

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2022-23 (UNAUDITED)**



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# Section 1 Narrative Report

## 1. North West Leicestershire as a place

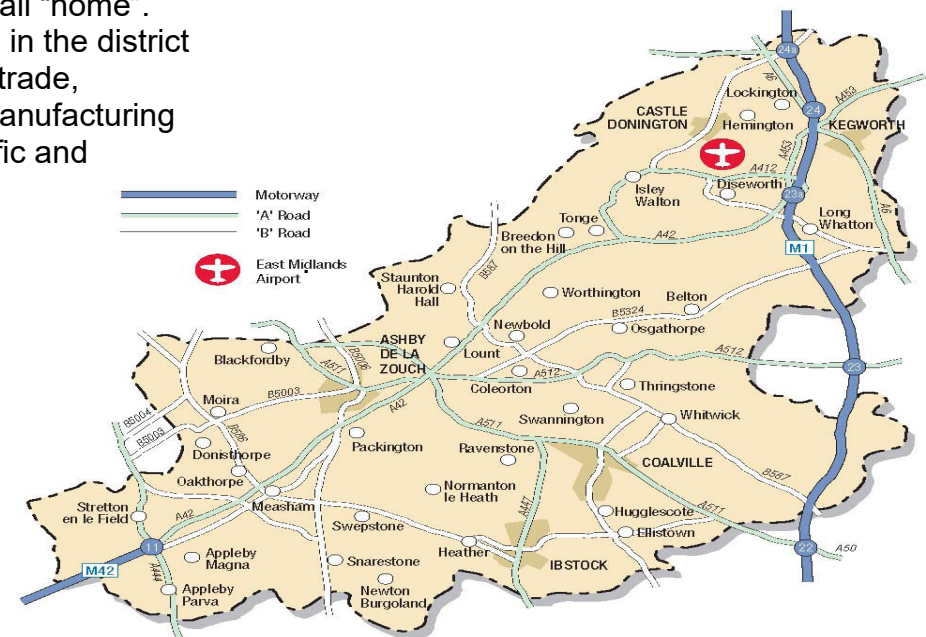
North West Leicestershire is a semi-rural district with a population of approximately 108,000. Most people live in the district's two main towns of Coalville and Ashby de la Zouch. Around the district are a handful of large villages (Castle Donington, Kegworth, Ibstock and Measham) and numerous smaller 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 2021/22 sets out our priorities and aims for the coming years. Our priority areas are:

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

The priorities are underpinned by a balanced budget, set in February each year, a constant focus on value for

money, local income generation where appropriate and a prudent approach to future challenges to our funding and expenditure.

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

- **Customer First** – making sure we put customers at the heart of what we do, driving and improving services and increasing the choice customers have in where, when and how they engage with the council
- **Place** – co-ordinating projects that will develop and shape our environment, both built and natural, ensuring delivery of quality homes and facilities for our residents and business
- **People** – making sure we develop our staff to have the skills for a 21<sup>st</sup> 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
<b>Net cost of service after recharges</b>	<b>17,007</b>	<b>17,378</b>	<b>371</b>
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
<b>Total Funding</b>	<b>17,007</b>	<b>17,378</b>	<b>371</b>

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.

<b>Major Variances 2022/23</b>		<b>£'000</b>
<b>Adverse Variances</b>		
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
		<b>-4,818</b>
<b>Favourable Variances</b>		
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
		<b>4,489</b>
Deminimus Non-Salary Variances		-409
		<b>-738</b>

## 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
<b>Total Expenditure</b>	<b>14,909</b>	<b>15,999</b>	<b>1,090</b>
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)
	<b>(18,524)</b>	<b>(18,621)</b>	<b>(21)</b>
<b>Net Cost of Service</b>	<b>(3,615)</b>	<b>(2,621)</b>	<b>1,069</b>
Add:			
Capital Financing (Interest)	3,365	1,884	(1,481)
Investment Income	(3)	0	3
<b>NET (SURPLUS) / DEFICIT</b>	<b>(253)</b>	<b>(737)</b>	<b>(408)</b>

HRA 2022/23	£'000
<b>MAJOR VARIANCES</b>	
<b>Adverse Variances</b>	
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)
<b>Favourable Variances</b>	
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)
	<b>(408)</b>

## 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
<b>General Fund</b>						
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
	<b>15,820</b>	<b>6,469</b>	<b>1,626</b>	<b>18,941</b>	<b>5,849</b>	<b>13,083</b>
<b>Housing Revenue Account (HRA)</b>						
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
<b>Total Capital Program</b>	<b>29,369</b>	<b>15,512</b>	<b>1,626</b>	<b>39,276</b>	<b>12,483</b>	<b>29,040</b>

### 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**

#### **£ 17.7 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**

#### **£ 2.3 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 £4.5 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 £2.27 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 £19 million, an increase of £0.8 million on the previous year. Nearly £0.5 million of this was the surplus for the 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.



# 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.

2021/22			2022/23			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Notes	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
174	(5)	169		0	0	0
2,244	(1,547)	697		157	(32)	125
1,055	(411)	644		857	(268)	589
17,474	(3,335)	14,139		16,024	(3,491)	12,533
4,989	(1,714)	3,275		3,936	(1,300)	2,636
1,496	(69)	1,427		1,372	(222)	1,150
304	(289)	15		174	(127)	47
0	0	0		3	(19)	(16)
53	(14)	39		53	(12)	41
14,480	(12,869)	1,611		14,102	(12,413)	1,688
(2)	(0)	(2)		5	(0)	5
1,473	(753)	720		1,829	(1,018)	811
22	(22)	0		55	(55)	(0)
963	(86)	877		1,543	(306)	1,237
1,152	(20)	1,132		1,219	(21)	1,198
240	0	240		350	0	350
11,487	(18,072)	(6,585)		15,324	(18,722)	(3,398)
<b>57,604</b>	<b>(39,206)</b>	<b>18,398</b>		<b>57,002</b>	<b>(38,007)</b>	<b>18,995</b>
		7,973				2,250
		4,353	5			4,230
		(24,783)	6			(25,840)
		<b>5,941</b>	7			<b>(364)</b>
		(30,641)				(20,234)
		0				0
		(21,298)				(54,834)
		<b>(51,939)</b>				<b>(75,068)</b>
		<b>(45,998)</b>				<b>(75,432)</b>

## 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
<b>Balance as at 1 April 2021</b>	<b>21,456</b>	<b>19,406</b>	<b>8,170</b>	<b>1,420</b>	<b>1,606</b>	<b>52,058</b>	<b>155,652</b>	<b>207,709</b>
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
<b>Increase/(Decrease) in Year</b>	<b>(3,240)</b>	<b>(12,055)</b>	<b>2,295</b>	<b>856</b>	<b>522</b>	<b>(11,622)</b>	<b>57,621</b>	<b>46,000</b>
<b>Balance as at 31 March 2022</b>	<b>18,216</b>	<b>7,351</b>	<b>10,465</b>	<b>2,276</b>	<b>2,128</b>	<b>40,436</b>	<b>213,272</b>	<b>253,707</b>
Total Comprehensive Income and Expenditure	(1,422)	1,787	0	0	0	364	75,068	75,432
Adjustments between accounting basis and funding basis under regulations	2,241	(1,921)	1,960	1,605	161	4,046	(4,046)	(0)
<b>Increase/(Decrease) in Year</b>	<b>818</b>	<b>(134)</b>	<b>1,960</b>	<b>1,605</b>	<b>161</b>	<b>4,411</b>	<b>71,022</b>	<b>75,432</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>19,034</b>	<b>7,216</b>	<b>12,425</b>	<b>3,881</b>	<b>2,290</b>	<b>44,847</b>	<b>284,295</b>	<b>329,142</b>

## 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	371,369	
10,049	Investment Property	9	9,174	
201	Intangible Assets		148	
725	Heritage Assets		713	
0	Assets Held For Sale		0	
1,575	Surplus Assets	8	1,575	
0	Long Term Investments		0	
0	Long Term Debtors		1,043	
<b>358,700</b>	<b>Long Term Assets</b>			<b>384,022</b>
26,000	Short Term Investments		39,000	
160	Inventories		140	
6,896	Short Term Debtors	10	10,172	
22,221	Cash and Cash Equivalents	11	4,495	
<b>55,277</b>	<b>Current Assets</b>			<b>53,808</b>
(5,706)	Short Term Borrowing		(2,741)	
(37,475)	Short Term Creditors	12	(36,135)	
(2,160)	Provisions		(1,827)	
<b>(45,341)</b>	<b>Current Liabilities</b>			<b>(40,703)</b>
(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		(7,333)	
(75)	Deferred Liabilities		(61)	
<b>(114,928)</b>	<b>Long Term Liabilities</b>			<b>(67,985)</b>
<b>253,708</b>	<b>Net Assets</b>			<b>329,141</b>
18,216	General Fund Balance		19,034	
7,351	Housing Revenue Account		7,216	
10,465	Capital Receipts Reserve		12,425	
2,276	Major Repairs Reserve		3,881	
2,128	Capital Grants Unapplied		2,290	
<b>40,436</b>	<b>Usable Reserves</b>			<b>44,847</b>

## Balance Sheet

31 March 2022		NOTES	31 March 2023	
£'000			£'000	£'000
121,685	Revaluation Reserve	14	139,027	
142,589	Capital Adjustment Account	14	143,956	
(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)	
<b>213,272</b>	<b>Unusable Reserves</b>			<b>284,295</b>
<b>253,708 Total Reserves</b>				<b>329,141</b>



## 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.

2021/22	Direct Method	NOTES	2022/23
£'000			£'000
<b>(5,941) Net surplus or (deficit) on the provision of services</b>			<b>364</b>
38,403	Adjustments to net surplus or deficit on the provision of services for non-cash movements	15	(428)
(3,805)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	15	(3,147)
<b>28,658 Net Cash flows from operating activities</b>			<b>(3,211)</b>
(15,700)	Net Cash flows from Investing Activities	16	(21,020)
(11,631)	Net Cash flows from Financing Activities	17	6,505
<b>1,326 Net increase or (decrease) in cash and cash equivalents</b>			<b>(17,726)</b>
20,894	Cash and cash equivalents at the beginning of the reporting period		22,221
<b>22,221 Cash and cash equivalents at the end of the reporting period</b>		11	<b>4,495</b>

# Section 3 Notes to the Core Financial Statements

## 1. General Principles

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

The Statement of Accounts summarises the council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023.

The council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which requires the statement to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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

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

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

## 2. Accruals of income and expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as

income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

### 3. Cash and cash equivalents

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

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

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

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

### 4. Exceptional items

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

### 5. Prior period adjustments, changes in accounting policies and estimates and errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more

reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

### 6. Charges to revenue for non-current assets

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

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

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance.

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

MRP has previously been determined as 4% of the opening balance for the financial period (the Regulatory Method). Going forward the Section 151 Officer has revised this policy for 2019/20 onwards to the asset life method, based on Option 3 of the MHCLG guidance, whereby MRP is determined by reference to the useful life of the asset.

## 7. Council tax and non-domestic rates (England)

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

Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the council's General Fund.

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

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

## 8. Employee Benefits

### Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end.

They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g., cars) for current employees and are recognised as an expense for services in the year in which employees render service to the council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the council can no longer withdraw the offer of those benefits or

when the council recognises costs for a restructuring.

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

### Post-employment Benefits

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

- The liabilities of the Leicestershire County Council pension fund attributable to the council are

included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of Leicestershire County Council pension fund attributable to the council are included in the Balance Sheet at their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property – market value.

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

- Service cost comprising:
  - Current service cost – the increase in liabilities as a result of

years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at

the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Re-measurements comprising:
  - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - Contributions paid to the Leicestershire County Council pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Discretionary Benefits

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

## 9. Events after the reporting period

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

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

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

## 10. Financial Instruments

### Financial Liabilities

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

For most of the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years.

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

### Financial Assets

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

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



- Fair value through other comprehensive income (FVOCI).

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

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

### Financial Assets measured at amortised cost

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

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

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

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

the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### Expected credit loss model

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

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

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

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

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

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

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

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

that are observable for the asset, either directly or indirectly

- Level 3 inputs – unobservable inputs for the asset.

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

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

Loans and receivables are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and

Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

## 11. Government Grants and Contributions

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

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

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

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

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

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

been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## 12. Heritage Assets

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

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

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

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

## 13. Intangible Assets

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the council

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

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

## 14. Inventories and Long-term Contracts

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

## 15. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not

depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## 16. Leases

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

lessee. All other leases are classified as operating leases.

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

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

### **The Council as**

### **Lessee Finance**

### **Leases**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception. The asset recognised is matched by a liability for the obligation to pay the lessor.

Initial direct costs of the council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the council at the end of the lease period). The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets.

Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue

contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Operating leases**

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

## **17. Overheads and Support Services**

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

## 18. Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

### Recognition

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

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

### Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The council does not capitalise borrowing costs incurred while assets are under construction.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally.

Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value

- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

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

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

### Impairment

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

asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Depreciation

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

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

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to

the total cost of the item, the components are depreciated separately.

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

## Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Gains in fair value are recognised only up to the amount of any previously recognised

losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the



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

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

A proportion of capital receipts relating to housing disposals is payable to the government (50% for land and other assets, net of statutory deductions and allowances and for dwellings, amounts determinable under the Right to Buy and One for One Agreement that the council signed in 2012). The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

General Fund Balance in the Movement in Reserves Statement.

## 19. Provisions, contingent liabilities, and contingent assets

### Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the council has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

### Contingent liabilities

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

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

### Contingent assets

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

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

## 20. Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit

on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

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

## 21. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital

Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## 22. VAT

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

## 23. Accounting standards that have been issued but have not yet been adopted

At the Balance Sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2023/24.

**IAS 1** Presentation of Financial Statements and IFRS Practice Statements 2 will be amended to give more guidance on the disclosure of accounting policies in financial statements. This change is not anticipated to significantly impact on the amounts held in the council's financial statements.

**IAS 8** Accounting Policies, changes in Accounting Estimates and Errors will be amended to define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". This change is not anticipated to significantly impact on the amounts held in the Council's financial statements.

**IAS 12** Income Taxes will be amended in relation to deferred tax on assets and liabilities arising from a single transaction.

**IFRS 3** Business Combinations will be amended in terms of references to the conceptual framework.

**IFRS 16** Leases (but only for those local authorities that have decided to voluntarily adopt IFRS 16 in the 2023/24 year). Council will review the adoption in 2023/24.

These changes are not expected to have a material impact on the Council's 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	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	1,145	3,484				(4,630)
Revaluation gains and (losses) on Property Plant and Equipment	0	(275)				275
Movements in the market value of Investment Properties	1,154					(1,154)
Amortisation of intangible assets	52					(52)
Depreciation of Heritage Assets	0					0
Capital grants and contributions applied	(593)	0				593
Transfer of depreciation to Major Repairs Account		(3,439)		3,439		0
Revenue expenditure funded from capital under statute	366	0				(366)
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	0	2,908				(2,908)
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	(75)	(975)				1,050
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
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	
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
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			(1,246)			1,246
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
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0				0
<b>Adjustment involving the Major Repairs Reserve:</b>						
Use of the Major Repairs Reserve to finance new capital expenditure				(1,835)		1,835
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(29)	0				29
<b>Adjustments involving the Pensions Reserve:</b>						
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	
<b>Adjustments involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance	0					0
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
<b>Total Adjustments</b>	<b>2,241</b>	<b>(1,921)</b>	<b>1,958</b>	<b>1,605</b>	<b>161</b>	<b>(4,044)</b>



## 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	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
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
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure	425	(947)			522	0
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
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			(1,490)			1,490
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset	0	57	(57)			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital	593		(593)			0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(16)	16			0
<b>Adjustment involving the Major Repairs Reserve:</b>						
Use of the Major Repairs Reserve to finance new capital expenditure				(2,243)		2,243
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	18	0				(18)
<b>Adjustments involving the Pensions Reserve:</b>						
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
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(4,503)					4,503
<b>Adjustments involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	202	56				(258)
<b>Total Adjustments</b>	<b>8,775</b>	<b>(18,129)</b>	<b>2,295</b>	<b>856</b>	<b>522</b>	<b>5,682</b>

## 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
<b>General Fund:</b>							
General reserves	13,413	(5,570)	1,317	<b>9,160</b>	(3,165)	3,328	<b>9,323</b>
Ivanhoe Sinking Fund	6	0	0	<b>6</b>	(6)	0	<b>0</b>
Hermitage Recreation Ground - 3G Pitch	(11)	0	11	<b>0</b>	0	0	<b>0</b>
Hermitage Recreation Ground Mtce Fund	0	0	0	<b>0</b>	0	0	<b>0</b>
Asset Protection Fund	216	(205)	0	<b>11</b>	(11)	0	<b>(0)</b>
<b>Total</b>	<b>13,624</b>	<b>(5,775)</b>	<b>1,328</b>	<b>9,177</b>	<b>(3,182)</b>	<b>3,328</b>	<b>9,323</b>
<b>HRA:</b>							
General Earmarked Reserves	81	(18)	446	<b>510</b>	(395)	0	<b>115</b>
<b>Total</b>	<b>81</b>	<b>(18)</b>	<b>446</b>	<b>510</b>	<b>(395)</b>	<b>0</b>	<b>115</b>

## 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	(278)
<b>7,973</b>	<b>Total</b>	<b>2,250</b>

### 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
<b>4,353</b>	<b>Total</b>	<b>4,230</b>

### 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	(1,156)
<b>(24,783)</b>	<b>Total</b>	<b>(25,840)</b>

## Notes to core financial statement

### 8 Movements on Assets

Costs	Council Dwelling £'000	Other Land and Buildings £'000	Vehicle, Plant, Furniture and Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000	Surplus Assets £'000
<b>Cost or Valuation</b>							
At 1 April 2022	294,797	48,287	9,039	0	1,126	<b>353,249</b>	1,575
Additions	6,132	4,491	521	0	1,095	<b>12,238</b>	0
Accumulated impairment & depreciation written-off to Gross book Value	0	0	0	0	0	<b>0</b>	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	18,824	148	0	0	0	<b>18,972</b>	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	<b>0</b>	0
Derecognition - Disposals	(2,942)	0	(217)	0	0	<b>(3,159)</b>	0
Derecognition - Other	(1)	0	0	0	0	<b>(1)</b>	0
Assets reclassified	0	(385)	0	0	385	<b>0</b>	0
At 31 March 2023	316,810	52,540	9,343	0	2,606	<b>381,298</b>	1,575

## Notes to core financial statement

Accumulated Depreciation and Impairment	Council Dwelling	Other Land and Buildings	Vehicle, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Total Property Plant and Equipment	Surplus Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	0	0	(7,099)	0	0	(7,099)	0
Depreciation charge	(3,445)	(554)	(616)			(4,615)	0
Accumulated depreciation written-off to Gross book value	0	0	0	0	0	0	0
Depreciation written out to the Revaluation Reserve	6	359	0	0	0	365	0
Depreciation written out to the Surplus/ Deficit on the Provision of Services	0	0	0	0	0	0	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	1,171	0	0	0	1,171	0
Derecognition - Disposals	35	195	19	0	0	248	0
Derecognition - Other	0	0	0	0	0	0	0
At 31 March 2023	(3,405)	1,171	(7,696)	0	0	(9,930)	0
<b>Net Book Value</b>							
At 31 March 2023	313,405	53,712	1,647	0	2,606	371,369	1,575
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 Construction £'000	Total Property Plant and Equipment £'000	Surplus Assets £'000
<b>Cost or Valuation</b>							
At 1 April 2021	265,644	26,854	8,864	0	10,725	<b>312,087</b>	0
Additions	4,769	13,485	175	0	1,026	<b>19,455</b>	0
Accumulated impairment & depreciation written-off to Gross book		(299)	0	0	0	<b>(299)</b>	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	27,101	822	0	0	0	<b>27,923</b>	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	483	(1,058)	0	0	0	<b>(574)</b>	0
Derecognition - Disposals	(3,200)	0	0	0	0	<b>(3,200)</b>	0
Derecognition - Other	0	0	0	0	0	<b>0</b>	0
Assets reclassified	0	8,483	0		(10,625)	<b>(2,142)</b>	1,575
At 31 March 2022	294,797	48,287	9,039	0	1,126	<b>353,250</b>	1,575

## Notes to core financial statement

### Comparative Movements

Accumulated Depreciation and Impairment	Council Dwelling	Other Land and Buildings	Vehicle, Plant, Furniture and Equipment	Community Assets	Assets Under Construction	Total Property Plant and Equipment	Surplus Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2021	0	0	(6,392)	0	0	<b>(6,392)</b>	0
Depreciation charge	(3,099)	(305)	(707)	0	0	<b>(4,111)</b>	0
Accumulated depreciation written-off to Gross book value	0	299	0	0	0	<b>299</b>	0
Depreciation written out to the Revaluation Reserve	2,711	5	0	0	0	<b>2,716</b>	0
Depreciation written out to the Surplus/ Deficit on the Provision of Services	351	1	0	0	0	<b>352</b>	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	<b>0</b>	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	<b>0</b>	0
Derecognition - Disposals	37	0	0	0	0	<b>37</b>	0
Derecognition - Other	0	0	0	0	0	<b>0</b>	0
<b>At 31 March 2022</b>	<b>(0)</b>	<b>0</b>	<b>(7,099)</b>	<b>0</b>	<b>0</b>	<b>(7,099)</b>	<b>0</b>



## 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
	<b>Leisure Centres</b>	
2	Leisure Centres with Pools	2
2	Markets	2
4	Cemeteries	4
	<b>Council dwellings</b>	
2,404	Houses	2,381
928	Flats and Maisonettes	920
816	Bungalows	820
	<b>Land</b>	
108	Parks and Open Spaces (acres)	108
	<b>Other</b>	
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	701
Rental income from investment property	
(1,095)	(2,063)
Direct operating expenses arising from investment property	
<b>(403)</b>	<b>(1,362)</b>
<b>Net gain/(loss)</b>	

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

2020/21 £'000	2022/23 £'000
15,186	10,049
Balance at the start of the year	
Additions:	
0	91
Purchases	
0	0
Construction	
858	187
Subsequent expenditure	
(6,233)	0
Disposals	
(328)	(1,154)
Net gains/(losses) from fair value adjustments	
Transfers:	
0	0
To/from Inventories	
566	0
To/from Property, Plant and Equipment	
0	0
Other changes	
<b>10,049</b>	<b>9,174</b>
<b>Balance at the end of the year</b>	

## 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
<b>6,896</b>	<b>Total Short-Term Debtors</b>	<b>10,172</b>

### 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
<b>22,221</b>	<b>Total Cash and Cash Equivalents</b>	<b>4,495</b>

### 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
<b>37,475</b>	<b>Total Short-Term Creditors</b>	<b>36,135</b>

## 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	139,027
142,589	Capital Adjustment Account	143,956
(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)
<b>213,272</b>	<b>Total Unusable Reserves</b>	<b>284,295</b>

#### Revaluation Reserve

2021/22 £'000		2022/23 £'000
<b>93,520</b>	<b>Balance at 1 April</b>	<b>121,685</b>
30,864	Upward revaluation of assets	20,280
(224)	Downward revaluation	(47)
<b>30,641</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>20,233</b>
(1,436)	Difference between fair value depreciation and historical cost depreciation	(1,807)
(1,040)	Accumulated gains on assets sold or scrapped	(1,083)
<b>(2,476)</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>(2,891)</b>
<b>121,685</b>	<b>Balance at 31 March</b>	<b>139,027</b>

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
<b>132,479</b> Balance at 1 April			<b>142,589</b>
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		(4,630)	
(113) Revaluation (losses)/gain on Property, Plant and Equipment		275	
(78) Amortisation of Intangible assets		(52)	
(491) Revenue expenditure funded from capital under statute		(366)	
(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		(2,908)	
1,040 Write-out of gains relating to revalued disposed assets		1,083	
1,436 Write-out of depreciation on revalued assets (HCA)		1,807	
<b>(11,726)</b>			<b>(4,791)</b>
0 Other transactions		0	
Capital financing applied in the year:			
1,490 Use of Capital Receipts Reserve to finance new capital expenditure		1,246	
2,242 Use of the Major Repairs Reserve to finance new capital expenditure		1,835	
537 Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		593	
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		1,050	
22,164			7,312
(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
<b>142,589</b> Balance at 31 March			<b>143,956</b>

## 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 £'000	2022/23 £'000
<b>(63,294) Balance at 1 April</b>	<b>(48,176)</b>
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
<b>(48,176) Balance at 31 March</b>	<b>1,043</b>

### 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
<b>(1,221) Balance at 1 April</b>	<b>(1,239)</b>
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
<b>(1,239) Balance at 31 March</b>	<b>(1,210)</b>

### 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
<b>(96) Balance at 1 April</b>	<b>84</b>
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure	
180 Statement is different from council tax income calculated for the year in accordance with statutory	(61)
<b>84 Balance at 31 March</b>	<b>23</b>

### **Non-Domestic Rates**

2021/22 £'000	2022/23 £'000
<b>(5,466) Balance at 1 April</b>	<b>(1,143)</b>
Amount by which Non-Domestic Rates income credited to the Comprehensive Income and	
4,323 Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	3,126
<b>(1,143) Balance at 31 March</b>	<b>1,983</b>

## 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.

<b>2021/22</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>
<b>(270) Balance at 1 April</b>	<b>(528)</b>
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
<b>(528) Balance at 31 March</b>	<b>(528)</b>



## 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
<b>(2,636)</b>	<b>(1,511)</b>

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	4,615
113 Impairment and downward valuations	1,082
78 Amortisation	52
10,003 Increase/(decrease) in creditors	(10,226)
7,266 (Increase)/decrease in debtors	(4,319)
(10) (Increase)/decrease in inventories	20
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	1,259
478 Other non-cash items charged to the net surplus or deficit on the provision of services	1,474
<b>38,403</b>	<b>(428)</b>

## 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	(3,147)
(2,370) Any other items for which the cash effects are investing or financing cash flows	0
<b>(3,805)</b>	<b>(3,147)</b>

### 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	3,147
908 Other receipts from investing activities	851
<b>(15,700) Net cash flows from investing activities</b>	<b>(21,020)</b>

### 17 Cash Flow Statement - Financing Activities

2021/22	2022/23
£'000	£'000
(14,244) Repayments of short- and long-term borrowing	(3,559)
2,613 Other payments for financing activities	10,064
<b>(11,631) Net cash flows from financing activities</b>	<b>6,505</b>

## 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
<b>Expenditure</b>		
26,713	Employee expenses	27,860
36,603	Other services expenses	26,220
5,297	Depreciation, amortisation, impairment	5,917
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	(278)
<b>80,582</b>	<b>Total Expenditure</b>	<b>66,316</b>
<b>Income</b>		
(37,881)	Fees, charges and other service income	(27,688)
(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)
<b>(74,641)</b>	<b>Total Income</b>	<b>(66,680)</b>
<b>5,941</b>	<b>(Surplus) or deficit on the Provision of Services</b>	<b>(364)</b>

## 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	(19,638)
<b>(34,484) Total external income in Cost of Services</b>	<b>(26,532)</b>
(3,377) Other income and Expenditure	(1,156)
<b>(37,860) Total external income</b>	<b>(27,688)</b>

## 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
<b>57</b>	<b>Total</b>	<b>95</b>

### 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
<b>Credited to Taxation and Non Specific Grant Income</b>		
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	1,156
<b>24,783</b>	<b>Total</b>	<b>25,840</b>
<b>Credited to Services</b>		
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
<b>14,950</b>	<b>Total</b>	<b>13,172</b>

## Notes to core financial statement

31 March 2022 £'000	31 March 2023 £'000
<b>Capital Grant Receipts in Advance</b>	
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	150
0 UK Shared Prosperity	165
1,871 DFG	2,086
0 Air Quality - DEFRA	6
<b>6,754 Total</b>	<b>7,333</b>

## 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.	(10)
42,026	91,770

## 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
<b>96,435</b>	<b>Opening Capital Financing Requirement</b>	<b>95,105</b>
	<b>Capital Investment</b>	
20,344	Property, plant and equipment	12,540
0	Investment properties	0
0	Intangible assets	0
491	Revenue Expenditure Funded from Capital Under Statute	366
	<b>Sources of finance</b>	
(1,490)	Capital receipts	(1,246)
(1,053)	Government grants and other contributions	(593)
	<b>Sums set aside from revenue</b>	
(18,659)	Direct revenue contributions	(5,473)
(962)	(MRP/ the statutory repayment of loans fund advances)	(1,184)
<b>95,105</b>	<b>Closing capital financing requirement</b>	<b>99,516</b>
	<b>Explanation of movements in year</b>	
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)	4,411
0	Assets acquired under finance leases	0
0	Assets acquired under PFI contracts	0
<b>(1,330)</b>	<b>Increase/ (decrease) in capital financing requirement</b>	<b>4,411</b>

## 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
<b>Total</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>£27,578</b>	<b>£22,372</b>

## 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 £'000		2022/23 £'000
<b>Net Cost of Services</b>		
7,613	Current service cost	7,152
158	Past service costs	158
0	Curtailments	0
<b>7,771</b>		<b>7,310</b>
<b>Net Operating Expenditure</b>		
3,554	Interest cost	4,633
(2,240)	Expected return on assets in the scheme	(3,276)
<b>1,314</b>		<b>1,357</b>
<b>9,085</b>	<b>Amount charged to Income and Expenditure Account</b>	<b>8,667</b>
<b>Amounts to be met from Government Grants and Local Taxation</b>		
(57)	Movement on pension reserve	(55)
<b>Actual amount charged against General Fund &amp; HRA for pensions in the year</b>		
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%
<b>Total</b>	<b>3,093</b>	<b>20.0%</b>

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 Equivalent	6,124.20	5.05%	2,701.10	2.25%
<b>Total</b>	<b>121,285.00</b>	<b>100.00%</b>	<b>120,067.00</b>	<b>100.00%</b>

### 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
<b>175,301</b>	<b>Opening Defined Benefit Obligation</b>	<b>169,461</b>
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)
<b>169,461</b>	<b>Closing Defined Benefit Obligation</b>	<b>119,024</b>

### Reconciliation of fair value of employer assets

2021/22		2022/23
£'000		£'000
<b>112,007</b>	<b>Opening Fair Value of Employer Assets</b>	<b>121,285</b>
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)
<b>121,285</b>	<b>Closing Fair Value of Employer Assets</b>	<b>120,067</b>

## 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)	<b>1,043</b>
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	<b>54,834</b>

#### 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
<b>21,298 Actuarial Gain/(Loss) Recognised in SRIE</b>	<b>54,834</b>
<b>(13,089) Cumulative Actuarial Gains and Losses</b>	<b>41,745</b>

## 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
<b>(48,176) Net Asset/(Liability)</b>	<b>1,043</b>
<b>Amount in the Balance Sheet</b>	
(48,176) Liabilities	0
0 Assets	1,043
<b>(48,176) Net Asset/(Liability)</b>	<b>1,043</b>

## 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)
<b>Total Borrowing</b>	<b>(59,549)</b>	<b>(60,369)</b>	<b>(5,706)</b>	<b>(2,741)</b>
<i>Liabilities at amortised cost:</i>				
Trade payables-Included in creditors	(75)	0	(14,901)	(5,252)
<b>Total Financial Liabilities</b>	<b>(59,624)</b>	<b>(60,369)</b>	<b>(20,607)</b>	<b>(7,993)</b>

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
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>26,000</b>	<b>39,000</b>
<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
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>0</b>	<b>22,221</b>	<b>4,495</b>
<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)
<b>Total Trade Receivables</b>	<b>0</b>	<b>0</b>	<b>3,564</b>	<b>5,742</b>
<b>Total Financial Assets</b>	<b>0</b>	<b>0</b>	<b>51,785</b>	<b>49,237</b>

\* 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)
<b>Sub-Total</b>		<b>(65,330)</b>	<b>(72,819)</b>	<b>(62,645)</b>	<b>(53,644)</b>
<i>Liabilities for which Fair Value is not disclosed:</i>					
Trade payables-Creditors		(14,894)	(14,894)	(5,252)	(5,252)
<b>Total Financial Liabilities</b>		<b>(80,224)</b>	<b>(87,713)</b>	<b>(67,897)</b>	<b>(58,896)</b>

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
<b>Total</b>		<b>49,000</b>	<b>48,969</b>	<b>43,110</b>	<b>43,435</b>
<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
<b>Total Financial Assets</b>		<b>51,785</b>	<b>51,753</b>	<b>48,994</b>	<b>49,319</b>

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
<b>Total Investments</b>	<b>0</b>	<b>49,000</b>	<b>0</b>	<b>43,110</b>

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
<b>Total</b>	<b>5,520</b>	<b>10,788</b>

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)
<b>Total</b>	<b>10,119</b>	<b>(3,224)</b>	<b>13,507</b>	<b>(3,335)</b>

## 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
<b>Total</b>	<b>64,783</b>	<b>(48,221)</b>	<b>16,562</b>	<b>64,783</b>	<b>(42,331)</b>	<b>22,452</b>

\* 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 £'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	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	1,082	12,533
Planning	1,652	732	252	0	2,636	0	2,636
Economic Development	857	190	85	0	1,132	18	1,150
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	1,069	(1,069)	0	0	0	0	0
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	342	8	0	0	350	0	350
Housing Revenue Account	(8,896)	(360)	395	0	(8,861)	5,463	(3,398)
Recharges	(2,003)	2,003	0	0	0	0	0
<b>Net Cost of Services</b>	<b>11,029</b>	<b>0</b>	<b>1,514</b>	<b>(1,362)</b>	<b>11,181</b>	<b>7,814</b>	<b>18,995</b>
Other Income and Expenditure	(19,924)	0	(2,152)	1,362	(20,715)	1,355	(19,360)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(8,896)</b>	<b>0</b>	<b>(638)</b>	<b>0</b>	<b>(9,533)</b>	<b>9,169</b>	<b>(364)</b>

## 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
<b>Net Cost of Services</b>	<b>9,831</b>	<b>0</b>	<b>3,350</b>	<b>(403)</b>	<b>12,778</b>	<b>5,622</b>	<b>18,399</b>
Other Income and Expenditure	(19,391)	0	273	403	(18,715)	6,258	(12,457)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(9,560)</b>	<b>0</b>	<b>3,623</b>	<b>0</b>	<b>(5,937)</b>	<b>11,880</b>	<b>5,941</b>

## 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	1,082	0	0	1,082
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	3,210	747	1,506	5,463
Recharges	0	0	0	0
<b>Net Cost of Services</b>	<b>5,561</b>	<b>747</b>	<b>1,506</b>	<b>7,814</b>
Other Income and Expenditure	(31)	4,868	(3,482)	1,355
<b>Surplus/Deficit on Provision of Services</b>	<b>5,531</b>	<b>5,615</b>	<b>(1,977)</b>	<b>9,169</b>

## 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
<b>Net Cost of Services</b>	<b>4,643</b>	<b>(955)</b>	<b>1,934</b>	<b>5,622</b>
Other Income and Expenditure	5,350	5,226	(4,318)	6,258
<b>Surplus/Deficit on Provision of Services</b>	<b>9,993</b>	<b>4,271</b>	<b>(2,384)</b>	<b>11,880</b>

# Section 4 Housing Revenue Account (HRA)



# Housing Revenue Account (HRA)

## Housing income and expenditure account

2021/22		NOTES	2022/23	
£'000	Income £'000		£'000	£'000
	(17,405)	Rents - Dwellings	H4	(18,003)
(43)		Rents - Garages / Sites		(37)
(8)		Rents - Shops		(18)
(4)		Rents - Other		(10)
	<b>(55)</b>			<b>(65)</b>
	(569)	Charges for Services and Facilities		(618)
	(26)	Other Income		(18)
	(16)	RTB Discounts repaid		(18)
	<b>(18,072)</b>	<b>Total income</b>		<b>(18,722)</b>
		<b>Expenditure</b>		
	6,331	Repairs and Maintenance		8,755
		Supervision and Management		
2,354		- General		2,761
584		- Special		673
	<b>2,938</b>			<b>3,434</b>
		Capital Charges		
	3,110	- Depreciation of Fixed Assets	H8	3,484
	(819)	- Impairment of Fixed Assets	H9	(275)
	0	- Initial Gain on Donated Assets		0
	(77)	Increase / (decrease) in provision for Bad or Doubtful Debts		(78)
	4	Debt Management Expenses		3
	<b>11,487</b>	<b>Total expenditure</b>		<b>15,324</b>
	<b>(6,585)</b>	<b>Net cost of HRA services included in income and expenditure account</b>		<b>(3,398)</b>
	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
	<b>(6,252)</b>	<b>Net cost of HRA services</b>		<b>(3,038)</b>
	(751)	(Gain) or Loss on Sale of HRA Fixed Assets		(239)
	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		0
	<b>(6,077)</b>	<b>(Surplus) / deficit on HRA services</b>		<b>(1,787)</b>

## Housing Revenue Account (HRA)

<b>2021/22</b> <b>£'000</b>	<b>Statement of movement on the HRA balance</b>	<b>2022/23</b> <b>£'000</b>
(6,077)	(Surplus) / Deficit on Housing Income and Expenditure Account	(1,787)
18,561	Amounts Required by Statute to be Taken into Account (detailed below)	1,526
<b>12,484</b>	<b>Total</b>	<b>(260)</b>
(19,325)	HRA Balance Brought Forward	(6,841)
<b>(6,841)</b>	<b>HRA Balance Carried Forward</b>	<b>(7,101)</b>
<b>2021/22</b> <b>£'000</b>	<b>Analysis of the movement in the HRA balance</b>	<b>2022/23</b> <b>£'000</b>
	<b>Amounts required to be taken into account</b>	
	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	239
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	230
0	Initial Gain on Donated Assets	0
<b>(345)</b>		<b>(1,153)</b>
	<b>Items not included in the HRA Income and Expenditure Account but included in the movement on HRA balance for the year</b>	
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	975
1,454	Transfer To/(From) Reserves	(395)
<b>18,906</b>	<b>Total</b>	<b>2,680</b>
<b>18,561</b>	<b>Net additional amount required by statute to be debited or (credited) to the HRA balance for the year</b>	<b>1,526</b>

# 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
<b>4,138</b>		<b>4,121</b>

## H2 Property types in dwelling stock

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

	Flats/Maisonettes	Bungalows	Houses	Total
<b>In stock</b>				
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
	<b>920</b>	<b>820</b>	<b>2,381</b>	<b>4,121</b>
<b>Transferred out of stock</b>				
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
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total owned</b>	<b>920</b>	<b>820</b>	<b>2,381</b>	<b>4,121</b>

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
<b>Balance</b>		<b>Balance</b>
<b>£'000</b>		<b>£'000</b>
294,796	Dwellings	313,534
2,976	Other Land and Buildings	2,571
<b>297,772</b>	<b>Operational assets</b>	<b>316,105</b>
0	Surplus Assets	0
687	OLB (Land and Assets under construction)	1,693
<b>687</b>	<b>Non-operational assets</b>	<b>1,693</b>
<b>298,459</b>	<b>Total assets</b>	<b>317,798</b>

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 £'000		2022/23 £'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
<b>17,460</b>	<b>Total Rent</b>	<b>18,068</b>

### 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 £'000		2022/23 £'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 £'000		2022/23 £'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	1,835
<b>(2,277)</b>	<b>Balance at 31 March</b>	<b>(3,881)</b>

## 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 are shown below:

2021/22 £'000		2022/23 £'000
2,242	Major Repairs Reserve	1,835
0	Section 106 Receipts	0
2,193	Revenue Contribution	975
285	Other Contributions	1,088
1,047	Capital Receipts	3,147
<b>5,767</b>		<b>7,044</b>

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

### H9 Revaluation/impairment (reversal) of HRA fixed assets

2021/22 £'000		2022/23 £'000
(835)	Dwellings (excl. garages)	(275)
16	Other Land and Buildings	0
0	Surplus Assets	0
<b>(819)</b>	<b>Operational assets</b>	<b>(275)</b>

# Section 5 Collection Fund

## Collection Fund

2021/22 £'000	Collection fund income and expenditure account	2022/23	
		£'000	£'000
	<b>Income</b>		
(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)
<b>(143,536)</b>	<b>Total Income</b>		<b>(151,766)</b>
	<b>Expenditure</b>		
	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
<b>131,325</b>	<b>Total Expenditure</b>		<b>144,421</b>
(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)	<b>Collection Fund Balance at 31st March 2023 - Council Tax</b>		<b>(217)</b>
2,902	<b>Collection Fund Balance at 31st March 2023 - NDR</b>		<b>(4,942)</b>

# 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
<b>Less: 2% Allowance for Valuation Appeals and irrecoverables</b>			913
<b>Council tax base for 2022/23</b>			<b>35,581</b>

## 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.