved delivery plan.

A Corporate Risk Register, approved by the Corporate Leadership Team and Elected Members is in place. The Corporate Risk Register is a live document constantly under review to ascertain progress on managed risks and new risks that could impact on the Council. Our risk review cycle aligns with the service planning process and service risks monitored by service areas.

The Corporate Risk Group (CRG) is represented by each of the Council's services. The CRG identify new risks and review the corporate risk register, whilst the review of all risk management activity is part of the terms of reference of the Audit and Governance Committee. Risks are reported to Cabinet as part of the Quarterly Performance Management Report. In addition, all reports to Council, Cabinet and Committees have a risk management section for consideration of risks associated with specific decisions. All service areas and corporate projects maintain service and project-based risk registers.

Set out overleaf are the key risks from the Council's corporate risk register.

Risk Description	Cause and Consequence	Inherent Risk Score	Control Measures	Residual Risk Score
Death / Serious Harm to vulnerable person receiving council service	Poor safeguarding or service failure leading to death / serious harm to vulnerable person resulting in reputational damage and loss of confidence in the Council.	12	<ul style="list-style-type: none"> • Identified corporate leads • Safeguarding Team • Safeguarding Policy • Dedicated group of Designated Safety Officers (DSOs) • Computerised system for reporting and monitoring cases • Quarterly management reporting and annual report and action plan 	3
Mismanagement of Council finances	Poor financial systems and/or budgetary control resulting in government intervention and/or special measures and adverse publicity.	16	<ul style="list-style-type: none"> • Regular budget monitoring and reporting • Regular internal and external audit • New finance system • Access to specialist advisors 	4
Insufficient resources due to unplanned absence/vacancies or change in financial picture	Failure to resources plan adequately so Council or partners unable to meet statutory duties	12	<ul style="list-style-type: none"> • Advance resource planning • Medium Term Financial Plan • Sound recruitment processes • Best Employee Experience Programme 	6
Contracts not properly managed	Poor contract management or procurement resulting in additional costs, contract failure/overrun and service disruption	9	<ul style="list-style-type: none"> • Procurement strategy in place • Additional external expertise utilised as necessary 	6
Data protection breach – loss or unlawful use of personal data	Systems / staff failure resulting in adverse publicity and investigation / penalties from Information Commissioner	9	<ul style="list-style-type: none"> • Policies and procedures in place • Council has dedicated SIRO / DPO • Regular information governance training • Regular internal audit 	4

Risk Description	Cause and Consequence	Inherent Risk Score	Control Measures	Residual Risk Score
Failure to respond appropriately to an emergency	General public at risk of harm or unable to access relevant services. Inadequate business continuity management results in risks to public, breakdown in relationship with other responders and adverse publicity	12	<ul style="list-style-type: none"> • Business Continuity Plans (BCP) and relevant policies and procedures • Business Continuity tests undertaken • LRF partnership • System of ICO/FLMs rotas in place 	4
Infiltration of ICT systems	Systems insufficient or lapse in security awareness resulting in ICT failure from cyber attack	16	<ul style="list-style-type: none"> • Fully resilient environment in place • Quarterly Cyber security awareness training • Twice annually phishing campaigns • Yearly IT Security Health Checks • Business recovery arrangements • Accreditation to Cyber Essentials Plus and the Public Services Network 	6
Projects are poorly managed	Poor management of projects resulting in failure to achieve corporate objectives. Insufficient use/waste of resources,	12	<ul style="list-style-type: none"> • Use of professional project managers for key projects • Board structure covering all major projects in place • Properly convened project teams • Project framework published 	6
Council makes ultra vires decisions	Lack of understanding results in unlawful decision resulting in potential litigation / intervention and reputational damage	12	<ul style="list-style-type: none"> • Governance policy and procedures in place and subject to annual review 	4
Council is subject to fraud, corruption or theft	Poor controls resulting in financial and reputation damage to the council	12	<ul style="list-style-type: none"> • Anti-Fraud and Corruption Policy, Confidential Reporting (Whistleblowing) Policy and Anti-Money Laundering Policy • Internal Audit work plan and reviews • Internal control environment • Trained Fraud Officers in Revenues and Benefits 	6

Risk Description	Cause and Consequence	Inherent Risk Score	Control Measures	Residual Risk Score
Reduced income	Council suffers reduction in funding income or fees and charges resulting in reductions in service	12	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Annual budget process 	6
Council is affected by Local Government Reorganisation	Local Government re-organisation results in significant disruption to service, communities and employees	12	<ul style="list-style-type: none"> • Active engagement with political leaders and Chief Executives across the County and wider region. 	3
Council is affected by UKs departure from the EU and possible 'no deal' Brexit.	The UK's departure from the EU, including an inability to agree the terms of the exit by 31 October 2019 could lead to: - increase in checks on goods by Environmental Officers at East Midlands Airport meaning increase in resources / costs.	16	<ul style="list-style-type: none"> • Engagement with national local government groups for border control • Leicestershire Resilience Forum 	4
Council is subject to large scale reduction in staffing / supplies etc due to national economic situations	Pandemic or other national infrastructure interruption resulting in supply chain issues and resulting impact on services	16	<ul style="list-style-type: none"> • Active participation in Leicestershire Resilience Forum 	6

6. Basis of preparation

When assessing what to include in these financial statements, the principle of materiality has been applied. This ensures that the core issues considered to have an impact on the council's strategies, governance, performance and aspirations in respect of matters such as the services it provides and the wellbeing of its local community, are presented. This includes matters that are ordinarily outside of the scope of financial reporting but which are deemed to have a significant effect on the authority's ability to meet its objectives. Where information in this report is based on other information published by the council, it is prepared on that same basis, and is reconcilable and referenced to that published information.



The 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 secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Strategic Director of Resources.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- To approve the Statement of Accounts.

The Responsibilities of the S151 Officer

The Section 151 Officer is responsible for the preparation of the council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice'). In preparing this Statement of Accounts, the S151 Officer has: -

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

The S151 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.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2022.



Paul Stone
Strategic Director of Resources and S151 Officer
26 June 2024

Section 2 Core Statements

Core Statements

1. Introduction

The following pages summarise the financial activities of North West Leicestershire District Council for 2021/22. The Council's Accounts have been produced in accordance with the *Code of Practice on Local Authority Accounting 2021/22* and the Service Reporting Code of Practice 2021/22, supported by the International Financial Reporting Standards (IFRS). Explanatory notes to the accounts have been included to give further information where appropriate. The layout of the accounts follows the recommendations of the Code. For 2021/22 the accounts consist of these 'core' Financial Statements:

- **Comprehensive Income and Expenditure Statement** which shows income and expenditure of all main services.
- **Movement in Reserves Statement** which shows the movement in the year on the different reserves held by the council analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves (i.e. those that cannot be used to fund expenditure)

- **Balance Sheet** which sets out the overall financial position of the council at 31 March 2022 showing its assets, liabilities and reserves
- **Cash Flow Statement** which summarises the movements of cash and cash equivalents into and out of the Council arising from transactions with third parties
- **The Expenditure and Funding Analysis (EFA)** – This shows how annual expenditure is used and funded from resources by the Council in comparison with how those resources by the Council are consumed or earned by the Council. It also shows how this expenditure is allocated for the decision making purposes between the council's portfolio holders
- **Notes to the Core Financial Statements** which provide explanations of key figures within the statements.

Other financial statements:

- **The Housing Revenue Account (HRA) Income & Expenditure Account and Statement of Movement on the HRA balance** – details income and expenditure on HRA services included in the whole Council Income & Expenditure Account and the latter reconciles the surplus for the year to the movement on the HRA balance.
- **The Collection Fund Income and Expenditure Account** – this fulfils the Council's Statutory requirement as a billing authority to maintain a separate Collection Fund showing transactions for the Council Tax Non-domestic Rates and how these have been distributed to precepting authorities and the General Fund.

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. 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.

Gross Expenditure £'000	2020/21			Notes	2021/22		Net Expenditure £'000
	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	
37	(16)	21	Chief Executive		174	(5)	169
4,229	(4,385)	(156)	Human Resources & Organisational Development		2,244	(1,547)	697
879	(287)	592	Legal and Support Services		1,055	(411)	644
15,049	(2,481)	12,568	Community Services (Including Strategic Director of Place)		17,474	(3,335)	14,139
3,616	(1,519)	2,097	Planning		4,989	(1,714)	3,275
2,128	(81)	2,047	Economic Development		1,496	(69)	1,427
134	(134)	0	Joint Strategic Planning		304	(289)	15
0	0	0	ICT		53	(14)	39
0	0	0	Revenues & Benefits		14,480	(12,869)	1,611
0	0	0	Property Services		(2)	0	(2)
1,283	(445)	838	Housing - General Fund		1,473	(753)	720
16,586	(13,859)	2,727	Customer Services		22	(22)	0
(1,995)	(67)	(2,062)	Finance		963	(86)	877
1,081	0	1,081	Corporate and Democratic Core		1,152	(20)	1,132
14	0	14	Non Distributed Costs		240	0	240
9,829	(17,969)	(8,140)	Housing Services - HRA		11,487	(18,072)	(6,585)
52,870	(41,243)	11,627	Cost of Services		57,604	(39,206)	18,398
		7,383	Other Operating Expenditure	5			7,973
		3,475	Financing and Investment Income and Expenditure	6			4,353
		(22,063)	Taxation and Non-Specific Grant Income	7			(24,783)
		422	(Surplus)/Deficit on Provision of Services				5,941
		(17,894)	(Surplus)/Deficit on revaluation of non current assets				(30,641)
		0	(Surplus)/Deficit on revaluation of available for sale financial assets				0
		18,635	Actuarial (gains)/losses on pension assets/liabilities				(21,298)
		741	Other Comprehensive Income and Expenditure				(51,939)
		1,163	Total Comprehensive Income and Expenditure				(45,998)

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce taxation) and unusable reserves. The statement shows how the movement in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and statutory adjustments required to return to the amounts chargeable to Council Tax or rents for the year. The net increase/decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority reserves £'000
Balance as at 1 April 2020	16,742	16,793	9,496	534	1,629	45,194	163,678	208,872
Total Comprehensive Income and Expenditure	(2,834)	2,412	0	0	0	(422)	(741)	(1,163)
Adjustments between accounting basis and funding basis under regulations	7,548	201	(1,326)	886	(23)	7,286	(7,286)	0
Increase/(Decrease) in Year	4,714	2,613	(1,326)	886	(23)	6,864	(8,027)	(1,163)
Balance as at 31 March 2021	21,456	19,406	8,170	1,420	1,606	52,058	155,651	207,709
Total Comprehensive Income and Expenditure	(12,015)	6,074	0	0	0	(5,941)	51,940	45,998
Adjustments between accounting basis and funding basis under regulations	8,775	(18,129)	2,295	856	522	(5,682)	5,682	0
Increase/(Decrease) in Year	(3,240)	(12,055)	2,295	856	522	(11,622)	57,622	46,000
Balance at 31 March 2022 carried forward	18,216	7,351	10,465	2,276	2,128	40,436	213,273	253,710

Balance Sheet

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

The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

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

The council has a £3.5m LOBO (Lender Option, Borrower Option) loan where the lender has the option on set dates to propose an increase in the rate payable; The council will then have the option to accept the new rate or repay the loan without penalty. The lender therefore has the effective right to demand repayment and these loans are therefore shown in the Balance Sheet as Short Term Borrowing. The loan option date is every 6 months from loan inception.

31 March 2021		NOTES	31 March 2022	
£'000			£'000	£'000
305,695	Property Plant and Equipment	8	346,150	
15,186	Investment Property	9	10,049	
248	Intangible Assets		201	
625	Heritage Assets		725	
0	Assets Held For Sale		0	
0	Surplus Assets		1,575	
0	Long Term Investments		0	
0	Long Term Debtors		0	
321,754	Long Term Assets			358,700
29,000	Short Term Investments		26,000	
150	Inventories		160	
12,292	Short Term Debtors	10	6,896	
20,894	Cash and Cash Equivalents	11	22,221	
62,336	Current Assets			55,277
(17,680)	Short Term Borrowing		(5,706)	
(24,500)	Short Term Creditors	12	(37,475)	
(2,010)	Provisions		(2,160)	
(44,190)	Current Liabilities			(45,341)
(61,819)	Long Term Borrowing		(59,549)	
(63,294)	Other Long Term Liabilities		(48,176)	
(733)	Revenue Grants Receipt In Advance		(374)	
(6,345)	Capital Grants Receipt In Advance		(6,754)	
0	Deferred Liabilities		(75)	
(132,191)	Long Term Liabilities			(114,928)
207,709	Net Assets			253,708
21,456	General Fund Balance		18,216	
19,406	Housing Revenue Account		7,351	
8,170	Capital Receipts Reserve		10,465	
1,420	Major Repairs Reserve		2,276	
1,606	Capital Grants Unapplied		2,128	
52,058	Usable Reserves			40,436

Balance Sheet

31 March 2021		NOTES	31 March 2022	
£'000			£'000	£'000
93,520	Revaluation Reserve	14	121,685	
132,479	Capital Adjustment Account	14	142,589	
(1,221)	Financial Instruments Adjustment Account	14	(1,239)	
(63,294)	Pension Reserve	14	(48,176)	
(5,562)	Collection Fund Adjustment Account	14	(1,059)	
(270)	Accumulated Absences Account	14	(528)	
155,651	Unusable Reserves			213,272
207,709	Total Reserves			253,708

Cash Flow Statement

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

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

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

Direct Method			
2020/21		NOTES	2021/22
£'000			£'000
(422)	Net surplus or (deficit) on the provision of services		(5,941)
14,566	Adjustments to net surplus or deficit on the provision of services for non-cash movements	15	38,403
7,021	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	15	(3,805)
21,165	Net Cash flows from operating activities		28,658
(11,682)	Net Cash flows from Investing Activities	16	(15,700)
536	Net Cash flows from Financing Activities	17	(11,631)
10,019	Net increase or (decrease) in cash and cash equivalents		1,326
10,875	Cash and cash equivalents at the beginning of the reporting period		20,894
20,894	Cash and cash equivalents at the end of the reporting period	11	22,221

Section 3 Notes to the Core Financial Statements

1. General Principles

The Statement of Accounts has been prepared with reference to the objective of showing the results of the stewardship and accountability of elected members and management for the resources entrusted to them, and on the underlying assumption of a going concern basis.

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which requires the statement to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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 Council's accounting policies are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the Council's accounts.

The Council's accounting policies as far as possible have been developed to ensure that the accounts are understandable, relevant, free from material error or misstatement, reliable and comparable, and are applied consistently. A glossary of terms can be found at the end of this document.

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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in 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 respectively as

income and expenditure 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 have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Cash and cash equivalents

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

Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank

overdrafts that are repayable on demand and form an integral part of the Council's cash management.

4. Exceptional items

When items of income and expense are material, their nature and amount is 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 an 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, i.e. 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 Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

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 assets attributable to the service.

The Council 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 Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund balance (Minimum Revenue Provision) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Minimum Revenue Provision (MRP) is calculated based on the Asset Life method (Option 3 of the MHCLG guidance), whereby MRP is determined by reference to the useful life of the asset.

7. Council Tax and non-domestic rates (England)

Billing authorities act as agents, collecting Council Tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting Council Tax and NDR for themselves.

Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks 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 Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund.

Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

8. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly 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 (e.g., cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. 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 Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council 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 Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by Leicestershire County Council. The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Leicestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected

unit method – i.e. 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 projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of Leicestershire County Council pension fund attributable to the Council 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 the net pension's 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 a 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 as part of Non-Distributed Costs.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of 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 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 Leicestershire 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 Council 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 to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council 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.

9. Events after the reporting period

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.

10. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and 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 most of the borrowings that the Council has, 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.

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 Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified using an approach that is based on the business model for holding the financial assets and their Cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and

- Fair value through other comprehensive income (FVOCI).

There are some exceptions, where the Council holds strategic investments to help it meet other policy objectives, such as the support of economic development in the district.

This means that some investments are ones where contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets measured at amortised cost

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

Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The Council has not given any loans to external or voluntary organisations, nor provided guarantees against loans they have received from financial institutions.

When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from

the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected credit loss model

The Council recognises expected credit losses on all of its financial assets held at amortised cost or FVOCI, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

Financial assets measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date
- Level 2 inputs – inputs other than quoted prices included within Level 1

that are observable for the asset, either directly or indirectly

- Level 3 inputs – unobservable inputs for the asset.

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

An equity instrument can be elected into a FVOCI treatment rather than a FVPL treatment if it is not held for trading. The Council has reviewed its assets that would be measured at FVPL on the basis of the business model and has elected to classify instruments as either FVPL or FVOCI on an instrument-by-instrument basis based on the assessed benefit to the Council from the chosen classification.

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially 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. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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 Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until

conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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 and Expenditure (non-ringfenced 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.

12. Heritage Assets

The Council has three heritage assets which are held in support of increasing the knowledge, understanding and appreciation of the Council's history and local area. These are Moira Furnace, a listed monument of historical interest located in Moira, the Memorial Clock Tower, a Grade II listed building that services as a historic war memorial located in the centre of Coalville and the 'Heart of the Forest' Sculpture in Ashby.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of

impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The Council will occasionally dispose of heritage assets. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see note 18 below).

13. Intangible Assets

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

Intangible assets are measured initially at cost. Amounts are only revalued where the

fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this 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.

14. Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula. Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

15. 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 are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. 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.

16. 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 elements are considered separately for classification.

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

The Council 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. The asset recognised is matched by a liability for the obligation to pay the lessor.

Initial direct costs of the Council 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 Council at the end of the lease period). The Council 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 an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

17. Overheads and Support Services

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

18. 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.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council's threshold for recognising an individual asset is £10,000. Where the Council purchases a number of individual assets which are separately below this threshold, but collectively above it, they will be treated as a grouped asset and treated in the same regard.

The council has adopted a policy of capitalising borrowing costs incurred whilst assets are under construction.

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

acquisition is the carrying amount of the asset given up by the Council.

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 and Expenditure 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 bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Council offices – current value, determined as the amount that would be paid for the asset in its

existing use (existing use value EUV), except for a few offices that are situated close to the Council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value

- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- 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 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 current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

The Revaluation Reserve contains revaluation gains recognised since 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 by:

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

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

Depreciation

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

Depreciation is calculated on the following bases – straight-line allocation over the useful life of the property as estimated by the valuer.

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 previously recognised

losses in the Surplus or Deficit on the 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 been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the 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 (i.e. netted off against the

carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

A proportion of capital receipts relating to housing disposals is payable to the government (50% for land and other assets, net of statutory deductions and allowances and for dwellings, amounts determinable under the Right to Buy and One for One Agreement that the Council signed in 2012). The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against Council Tax, as the cost of non-current 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.

19. Provisions, contingent liabilities, and contingent assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a 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 when the Council has an 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 (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would

otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent assets

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

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

20. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. 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 so that there is no net charge against Council Tax for the expenditure.

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

21. Revenue Expenditure Funded from Capital under Statute

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 Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the

General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

22. 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.

Notes to core financial statement

1 Critical Judgements In Applying Accounting Policies

In applying the accounting policies set out in Section 3, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statements of Accounts are:

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

2 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 Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	<p>Asset valuations for the council's property portfolio are based on market prices and are reviewed annually to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 31 March 2022.</p> <p>In respect of Retail and specific trading related assets/sectors such as Car Parks, as at the valuation date we continued to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base judgements. The valuation of these assets are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case.</p> <p>The carrying value of Property, Plant and Equipment at 31 March 2022 is £346m.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and/or a loss as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement and/or Revaluation Reserve of approximately of £34.6m.</p>

Notes to core financial statement

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. An independent firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied, although ultimate responsibility for forming these assumptions remains with the Authority.</p> <p>The carrying amount of the net pension liability at 31 March 2022 is £48.2m.</p>	<p>The effects on the net pensions liability of changes in individual assumptions are included in Note 28. The Council's actuaries provide an annual statement of the pension liabilities and assets, which includes the liability linked to leisure staff that were transferred to Everyone Active In May 2019. The Council's actuaries have advised that during the 2021/22 year, the net pensions liability had decreased by £15.1m as a result of revisions to estimates and judgements.</p>
Business Rates Appeals Provision	<p>Since the 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in proportion to their share (40%).</p> <p>The council experienced a reasonably high level of appeals against the 2010 revaluation of business hereditaments. Most of these appeals have been resolved with £0.2m remaining outstanding with the Valuation Office Agency at 31 March 2022.</p> <p>The new Check, Challenge and Appeal process has resulted in much lower appeals being submitted in relation to the 2017 Valuation List and therefore the impact of the new system remains highly uncertain.</p> <p>An appeals provision of £5.4m is held in the Collection Fund currently to counter the potential impact of successful appeals in future years.</p>	<p>If the estimated success rate of existing appeals increased in monetary value by 10%, then this would require the Council to increase it's share of the provision for appeals by an approximate £200k.</p>
Arrears	<p>Each year the Council reviews the significant balances for Council Tax, Business Rates and sundry debtor arrears. Officers make a judgement on the likelihood of these debts being repaid in the future based on a number of factors, including the age of debts, past experience and the economic climate. We cannot be certain that the current allowance will be sufficient. The economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.</p>	<p>If collection rates were to deteriorate, a doubling of the amount of impairment of doubtful debts would require an additional £897k for Council Tax debts, and £536k for business rates to be set aside as an allowance.</p>

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

Notes to core financial statement

3 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 Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2021/22	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserves £'000	Capital Grants Unapplied £'000	
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	956	3,155				(4,111)
Revaluation gains and (losses) on Property Plant and Equipment	941	(829)				(112)
Movements in the market value of Investment Properties	328					(328)
Amortisation of intangible assets	78					(78)
Depreciation of Heritage Assets	13					(13)
Capital grants and contributions applied	(714)	(336)				1,050
Transfer of depreciation to Major Repairs Account		(3,099)		3,099		0
Revenue expenditure funded from capital under statute	491					(491)
Recognition of DFG debtor						0
Principal Repaid on Self Financing Loans		(14,180)				14,180
Amount 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	6,233	3,163				(9,396)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(962)					962
Capital expenditure charged against the General Fund and HRA balances	(44)	(2,193)				2,237
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	425	(947)			522	0

Notes to core financial statement

2021/22 - continued	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserves £'000	Capital Grants Unapplied £'000	
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(505)	(3,914)	4,419			0
Use of the Capital Receipts Reserve to finance new capital expenditure			(1,490)			1,490
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	57	(57)			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	593		(593)			0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(16)	16			0
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0					0
Adjustment involving the Major Repairs Reserve:						
Use of the Major Repairs Reserve to finance new capital expenditure				(2,243)		2,243
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	18	0				(18)
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	7,258	1,827				(9,085)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,033)	(873)				2,906
Adjustments involving the Collection Fund Adjustment Account:						
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	(4,503)					4,503

Notes to core financial statement

2021/22 - continued	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserves £'000	Capital Grants Unapplied £'000	
Adjustments involving the Accumulated Absences Account:						
Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	202	56				(258)
Total Adjustments	8,775	(18,129)	2,295	856	522	5,682

Notes to core financial statement

2020/21 comparative figures (Restated)	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserves £'000	Capital Grants Unapplied £'000	
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	1,073	2,950		0		(4,023)
Revaluation losses/(gains) on Property Plant and Equipment	426	(867)				441
Movements in the market value of Investment Properties	1,463					(1,463)
Amortisation of intangible assets	139					(139)
Depreciation of Heritage Assets	20					(20)
Asset recognitions	(512)					512
Capital grants and contributions applied	(864)	(6)				870
Transfer of depreciation to Major Repairs Account		(2,864)		2,864		0
Revenue expenditure funded from capital under statute	716	0				(716)
Recognition of DFG debtor						0
Principal Repaid on Self Financing Loans		(1,147)				1,147
Amount 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	1,275	5,804				(7,079)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(715)					715
Capital expenditure charged against the General Fund and HRA balances	(665)	(1,392)				2,057
Adjustments primarily involving the Capital Grants Unapplied Account:						
Statement	29	(6)			(23)	0
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(21)	(2,563)	2,584			0

Notes to core financial statement

2020/21 comparative figures continued (Restated)	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserves £'000	Capital Grants Unapplied £'000	
Use of the Capital Receipts Reserve to finance new capital expenditure disposals			(3,294)			3,294
receipts pool	593		(593)			0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(20)	20			0
Adjustment involving the Major Repairs Reserve:						
Use of the Major Repairs Reserve to finance new capital expenditure				(1,978)		1,978
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(30)					30
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	4,640	1,170				(5,810)
Employer's pensions contributions and direct payments to pensioners payable in the year	(4,941)	(901)				5,842
Adjustments involving the Collection Fund Adjustment Account:						
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	4,922					(4,922)
Adjustments involving the Accumulated Absences Account:						
Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	0				0
Total Adjustments	7,548	201	(1,326)	886	(23)	(7,286)

Notes to core financial statement

4 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans into the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021/22.

	Balance at 31/3/2020 £'000	Transfers Out 2020/21 £'000	Transfers In 2020/21 £'000	Balance at 31/3/2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance at 31/3/2022 £'000
General Fund:							
General reserves	8,484	(2,829)	7,758	13,413	(5,570)	1,317	9,160
Ivanhoe Sinking Fund	181	(175)	0	6	0	0	6
Hermitage Recreation Ground - 3G Pitch	(12)	0	1	(11)	0	11	0
Hermitage Recreation Ground Mtce Fund	0	0	0	0	0	0	0
Asset Protection Fund	183	(24)	57	216	(205)	0	11
Total	8,836	(3,028)	7,816	13,624	(5,775)	1,328	9,177
HRA:							
HRA Shops Sinking Fund	0	0	0	0	0	0	0
General Earmarked Reserves	94	(94)	81	81	(18)	446	509
Total	94	(94)	81	81	(18)	446	509

Notes to core financial statement

5 Other Operating Expenditure

2020/21 £'000		2021/22 £'000
2,270	Parish Council Precepts	2,403
594	Payments to the Government Housing Capital Receipts Pool	593
4,519	(Gains)/losses on the disposal of non current assets	4,977
7,383	Total	7,973

6 Financing and Investment Income and Expenditure

2020/21 £'000		2021/22 £'000
2,686	Interest payable and similar charges	2,683
1,015	Pensions interest cost and expected return on pensions assets	1,314
(204)	Interest receivable and similar income	(47)
(22)	Income and expenditure in relation to investment properties	403
3,475	Total	4,353

7 Taxation and Non-Specific Grant Income

2020/21 £'000		2021/22 £'000
(8,173)	Council tax income	(8,533)
(6,879)	Non domestic rates	(9,385)
(5,166)	Non-ring fenced government grants	(3,698)
(1,845)	Capital grants and contributions	(3,168)
(22,063)	Total	(24,783)

Notes to core financial statement

8 Movements on Assets

Costs	Council Dwelling £'000	Other Land and Buildings £'000	Vehicle, Plant, Furniture and Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000	Surplus Assets £'000
Cost or Valuation							
At 1 April 2021	265,644	26,854	8,864	0	10,725	312,087	0
Additions	4,769	13,485	175	0	1,026	19,455	0
Accumulated impairment & depreciation written-off to Gross book Value		(299)	0	0	0	(299)	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	27,101	822	0	0	0	27,923	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	483	(1,058)	0	0	0	(575)	0
Derecognition - Disposals	(3,200)	0	0	0	0	(3,200)	0
Derecognition - Other	0		0	0	0	0	0
Assets reclassified	0	8,483	0		(10,625)	(2,142)	1,575
At 31 March 2022	294,797	48,287	9,039	0	1,126	353,249	1,575

Notes to core financial statement

Accumulated Depreciation and Impairment	Council Dwelling £'000	Other Land and Buildings £'000	Vehicle, Plant, Furniture and Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000	Surplus Assets £'000
At 1 April 2021	0	0	(6,392)	0	0	(6,392)	0
Depreciation charge	(3,099)	(305)	(707)	0	0	(4,111)	0
Accumulated depreciation written-off to Gross book value	0	299	0	0	0	299	0
Depreciation written out to the Revaluation Reserve	2,711	5	0	0	0	2,716	0
Depreciation written out to the Surplus/ Deficit on the Provision of Services	351	1	0	0	0	352	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	37	0	0	0	0	37	0
Derecognition - Other	0	0	0	0	0	0	0
At 31 March 2022	0	0	(7,099)	0	0	(7,099)	0
Net Book Value							
At 31 March 2022	294,797	48,287	1,940	0	1,126	346,150	1,575
At 31 March 2021	265,644	27,530	15,255	0	10,726	319,155	946

Notes to core financial statement

Comparative Movements

Costs	Council Dwelling £'000	Other Land and Buildings £'000	Vehicle, Plant, Furniture and Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000	Surplus Assets £'000
Cost or Valuation							
At 1 April 2020	245,460	30,386	8,908	0	2,743	287,497	473
Additions	6,244	348	373	0	9,081	16,046	0
Accumulated impairment & depreciation written-off to Gross book Value		338				338	
Revaluation increases/(decreases) recognised in the Revaluation Reserve	17,345	(2,002)	0	0	0	15,343	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	843	(251)	0	0	0	592	0
Derecognition - Disposals	(2,109)	(1,584)	(423)	0	0	(4,116)	0
Derecognition - Other	(3,409)	0	0	0	0	(3,409)	0
Assets reclassified	1,270	295	5	0	(1,098)	472	473
At 31 March 2021	265,644	27,530	8,863	0	10,726	312,763	946

Notes to core financial statement

Comparative Movements

Accumulated Depreciation and Impairment	Council Dwelling £'000	Other Land and Buildings £'000	Vehicle, Plant, Furniture and Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000	Surplus Assets £'000
At 1 April 2020	0	0	(5,994)	0	0	(5,994)	0
Depreciation charge	(2,864)	(338)	(821)	0	0	(4,023)	0
Accumulated depreciation written-off to Gross book value		338				338	
Depreciation written out to the Revaluation Reserve	2,631		0	0	0	2,631	0
Depreciation written out to the Surplus/ Deficit on the Provision of Services	208	0	0	0	0	208	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	25	0	423	0	0	448	0
Derecognition - Other	0	0	0	0	0	0	0
At 31 March 2021	0	0	(6,392)	0	0	(6,392)	0

Notes to core financial statement

Fixed Assets Valuation

The fixed assets shown in the Balance Sheet are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice. The different types of assets have been valued on the following basis:

(i) Operational assets are included in the balance sheet at open market value in existing use or depreciated replacement cost where the asset is of a specialist nature, i.e. there is no market for such an asset.

(ii) Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at open market value.

(iii) Infrastructure and community assets are included in the balance sheet at historic cost, net of any depreciation.

(iv) Council dwellings have been valued using the beacon principal, where a typical property is valued as being representative of a particular house type and location. The valuation for each of the beacon properties

Category	Date of Last Valuation	Basis of Valuation	Details of Valuers
Council Dwellings	31.03.22	The valuations have been made in accordance with the RICS Appraisal and Valuation manual as published by the Royal Institute of Chartered Surveyors. In the case of housing stock this is based upon Existing Use Value for Social Housing.	Mr G Harbord (MA,MRICS,IRRV) Wilks Head and Eve
Other Land & Building	31.03.22	The valuations have been made in accordance with the RICS Appraisal and Valuation manual as published by the Royal Institute of Chartered Surveyors.	Mr G Harbord (MA,MRICS,IRRV) Wilks Head and Eve

Major fixed assets held at 31 March 2022, are:-

2020/21 No		2021/22 No
	Leisure Centres	
2	Leisure Centres with Pools	2
2	Markets	2
4	Cemeteries	4
	Council dwellings	
2,449	Houses	2,404
926	Flats and Maisonettes	928
816	Bungalows	816
	Land	
108	Parks and Open Spaces (acres)	108
	Other	
1	Office Properties	1
2	Depots	3
20	Off Street Car Parks	17
5	Public Conveniences	5
12	Industrial Estates/Business Units	12

Notes to core financial statement

9 Investment Properties

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

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

2020/21 £'000	2021/22 £'000
667 Rental income from investment property	692
(1,677) Direct operating expenses arising from investment property	(1,095)
(1,010) Net gain/(loss)	(403)

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

2020/21 £'000	2021/22 £'000
16,307 Balance at the start of the year	15,186
Additions:	
0 Purchases	0
0 Construction	
342 Subsequent expenditure	858
Disposals:	
(1,463) Net gains/(losses) from fair value adjustments	(328)
Transfers:	
0 To/from Inventories	0
0 To/from Property, Plant and Equipment	566
0 Other changes	0
15,186 Balance at the end of the year	10,049

Notes to core financial statement

10 Short-Term Debtors

31 March 2021 £'000		31 March 2022 £'000
5,731	Central Government bodies	884
4,569	Other local authorities	3,751
0	NHS bodies	0
321	Public Corporations and trading funds	0
1,671	Other entities and individuals	2,261
12,292	Total Short-Term Debtors	6,896

11 Cash and Cash Equivalents

31 March 2021 £'000		31 March 2022 £'000
2	Cash held by the Council	2
2,392	Bank current accounts	(781)
18,500	Short-term deposits and Money Market Funds	23,000
20,894	Total Cash and Cash Equivalents	22,221

12 Short-Term Creditors

31 March 2021 £'000		31 March 2022 £'000
12,332	Central Government bodies	21,528
8,362	Other local authorities	11,789
0	NHS bodies	0
244	Public Corporations and trading funds	183
3,562	Other entities and individuals	3,975
24,500	Total Short-Term Creditors	37,475

Notes to core financial statement

13 Usable Reserves

The Council's usable reserves are detailed in the Movement in Reserves Statement.

14 Unusable Reserves

31 March 2021 £'000		31 March 2022 £'000
93,520	Revaluation Reserve	121,685
132,479	Capital Adjustment Account	142,589
(1,221)	Financial Instruments Adjustment Account	(1,239)
(63,294)	Pensions Reserve	(48,176)
(5,562)	Collection Fund Adjustment Account	(1,059)
(270)	Accumulated Absences Account	(528)
155,651	Total Unusable Reserves	213,272

Revaluation Reserve

2020/21 £'000		2021/22 £'000
78,293	Balance at 1 April	93,520
20,870	Upward revaluation of assets	30,864
(2,976)	of assets and	(224)
17,894	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	30,641
(1,228)	Difference between fair value depreciation and historical cost depreciation	(1,436)
(1,439)	Accumulated gains on assets sold or scrapped	(1,040)
(2,667)	Amount written off to the Capital Adjustment Account	(2,476)
93,520	Balance at 31 March	121,685

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. 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 that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Notes to core financial statement

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 posting from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

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 3 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2020/21 £'000	2021/22 £'000	2021/22 £'000
132,237 Balance at 1 April			132,479
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
(4,043) Charges for depreciation and impairment of non-current assets		(4,125)	
441 Revaluation (losses)/gain on Property, Plant and Equipment		(113)	
(139) Amortisation of Intangible assets		(78)	
(716) Revenue expenditure funded from capital under statute		(491)	
(3,668) Amounts of non current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement		(9,396)	
1,439 Write-out of gains relating to revalued disposed assets		1,040	
1,228 Write-out of depreciation on revalued assets (HCA)		1,436	
(5,459)			(11,726)
(2,899) Other transactions		0	
Capital financing applied in the year:			
3,294 Use of Capital Receipts Reserve to finance new capital expenditure		1,490	
1,978 Use of the Major Repairs Reserve to finance new capital expenditure		2,242	
789 Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		537	
1,147 Repayment of Debt		14,180	
82 Application of grants to capital financing from the Capital Grants Unapplied Account		516	
715 Statutory provision for the financing of capital investment charged against the General Fund and HRA balances		962	
2,057 Capital expenditure charged against the General Fund and HRA balances		2,237	
7,163			22,164
(1,463) Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement			(328)
0 Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement			0
132,479 Balance at 31 March			142,589

Notes to core financial statement

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employee 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 Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/21 £'000	2021/22 £'000
(44,691) Balance at 1 April	(63,294)
(18,635) Actuarial gains or losses on pensions assets and liabilities	21,298
(5,810) Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(9,085)
5,842 Employer's pensions contributions and direct payments to pensioners payable in the year	2,905
(63,294) Balance at 31 March	(48,176)

Financial Instruments Adjustment Account

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

Notes to core financial statement

2020/21 £'000	2021/22 £'000
(1,251) Balance at 1 April	(1,221)
0 Premiums incurred in the year and charged to the Comprehensive Income and Expenditure	0
0 Proportion of premiums incurred in previous financial years to be charged against the General Fund	2
0 Balance in accordance with statutory requirements	2
30 Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(20)
(1,221) Balance at 31 March	(1,239)

Collection Fund Adjustment Account

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

Council Tax

2020/21 £'000	2021/22 £'000
41 Balance at 1 April	(96)
(137) Statement is different from council tax income calculated for the year in accordance with statutory requirements	180
(96) Balance at 31 March	84

Non-Domestic Rates

2020/21 £'000	2021/22 £'000
(681) Balance at 1 April	(5,466)
(4,785) Amount by which Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	4,323
(5,466) Balance at 31 March	(1,143)

Notes to core financial statement

Accumulated Absences Account

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

2020/21 £'000	2021/22 £'000
(270) Balance at 1 April	(270)
Settlement or cancellation of accrual made at the end of the preceding year	
0 Amounts accrued at the end of the current year	(258)
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	
0 with statutory requirements	0
(270) Balance at 31 March	(528)

Notes to core financial statement

15 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2020/21	2021/22
£'000	£'000
204 Interest received	47
(2,686) Interest paid	(2,683)
0 Dividends received	0
(2,482)	(2,636)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2020/21	2021/22
£'000	£'000
4,043 Depreciation	4,125
505 Impairment and downward valuations	113
139 Amortisation	78
9,285 Increase/(decrease) in creditors	10,003
(6,828) (Increase)/decrease in debtors	7,266
13 (Increase)/decrease in inventories	(10)
(76) Movement in pension liability	6,954
7,079 Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	9,396
406 Other non-cash items charged to the net surplus or deficit on the provision of services	478
14,566	38,403

Notes to core financial statement

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2020/21	2021/22
£'000	£'000
10,495 Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	3,000
(2,584) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,435)
(890) Any other items for which the cash effects are investing or financing cash flows	(2,370)
7,021	(3,805)

16 Cash Flow Statement - Investing Activities

2020/21	2021/22
£'000	£'000
(16,055) Purchase of property, plant and equipment, investment property and intangible assets	(21,043)
0 Purchase of short-term and long-term investments	0
2,584 Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,435
1,789 Other receipts from investing activities	908
(11,682) Net cash flows from investing activities	(15,700)

17 Cash Flow Statement - Financing Activities

2020/21	2021/22
£'000	£'000
(1,169) Repayments of short- and long-term borrowing	(14,244)
1,705 Other payments for financing activities	2,613
536 Net cash flows from financing activities	(11,631)

Notes to core financial statement

18 Expenditure and Income Analysed by Nature

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

2020/21 £'000	Expenditure/Income	2021/22 £'000
Expenditure		
19,874	Employee expenses	26,713
30,886	Other services expenses	36,603
5,386	Depreciation, amortisation, impairment	5,297
1,015	Net pension interest	1,314
2,686	Interest payments	2,683
2,270	Precepts and levies	2,403
594	Payments to Housing Capital Receipts Pool	593
4,519	(Gain) / Loss on the disposal of assets	4,977
67,230	Total Expenditure	80,582
Income		
(27,976)	Fees, charges and other service income	(37,881)
(205)	Interest and investment income	(47)
(15,053)	Income from Council Tax and Non-Domestic Rates	(17,917)
(23,574)	Government Grants and Contributions	(18,795)
(66,808)	Total Income	(74,641)
422	(Surplus) or deficit on the Provision of Services	5,941

Notes to core financial statement

External income received by service

	2021/22
2020/21 Service £'000	£'000
(16) Chief Executive	(5)
(8) Human Resources & Organisational Development	(17)
(258) Legal & Support Services	(379)
(1,903) Community Services (Including Director of Services)	(2,869)
(1,409) Planning	(1,727)
(71) Economic Development	(69)
(134) Joint Strategic Planning	(289)
0 ICT	(13)
0 Revenues & Benefits	(1,454)
0 Property Services	(664)
(142) Housing (General Fund)	(174)
(1,573) Customer Services	(0)
(50) Finance	(36)
0 Corporate & Democratic Core	(20)
0 Non Distributed Costs	0
(20,567) Housing Revenue Account	(26,767)
(26,131) Total external income in Cost of Services	(34,484)
(1,845) Other income and Expenditure	(3,377)
(27,976) Total external income	(37,860)

Notes to core financial statement

19 Members' Allowances

The total value of Members Allowances paid during 2021/22 was £295,291 (2020/21: £285,422).

20 Officers' Remuneration

The table below shows the number of employees whose remuneration (including redundancy payments but excluding pension contribution) was £50,000 or above. These employees constitute the Council's Corporate Management Team.

2020/21 No of employees	Remuneration Band	2021/22 No of employees
6	£50,000 - £54,999	9
3	£55,000 - £59,999	4
4	£60,000 - £64,999	2
2	£65,000 - £69,999	3
3	£70,000 - £74,999	3
0	£75,000 - £79,999	0
0	£80,000 - £84,999	0
2	£85,000 - £89,999	0
0	£90,000 - £94,999	2
0	£95,000 - £99,999	0
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	1
1	£130,000 - £134,999	0

Notes to core financial statement

2021/22 Senior Officers emoluments - salary is between £50,000 and £150,000 per year

Post information (Post title)	Note	Salary £	Bonus £	Compensation (loss of emp) £	Other £	Total exc Pension £	Employers Pension £	Total inc Pension £
Chief Executive		128,498			556	129,054	33,737	162,790
Strategic Director of Place		88,274			3,122	91,396	23,177	114,573
Strategic Director of Housing & Customer Services		90,303			3,349	93,652	23,709	117,361
Head of Finance	1	17,569			2,242	19,812	9,042	28,854
Head of Finance maternity cover	2	48,386			3,122	51,508	12,121	63,629
Head of Legal & Support Services		68,323			3,428	71,751	18,246	89,997
Head of Community Services		68,323			3,442	71,765	17,939	89,703
Head of Housing		68,323			5,316	73,639	17,939	91,577
Head of Planning		62,232			5,124	67,356	16,339	83,695
Head of Economic Regeneration		61,084			3,122	64,205	16,037	80,243
Head of Joint Strategic Planning		62,232			3,283	65,515	16,339	81,854
Head of Customer Services	3	14,156			780	14,937	3,376	18,313
Head of HR & Organisation Development		63,451			4,934	68,385	16,660	85,045
		841,154	0	0	41,819	882,973	224,662	1,107,635

Note 1: The Head of Finance left on the 30/1/22. The annual salary was £63,451.

Note 2: Maternity cover for the Head of Finance ended on 18/03/22. The annual salary was £47,817 (£68,323 full time).

Note 3: The Head of Customer Services left on 13/6/21. The annual salary was £63,451.

Notes to core financial statement

2020/21 Senior Officers emoluments - salary is between £50,000 and £150,000 per year

Post information (Post title)	Note	Salary £	Bonus £	Compensation (loss of emp) £	Other £	Total exc Pension £	Employers Pension £	Total inc Pension £
Chief Executive		126,776			3,456	130,232	34,533	164,765
Strategic Director of Place		85,013			3,122	88,135	23,155	111,290
Strategic Director of Housing & Customer Services		86,643			3,349	89,992	23,598	113,590
Head of Finance		61,312			3,380	64,692	16,684	81,375
Head of Finance maternity cover	1	3,039			260	3,299	827	4,127
Head of Legal & Support Services		67,313			3,450	70,763	18,334	89,097
Head of Community Services		67,313			3,228	70,541	18,334	88,875
Head of Housing		67,313			7,067	74,380	18,333	92,713
Head of Planning & Infrastructure		60,112			6,676	66,788	16,373	83,161
Head of Economic Development	2	12,833			1,561	14,394	3,272	17,666
Head of Economic Regeneration/Project Manager	3	43,323			2,602	45,925	11,792	57,716
Head of Joint Strategic Planning		60,112			3,280	63,392	16,373	79,764
Head of Customer Services		61,312			3,382	64,694	16,699	81,393
Head of HR & Organisation Development		61,312			4,171	65,483	16,693	82,176
		863,727	0	0	48,983	912,709	234,999	1,147,709

Note 1: Maternity cover for the Head of Finance started on 08/03/21. The annual salary is £47,110.

Note 2: The Head of Economic Development left on 30/09/20. The annual salary was £23,401.

Note 3: The Project Manager Regeneration started on 01/06/20 and became the Head of Economic Regeneration on 01/03/21. The annual salary is £58,912.

Notes to core financial statement

21 External Audit Costs

2020/21		2021/22
£'000		£'000
	Fees payable with regard to external audit services:-	
39	Mazars LLP	39
	Fees payable for the certification of grant claims and returns:-	
8	Mazars LLP	15
	Fees payable for other assurance work completed in respect of Pooling of Housing capital receipts return:	
3	Mazars LLP	3
	Other fees:-	
7	Mazars LLP - Audit Quality Expectation	0
4	Mazars LLP - Covid	0
1	Mazars LLP - McCloud	0
4	Cabinet Office - National Fraud Initiative	0
66	Total	57

22 Contingent Assets

The council disposed of a parcel of land called Cropston Drive to a developer for the building of residential properties. The developer is due to pay the council just over £2.8m in deferred capital receipts for this disposal. This however depends on the developer successfully obtaining planning permission for the development and delivering a good number of housing units.

23 Contingent Liabilities

When considering whether the Council has any contingent liabilities to disclose, particular attention has been given to pension liabilities resulting from the outsourcing of our leisure service. In May 2019 the Council entered into a 25 year contract with leisure operator Everyone Active. Everyone Active became liable for pension contributions and additional charges in respect of staff who were TUPE transferred from the Council for the duration of the 25 year contract. The pension admission arrangements we have agreed means that those staff who are members of the pension scheme remain pooled with the Council's pension scheme. A bond is in place for the payment of pension liabilities arising up to the sum of £135,000, should Everyone Active have any unpaid liabilities during the term and the Council has provided guarantee to the pension fund administrator to cover unpaid liabilities that are in excess of this bond value. The Council is also responsible for any surplus/deficit arising on the plan at the end of the contract.

There is no expectation that there will be a call on the bond or guarantee, but this is possible. As such the Council has not recognised a provision in respect of any possible unpaid liabilities.

Since Everyone Active staff are pooled with the Council's pension scheme, any projected deficit (or surplus) arising at the end of the contract is already reflected within the pension liability on our Balance Sheet.

Notes to core financial statement

24 Grant Income

2020/21 £'000		2021/22 £'000
Credited to Taxation and Non Specific Grant Income		
8,173	Council Tax Income	8,533
6,879	Non Domestic Rates	9,385
0	Lower Tier Services Grant	550
3,411	New Homes Bonus	2,452
1,755	Other grants	696
1,845	Capital Grants and Contributions	3,168
22,063	Total	24,783
Credited to Services		
11,792	Housing Benefit Subsidy	10,969
182	Housing Benefit Admin Grant	184
80	Local Council Tax Support Grant	84
150	Cost of Collection	153
211	Homelessness	595
5,592	Covid	1,703
0	Council Tax Support	103
0	Household Support	166
401	Other Grants under £100k each	294
195	Section 106	390
114	Sport & Physical Activity	132
138	Other Contributions under £100k each	177
18,855	Total	14,950

Notes to core financial statement

31 March 2021 £'000	31 March 2022 £'000
Capital Grant Receipts in Advance	
2,230 Affordable Housing - S106	1,207
563 Recreation/Playground - S106	747
482 Healthcare - S106	415
5 CCTV - S106	5
298 Police - S106	207
2,377 Highways - S106	1,837
17 Network Rail - S106	17
0 Parish Councils - S106	144
110 Marlborough Square - LLEP	154
263 BEIS	150
0 DFG	1,871
6,345 Total	6,754

Notes to core financial statement

25 Related Parties

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

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and re-distribution of non-domestic rates, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with the government are shown below.

It is the nature of local government that the majority of Council Members are heavily involved in the local community through various organisations such as voluntary bodies, societies, groups and so on, often as an appointed Council representative. Members' interests are formally disclosed in a register of interests, of which details are available on request.

During the year transactions with related parties arose as follows:

2020/21 (Receipts)/ Payments £'000	2021/22 (Receipts)/ Payments £'000
Central Government:	
(23,889)	Revenue Grants (Benefits/RSG/other grants) (17,466)
46,098	Leicestershire County Council (Precept paid less grant income) 48,547
2,351	Leicestershire Fire and Rescue (Precept paid) 2,414
8,021	Leicestershire Police (Precept paid less grant income) 8,546
Other Related Parties:	
0	Private Companies (15)

Notes to core financial statement

26 Capital Financing Requirement

2020/21	2021/22
£'000	£'000
£'000	£'001
89,724	96,435
Opening Capital Financing Requirement	
Capital Investment:	
0	0
Housing Capital Finance (REFCUS)	
16,056	20,344
Operational assets	
0	0
Non-operational assets	
716	491
Revenue Expenditure Funded from Capital Under Statute	
Sources of Finance:	
(3,294)	(1,490)
Capital Receipts	
(869)	(1,053)
Government grants and other contributions	
(5,897)	(19,621)
Revenue provision (including major repairs allowance)	
96,435	95,105
Closing Capital Financing Requirement	
Explanation of movements in the year	
Increase / (Decrease) in underlying need to borrow	
6,711	(1,330)
(unsupported by Government financial assistance)	
6,711	(1,330)
Increase/(decrease) in Capital Financing Requirement	

27 Termination Benefits

	No. of compulsory redundancies		No. of other agreed departures		Total no. of exit packages by band		Total cost of exit packages by band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
£0 - £20,000	0	2	2	0	2	2	£0	£756
£20,001 - £40,000	0	0	0	1	0	1	£0	£26,822
£40,001 - £60,000	0	0	0	0	0	0	£0	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
£80,001 - £100,000	0	0	0	0	0	0	£0	£0
Total	0	2	2	1	2	3	£0	£27,578

Notes to core financial statement

28 Pension Schemes Accounted for as Defined Contribution 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 (LGPS) for employees, which is administered by Leicestershire County Council - this is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income & Expenditure Account (I & E) after net operating expenditure. The following transactions have been made in the Income and Expenditure Account during the year.

The Annual Report of the Leicestershire County Council Superannuation Fund is available from Leicestershire County Council, County Hall, Glenfield, Leicestershire. Income and Expenditure Account contains details of the Council's participation in the Local Government Pension Scheme (LGPS), administered by Leicestershire County Council.

The following information was supplied by Hymans Robertson LLP on 5 February 2024.

	2020/21 £'000	2021/22 £'000
Net Cost of Services		
4,795	Current service cost	7,613
0	Past service costs	158
0	Curtailments	0
4,795		7,771
Net Operating Expenditure		
3,046	Interest cost	3,554
(2,031)	Expected return on assets in the scheme	(2,240)
1,015		1,314
5,810	Amount charged to Income and Expenditure Account	9,085
Amounts to be met from Government Grants and Local Taxation		
(59)	Movement on pension reserve	(57)
Actual amount charged against General Fund & HRA for pensions in the year		
5,783	Employers' contributions payable to the scheme	2,848
59	Unfunded discretionary benefit payments	57

Notes to core financial statement

On 1 May 2019, 210 individual members of council staff transferred to Everyone Active after the Council has awarded a contract to them to run its leisure centres and associated services. The pension admission arrangements we have agreed means that those staff who are members of the pension scheme remain pooled with the Council's pension scheme. As a result, our future pension liability will continue to reflect staff members who have transferred to Everyone Active for the past service, however, Everyone Active are responsible for the payment of contributions and charges in respect of those staff for the term of the agreement.

The Council is responsible for past payments and payments of employees post the end of the 25 year agreement. The Council acts as guarantor in respect of Everyone Active and their contributions to the pension scheme over the life of the 25 year leisure contract. As part of the contract, Everyone Active secured a bond with Barclays bank to cover the payment of contributions up to the sum of £135,000 should Everyone Active have any unpaid liabilities during the term. Above this level, the Council is responsible for the liabilities are in excess of the bond value.

Employers Membership Statistics

	Average 31-Mar-19
Actives	52
Deferred Pensioners	50
Pensioners	69

Payroll

	2020/21 £'000	2021/22 £'000
Assumed total pensionable payroll based on contribution information provided	14,312	14,696

Investment Returns

The return on the fund in market value terms for the year to 31 March 2022 is estimated based on actual Fund returns as provided by the Administering Authority. Details are given below.

Actual Return for Period 1 April 2021 to 31 March 2022	11.6%
Total Return for Period from 1 April 2021 to 31 March 2022	11.6%

Notes to core financial statement

Unfunded Benefits

A summary of the membership data in respect of unfunded benefits is shown below.

LGPS Unfunded Pensions	Number at 31 March 2022	Annual Unfunded Pensions (£'000)
Male	16	44
Female	3	2
Dependants	11	12
Total	30	58

Projected Pension Expense For Year 31/03/2023

Analysis of Projected Amount to be charged to operating profit for the year to 31 March 2023.

Period Ended	31 March 2023	
	£'000	% of pay
Projected Current service cost	6,767	45.8%
Interest on Obligation	4,629	31.6%
Expected Return on Plan Assets	(3,277)	(23.0%)
Losses /(Gains) on Curtailment and Settlements	0	0.0%
Total	8,119	54.4%

The liabilities show the underlying commitments that the Council has in the long-run to pay retirement benefits. The total liability of £48,176,000 has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Pension Fund will be made good by increased contributions as assessed by the Actuary.

Basis for estimating assets and liabilities

The accounts have been prepared on the basis of the actuary's updated valuation report dated 5 February 2024 and takes into account their assessment of the potential impact of Guaranteed Minimum Pension (GMP) equalisation and the outcome of the McCloud judgement relating to the 2014 reforms of LGPS benefit structure. These numbers are approximate estimates based on employer data as at 31 March 2022.

Notes to core financial statement

The main assumptions used in their calculations have been:

2020/21	Assumptions	2021/22
2.85%	Inflation/Pension Increase Rate	3.20%
3.35%	Salary Increase Rate	3.70%
2.00%	Discount Rate	2.70%

Assets in the County Council Pension Fund are valued at bid price as required under IAS 19.

Assets Category	2020/21		2021/22	
	Value £'000	Asset Distribution %	Value £'000	Asset Distribution %
Equity Securities	1,950.20	1.74%	1,011.70	0.83%
Debt Securities	10,934.30	9.76%	6,316.10	5.21%
Private Equity	5,165.00	4.61%	8,111.00	6.69%
Real Estate	8,371.70	7.48%	9,331.40	7.69%
Investment Funds	82,372.60	73.54%	90,139.00	74.32%
Derivatives	(142.30)	-0.13%	251.60	0.21%
Cash and Cash Equivalents	3,355.50	3.00%	6,124.20	5.05%
Total	112,007.00	100.00%	121,285.00	100.00%

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.3	24.2
Future pensioners *	22.2	26

* Figures assume members aged 45 as at the last formal valuation date.

Notes to core financial statement

Reconciliation of Present Value of the Scheme Liabilities

2020/21 £'000		2021/22 £'000
131,430	Opening Defined Benefit Obligation	175,301
4,795	Current Service cost	7,613
3,046	Interest cost	3,554
880	Contributions by Members	917
38,641	Actuarial losses/(Gains)	(14,428)
0	Past service costs/(Gains)	158
0	Losses/(Gains) on Curtailments	0
(59)	Estimated Unfunded Benefits Paid	(57)
(3,432)	Estimated Benefits Paid	(3,597)
175,301	Closing Defined Benefit Obligation	169,461

Reconciliation of fair value of employer assets

2020/21 £'000		2021/22 £'000
86,739	Opening Fair Value of Employer Asset:	112,007
2,031	Expected Return on Assets	2,240
880	Contributions by Members	917
5,783	Contributions by the Employer	2,848
59	Contributions in respect of Unfunded Ben	57
20,006	Actuarial gains/(losses)	6,870
(59)	Estimated Unfunded Benefits Paid	(57)
(3,432)	Estimated Benefits Paid	(3,597)
112,007	Closing Fair Value of Employer Assets	121,285

Notes to core financial statement

Scheme History

Amounts for the current and previous accounting periods

The return on the fund in market value terms for the year to 31 March 2022 is estimated based on actual fund returns as provided by the Administering Authority and index returns where necessary. Details are given below.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Fair Value of Employer Assets	88,591	93,977	86,739	112,007	121,285
Present Value of Defined Benefit Obligation	(134,889)	(153,638)	(131,430)	(175,301)	(169,461)
Surplus/(Deficit)	(46,298)	(59,661)	(44,691)	(63,294)	(48,176)
Experience Gains/(Losses) on Assets	1,598	2,557	(10,038)	20,006	6,870
Experience Gains/(Losses) on Liabilities	(27)	(12)	8,713	1,427	(502)
Actuarial Gains/ (Losses) on Employer Assets	1,598	2,557	(10,038)	20,006	6,870
Actuarial Gains/ (Losses) on Obligations	2,365	(11,671)	28,641	(38,641)	14,428
Actuarial Gains/ (Losses) recognised in SRIE	3,963	(9,114)	18,603	(18,635)	21,298

Notes to the Statement of Recognised Income and Expense (SRIE)

2020/21 £'000	2021/22 £'000
20,006 Actuarial Gains/(Losses) on Plan Assets	6,870
(38,641) Actuarial Gains/ (Losses) on Obligations	14,428
(18,635) Actuarial Gain/(Loss) Recognised in SRIE	21,298
(34,387) Cumulative Actuarial Gains and Losses	(13,089)

Notes to core financial statement - continued

Balance Sheet

2020/21 £'000		2021/22 £'000
112,007	Fair Value of Employer Assets	121,285
(174,299)	Present Value of Funded Liabilities	(168,596)
(62,292)	Net (Under)/ Overfunding in Funded Plans	(47,311)
(1,002)	Present value of unfunded liabilities	(865)
0	Unrecognised Past Service Cost	0
(63,294)	Net Asset/(Liability)	(48,176)
Amount in the Balance Sheet		
63,294	Liabilities	48,176
0	Assets	0
63,294	Net Asset/(Liability)	48,176

Notes to core financial statement

29 Financial Instruments

A financial Instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments

Financial Liability - an obligation to transfer economic benefits controlled by the council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the council.

The council's financial liabilities held during the year are measured at amortised cost and comprised

- long-term loans from the Public Works Loans board and commercial lenders
- overdraft facility with Lloyds Bank
- trade payables for goods and services received

Financial Asset - a right to future economic benefits controlled by the council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the council.

The council's financial assets held during the year are accounted for under the following classifications:

Amortised Cost - cash flows are solely payments of principal and interest and the business model is to collect the cash flows only:

- Cash in hand
- bank current and deposit accounts
- Fixed term deposits
- loans to other local authorities
- trade receivables for goods and services provided

Fair value through Profit and Loss:

- Money Market Funds
- loans where the cash flows are not solely payments of principal and interest

Notes to core financial statement

Financial Instruments Balances

Financial Liabilities	Long term		Short term	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022
	£'000	£'000	£'000	£'000
<i>Loans at amortised cost:</i>				
PWLB	(56,343)	(55,137)	(14,180)	(1,206)
LOBO/Other Loans	(5,392)	(4,412)	(3,500)	(4,500)
Other Long Term Liabilities	(82)	0	0	0
Total Borrowing	(61,817)	(59,549)	(17,680)	(5,706)
<i>Liabilities at amortised cost:</i>				
Trade payables-Included in creditors	0	(75)	(7,919)	(14,901)
Total Financial Liabilities	(61,817)	(59,624)	(25,599)	(20,607)

Financial Assets	Long term		Short term	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022
	£'000	£'000	£'000	£'000
<i>At amortised cost:</i>				
Principal	0	0	29,000	26,000
Loss allowance *	0	0	0	0
Total Investments	0	0	29,000	26,000
<i>At amortised cost:</i>				
Principal	0	0	9,394	5,221
Loss allowance	0	0	0	0
<i>At Fair Value through Profit and Loss:</i>				
Money Market Funds	0	0	11,500	17,000
Total Cash and Cash Equivalents	0	0	20,894	22,221
<i>At amortised cost:</i>				
Trade Receivables-Included in Debtors	0	0	5,391	4,736
Accrued Interest	0	0	0	0
Loss allowance	0	0	(1,205)	(1,172)
Total Trade Receivables	0	0	4,186	3,564
Total Financial Assets	0	0	54,080	51,785

* Loss allowances are not required for UK Central or Local Government investments and the remaining Expected Credit Losses are immaterial: £248 for Cash and Cash Equivalents and £499 for Short term Investments

Notes to core financial statement

Financial Instrument - Fair Values

Financial Instruments classified at amortised cost are carried in the balance sheet at amortised cost. Their fair value has been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2022. All other financial instruments are carried in the balance sheet at Fair Value.

Fair Values are shown in the table below split by their level in the Fair Value hierarchy:

Level 1 - FV derived from quoted prices in active markets for identical assets or liabilities e.g. bond prices

Level 2 - FV calculated from inputs other than quoted prices that are observable for the instrument e.g. interest rates or yields for similar instruments

Level 3 - FV determined using unobservable inputs e.g. non-market data such as cash-flow forecasts or estimated creditworthiness

	Fair Value level	Balance Sheet 2020/21 £'000	Fair Value 2020/21 £'000	Balance Sheet 2021/22 £'000	Fair Value 2021/22 £'000
<i>Financial Liabilities held at amortised cost:</i>					
Long Term Loans From PWLB	2	(70,523)	(84,011)	(56,343)	(60,688)
Long Term LOBO/Other Loans	2	(8,892)	(13,686)	(8,912)	(12,056)
Other Long Term Liabilities		(82)	(82)	(75)	(75)
Sub-Total		(79,497)	(97,779)	(65,330)	(72,819)
<i>Liabilities for which Fair Value is not disclosed:</i>					
Trade payables-Creditors		(7,919)	(7,919)	(14,894)	(14,894)
Total Financial Liabilities		(87,416)	(105,698)	(80,224)	(87,713)

The Fair Value of liabilities is higher than the balance sheet value as the council has a portfolio of loans where the interest rate payable is higher than the current rates available for similar loans.

The Fair Values for Financial Assets are calculated as follows:

	Fair Value level	Balance Sheet 2020/21 £'000	Fair Value 2020/21 £'000	Balance Sheet 2021/22 £'000	Fair Value 2021/22 £'000
<i>Financial Assets held at amortised cost:</i>					
Investments with Local Authorities	2	29,000	29,048	10,000	9,972
Investments with Banks	2	6,000	6,000	3,000	2,998
Investments with Central Government	2	0	0	19,000	18,999
<i>Financial Assets held at Fair value:</i>					
Money Market Funds	1	11,500	11,500	17,000	17,000
Total		46,500	46,548	49,000	48,969
<i>Assets for which Fair Value is not disclosed:</i>					
Cash and Cash equivalents		2,394	2,394	(779)	(779)
Trade Receivables-Debtors		4,186	4,186	3,564	3,564
Total Financial Assets		53,080	53,128	51,785	51,753

The Fair Value of assets is higher than the balance sheet value as the interest rate on similar investments is now lower than that obtained when the investment was originally made.

Notes to core financial statement

Financial Instruments Gains/Losses

There are no Gains/losses recognised in the Income and Expenditure Account or the Statement of Total Recognised Gains and losses in relation to Financial Instruments.

Financial Instruments - Nature and Extent of Risk

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

Prior to the beginning of each financial year, the Council agrees and publishes an Investment Strategy as part of the Treasury Management Strategy Statement. The Investment Strategy sets out the minimum credit rating criteria for counterparties who are banks and other financial institutions. The Council relies to some extent on credit ratings and utilises the services of a Treasury Consultant to monitor and advise of changes to these ratings.

The minimum credit rating criteria, set out in the Investment Strategy, are kept under constant review. As a result of liquidity problems (the credit crunch) experienced by banks and financial institutions since Autumn 2007, the minimum criteria were increased to provide additional security to the Council's investments. This is reviewed annually to ensure that security is maintained in line with current economic conditions.

As a result of the Council's prudent approach to investment, which places security and liquidity above yield, the Council has never experienced any losses on investments. Nevertheless, theoretical considerations suggest that an investment with any institution carries some risk, albeit very small. The events which could give rise to these risks are rare or unforeseen and it is therefore very difficult to assess and quantify. Subject to these rare or unforeseen risks, the assessment that the maximum exposure is nil is considered to be a practical and pragmatic assessment.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, adjusted for current and forecast economic conditions and with a delay in cash flow having been assumed. As shown in the financial instruments balances tables on the previous page. At 31 March 2022, a total of £747 of loss allowances related to treasury investments. As this is not material, this figure has not been accounted for in the statements.

Notes to core financial statement

A summary of the credit quality of the of the council's investments at 31 March is shown below:

Rating	30 March 2021		31 March 2022	
	Long Term £'000	Short Term £'000	Long Term £'000	Short Term £'000
A+	0	6,000	0	3,000
A	0	0	0	
BBB+	0	0	0	
Unrated Local Authorities	0	29,000	0	10,000
Money Market Funds	0	11,500	0	17,000
UK Government	0	0	0	19,000
Total Investments	0	46,500	0	49,000

The Council has £8,248,902 of Debtors, for which a provision for doubtful debts of £3,223,567 has been made. Of this debtors figure, £5,519,905 relates to sundry debtors, £1,300,092 to Council Tax and Business Rates (this includes amounts owed to the Council by the Government for Business Rates) and £1,428,905 to Housing Tenant Rents. Debtors are analysed by type and the doubtful debt provision is based on the credit quality of debtors.

The council does not allow credit for customers therefore all unpaid balances are past due date for payment. The gross sundry debtor age analysis is shown in the table below:

Age	30 March 2021 £'000	31 March 2022 £'000
Less than three months	5,004	3,671
Three to six months	0	1
Six months to one year	248	293
More than one year	1,543	1,555
Total	6,795	5,520

The table below breaks this down to debtor type:

Type	30 March 2021		31 March 2022	
	Gross Debt £'000	Loss Allowance £'000	Gross Debt £'000	Loss Allowance £'000
Central Gov't Bodies	5,731	0	884	0
Other Local authorities	4,569	0	3,751	0
NHS Bodies	0	0	0	0
Public Corporations and trading funds	321	0	0	0
Other entities and Individuals	5,107	(3,437)	5,484	(3,224)
Total	15,728	(3,437)	10,119	(3,224)

Notes to core financial statement

Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. Instead, the risk is that the Council will be bound to replace a significant proportion of its borrowings at a time of unfavourable interest rates. The Council's strategy is to ensure an even maturity debt profile to mitigate against this risk.

The maturity analysis of financial instruments is shown below:

Type	30 March 2021			31 March 2022		
	Liabilities £'000	Assets £'000	Net £'000	Liabilities £'000	Assets £'000	Net £'000
Maturity in 1 year*	17,680	(49,894)	(32,214)	5,706	(48,221)	(42,514)
Maturity in 1 - 2 years	2,206	0	2,206	2,734		2,734
Maturity in 2 - 5 years	5,285	0	5,285	3,871		3,871
Maturity in 5 - 10 years	3,686	0	3,686	2,997		2,997
Maturity in over 10 years	50,106	0	50,106	49,475		49,475
Total	78,963	(49,894)	29,069	64,783	(48,221)	16,562

* The council has a £3.5m LOBO (Lender Option, Borrower Option) loans where the lender has the option on set dates to propose an increase in the rate payable; The council will then have the option to accept the new rate or repay the loan without penalty. The lender therefore has the effective right to demand repayment and these loans are therefore shown in the table as maturing on the next option date.

Market Risk

Interest Rate Risk

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

- borrowings at variable rates - the interest expense will rise
- borrowings at fixed rates - the fair values of the liabilities will fall
- investments at variable rates - the investment income will rise
- investments at fixed rates - the fair value of assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the provision of services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the provision of services as appropriate.

Price Risk

The Council does not invest in equities and is therefore not exposed to this risk.

Notes to core financial statement

30 Provisions

This provision for Business Rates appeals was created as a result of the adoption in 2013/14 of the Business Rates Retention scheme which means that the Council now bears part of the risk for future appeals. Under the former business rates scheme, appeals were borne by the Government. The Council's estimate of the value of outstanding appeals up to 31 March 2022 is £5.4m (£5.026m as at 31 March 2021), the value of appeals used in completing the Collection Fund position as at 31 March 2022. The Council has made a provision for 40% of this figure totalling £2.16m (£2.010m as at 31 March 2021) within the 2021/22 accounts.

31 Jointly Controlled Partnerships

The Council has entered into a partnership with Hinckley and Bosworth Borough Council and Harborough District Council to provide shared administration of Revenues and Benefits and will continue for the foreseeable future. The Partnership is currently hosted by Hinckley and Bosworth Borough Council on behalf of the other partners.

All partners contribute towards the operation of the partnership which is classified as a Jointly Controlled Operation. On this basis, each partner accounts for their share of contributions within their Statement of Accounts. The funding provided by North West Leicestershire District Council in 2021/22 was £1.138 million.

Notes to core financial statement

32 Expenditure and Funding Analysis

This analysis statement shows how annual expenditure is used and funded from resources (government grants, rents, 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 directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22

	Net Expenditure chargeable to the General Fund and Housing Revenue a/c	Recharges	Contributions to/from Reserves	Investment Properties & other	Revised Net Expenditure chargeable to the General Fund and Housing Revenue a/c	Adjustments between funding basis and accounting basis	Net expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	316	(314)	167		169	0	169
Human Resources & Organisational Dev	455	(675)	911		691	5	696
Legal and Support Services	1,607	(963)	1		645	0	645
Community Services including Strategic Director of Place	10,420	1,473	489	(826)	11,556	2,583	14,139
Planning	1,183	658	1,434		3,275	0	3,275
Economic Development	1,078	165	280		1,523	(95)	1,428
Joint Strategic Planning	6	9	0		15	0	15
ICT	1,150	(1,182)	0		(32)	71	39
Revenues & Benefits	734	849	28		1,611	0	1,611
Property Services	378	(567)	3	423	237	(239)	(2)
Housing - General Fund	525	190	6		721	0	721
Customer Services	970	(970)	0		0	0	0
Finance	1,955	(1,099)	17		873	4	877
Corporate and Democratic Core	3	1,118	11		1,132	0	1,131
Non-Distributed Costs	252	1	0		253	(13)	240
Housing Revenue Account	(9,562)	(332)	3	0	(9,891)	3,306	(6,585)
Recharges	(1,639)	1,639	0		0	0	0
Net Cost of Services	9,831	0	3,350	(403)	12,778	5,622	18,399
Other Income and Expenditure	(19,391)	0	273	403	(18,715)	6,258	(12,457)
(Surplus)/Deficit on Provision of Services	(9,560)	0	3,623	0	(5,937)	11,880	5,941

Notes to core financial statement

Expenditure and Funding Analysis continued

2020/21

	Net Expenditure chargeable to the General Fund and Housing Revenue a/c £'000	Recharges £'000	Contributions to/from Reserves £'000	Investment Properties & other £'000	Revised Net Expenditure chargeable to the General Fund and Housing Revenue a/c £'000	Adjustments between funding basis and accounting basis £'000	Net expenditure in the Comprehensive Income and Expenditure Statement £'000
Chief Executive and Other Services	299	(278)	0	0	21	0	21
Human Resources & Organisational Dev	197	(361)	3	0	(161)	5	(156)
Legal and Commercial Services	1,429	(852)	15	0	592	0	592
Community Services including Strategic Director of Place	9,317	1,424	1,223	(1,438)	10,526	2,042	12,568
Planning & Infrastructure	1,226	556	315	0	2,097	0	2,097
Economic Development	787	188	689	0	1,664	383	2,047
Joint Strategic Planning	(9)	9	0	0	0	0	0
Housing - General Fund	420	183	193	0	796	42	838
Customer Services	3,006	(1,889)	17	1,459	2,593	134	2,727
Finance	(1,076)	(994)	4	0	(2,066)	4	(2,062)
Corporate and Democratic Core	25	1,038	18	0	1,081	0	1,081
Non-Distributed Costs	13	1	0	0	14	0	14
Housing Revenue Account	(10,586)	(348)	94	0	(10,840)	2,700	(8,140)
Recharges	(1,323)	1,323	0	0	0	0	0
Net Cost of Services	3,725	0	2,571	21	6,317	5,310	11,627
Other Income and Expenditure	(14,312)	0	(7,708)	(21)	(22,041)	10,836	(11,205)
(Surplus)/Deficit on Provision of Services	(10,587)	0	(5,137)	0	(15,724)	16,146	422

Notes to core financial statement - continued

Expenditure and Funding Analysis continued

Analysis of adjustments between funding basis and accounting basis

2021/22	Adjustment for capital purposes £'000	Net change for the pensions adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive and Other Services	0	0	0	0
Human Resources & Organisational Dev	5	0	0	5
Legal and Commercial Services	0	0	0	0
Director of Place	2,583	0	0	2,583
Planning & Infrastructure	0	0	0	0
Economic Development	(95)	0	0	(95)
Joint Strategic Planning	0	0	0	0
Housing & Asset Mgmt - General Fund	0	0	0	0
ICT	71	0	0	71
Revenues & Benefits	0	0	0	0
Property Services	(239)	0	0	(239)
Customer Services	0	0	0	0
Finance	4	0	0	4
Corporate and Democratic Core	0	0	0	0
Non-Distributed Costs	(13)	0	0	(13)
Housing Revenue Account	2,327	(955)	1,934	3,306
Recharges	0	0	0	0
Net Cost of Services	4,643	(955)	1,934	5,622
Other Income and Expenditure	5,350	5,226	(4,318)	6,258
Surplus/Deficit on Provision of Services	9,993	4,271	(2,384)	11,880

Notes to core financial statement - continued

Expenditure and Funding Analysis continued

2020/21	Adjustment for capital purposes £'000	Net change for the pensions adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive and Other Services	0	0	0	0
Human Resources & Organisational Dev	5	0	0	5
Legal and Commercial Services	0	0	0	0
Director of Place	2,042	0	0	2,042
Planning & Infrastructure	0	0	0	0
Economic Development	383	0	0	383
Joint Strategic Planning	0	0	0	0
Housing & Asset Mgmt - General Fund	42	0	0	42
Customer Services	134	0	0	134
Finance	4	0	0	4
Corporate and Democratic Core	0	0	0	0
Non-Distributed Costs	0	0	0	0
Housing Revenue Account	2,026	(268)	942	2,700
Recharges	0	0	0	0
Net Cost of Services	4,636	(268)	942	5,310
Other Income and Expenditure	6,304	(300)	4,832	10,836
Surplus/Deficit on Provision of Services	10,940	(568)	5,774	16,146

Section 4 Housing Revenue Account (HRA)

Housing Revenue Account (HRA)

Housing income and expenditure account

2020/21			NOTES	2021/22	
£'000	£'000	Income		£'000	£'000
	(17,269)	Rents - Dwellings	H4		(17,405)
(48)		Rents - Garages / Sites		(43)	
(17)		Rents - Shops		(8)	
(14)		Rents - Other		(4)	
	(79)				(55)
	(601)	Charges for Services and Facilities			(569)
		Other Income			(26)
	(20)	RTB Discounts repaid			(16)
	(17,969)	Total income			(18,072)
		Expenditure			
	5,078	Repairs and Maintenance			6,331
		Supervision and Management			
2,092		- General		2,354	
487		- Special		584	
	2,579				2,938
		Capital Charges			
	2,947	- Depreciation of Fixed Assets	H8		3,110
	(890)	- Impairment of Fixed Assets	H9		(819)
	0	- Initial Gain on Donated Assets			0
	112	Increase / (decrease) in provision for Bad or Doubtful Debts			(77)
	3	Debt Management Expenses			4
	9,829	Total expenditure			11,487
	(8,140)	Net cost of HRA services included in income and expenditure account			(6,585)
	348	Housing Share of Corporate and Democratic Costs			333
	0	Housing Share of other amounts included in the whole authority cost of services but not allocated to specific services			0
	(7,792)	Net cost of HRA services			(6,252)
	3,265	(Gain) or Loss on Sale of HRA Fixed Assets			(751)
	2,192	Interest Payable and Similar Items			2,231
	(67)	Interest on Balances			(16)
	0	Amortisation of Premiums and Discounts			0
	(11)	Capital Grants and Contributions			(1,289)
	(2,413)	(Surplus) / deficit on HRA services			(6,077)

Housing Revenue Account (HRA)

2020/21 £'000	Statement of movement on the HRA balance	2021/22 £'000
(2,413)	(Surplus) / Deficit on Housing Income and Expenditure Account	(6,077)
(212)	Amounts Required by Statute to be Taken into Account (detailed below)	18,561
(2,625)	Total	12,484
(16,700)	HRA Balance Brought Forward	(19,325)
(19,325)	HRA Balance Carried Forward	(6,841)
2020/21 £'000	Analysis of the movement in the HRA balance	2021/22 £'000
	Amounts required to be taken into account	
	Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year	
(3,265)	Gain or (Loss) on Sale of HRA Fixed Assets	751
0	Amortisation of Premiums and Discounts	0
20	RTB Discounts repaid	16
0	Employee Benefits adjustment	(57)
(1,169)	Net charges for retirement benefits in accordance with IAS 19	(1,827)
806	Impairment/Revaluation of Fixed Assets	772
0	Initial Gain on Donated Assets	0
(3,608)		(345)
	Items not included in the HRA Income and Expenditure Account but included in the movement on HRA balance for the year	
0	Transfer To/(From) Major Repairs Reserve	0
(43)	Right to Buy Admin Contribution	(57)
901	Employer's contributions payable to Leicestershire County Council Pension Fund	873
1,147	Principal Repaid on Self Financing Loans	14,180
1,392	Capital Expenditure funded by the HRA	2,456
(1)	Transfer To/(From) Reserves	1,454
3,396	Total	18,906
(212)	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	18,561

Notes to the housing revenue account (HRA)

H1 Movement in dwelling stock

The Council was responsible for managing an average of 4,140 lettable dwellings during 2021/22. The movement in the stock was as follows:-

2020/21		2021/22
4,196	Stock at 1st April	4,193
(33)	Less: Right to buy Sales	(46)
(1)	Less: Other Sales	0
0	Less: Demolitions	0
(3)	Less: Transfers out of stock	(10)
8	Add: Other Purchases	1
16	Add: New Build and Gifted units	0
10	Add: Transfers back into stock	0
4,193		4,138

H2 Property types in dwelling stock

The properties owned by the Council at 31st March 2022 comprise the following:-

	Flats/Maisonettes	Bungalows	Houses	Total
In stock				
Bed sits	61	4	0	65
1 Bedroom	524	330	10	864
2 Bedroom	327	476	420	1,223
3 Bedroom	8	6	1,828	1,842
4 Bedroom	0	0	140	140
5 Bedroom	0	0	4	4
	920	816	2,402	4,138
Transferred out of stock				
Bed sits	0	0	0	0
1 Bedroom	7	0	0	7
2 Bedroom	0	0	0	0
3 Bedroom	1	0	2	3
4 Bedroom	0	0	0	0
5 Bedroom	0	0	0	0
	8	0	2	10
Total owned	928	816	2,404	4,148

The dwellings transferred out of stock are mainly long term empty properties. However, they are still owned by the Council and are included in the value shown in note H3.

H3 Balance sheet value of council's housing revenue account stock

2020/21		2021/22
Balance		Balance
£'000		£'000
265,644	Dwellings	294,796
1,771	Other Land and Buildings	2,976
267,415	Operational assets	297,772
0	Surplus Assets	0
492	OLB (Land and Assets under construction)	687
492	Non-operational assets	687
267,907	Total assets	298,459

The vacant possession value of dwellings within the Council's HRA as at 31st March 2022 was £701,895,000 (31st March 2021 £632,485,000). The vacant possession value of the dwellings within the HRA show the economic cost to Government of providing Council Housing at less than open market rents.

Notes to the housing revenue account (HRA)

H4 Rent income

Rent income can be analysed as follows:-

This is the total rent income due for the year after an allowance is made for empty properties/voids etc. Average rents were £83.55 per week in 2021/22 (£81.89 2020/21) there being an average increase of 2.03% (1.85% increase in 2020/21) over the previous year. During the year 1.03% (1.01% 2020/21) of lettable properties were vacant.

2020/21		2021/22
£'000		£'000
12,201	Collectable from Tenants	12,264
5,068	Rent Rebates	5,141
17,269	Sub-Total Dwelling Rents	17,405
79	Non - Dwelling Rents	55
17,348	Total Rent	17,460

H5 Rent arrears

The rent arrears (net of accounts in credit) as a proportion of gross rent income were 3.94% (4.16% 2020/21). The arrears figures are as follows:-

Amounts written off during the year were £-37,747 (£18,741 - 2020/21) representing a reduction in Doubtful Debt allowance. At 31 March 2022 the Provision for doubtful debts stood at £917,507 (£955,254 - 2020/21).

2020/21		2021/22
£'000		£'000
919	Total Current and Former Tenant Arrears	1,270
(172)	Less: Accounts in credit	(583)
747	Net Arrears	687

H6 Major repairs reserve

2020/21		2021/22
£'000		£'000
(534)	Balance at 1st April	(1,420)
(2,864)	Amounts transferred to Reserve during year	(3,099)
	Amounts transferred from Reserve to finance Capital Expenditure:	
1,978	Dwellings	2,242
(1,420)	Balance at 31 March	(2,277)

Notes to the housing revenue account (HRA)

H7 Capital expenditure and receipts

Total Capital Expenditure within the Council's HRA during the financial year was £5,765,219. The sources of funding are shown below:

2020/21		2021/22
£'000		£'000
1,978	Major Repairs Reserve	2,242
6	Section 106 Receipts	0
1,392	Revenue Contribution	2,193
0	Other Contributions	285
3,286	Capital Receipts	1,047
6,662		5,767

Total Capital Receipts from disposals of Council Dwellings within the Council's HRA stock in 2021/22 were £3,652,370

H8 Depreciation of HRA fixed assets

2020/21		2021/22
£'000		£'000
2,864	Dwellings (excl. garages)	3,099
5	Other Land and Buildings	10
0	Surplus Assets	0
2,869	Operational assets	3,110

H9 Revaluation/impairment (reversal) of HRA fixed assets

2020/21		2021/22
£'000		£'000
(3,275)	Dwellings (excl. garages)	(835)
(4)	Other Land and Buildings	16
0	Surplus Assets	0
(3,279)	Operational assets	(819)

Section 5 Collection Fund

Collection Fund

2020/21 £'000	Collection fund income and expenditure account	2021/22 £'000	2021/22 £'000
	Income		
(65,052)	Council Tax (Net of benefits, discounts for prompt payment and transitional relief)		(69,897)
	Transfers from General Fund:-		
1	- Council Tax Benefit		10
(506)	- CTLS Discretionary		(186)
(30)	Section 13a		(7)
(59,159)	Business Ratepayers		(73,456)
(124,746)	Total Income		(143,536)
	Expenditure		
	Council Tax Precepts and Demands:-		
46,473	Leicestershire County Council	49,153	
8,066	Leicestershire Police	8,649	
2,351	Leicestershire Fire and Rescue	2,414	
8,244	N.W.L.D.C. (including Parish and Special Expenses)	8,452	
510	Contribution towards previous year's surplus	(785)	
981	Provision for bad/doubtful debts	758	
66,625			68,641
	Non-Domestic Rates (NDR):		
34,544	Share of NDR - Government	37,523	
6,218	Payment to Leicestershire County Council	6,754	
691	Payment to Leicestershire Fire and Rescue Service	750	
27,635	Share of NDR - N.W.L.D.C.	30,018	
(1,072)	Contribution towards previous year's deficit	(12,775)	
998	Provision for bad/doubtful debts	(299)	
2,006	Provision for appeals	374	
149	Costs of Collection	153	
167	Disregarded amounts	186	
71,336			62,684
137,961	Total Expenditure		131,325
1,038	Movement on fund - (Surplus)/Deficit for the year - Council Tax		(1,439)
12,177	Movement on fund - (Surplus)/Deficit for the year - NDR		(10,772)
(315)	Collection Fund Balance at 1st April 2021 - Council Tax		723
1,497	Collection Fund Balance at 1st April 2021 - NDR		13,674
723	Collection Fund Balance at 31st March 2022 - Council Tax		(716)
13,674	Collection Fund Balance at 31st March 2022 - NDR		2,902

Notes to the Collection Fund

C1 General

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

C2 Council tax

The Council's tax base i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent of band D dwellings, was calculated as follows:-

Band	Estimated number of taxable properties after effect of discount	Ratio	Band 'D' Equivalent dwellings
A	7,239	6/9	4,826
B	11,535	7/9	8,972
C	6,859	8/9	6,097
D	6,186	9/9	6,186
E	4,462	11/9	5,455
F	1,811	13/9	2,615
G	893	15/9	1,488
H	47	18/9	94
	39,033		35,733
Less: 2% Allowance for Valuation Appeals and irrecoverables			892
Council tax base for 2021/22			34,841

C3 Income from business rates

The Council collects Non-Domestic Rates for its area which are based on local rateable values multiplied by a uniform rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by Central Government, which in turn redistributes the pool back to local authorities general fund.

The total Non-Domestic Rateable Value at the 31st March 2022 was £169,181,773 (£151,394,269 - 31st March 2021).

The National Non-Domestic multiplier for the year was 51.2p (51.2p - 2020/21).

The Small Business Rate Multiplier was 49.9p (49.9p - 2020/21).

C4 Provisions

The provision for the Council's share of potential cost of settling outstanding business rates appeals, was created as a result of the introduction of the Business Rates Retention scheme. As part of this scheme, billing authorities acting as agents on behalf of major preceptors (10%), Central Government (50%) and themselves are required to make a provision for refunding ratepayers who have appealed against the rateable value of their properties. Although under the scheme, the Council is able to retain a larger share of the business rates locally, it also now bears the risks and uncertainties linked to the level of rateable value appeals. The Council has made a provision of £2.16m in its accounts (£2.0m - 31st March 2021).

Section 6 Glossary

Glossary of main financial terms

Amortisation

A reduction in the value of an intangible asset over time, due to wear and tear.

Budget

A statement defining the council's policies over a specified period in terms of finance. Budgets usually include statements about the use of other resources (e.g. numbers of staff) and provide some information on performance measures.

Budget requirement

The estimated revenue expenditure on general fund services that needs to be financed from the council tax after deducting income from fees and charges, certain specific grants and any funding from reserves. It is used to decide the criteria for capping local authority revenue expenditure.

Capital expenditure

(or capital spending) - Section 40 of the Local Government and Housing Act 1989 defines 'expenditure for capital purposes'. This includes spending on the acquisition of assets either directly by the local authority or indirectly in the form of grants to other persons or bodies. Expenditure that does not fall within this definition must be charged to a revenue account.

Capital receipts

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

Collection fund

A statutory fund maintained by a billing authority, which is used to record local taxes and non-domestic rates collected by the authority, along with payments to precepting authorities, the national pool of non-domestic rates and its own general fund.

Contingency

Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

Contingent liability

Money that may be owed, but the exact amount is unclear.

Council tax

The main source of local taxation to local authorities. Council tax is levied on households within its area by the billing authority and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

Council tax benefit

Assistance provided by billing authorities to adults on low incomes to help them pay their council tax bill. The cost to authorities of council tax benefit is largely met by government grant.

Current expenditure

Running costs, including employee costs, premises costs and supplies and services, but not including debt charges.

Deferred charge

Spending on an asset that has a lasting value but is not owned e.g. improvement grants.

Depreciation

A measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset.

Earmarked reserve

Money set aside for a specific purpose.

Estimates

The amounts expected to be spent, or received as income, during an accounting period. The term is also used to describe detailed budgets, which are either being prepared for the following year, or have been approved for the current year.

Original estimate

The estimates for a financial year approved by the council before the start of the financial year.

Revised estimate

An updated revision of the estimates for a financial year.

Supplementary estimate

An amount, which has been approved by the authority, to allow spending to be increased above the level of provision in the original or revised estimates.

External audit

The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Fees and charges

Income raised by charging users of services for the facilities. For example, local authorities usually make charges for the use of leisure facilities, the collection of trade refuse, etc.

Finance lease

A lease, usually of land, or land and buildings, which is treated in the Government's capital control system as a credit arrangement as if it were similar to borrowing. Other types of lease are termed 'operating leases'.

Financial regulations

A written code of procedures approved by the authority, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative procedures and budgeting systems.

General fund

The main revenue fund of a billing authority. Day-to-day spending on services is met from the fund. Spending on the provision of housing, however, must be charged to a separate Housing Revenue Account.

Housing benefit

An allowance to persons on low income (or none) to meet, in whole or part, their rent. Benefit is allowed or paid by local authorities but central government refunds part of the cost of the benefits and of the running costs of the service to local authorities. Benefit paid to the authority's own tenants is known as rent rebate and that paid to private sector tenants as rent allowance. See also Council Tax Benefit.

Housing revenue account (HRA)

Local authorities are required to maintain a separate account - the HRA - which sets out the expenditure and income arising from the provision of housing. Other services are charged to the General Fund.

HRA subsidy

A government grant paid to some housing authorities towards the cost of providing, managing and maintaining dwellings and paying housing benefits to tenants.

IAS 19

A statement of recommended practice to account for the cost of pensions.

IFRS

International Financial Reporting Standards

Impairment

A reduction in the value of an asset, arising (for example) from a significant reduction in Market Value.

LOBO

A commercial loan method of borrowing, which gives options for both parties – ("Lenders options; borrowers options").

Minimum revenue provision (MRP)

The minimum amount which must be charged to an authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

National non-domestic rate (NNDR)

A levy on businesses, based on a national rate in the pound set by the Government multiplied by the 'rateable value' of the premises they occupy. NNDR is collected by billing authorities on behalf of central government and then redistributed among all local authorities and police authorities on the basis of population. Also known as 'business rates', the 'uniform business rate' and the 'non-domestic rate'.

Net expenditure

Gross expenditure less specific service income, but before deduction of Revenue Support Grant.

Non-recurring

Items that are in a budget for one year only.

Operating lease

A type of lease, usually of computer equipment, office equipment, furniture, etc. which is similar to renting and which does not come within the Government's capital control system. Ownership of the asset must remain with the lessor for a lease to be classed as an operating lease.

Outturn

Actual income and expenditure in a financial year.

Pension fund

An employees' pension fund maintained by an authority, or group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing authority, the employee and investment income.

Precept

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council tax payers on their behalf.

Precepting authorities

Those authorities which are not billing authorities, i.e. do not collect the council tax and non-domestic rate. County councils, police authorities and joint authorities are 'major precepting authorities' and parish, community and town councils are 'local precepting authorities'.

Provisions and reserves

Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or 'balances'), which every authority must maintain as a matter of prudence.

Public works loan board (PWLB)

A central government agency which provides long- and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local authorities are able to borrow a proportion of their requirements to finance capital spending from this source.

Revenue support grant (RSG)

A grant paid by central government to aid local authority services in general, as opposed to specific grants, which may only be used for a specific purpose. The grant makes up the difference between expenditure at SSA and the amount which would be collected in council tax for that level of expenditure (CTSS) and the amount of non-domestic rate redistributed.

Section 137 expenditure

Under Section 137 of the Local Government and Housing Act 1972, local authorities are allowed to spend a limited amount to do things they are not otherwise empowered to do, but which they consider to be in the interests of residents.

Specific grants

The term used to describe all government grants - including supplementary and special grants - to local authorities other than RSG, capital grants and HRA subsidy. Not to be confused with specified capital grants.

Specified capital grant (SCG)

Certain government grants towards capital spending, for example house renovation grants. Local authorities must apply a special accounting treatment to these grants, i.e. reduce their credit approvals by the amount of the grant received. SCGs all relate to housing.

Ultra vires

Local authorities are empowered to do only those things authorised by statute. If they do anything not authorised by statute, that action is said to be ultra vires (i.e. beyond their powers).

Value for money (VFM)

A much-used term that describes a service or product that demonstrates a good balance between its cost, quality and usefulness to the customer. A VFM audit takes into account the economy, efficiency and effectiveness (known as the 'three Es') of a local authority service, function or activity.

Virement

The permission to spend more on one budget head when this is matched by a corresponding reduction on some other budget head, i.e. a switch of resources between budget heads. Virement must be properly authorised by the appropriate committee or by officers under delegated powers.