



North West
Leicestershire
District Council

Annual Statement of Accounts 2022-23



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Section 1 Narrative Report

1. North West Leicestershire as a place

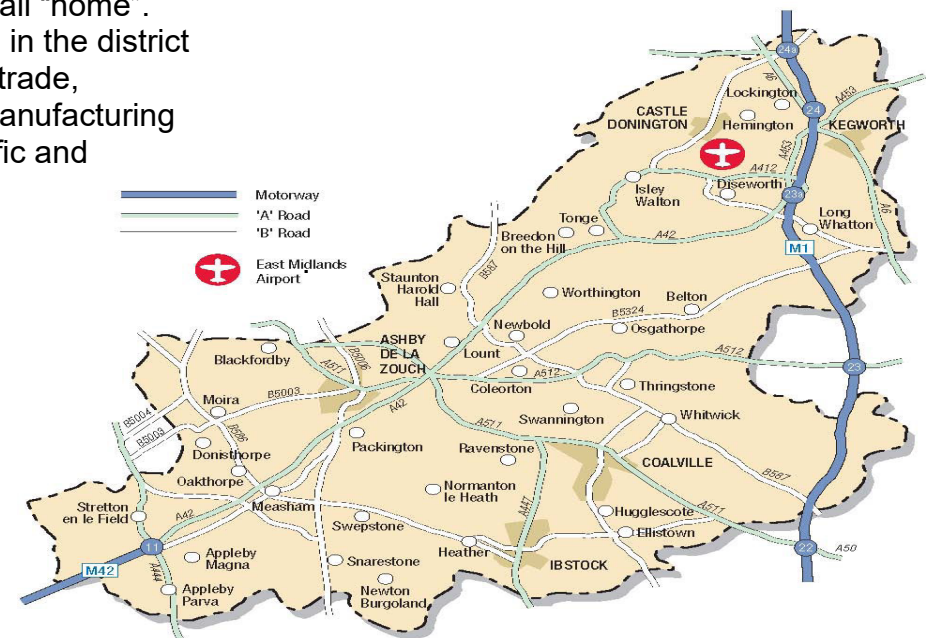
North West Leicestershire is a semi-rural district with a population of approximately 108,000. Most people live in the district's two main towns of Coalville and Ashby de la Zouch. Around the district are a handful of large villages (Castle Donington, Kegworth, Ibstock and Measham) and numerous smaller 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. 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 2022/23

The Council's political structure as at the 31 March 2023 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 2022. 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 we support a clean, green and prosperous place where people want to live, work and visit. Our Council Delivery Plan for 2022/23 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 544 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 6 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 and is currently under revision to support the updated Council Delivery Plan. The People Plan 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 Silver accreditation in 2021.

Our Values

Our corporate values are:

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 2022/23 under each of the council's five priorities [[2022/23 Quarter 4 Performance Cabinet Report](#)]

Supporting Coalville to be a more vibrant family friendly town

- The Coalville Regeneration Framework has been approved and delivery has commenced.
- Construction has begun on the Marlborough Square improvement works and materials are being ordered to start the works.
- The New Market continues to go from strength to strength with a range of events and activities increasing footfall and leading to some excellent feedback from participants to allow for further improvements. There have been requests to invite more stalls to ensure more variety.

- 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

- Several initiatives are in place to improve our interactions with customers in both the service centre and in linking in back-office service areas. These will lead to better linking of contact options and improvements to the call management arrangements.
- Impressive attendance of fitness members at the New Whitwick and Coalville Leisure Centre have continued to be very encouraging. This is in part due to the relaxation of COVID-19 measures, but also due to the diverse and inclusive

portfolio of sessions available to the public.

- Two neighbourhood Plan groups have been successfully created thus meeting the target.
- CCTV cameras have been set up in 5 new locations in partnership with local stakeholders to help make our communities safer, again, meeting the target.

Local people live in high quality, affordable homes

- Working with Housing Associations and partners, 143 additional units were delivered this year bringing the total to 438 (out of 1000) new affordable homes over 5 years. We expect to reach the target by 31 March 2026.
- 13 additional properties were made available for tenants (target met). There are plans to increase the portfolio further still by purchasing bungalows in the area.

- We are continuing to invest in the Council rented housing stock with £3.5 million of works delivered this year.
- Work to maintain our estates continues: there are parking improvements in Cropston Drive and Long Whatton, plans to demolish deteriorating footbridges prior to replacing them, and fencing around the Riverway estate.

Support for businesses and helping people into local jobs

- Our Economic Growth Plan was successfully updated, and delivery has commenced.
- 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 and continues 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.

Developing a clean and green district

- Together with the National Forest we developed the Heart of the Forest Masterplan which was launched in Spring 2023. Work continued on the Sustainable Tourism Accommodation design guide and the accelerator programme.

- Volunteers continue to register throughout this year to be litter pickers as we are continuing to tackle the on-going problem in littering and fly-tipping. We are working with volunteer groups and our in-house cleansing teams. The emphasis is on education, clearance and fines.
- We have achieved our aim of improving the energy efficiency of tenant homes. In total, 257 new green energy efficient measures were installed at 56 properties.

4. The council's financial performance

Financial Outturn for 2022/23

The Council has two main accounts: the General Fund and the Housing Revenue Account as well as a Special Expenses account covering services to parishes and unparished areas. Each account has a revenue budget for the provision of services and a capital budget for the 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 £1.2 million into our self-sufficiency reserve balances in 2022/23. However, there was a reduction of this amount by £738,000 to £458,000.

A more detailed review of variances is shown overleaf.

Services 2022/23	Budget £'000	Outturn £'000	Variance £'000
Chief Executive	282	289	7
Human Resources & Covid	725	665	-60
Legal & Commercial Services	1,487	1,523	36
Strategic Director of Place	348	343	-5
Community Services	6,623	7,433	810
Planning	1,032	1,588	556
Economic Development	893	802	-91
Joint Strategic Planning	12	12	0
Ukraine	0	-16	-16
ICT	1,200	1,244	44
Revenues & Benefits	886	634	-252
Property Services	214	433	219
Customer Services	898	926	28
Finance	1,095	1,602	507
Strategic Housing	625	600	-25
J2SS	-895	0	895
Corporate And Democratic Core	41	60	19
Non-Distributed Costs	241	239	-2
Net Recharges	-1,685	-2,154	-469
Net Financing Costs	1,762	1,789	27
Interest Paid	0	427	427
Investment Income	-5	-727	-722
Other interest received	0	-80	-80
Localisation Of Council Tax Grant	32	32	0
Revenue Contribution To Capital	0	22	22
Debt Restructuring Premium	0	23	23
IAS19	0	0	0
Transfer to Reserves	1,196	458	-738
Transfer to Other	0	240	240
Transfer from Reserves	0	-100	-100
Asset adjustment	0	-366	-366
Disabled Facilities Grants	0	-716	-716
Funding of Capital Expenditure	0	593	593
Section 106	0	-440	-440
Net cost of service after recharges	17,007	17,378	371
New Homes Bonus	2,218	2,218	0
Transfer From Collection Fund	153	153	0
Other Grants	367	371	4
Levy Account Surplus	0	20	20
Council Tax	5,643	5,643	0
National Non Domestic Rates Baseline	2,404	2,404	0
National Non Domestic Rates Growth, Renewables & Pool Surplus	5,442	5,169	-273
National Non Domestic Rates Pool Reserve	780	1,400	620
Total Funding	17,007	17,378	371

The analysis opposite shows the major variances in the General Fund revenue budget for 2022/23. The majority of the adverse variances have resulted from higher-than-expected salary costs after the Pay Award, agency costs and reduced income from services.

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

Major Variances 2022/23		£'000
Adverse Variances		
J2SS		-895
Funding of Capital Expenditure		-593
Refuse & Recycling - salaries		-421
Public Protection		-408
Other interest paid net of other interest received		-347
Refuse & Recycling - transport		-320
Section 106		-282
Finance - Agency net of salary savings		-247
Refuse & Recycling - income		-176
Fleet Services - recharges		-165
Procurement consultancy		-151
Leisure Contractor		-111
Planning & Development -Agency Staff offset by salary savings		-94
ICT - equipment maintenance/licences		-57
Planning - Legal costs		-55
CV Market		-52
Property - commercial units rents		-52
Finance - Bad debt provision		-48
Property - Service charges		-45
Property - general repairs commercial units		-41
Cropston drive land		-39
Legal - Income		-36
Cleansing Services - salaries		-34
Rent Rebates		-34
Planning & Development -Urban Design/National Model Design		-32
Code Pilot		-32
Car Parks		-30
Salary Overspends not mentioned elsewhere		-53
		-4,818
Favourable Variances		
Building Control Contractor costs paid to CBC		49
Investment Income		722
Disabled Facility Grant		716
Refuse & Recycling - recycling income		524
Recharges		469
Asset Adjustment		366
Business Rates		347
Grds Mtce - Income		161
Revs & Bens - Local Council Tax Support		144
Homeless Prevention Grants/Ukraine Grant		116
Revs & Bens Summons income		106
Refuse & Recycling - containers		97
Planning Policy - Local Development Framework		87
Trade Refuse - disposal		78
Finance - Asset Protection		57
Garage Services - recharges		50
Planning Fee income		38
Economic Development - Consultancy		37
Planning - Covid income compensation grant		34
Economic Development - Coalville Regeneration		33
Revs & Bens - Benefits new burdens grants		33
HR - Corporate training		31
Trade Refuse - income		30
Other smaller variances		164
		4,489
Deminimus Non-Salary Variances		-409
		-738

Housing Revenue Account (HRA)

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation of the 4,121 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.

HOUSING REVENUE ACCOUNT	2022/23		
	Approved Budget	Outturn	Variance
	£'000	£'000	£'000
Repairs and Maintenance	5,914	8,372	2,458
Supervision and Management	2,979	3,317	338
Provision for Doubtful Debts	100	(78)	(178)
Depreciation, Impairment & Debt Management	3,185	3,179	(6)
Capital Financing	3,056	1,210	(1,846)
J2SS Savings	(325)	0	325
Total Expenditure	14,909	15,999	1,090
Less Rental Income & Service Charges			
Rent & Service Charges	(18,456)	(18,535)	(13)
Non-Dwelling Rents	(52)	(65)	(8)
Other Income	(13)	(21)	3
Investment Income	(3)	0	(3)
	(18,524)	(18,621)	(21)
Net Cost of Service	(3,615)	(2,621)	1,069
Add:			
Capital Financing (Interest)	3,365	1,884	(1,481)
Investment Income	(3)	0	3
NET (SURPLUS) / DEFICIT	(253)	(737)	(408)

HRA 2022/23	£'000
MAJOR VARIANCES	
Adverse Variances	
Housing Repair Administration	(637)
Responsive repairs & minor work	(2,199)
Empty homes	(1,011)
Home Improvement	(1,498)
Commercial Work	(138)
Housing HRA Commercial service	(897)
Supervision and Management	(146)
HRA ground maintenance	(117)
Director & Head of Housing	(61)
Garage Rent Income	(5)
J2SS savings not achieved	(325)
Favourable Variances	
Salaries and Agency Costs	1,236
IRT Admin & other	350
Housing repairs	3,330
Corporate Democratic Core Recharge	22
Provision for Doubtful Debts	178
Corporate recharges & Asset Rentals	0
Depreciation & Impairment	6
Interest Charges	1,846
income & others small variances	(342)
	(408)

Capital

We spent £12.4 million on capital schemes in the General Fund and £6.6 million in the Housing Revenue Account in 2022/23.

Scheme 2022/23	Budget £'000	C/fwd £'000	In-year £'000	Total		
				Budget £'000	Outturn £'000	Variance £'000
General Fund						
ICT Systems	256	20	212	488	348	141
Fleet	1,345	2,301	-	3,646	163	3,482
Disables Facilities Grant	670	-	-	670	547	113
Property	3,143	228	903	4,274	3,476	798
Other Schemes	10,406	3,920	511	9,863	1,315	8,549
	15,820	6,469	1,626	18,941	5,849	13,083
Housing Revenue Account (HRA)						
Acquisitions and New Build	2,964	4,737	-	7,701	1,662	6,038
Housing Improvement Programme	4,500	3,073	-	7,573	1,835	5,738
Estate Improvement	710	702	-	-	517	895
Compliance	4,530	531	-	5,061	1,795	3,266
New Housing System	-	-	-	-	298	(298)
Capital Salaries	845	-	-	-	527	318
	13,549	9,043	-	20,335	6,634	15,957
Total Capital Program	29,369	15,512	1,626	39,276	12,483	29,040

General Fund:

The main areas of spending were on our new Council offices refurbishment work, finance system and the Appleby Magna Caravan Site redevelopment.

Housing Revenue Account:

The majority of the expenditure was in relation to the Housing Improvement Programme, New Affordable housing acquisitions and S106 purchases.

Our Assets and Liabilities

Pension Liabilities

£1.04 million (asset)

This is how much the council owes across future years offset by the value of assets invested in the pension fund. The council is currently showing an asset rather than a pension liability. Net liabilities decreased by £49.2 million from 2021/22 and is now a pension asset of £1m.

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 2024.

Cash flow

£ 4.5 million

The Council's cash flow shows a decrease of £17.7 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

£ 63.1 million

As at 31 March 2023 the Council has total external borrowing of £63.1 million, a reduction of £2.1 million when compared with the previous year. Most 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 our borrowing complies with the Prudential Code which means it is prudent, sustainable and affordable.

Provisions

£ 1.8 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 2023 is £4.6 million (£5.4 million as at 31 March 2022), the value of appeals used in completing the Collection Fund position as at 31 March 2023. The Council receives 40% of business rates as part of the localised system and must therefore bear 40% of the appeals provision which is £1.8 million.

Financial health

The Council has maintained a good level of financial health but like all local authorities faces significant pressures from reduced funding and demand pressures.

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 2023 were £13 million, an decrease of £4.35 million on the previous year.

The HRA has usable revenue reserves of £7.2 million, a decrease of £135,000 compared with 2021/22. The difference is £260,000 surplus for the year offset by use of £395,000 earmarked reserves.

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 £73.7 million in Council Tax but retained only about 12% 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 2022/23 for the twelfth 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.
- **Business Rates** – the Council collected £78 million in business rates income in 2022/23 but retained £7.2 million with the remainder being returned to the Government to fund other local services or as Levy to the Pool. 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. We also received our share of the surplus from the Leicestershire Pool of £2.5m which was for the 3 years 2020/21 to 2022/23.
- **New Homes Bonus** – the Council received £2.2 million in New Homes Bonus in 2022/23 an amount significantly above average reflecting the significant home

growth in the district. However, the Government reduced the size of this reward this year and future funding is uncertain.

5. Risk Management

We have a Risk Management Policy in place which was approved in 2022.

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.

The key risks are identified in the Council's corporate risk register.

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 Head of Finance
- 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.

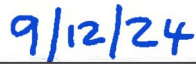
The S151 Officer has also: -

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

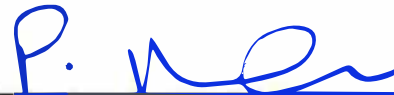
I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2023.




Paul Stone
Strategic Director of Resources



Date



Councillor Peter Moul
Chair of Audit and Governance Committee



Date

Section 2 Core Statements

Core Statements

1. Introduction

The following pages summarise the financial activities of North West Leicestershire District Council for 2022/23. The Council's Accounts have been produced in accordance with the *Code of Practice on Local Authority Accounting 2022/23* and the Service Reporting Code of Practice 2022/23, 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 2022/23 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 2023 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	2021/22		Notes	2022/23		Net Expenditure £'000
	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	
174	(5)	169	Chief Executive	0	0	0
2,244	(1,547)	697	Human Resources & Organisational Development	157	(32)	125
1,055	(411)	644	Legal and Support Services	857	(268)	589
17,474	(3,335)	14,139	Community Services (Including Strategic Director of Place)	15,665	(3,491)	12,174
4,989	(1,714)	3,275	Planning	3,936	(1,300)	2,636
1,496	(69)	1,427	Economic Development	1,682	(222)	1,459
304	(289)	15	Joint Strategic Planning	174	(127)	47
0	0	0	Homes for Ukraine	3	(19)	(16)
53	(14)	39	ICT	53	(12)	41
14,480	(12,869)	1,611	Revenues & Benefits	14,102	(12,413)	1,688
(2)	(0)	(2)	Property Services	5	(0)	5
1,473	(753)	720	Housing - General Fund	1,829	(1,018)	811
22	(22)	0	Customer Services	770	(55)	715
963	(86)	877	Finance	1,543	(306)	1,237
1,152	(20)	1,132	Corporate and Democratic Core	1,219	(21)	1,198
240	0	240	Non Distributed Costs	358	0	358
11,487	(18,072)	(6,585)	Housing Services - HRA	20,078	(18,722)	1,356
57,604	(39,206)	18,398	Cost of Services	62,430	(38,007)	24,423
		7,973	Other Operating Expenditure	5		3,716
		4,353	Financing and Investment Income and Expenditure	6		4,230
		(24,783)	Taxation and Non-Specific Grant Income	7		(25,990)
		5,941	(Surplus)/Deficit on Provision of Services			6,380
		(30,641)	(Surplus)/Deficit on revaluation of non current assets			(23,806)
		0	(Surplus)/Deficit on revaluation of available for sale financial assets			0
		(21,298)	Actuarial (gains)/losses on pension assets/liabilities			(54,834)
		(51,939)	Other Comprehensive Income and Expenditure			(78,640)
		(45,998)	Total Comprehensive Income and Expenditure			(72,261)

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 2021	21,456	19,406	8,170	1,420	1,606	52,058	155,652	207,709
Total Comprehensive Income and Expenditure	(12,015)	6,074	0	0	0	(5,941)	51,939	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)	57,620	46,000
Balance as at 31 March 2022	18,216	7,351	10,465	2,276	2,128	40,436	213,271	253,707
Total Comprehensive Income and Expenditure	(3,302)	(3,078)	0	0	0	(6,380)	78,640	72,261
Adjustments between accounting basis and funding basis under regulations	(1,048)	3,103	(71)	633	161	2,778	(2,778)	0
Increase/(Decrease) in Year	(4,350)	25	(71)	633	161	(3,601)	75,862	72,261
Balance at 31 March 2023 carried forward	13,866	7,376	10,394	2,910	2,290	36,835	289,133	325,968

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 £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 2022		NOTES	31 March 2023	
£'000			£'000	£'000
346,150	Property Plant and Equipment	8	368,975	
10,049	Investment Property	9	8,906	
201	Intangible Assets		870	
725	Heritage Assets		709	
0	Assets Held For Sale		0	
1,575	Surplus Assets	8	198	
0	Long Term Investments		0	
0	Long Term Debtors		1,043	
358,700	Long Term Assets			380,701
26,000	Short Term Investments		39,000	
160	Inventories		138	
6,896	Short Term Debtors	10	10,172	
22,221	Cash and Cash Equivalents	11	4,495	
55,277	Current Assets			53,805
(5,706)	Short Term Borrowing		(2,741)	
(37,475)	Short Term Creditors	12	(36,135)	
(2,160)	Provisions		(1,827)	
(45,341)	Current Liabilities			(40,703)
(59,549)	Long Term Borrowing		(60,309)	
(48,176)	Other Long Term Liabilities		0	
(374)	Revenue Grants Receipt In Advance		(283)	
(6,754)	Capital Grants Receipt In Advance		(7,183)	
(75)	Deferred Liabilities		(61)	
(114,928)	Long Term Liabilities			(67,835)
253,708	Net Assets			325,968
18,216	General Fund Balance		13,866	
7,351	Housing Revenue Account		7,376	
10,465	Capital Receipts Reserve		10,394	
2,276	Major Repairs Reserve		2,910	
2,128	Capital Grants Unapplied		2,290	
40,436	Usable Reserves			36,835

Balance Sheet

31 March 2022		NOTES	31 March 2023	
£'000			£'000	£'000
121,685	Revaluation Reserve	14	142,813	
142,589	Capital Adjustment Account	14	145,010	
(1,239)	Financial Instruments Adjustment Account	14	(1,210)	
(48,176)	Pension Reserve	14	1,043	
(1,059)	Collection Fund Adjustment Account	14	2,006	
(528)	Accumulated Absences Account	14	(528)	
213,272	Unusable Reserves			289,133
253,708	Total Reserves			325,968

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			
2021/22		NOTES	2022/23
£'000			£'000
(5,941)	Net surplus or (deficit) on the provision of services		(6,380)
38,403	Adjustments to net surplus or deficit on the provision of services for non-cash movements	15	11,724
(3,805)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	15	(9,978)
28,658	Net Cash flows from operating activities		(4,633)
(15,700)	Net Cash flows from Investing Activities	16	(20,943)
(11,631)	Net Cash flows from Financing Activities	17	7,850
1,326	Net increase or (decrease) in cash and cash equivalents		(17,727)
20,894	Cash and cash equivalents at the beginning of the reporting period		22,221
22,221	Cash and cash equivalents at the end of the reporting period	11	4,495

Section 3 Notes to the Core Financial Statements

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 2023 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 2023.</p> <p>The carrying value of Property, Plant and Equipment at 31 March 2023 is £369m.</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 £36.9m.</p>

Notes to core financial statement

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Asset	<p>Estimation of the net pension asset 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 asset at 31 March 2023 is £1.04m.</p>	<p>The effects on the net pensions asset 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 2022/23 year, the net pensions liability had decreased so much so that it is now an asset.</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 £0.08m remaining outstanding with the Valuation Office Agency at 31 March 2023.</p> <p>The new Check, Challenge and Appeal process has resulted in much lower appeals being submitted in relation to the 2017 Valuation List. There was £6.2m outstanding with the Valuation Office Agency at 31 March 2023.</p> <p>An appeals provision of £4.6m 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 £80k.</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.</p>	<p>If collection rates were to deteriorate, a doubling of the amount of impairment of doubtful debts would require an additional £860k for Council Tax debts, and £351k 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.

2022/23	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	771	3,484				(4,255)
Revaluation gains and (losses) on Property Plant and Equipment	0	4,479				(4,479)
Movements in the market value of Investment Properties	1,154					(1,154)
Amortisation of intangible assets	52					(52)
Depreciation of Heritage Assets	15					(15)
Capital grants and contributions applied	(593)	(150)				743
Transfer of depreciation to Major Repairs Account		(3,439)		3,439		0
Revenue expenditure funded from capital under statute	1,390	0				(1,390)
Recognition of DFG debtor						0
Principal Repaid on Self Financing Loans		(1,206)				1,206
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	1,206	3,168				(4,374)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(1,382)					1,382
Capital expenditure charged against the General Fund and HRA balances	(5,233)	(816)				6,049
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(161)	0			161	0

Notes to core financial statement

2022/23 - 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	(39)	(3,147)	3,186			0
Use of the Capital Receipts Reserve to finance new capital expenditure			(3,275)			3,275
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	0	0			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0		0			0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(18)	18			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				0
Adjustment involving the Major Repairs Reserve:						
Use of the Major Repairs Reserve to finance new capital expenditure				(2,806)		2,806
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	(29)	0				29
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	7,027	1,640				(8,667)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,159)	(893)				3,052
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements						
	(3,066)					3,066

Notes to core financial statement

2022/23 - 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	0					0
Adjustments involving the Collection Fund Adjustment Account:						
Total Adjustments	(1,048)	3,103	(71)	633	161	(2,778)

Notes to core financial statement

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 losses/(gains) 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)
Asset recognitions						
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						
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:						
Statement	425	(947)			522	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	(505)	(3,914)	4,419			0

Notes to core financial statement

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	
Use of the Capital Receipts Reserve to finance new capital expenditure disposals			(1,490)			1,490
receipts pool	0	57	(57)			0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	593		(593)			0
		(16)	16			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	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
Adjustments involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	202	56				(258)
Total Adjustments	8,775	(18,129)	2,295	856	522	5,682

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 2022/23.

	Balance at 31/3/2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance at 31/3/2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance at 31/3/2023 £'000
General Fund:							
General reserves	13,413	(5,570)	1,317	9,160	(6,592)	3,328	5,896
Ivanhoe Sinking Fund	6	0	0	6	(6)	0	0
Hermitage Recreation Ground - 3G Pitch	(11)	0	11	0	0	0	0
Hermitage Recreation Ground Mtce Fund	0	0	0	0	0	0	0
Asset Protection Fund	216	(205)	0	11	(11)	0	(0)
Total	13,624	(5,775)	1,328	9,177	(6,609)	3,328	5,896
HRA:							
General Earmarked Reserves	81	(18)	446	510	(395)	0	115
Total	81	(18)	446	510	(395)	0	115

Notes to core financial statement

5 Other Operating Expenditure

2021/22 £'000	2022/23 £'000
2,403 Parish Council Precepts	2,528
593 Payments to the Government Housing Capital Receipts Pool	0
4,977 (Gains)/losses on the disposal of non current assets	1,188
7,973 Total	3,716

6 Financing and Investment Income and Expenditure

2021/22 £'000	2022/23 £'000
2,683 Interest payable and similar charges	2,711
1,314 Pensions interest cost and expected return on pensions assets	1,357
(47) Interest receivable and similar income	(1,200)
403 Income and expenditure in relation to investment properties	1,362
4,353 Total	4,230

7 Taxation and Non-Specific Grant Income

2021/22 £'000	2022/23 £'000
(8,533) Council tax income	(8,839)
(9,385) Non domestic rates	(13,256)
(3,698) Non-ring fenced government grants	(2,589)
(3,168) Capital grants and contributions	(1,306)
(24,783) Total	(25,990)

Notes to core financial statement

8 Movements on Assets

Costs	Assets						Surplus Assets £'000
	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	
Cost or Valuation							
At 1 April 2022	294,797	48,287	9,039	0	1,126	353,250	1,575
Additions	5,145	673	521		5,029	11,368	104
Accumulated impairment & depreciation written-off to Gross book Value	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	18,231	2,330	0	0	0	20,561	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	527	(112)	0	0	0	415	0
Derecognition - Disposals	(3,047)	(157)	(217)	0	0	(3,420)	(1,206)
Derecognition - Other	(5,039)	(20)	0	0	0	(5,059)	0
Assets reclassified	1,660	275	0	0	(2,382)	(447)	(275)
At 31 March 2023	312,275	51,276	9,343	0	3,773	376,668	198

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 2022	0	0	(7,099)	0	0	(7,099)	0
Depreciation charge	(3,439)	(200)	(616)			(4,255)	0
Accumulated depreciation written-off to Gross book value	0	0	0	0	0	0	0
Depreciation written out to the Revaluation Reserve	3,240	5	0	0	0	3,245	0
Depreciation written out to the Surplus/ Deficit on the Provision of Services	164	1	0	0	0	164	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	36	1	217	0	0	253	0
Derecognition - Other	0	0	0	0	0	0	0
At 31 March 2023	0	(194)	(7,498)	0	0	(7,692)	0
Net Book Value							
At 31 March 2023	312,274	51,082	1,845	0	3,774	368,975	198
At 31 March 2022	294,797	48,287	1,939	0	1,126	346,150	1,575

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 Constructi on £'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		(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	(574)	0
Derecognition - Disposals	(3,200)	0	0	0	0	(3,200)	0
Derecognition - Other	0	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	353,250	1,575

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 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

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 selected was on the basis of existing use value – Social Housing.

Category	Date of Last Valuation	Basis of Valuation	Details of Valuers
Council Dwellings	31.03.23	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	31.03.23	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 2023, are:-

2021/22		2022/23
No		No
	Leisure Centres	
2	Leisure Centres with Pools	2
2	Markets	2
4	Cemeteries	4
	Council dwellings	
2,404	Houses	2,381
928	Flats and Maisonettes	920
816	Bungalows	820
	Land	
108	Parks and Open Spaces (acres)	108
	Other	
1	Office Properties	1
3	Depots	3
17	Off Street Car Parks	18
5	Public Conveniences	4
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.

2021/22 £'000	2022/23 £'000
692 Rental income from investment property	701
(1,095) Direct operating expenses arising from investment property	(2,063)
(403) Net gain/(loss)	(1,362)

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

2020/21 £'000	2022/23 £'000
15,186 Balance at the start of the year	10,049
Additions:	
0 Purchases	0
0 Construction	0
858 Subsequent expenditure	11
(6,233) Disposals	0
(328) Net gains/(losses) from fair value adjustments	(1,154)
Transfers:	
0 To/from Inventories	0
566 To/from Property, Plant and Equipment	0
0 Other changes	0
10,049 Balance at the end of the year	8,906

Notes to core financial statement

10 Short-Term Debtors

31 March 2022 £'000	31 March 2023 £'000
884 Central Government bodies	2,079
3,751 Other local authorities	5,448
0 NHS bodies	0
0 Public Corporations and trading funds	145
2,261 Other entities and individuals	2,500
6,896 Total Short-Term Debtors	10,172

11 Cash and Cash Equivalents

31 March 2022 £'000	31 March 2023 £'000
2 Cash held by the Council	0
(781) Bank current accounts	385
23,000 Short-term deposits and Money Market Funds	4,110
22,221 Total Cash and Cash Equivalents	4,495

12 Short-Term Creditors

31 March 2022 £'000	31 March 2023 £'000
21,528 Central Government bodies	12,999
11,789 Other local authorities	18,654
0 NHS bodies	0
183 Public Corporations and trading funds	334
3,975 Other entities and individuals	4,148
37,475 Total Short-Term Creditors	36,135

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 2022 £'000		31 March 2023 £'000
121,685	Revaluation Reserve	142,813
142,589	Capital Adjustment Account	145,010
(1,239)	Financial Instruments Adjustment Account	(1,210)
(48,176)	Pensions Reserve	1,043
(1,059)	Collection Fund Adjustment Account	2,006
(528)	Accumulated Absences Account	(528)
213,272	Total Unusable Reserves	289,133

Revaluation Reserve

2021/22 £'000		2022/23 £'000
93,520	Balance at 1 April	121,685
30,864	Upward revaluation of assets	23,982
(224)	of assets and	(175)
30,641	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	23,806
(1,436)	Difference between fair value depreciation and historical cost depreciation	(1,634)
(1,040)	Accumulated gains on assets sold or scrapped	(1,044)
(2,476)	Amount written off to the Capital Adjustment Account	(2,678)
121,685	Balance at 31 March	142,813

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.

	2021/22 £'000	2022/23 £'000	2022/23 £'000
132,479 Balance at 1 April			142,589
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
(4,125) Charges for depreciation and impairment of non-current assets		(4,269)	
(113) Revaluation (losses)/gain on Property, Plant and Equipment		(4,480)	
(78) Amortisation of Intangible assets		(52)	
(491) Revenue expenditure funded from capital under statute		(1,390)	
(9,396) 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		(4,374)	
1,040 Write-out of gains relating to revalued disposed assets		1,044	
1,436 Write-out of depreciation on revalued assets (HCA)		1,634	
	(11,726)		(11,887)
Capital financing applied in the year:			
1,490 Use of Capital Receipts Reserve to finance new capital expenditure		3,275	
2,242 Use of the Major Repairs Reserve to finance new capital expenditure		2,806	
537 Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		743	
14,180 Repayment of Debt		1,206	
516 Application of grants to capital financing from the Capital Grants Unapplied Account		0	
962 Statutory provision for the financing of capital investment charged against the General Fund and HRA balances		1,382	
2,237 Capital expenditure charged against the General Fund and HRA balances		6,049	
	22,164		15,461
(328) Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement			(1,154)
0 Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement			0
142,589 Balance at 31 March			145,010

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.

2021/22	2022/23
£'000	£'000
(63,294) Balance at 1 April	(48,176)
21,298 Actuarial gains or losses on pensions assets and liabilities	54,834
(9,085) 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	(8,667)
2,905 Employer's pensions contributions and direct payments to pensioners payable in the year	3,052
(48,176) Balance at 31 March	1,043

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

2021/22 £'000	2022/23 £'000
(1,221) Balance at 1 April	(1,239)
0 Premiums incurred in the year and charged to the Comprehensive Income and Expenditure	
Proportion of premiums incurred in previous financial years to be charged against the General Fund	
2 Balance in accordance with statutory requirements	23
(20) 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	7
(1,239) Balance at 31 March	(1,210)

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

2021/22 £'000	2022/23 £'000
(96) Balance at 1 April	84
Statement is different from council tax income calculated for the year in accordance with statutory requirements	(61)
84 Balance at 31 March	23

Non-Domestic Rates

2021/22 £'000	2022/23 £'000
(5,466) Balance at 1 April	(1,143)
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	3,127
(1,143) Balance at 31 March	1,983

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.

2021/22 £'000	2022/23 £'000
(270) Balance at 1 April	(528)
Settlement or cancellation of accrual made at the end of the preceding year	
(258) Amounts accrued at the end of the current year	0
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0
(528) 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:

2021/22	2022/23
£'000	£'000
47 Interest received	1,200
(2,683) Interest paid	(2,711)
0 Dividends received	0
(2,636)	(1,511)

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

2021/22	2022/23
£'000	£'000
4,125 Depreciation	4,269
113 Impairment and downward valuations	5,015
78 Amortisation	52
10,003 Increase/(decrease) in creditors	(10,155)
7,266 (Increase)/decrease in debtors	(3,276)
(10) (Increase)/decrease in inventories	22
6,954 Movement in pension liability	5,615
9,396 Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	9,685
478 Other non-cash items charged to the net surplus or deficit on the provision of services	497
38,403	11,724

Notes to core financial statement

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

2021/22	2022/23
£'000	£'000
3,000 Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(4,435) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,186)
(2,370) Any other items for which the cash effects are investing or financing cash flows	(6,792)
(3,805)	(9,978)

16 Cash Flow Statement - Investing Activities

2021/22	2022/23
£'000	£'000
(21,043) Purchase of property, plant and equipment, investment property and intangible assets	(12,018)
0 Purchase of short-term and long-term investments	(13,000)
4,435 Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,186
908 Other receipts from investing activities	889
(15,700) Net cash flows from investing activities	(20,943)

17 Cash Flow Statement - Financing Activities

2021/22	2022/23
£'000	£'000
(14,244) Repayments of short- and long-term borrowing	(2,214)
2,613 Other payments for financing activities	10,064
(11,631) Net cash flows from financing activities	7,850

Notes to core financial statement

18 Expenditure and Income Analysed by Nature

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

2021/22 £'000	Expenditure/Income	2022/23 £'000
Expenditure		
26,713	Employee expenses	27,860
36,603	Other services expenses	27,104
5,297	Depreciation, amortisation, impairment	10,311
1,314	Net pension interest	1,357
2,683	Interest payments	2,711
2,403	Precepts and levies	2,528
593	Payments to Housing Capital Receipts Pool	0
4,977	(Gain) / Loss on the disposal of assets	1,188
80,582	Total Expenditure	73,060
Income		
(34,504)	Fees, charges and other service income	(26,382)
(47)	Interest and investment income	(1,200)
(17,917)	Income from Council Tax and Non-Domestic Rates	(22,075)
(18,795)	Government Grants and Contributions	(15,718)
(3,377)	Capital Grants and Contributions	(1,306)
(74,641)	Total Income	(66,680)
5,941	(Surplus) or deficit on the Provision of Services	6,380

Notes to core financial statement

External income received by service

2021/22 £'000	2022/23 £'000
(5) Chief Executive	(16)
(17) Human Resources & Organisational Development	(252)
(379) Legal & Support Services	(3,109)
(2,869) Community Services (Including Director of Services)	(1,072)
(1,727) Planning	(36)
(69) Economic Development	(127)
(289) Joint Strategic Planning	0
(13) ICT	(12)
(1,454) Revenues & Benefits	(1,079)
(664) Property Services	(670)
(174) Housing (General Fund)	(175)
(0) Customer Services	(55)
(36) Finance	(290)
(20) Corporate & Democratic Core	0
0 Non Distributed Costs	0
(26,767) Housing Revenue Account	(19,488)
(34,484) Total external income in Cost of Services	(26,382)
(3,377) Other income and Expenditure (Capital grants)	(1,306)
(37,860) Total external income	(27,688)

Notes to core financial statement

19 Members' Allowances

The total value of Members Allowances paid during 2022/23 was £303,656 (2021/22: £295,291).

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.

2021/22 No of employees	Remuneration Band	2022/23 No of employees
9	£50,000 - £54,999	9
4	£55,000 - £59,999	5
2	£60,000 - £64,999	2
3	£65,000 - £69,999	1
3	£70,000 - £74,999	4
0	£75,000 - £79,999	0
0	£80,000 - £84,999	1
0	£85,000 - £89,999	0
2	£90,000 - £94,999	0
0	£95,000 - £99,999	2
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
1	£125,000 - £129,999	0

Notes to core financial statement

2022/23 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	1	13,314			323	13,637	3,034	16,671
Chief Executive	2	81,036			2,580	83,617	21,782	105,399
Strategic Director of Place		92,228			3,174	95,402	24,933	120,334
Strategic Director of Housing & Customer Services		92,228			3,402	95,630	24,604	120,234
Head of Finance	3	31,036			1,883	32,918	8,646	41,565
Head of Legal & Support Services		70,248			3,438	73,686	18,968	92,654
Head of Community Services		70,248			3,334	73,582	18,991	92,572
Head of Housing	4	12,605			539	13,143	3,280	16,423
Head of Planning		65,376			9,005	74,381	17,674	92,054
Head of Economic Regeneration		64,157			3,174	67,331	17,339	84,670
Head of Joint Strategic Planning	5	8,670			529	9,199	1,957	11,156
Head of Joint Strategic Planning	6	33,473			2,107	35,580	8,933	44,513
Head of HR & Organisation Development		66,593			4,745	71,338	17,987	89,325
		701,212	0	0	38,231	739,443	188,127	927,570

Note 1: The Chief Executive left on 30/04/2022. The annual salary was £135,469

Note 2: The Chief Executive started on 11/08/2022. The annual salary is £126,662

Note 3: The Head of Finance left on 14/09/2022. The annual salary was £70,247

Note 4: The Head of Housing left on 03/06/2022. The annual salary is £70,247

Note 5: The Head of Joint Strategic Planning left on 11/05/2022. The annual salary was £62,232

Note 6: The Head of Joint Strategic Planning started on 12/09/2022. The annual salary is £60,555

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

21 External Audit Costs

2021/22 £'000	2022/23 £'000
Fees payable with regard to external audit services:-	
39 Mazars LLP	44
Fees payable for the certification of grant claims and returns:-	
15 Mazars LLP	8
Fees payable for other assurance work completed in respect of Pooling of Housing capital receipts return:	
3 Mazars LLP	3
Other fees:-	
0 Mazars LLP - Additional fees for 2020/21	37
0 Cabinet Office - National Fraud Initiative	3
57 Total	95

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 meant 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 it remains a possibility. As such, the Council has not recognised a provision in respect of any possible unpaid liabilities.

Since staff at Everyone Active 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 the Balance Sheet.

Notes to core financial statement

24 Grant Income

2021/22 £'000		2022/23 £'000
Credited to Taxation and Non Specific Grant Income		
8,533	Council Tax Income	8,838
9,385	Non Domestic Rates	13,236
0	Levy Account Surplus	20
0	Services Grant	166
550	Lower Tier Services Grant	153
2,452	New Homes Bonus	2,218
696	Other grants	52
3,168	Capital Grants and Contributions	1,306
24,783	Total	25,990
Credited to Services		
10,969	Housing Benefit Subsidy	10,697
184	Housing Benefit Admin Grant	185
84	Local Council Tax Support Grant	81
153	Cost of Collection	155
595	Homelessness	750
0	UK Shared Prosperity Fund	148
0	Nutrient Neutrality	100
1,703	Covid	102
103	Council Tax Support	0
166	Household Support	0
294	Other Grants under £100k each	472
390	Section 106	60
132	Sport & Physical Activity	134
177	Other Contributions under £100k each	286
14,950	Total	13,172

Notes to core financial statement

31 March 2022	31 March 2023
£'000	£'000
Capital Grant Receipts in Advance	
1,207 Affordable Housing - S106	1,207
747 Recreation/Playground - S106	784
415 Healthcare - S106	340
5 CCTV - S106	5
207 Police - S106	207
1,837 Highways - S106	1,837
17 Network Rail - S106	17
144 Parish Councils - S106	363
0 National Forest - S106	65
154 Marlborough Square - LLEP	101
150 BEIS	0
0 UK Shared Prosperity	165
1,871 DFG	2,086
0 Air Quality - DEFRA	6
6,754 Total	7,183

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, the details of which are available on request.

During the year transactions with related parties arose as follows:

2021/22 (Receipts)/ Payments £'000	2022/23 (Receipts)/ Payments £'000
(17,466) Central Government Revenue Grants (Benefits/RSG/other grants)	21,205
48,547 Leicestershire County Council (Precept paid less grant income)	58,058
2,414 Leicestershire Fire and Rescue (Precept paid)	3,374
8,546 Leicestershire Police (Precept paid less grant income)	9,143
Other Related Parties:	
Two Members serve as directors and one Member is an employee of 2 private companies with which the council transacted during the	
(15) year.	(9)
<u>42,026</u>	<u>91,771</u>

Notes to core financial statement

26 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

2021/22 £'000		2022/23 £'000
96,435	Opening Capital Financing Requirement	95,105
	Capital Investment	
20,344	Property, plant and equipment	12,540
0	Investment properties	0
0	Intangible assets	0
491	Revenue Expenditure Funded from Capital Under Statute	1,390
	Sources of finance	
(1,490)	Capital receipts	(3,275)
(1,053)	Government grants and other contributions	(743)
	Sums set aside from revenue	
(18,659)	Direct revenue contributions	(11,443)
(962)	(MRP/ the statutory repayment of loans fund advances)	(1,184)
95,105	Closing capital financing requirement	92,389
	Explanation of movements in year	
0	Increase / (decrease) in underlying need to borrowing (supported by government financial assistance)	0
(1,330)	Increase / (decrease) in underlying need to borrowing (unsupported by government financial assistance)	(2,716)
0	Assets acquired under finance leases	0
0	Assets acquired under PFI contracts	0
(1,330)	Increase/ (decrease) in capital financing requirement	(2,716)

Notes to core financial statement

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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	2	4	0	0	2	4	£756	£22,372
£20,001 - £40,000	0	0	1	0	1	0	£26,822	£0
£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	2	4	1	0	3	4	£27,578	£22,372

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 pension liabilities with investment assets.

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

	2021/22		2022/23
	£'000		£'000
Net Cost of Services			
	7,613	Current service cost	7,152
	158	Past service costs	158
	0	Curtailments	0
	7,771		7,310
Net Operating Expenditure			
	3,554	Interest cost	4,633
	(2,240)	Expected return on assets in the scheme	(3,276)
	1,314		1,357
	9,085	Amount charged to Income and Expenditure Account	8,667
Amounts to be met from Government Grants and Local Taxation			
	(57)	Movement on pension reserve	(55)
Actual amount charged against General Fund & HRA for pensions in the year			
	2,848	Employers' contributions payable to the scheme	2,997
	57	Unfunded discretionary benefit payments	55

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 that were 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-22
Actives	52
Deferred Pensioners	50
Pensioners	69

Payroll

	2021/22 £'000	2022/23 £'000
Assumed total pensionable payroll based on contribution information provided	14,696	15,514

Investment Returns

The return on the fund in market value terms for the year to 31 March 2023 is estimated based on actual Fund returns as provided by the Administering Authority. Details are given below.

Actual Return for Period 1 April 2022 to 31 March 2023	1.2%
Total Return for Period from 1 April 2022 to 31 March 2023	1.2%

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 2023	Annual Unfunded Pensions (£'000)
Male	14	45
Female	2	2
Dependants	13	14
Total	29	61

Projected Pension Expense For Year 31/03/2024

Analysis of Projected Amount to be charged to operating profit for the year to 31 March 2024.

Period Ended	31 March 2024	
	£'000	% of pay
Projected Current service cost	3,175	20.5%
Interest on Obligation	5,660	36.5%
Expected Return on Plan Assets	(5,742)	(37.0%)
Losses /(Gains) on Curtailment and Settlements	0	0.0%
Total	3,093	20.0%

The pension fund has moved from a liability of £48.176m at 31/3/22 to an asset of £1.043m at 31/3/23. This is mainly due to a remeasurement 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:

2021/22	Assumptions	2022/23
3.20%	Inflation/Pension Increase Rate	2.95%
3.70%	Salary Increase Rate	3.45%
2.70%	Discount Rate	4.75%

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

Assets Category	2021/22		2022/23	
	Value £'000	Asset Distribution %	Value £'000	Asset Distribution %
Equity Securities	1,011.70	0.83%	377.30	0.31%
Debt Securities	6,316.10	5.21%	6,037.00	5.03%
Private Equity	8,111.00	6.69%	8,220.20	6.85%
Real Estate	9,331.40	7.69%	8,509.20	7.09%
Investment Funds	90,139.00	74.32%	94,167.10	78.43%
Derivatives	251.60	0.21%	55.10	0.05%
Cash and Cash Equivalents	6,124.20	5.05%	2,701.10	2.25%
Total	121,285.00	100.00%	120,067.00	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	21.0	23.9
Future pensioners *	21.8	25.8

* 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

2021/22		2022/23
£'000		£'000
175,301	Opening Defined Benefit Obligation	169,461
7,613	Current Service cost	7,152
3,554	Interest cost	4,633
917	Contributions by Members	960
(14,428)	Actuarial losses/(Gains)	(59,598)
158	Past service costs/(Gains)	158
0	Losses/(Gains) on Curtailments	0
(57)	Estimated Unfunded Benefits Paid	(55)
(3,597)	Estimated Benefits Paid	(3,687)
169,461	Closing Defined Benefit Obligation	119,024

Reconciliation of fair value of employer assets

2021/22		2022/23
£'000		£'000
112,007	Opening Fair Value of Employer Assets	121,285
2,240	Expected Return on Assets	3,276
917	Contributions by Members	960
2,848	Contributions by the Employer	2,997
57	Contributions in respect of Unfunded Benefits	55
6,870	Actuarial gains/(losses)	(4,764)
(57)	Estimated Unfunded Benefits Paid	(55)
(3,597)	Estimated Benefits Paid	(3,687)
121,285	Closing Fair Value of Employer Assets	120,067

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 2023 is estimated based on actual fund returns as provided by the Administering Authority and index returns where necessary. Details are given below:

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Fair Value of Employer Assets	93,977	86,739	112,007	121,285	120,067
Present Value of Defined Benefit Obligation	(153,638)	(131,430)	(175,301)	(169,461)	(119,024)
Surplus/(Deficit)	(46,298)	(59,661)	(44,691)	(63,294)	1,043
Experience Gains/(Losses) on Assets	2,557	(10,038)	20,006	6,870	(4,764)
Experience Gains/(Losses) on Liabilities	(12)	8,713	1,427	(502)	(9,332)
Actuarial Gains/ (Losses) on Employer Assets	2,557	(10,038)	20,006	6,870	(4,764)
Actuarial Gains/ (Losses) on Obligations	(11,671)	28,641	(38,641)	14,428	59,598
Actuarial Gains/ (Losses) recognised in SRIE	(9,114)	18,603	(18,635)	21,298	54,834

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

2021/22 £'000	2022/23 £'000
6,870 Actuarial Gains/(Losses) on Plan Assets	(4,764)
14,428 Actuarial Gains/ (Losses) on Obligations	59,598
21,298 Actuarial Gain/(Loss) Recognised in SRIE	54,834
(13,089) Cumulative Actuarial Gains and Losses	41,745

Notes to core financial statement - continued

Balance Sheet

2021/22 £'000	2022/23 £'000
121,285 Fair Value of Employer Assets	120,067
(168,596) Present Value of Funded Liabilities	(118,329)
(47,311) Net (Under)/ Overfunding in Funded Plans	1,738
(865) Present value of unfunded liabilities	(695)
0 Unrecognised Past Service Cost	0
(48,176) Net Asset/(Liability)	1,043
Amount in the Balance Sheet	
(48,176) Liabilities	0
0 Assets	1,043
(48,176) Net Asset/(Liability)	1,043

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 2022	31 March 2023	31 March 2022	31 March 2023
	£'000	£'000	£'000	£'000
<i>Loans at amortised cost:</i>				
PWLB	(55,137)	(52,403)	(1,206)	(2,734)
LOBO/Other Loans	(4,412)	(7,906)	(4,500)	0
Other Long Term Liabilities	0	(61)	0	(7)
Total Borrowing	(59,549)	(60,369)	(5,706)	(2,741)
<i>Liabilities at amortised cost:</i>				
Trade payables-Included in creditors	(75)	0	(14,901)	(5,252)
Total Financial Liabilities	(59,624)	(60,369)	(20,607)	(7,993)

Financial Assets	Long term		Short term	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£'000	£'000	£'000	£'000
<i>At amortised cost:</i>				
Principal	0	0	26,000	39,000
Loss allowance *	0	0	0	0
Total Investments	0	0	26,000	39,000
<i>At amortised cost:</i>				
Principal	0	0	5,221	10
Loss allowance	0	0	0	0
<i>At Fair Value through Profit and Loss:</i>				
Money Market Funds	0	0	17,000	4,485
Total Cash and Cash Equivalents	0	0	22,221	4,495
<i>At amortised cost:</i>				
Trade Receivables-Included in Debtors	0	0	4,736	6,983
Accrued Interest	0	0	0	0
Loss allowance	0	0	(1,172)	(1,241)
Total Trade Receivables	0	0	3,564	5,742
Total Financial Assets	0	0	51,785	49,237

* Loss allowances are not required for UK Central or Local Government investments and the remaining Expected Credit Losses are immaterial: £7 for Cash and Cash Equivalents.

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 2023. 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 2021/22 £'000	Fair Value 2021/22 £'000	Balance Sheet 2022/23 £'000	Fair Value 2022/23 £'000
<i>Financial Liabilities held at amortised cost:</i>					
Long Term Loans From PWLB	2	(56,343)	(60,688)	(55,137)	(46,136)
Long Term LOBO/Other Loans	2	(8,912)	(12,056)	(7,440)	(7,440)
Other Long Term Liabilities		(75)	(75)	(68)	(68)
Sub-Total		(65,330)	(72,819)	(62,645)	(53,644)
<i>Liabilities for which Fair Value is not disclosed:</i>					
Trade payables-Creditors		(14,894)	(14,894)	(5,252)	(5,252)
Total Financial Liabilities		(80,224)	(87,713)	(67,897)	(58,896)

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 2021/22 £'000	Fair Value 2021/22 £'000	Balance Sheet 2022/23 £'000	Fair Value 2022/23 £'000
<i>Financial Assets held at amortised cost:</i>					
Investments with Local Authorities	2	10,000	9,972	5,000	5,007
Investments with Banks	2	3,000	2,998	2,010	2,003
Investments with Central Government	2	19,000	18,999	32,000	32,325
<i>Financial Assets held at Fair value:</i>					
Money Market Funds	1	17,000	17,000	4,100	4,100
Total		49,000	48,969	43,110	43,435
<i>Assets for which Fair Value is not disclosed:</i>					
Cash and Cash equivalents		(779)	(779)	142	142
Trade Receivables-Debtors		3,564	3,564	5,742	5,742
Total Financial Assets		51,785	51,753	48,994	49,319

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 or 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 2024, a total of £7.04 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 2022		31 March 2023	
	Long Term £'000	Short Term £'000	Long Term £'000	Short Term £'000
A+	0	3,000	0	10
A	0	0	0	2,000
BBB+	0	0	0	0
Unrated Local Authorities	0	10,000	0	5,000
Money Market Funds	0	17,000	0	4,100
UK Government	0	19,000	0	32,000
Total Investments	0	49,000	0	43,110

The Council has £13,506,821 of Debtors, for which a provision for doubtful debts of £3,334,615 has been made. Of this debtors figure, £10,787,533 relates to sundry debtors, £1,158,026 to Council Tax and Business Rates and £1,561,262 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 2022 £'000	31 March 2023 £'000
Less than three months	3,671	6,561
Three to six months	1	1
Six months to one year	293	656
More than one year	1,555	3,570
Total	5,520	10,788

The table below breaks this down to debtor type:

Type	30 March 2022		31 March 2023	
	Gross Debt £'000	Loss Allowance £'000	Gross Debt £'000	Loss Allowance £'000
Central Gov't Bodies	884	0	2,079	0
Other Local authorities	3,751	0	5,448	0
NHS Bodies	0	0	0	0
Public Corporations and trading funds	0	0	145	0
Other entities and Individuals	5,484	(3,224)	5,835	(3,335)
Total	10,119	(3,224)	13,507	(3,335)

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 2022			31 March 2023		
	Liabilities £'000	Assets £'000	Net £'000	Liabilities £'000	Assets £'000	Net £'000
Maturity in 1 year*	5,706	(48,221)	(42,514)	5,706	(42,331)	(36,624)
Maturity in 1 - 2 years	2,734		2,734	2,734	0	2,734
Maturity in 2 - 5 years	3,871		3,871	3,871	0	3,871
Maturity in 5 - 10 years	2,997		2,997	2,997	0	2,997
Maturity in over 10 years	49,475		49,475	49,475	0	49,475
Total	64,783	(48,221)	16,562	64,783	(42,331)	22,452

* 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 2023 is £4.6m (2022: £5.4m), the value of appeals used in completing the Collection Fund position as at 31 March 2023. The Council has made a provision for 40% of this figure totalling £1.8m (2022: £2.16m) within the 2022/23 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 2022/23 was £1.302 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.

2022/23

	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	322	(322)	0	0	0	0	0
Human Resources & Organisational Dev	741	(627)	9	0	124	1	125
Legal and Support Services	1,683	(1,096)	3	0	589	0	589
Community Services including Strategic Director of Place	9,357	1,726	658	(290)	11,451	723	12,174
Planning	1,652	732	252	0	2,636	0	2,636
Economic Development	1,166	190	85	0	1,442	18	1,459
Joint Strategic Planning	21	11	14	0	47	0	47
Ukraine	(16)	0	0	0	(16)	0	(16)
ICT	1,310	(1,323)	0	0	(12)	53	41
Revenues & Benefits	748	914	26	0	1,688	0	1,688
Property Services	495	(634)	18	(1,072)	(1,193)	1,198	5
Housing - General Fund	612	198	2	0	811	0	811
Customer Services	1,783	(1,069)	0	0	715	0	715
Finance	2,679	(1,490)	48	0	1,237	0	1,237
Corporate and Democratic Core	56	1,138	4	0	1,198	0	1,198
Non-Distributed Costs	350	8	0	0	358	0	358
Housing Revenue Account	(8,896)	(360)	395	0	(8,861)	10,216	1,356
Recharges	(2,003)	2,003	0	0	0	0	0
Net Cost of Services	12,062	0	1,514	(1,362)	12,214	12,209	24,423
Other Income and Expenditure	(20,958)	0	(2,142)	1,362	(21,738)	3,694	(18,044)
(Surplus)/Deficit on Provision of Services	(8,896)	0	(628)	0	(9,523)	15,903	6,380

Notes to core financial statement

Expenditure and Funding Analysis continued

2021/22

	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	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)	1639	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 - continued

Expenditure and Funding Analysis continued

Analysis of adjustments between funding basis and accounting basis

2022/23	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	1	0	0	1
Legal and Commercial Services	0	0	0	0
Director of Place	723	0	0	723
Planning & Infrastructure	0	0	0	0
Economic Development	18	0	0	18
Joint Strategic Planning	0	0	0	0
Housing & Asset Mgmt - General Fund	0	0	0	0
ICT	53	0	0	53
Revenues & Benefits	0	0	0	0
Property Services	1,198	0	0	1,198
Customer Services	0	0	0	0
Finance	0	0	0	0
Corporate and Democratic Core	0	0	0	0
Non-Distributed Costs	0	0	0	0
Housing Revenue Account	7,964	747	1,506	10,216
Recharges	0	0	0	0
Net Cost of Services	9,956	747	1,506	12,209
Other Income and Expenditure	2,308	4,868	(3,482)	3,694
Surplus/Deficit on Provision of Services	12,264	5,615	(1,977)	15,903

Notes to core financial statement - continued

Expenditure and Funding Analysis continued

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

Section 4 Housing Revenue Account (HRA)

Housing Revenue Account (HRA)

Housing income and expenditure account

2021/22		NOTES	2022/23	
£'000	£'000		Income	£'000
	(17,405)	Rents - Dwellings	H4	(18,003)
(43)		Rents - Garages / Sites		(37)
(8)		Rents - Shops		(18)
(4)		Rents - Other		(10)
	(55)			(65)
	(569)	Charges for Services and Facilities		(618)
	(26)	Other Income		(18)
	(16)	RTB Discounts repaid		(18)
	(18,072)	Total income		(18,722)
		Expenditure		
	6,331	Repairs and Maintenance		8,755
		Supervision and Management		
2,354		- General		2,761
584		- Special		673
	2,938			3,434
		Capital Charges		
	3,110	- Depreciation of Fixed Assets	H8	3,484
	(819)	- Impairment of Fixed Assets	H9	4,479
	0	- Initial Gain on Donated Assets		0
		(77) Increase / (decrease) in provision for Bad or Doubtful Debts		(78)
	4	Debt Management Expenses		3
	11,487	Total expenditure		20,078
		(6,585) Net cost of HRA services included in income and expenditure account		1,356
	333	Housing Share of Corporate and Democratic Costs		360
	0	Housing Share of other amounts included in the whole authority cost of services but not allocated to specific services		0
	(6,252)	Net cost of HRA services		1,716
	(751)	(Gain) or Loss on Sale of HRA Fixed Assets		22
	2,231	Interest Payable and Similar Items		1,884
	(16)	Interest on Balances		(394)
	0	Amortisation of Premiums and Discounts		0
	(1,289)	Capital Grants and Contributions		(150)
	(6,077)	(Surplus) / deficit on HRA services		3,078

Housing Revenue Account (HRA)

2021/22 £'000	Statement of movement on the HRA balance	2022/23 £'000
(6,077)	(Surplus) / Deficit on Housing Income and Expenditure Account	3,078
18,561	Amounts Required by Statute to be Taken into Account (detailed below)	(3,497)
12,484	Total	(420)
(19,325)	HRA Balance Brought Forward	(6,841)
(6,841)	HRA Balance Carried Forward	(7,261)
<hr/>		
2021/22 £'000	Analysis of the movement in the HRA balance	2022/23 £'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		
751	Gain or (Loss) on Sale of HRA Fixed Assets	(22)
0	Amortisation of Premiums and Discounts	0
16	RTB Discounts repaid	18
(57)	Employee Benefits adjustment	0
(1,827)	Net charges for retirement benefits in accordance with IAS 19	(1,640)
772	Impairment/Revaluation of Fixed Assets	(4,524)
0	Initial Gain on Donated Assets	0
(345)		(6,167)
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
(57)	Right to Buy Admin Contribution	0
873	Employer's contributions payable to Leicestershire County Council Pension Fund	893
14,180	Principal Repaid on Self Financing Loans	1,206
2,456	Capital Expenditure funded by the HRA	816
1,454	Transfer To/(From) Reserves	(245)
18,906	Total	2,670
18,561	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	(3,497)

Notes to the housing revenue account (HRA)

H1 Movement in dwelling stock

The Council was responsible for managing an average of 4,121 lettable dwellings during 2022/23. The movement in the stock was as follows:-

2021/22		2022/23
4,193	Stock at 1st April	4,138
(46)	Less: Right to buy Sales	(41)
0	Less: Other Sales	4
0	Less: Demolitions	0
(10)	Less: Transfers out of stock	(3)
1	Add: Other Purchases	1
0	Add: New Build and Gifted units	13
0	Add: Transfers back into stock	9
4,138		4,121

H2 Property types in dwelling stock

The properties owned by the Council at 31st March 2023 comprise the following:-

	Flats/Maisonettes	Bungalows	Houses	Total
In stock				
Bed sits	57	4	1	62
1 Bedroom	530	331	11	872
2 Bedroom	324	479	419	1,222
3 Bedroom	9	6	1,800	1,815
4 Bedroom	0	0	145	145
5 Bedroom	0	0	5	5
	920	820	2,381	4,121
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
	0	0	0	0
Total owned	920	820	2,381	4,121

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

2021/22		2022/23
Balance		Balance
£'000		£'000
294,796	Dwellings	312,274
2,976	Other Land and Buildings	3,210
297,772	Operational assets	315,484
0	Surplus Assets	0
687	OLB (Land and Assets under construction)	186
687	Non-operational assets	186
298,459	Total assets	315,670

The vacant possession value of dwellings within the Council's HRA as at 31st March 2023 was £875,196,000 (2022: £701,895k). 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 £84.66 per week in 2022/23 (2021/22: £83.55) there being an average increase of 1.01% (2021/22: 2.03% increase) over the previous year. During the year 1.09% (2021/22: 1.03%) of lettable properties were vacant.

2021/22		2022/23
£'000		£'000
12,264	Collectable from Tenants	13,574
5,141	Rent Rebates	4,429
17,405	Sub-Total Dwelling Rents	18,003
55	Non - Dwelling Rents	65
17,460	Total Rent	18,068

H5 Rent arrears

The rent arrears (net of accounts in credit) as a proportion of gross rent income were 4.64% (2021/22: 3.94%). The arrears figures are as follows:-

Amounts written off during the year were £43,750 (2021/22: £ 37,747) representing a reduction in Doubtful Debt allowance. At 31 March 2022, the Provision for doubtful debts stood at £1,035,641 (2021/22: £917,507).

2021/22		2022/23
£'000		£'000
1,270	Total Current and Former Tenant Arrears	1,445
(583)	Less: Accounts in credit	(611)
687	Net Arrears	834

H6 Major repairs reserve

2021/22		2022/23
£'000		£'000
(1,420)	Balance at 1st April	(2,276)
(3,099)	Amounts transferred to Reserve during year	(3,439)
	Amounts transferred from Reserve to finance Capital Expenditure:	
2,242	Dwellings	2,806
(2,277)	Balance at 31 March	(2,910)

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 £7,044,394. The sources of funding

2021/22		2022/23
£'000		£'000
2,242	Major Repairs Reserve	2,806
0	Section 106 Receipts	0
2,193	Revenue Contribution	816
285	Other Contributions	150
1,047	Capital Receipts	3,959
5,767		7,731

Total Capital Receipts from disposals of Council Dwellings within the Council's HRA stock in 2022/23 were £7,044K

H8 Depreciation of HRA fixed assets

2021/22		2022/23
£'000		£'000
3,099	Dwellings (excl. garages)	3,439
10	Other Land and Buildings	45
0	Surplus Assets	0
3,110	Operational assets	3,484

H9 Revaluation/impairment (reversal) of HRA fixed assets

2021/22		2022/23
£'000		£'000
(835)	Dwellings (excl. garages)	4,479
16	Other Land and Buildings	0
0	Surplus Assets	0
(819)	Operational assets	4,479

Section 5 Collection Fund

Collection Fund

2021/22 £'000	Collection fund income and expenditure account	2022/23	
		£'000	£'000
	Income		
(69,897)	Council Tax (Net of benefits, discounts for prompt payment and transitional relief)		(73,733)
	Transfers from General Fund:-		
10	- Council Tax Benefit		0
(186)	- CTLS Discretionary		(29)
(7)	Section 13a		0
(73,456)	Business Ratepayers		(78,004)
(143,536)	Total Income		(151,766)
	Expenditure		
	Council Tax Precepts and Demands:-		
49,153	Leicestershire County Council	51,698	
8,649	Leicestershire Police	9,188	
2,414	Leicestershire Fire and Rescue	2,643	
8,452	N.W.L.D.C. (including Parish and Special Expenses)	8,746	
(785)	Contribution towards previous year's deficit	1,261	
758	Provision for bad/doubtful debts	725	
68,641			74,261
	Non-Domestic Rates (NDR):		
37,523	Share of NDR - Government	36,574	
6,754	Payment to Leicestershire County Council	6,583	
750	Payment to Leicestershire Fire and Rescue Service	731	
30,018	Share of NDR - N.W.L.D.C.	29,259	
(12,775)	Contribution towards previous year's surplus	(4,016)	
(299)	Provision for bad/doubtful debts	(149)	
374	Provision for appeals	832	
153	Costs of Collection	156	
186	Disregarded amounts	190	
62,684			70,160
131,325	Total Expenditure		144,421
(1,439)	Movement on fund - (Surplus)/Deficit for the year - Council Tax		499
(10,772)	Movement on fund - (Surplus)/Deficit for the year - NDR		(7,844)
723	Collection Fund Balance at 1st April 2022 - Council Tax		(716)
13,674	Collection Fund Balance at 1st April 2022 - NDR		2,902
(716)	Collection Fund Balance at 31st March 2023 - Council Tax		(217)
2,902	Collection Fund Balance at 31st March 2023 - NDR		(4,942)

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	7,230	6/9	4,820
B	11,673	7/9	9,079
C	7,050	8/9	6,267
D	6,320	9/9	6,320
E	4,652	11/9	5,687
F	1,869	13/9	2,699
G	917	15/9	1,528
H	47	18/9	94
	39,759		36,494
Less: 2% Allowance for Valuation Appeals and irrecoverables			913
Council tax base for 2022/23			35,581

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 2023 was £210,312,769 (2022: £169,181,773).

The National Non-Domestic multiplier for the year was 51.2p (2021/22: 51.2p).

The Small Business Rate Multiplier was 49.9p (2021/22: 49.9p).

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 £1.83m in its accounts (2022: £2.16m).

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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.

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Section 7 Auditor's report

Independent auditor's report to the members of North West Leicestershire District Council

Report on the audit of the financial statements

Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of North West Leicestershire District Council ("the Council") for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, Housing Revenue Account, the Collection Fund and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2023, by 13 December 2024 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

Responsibilities of the Strategic Director of Resources as S151 Officer for the financial statements

As explained more fully in the Statement of the S151 Officer's Responsibilities, the Strategic Director of Resources as S151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Strategic Director of Resources as S151 Officer is also responsible for such internal control as the Strategic Director of Resources as S151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Strategic Director of Resources as S151 Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Strategic Director of Resources as S151 Officer is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor’s responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council’s financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor’s report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Report on the Council’s arrangements for securing economy, efficiency, and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Council’s governance arrangements for the year ended 31 March 2023.

In December 2024, we identified a significant weakness in relation to the governance for the 2021/22 year. In our view this significant weakness remains for the year ended 31 March 2023:

Significant weakness in arrangements	Recommendation(s)
The Council failed to publish its draft financial statements for the 2021/22 and 2022/23 financial years by the relevant statutory deadlines. This is evidence of a weakness in the council’s governance arrangements.	The Council should ensure that proper arrangements are in place to support the timely preparation of good quality financial statements, that include robust quality review procedures and complete and accurate supporting working papers.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Council’s use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

Use of the audit report

This report is made solely to the members of North West Leicestershire District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of North West Leicestershire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Mark Surridge (Dec 13, 2024 07:39 GMT)

Mark Surridge, Key Audit Partner

For and on behalf of Forvis Mazars LLP

Birmingham, UK

13 December 2024