



Hinckley & Bosworth  
Borough Council

# Draft Statement of Accounts & Annual Governance Statement



**2023/2024**



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## Chief Executive's Message

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### A Message from the Chief Executive as Head of Paid Services



Overall whilst the Council has achieved much for its community and experienced positive growth in the local economy, 2023/24 has been a challenging year in terms of impacts on services and financial performance. This has mainly been due to the significant economic pressure from rising inflation and the pressure this puts on costs. In addition, we have needed to pick up the pressures and challenges around increasing levels of homelessness, flooding in our area, a major incident impacting over 3,000 households in the village of Ratby and the cost of living crisis faced by our local residents. We have risen to these challenges effectively which has been acknowledged by our elected members and stakeholders, linked to our efforts and actions in helping our local communities and businesses at a time when central government have been unable to commit to a medium-term financial settlement for local government.

We are proud of the fact that we continue to assist people in crisis. We mobilised our staff and financial resources to provide a range of community support programmes and business support utilising UKSPF funding and our Rural Prosperity Grant and Fuel Payment schemes in partnership with Cadent Gas. In addition, our established partnerships and task forces continue to coordinate our work on employment and skills, dealing with the impacts of cost of living, dealing with the refugee crisis and the wellbeing of our communities. Despite these challenges, we have made great progress in delivering on our key corporate objectives for 2023/24. This included implementing the £1.5m Public Realm Scheme in Hinckley town centre, progressing our successful Levelling Up deal of £19.9m for the delivery of a National Science and Conservation Centre at Twycross Zoo, and the £1.2m Richard III sculpture trail supporting our local tourism sector generating over £226m to the local economy. There are also programmes linked to town centre regeneration, health and wellbeing, employment and skills and climate change. Of note are the range of key investment initiatives in carbon reduction, including the decarbonisation of our refuse fleet, housing retrofit programmes, roll out of a community free tree scheme and investment in EV charging points in public carparks. On top of these achievements, we have facilitated a multi-million investment package for green fuel infrastructure at Mira Technology Park. We have also secured Better Care funding towards innovative housing projects targeting support for hoarders.

As we look forward into 2024/25, the economic outlook continues to remain very uncertain, as the economy emerges from the global shocks of the Pandemic, Russian invasion of Ukraine into a period of potential recession. However, there are still plans locally for significant inward business investment to take place. This is illustrated by the continuing growth, the success of MIRA Enterprise Zone and Hinckley Business Park including investment plans of key local companies such as Aldi and Pallex.

The combined impact on the UK economy arising from COVID, Brexit and the Ukrainian crisis, continues to be felt. This, coupled with over a decade of reductions in central government funding to local government, continues to place severe pressures on the Council. It is notable that the Council is the third worse-off district compared with all districts nationally in terms of government core funding. It seems certain these pressures on finances will most likely continue. Central government funding changes are still uncertain following another one-year settlement in 2024/25, which may add pressures to the Council's budgets going forward. Future challenges will relate to the local share of retained business rates, alongside the Fair Funding Review which continues to be delayed. This is a fundamental review by government on how to calculate the 'needs' of each authority in order to determine the amount of funding each local authority requires through grant funding. This continues to add further uncertainty for our budget setting in the medium term, as funding levels past 2024/25 are still not known. There are also increasing demands on our

# Chief Executive’s Message

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services from our communities. Other pressures relate to meeting climate change targets and greener investments in our housing stock, cost of living crisis and energy crisis and increase in energy costs on our leisure centre. Furthermore, it is likely that there will be new national requirements for our waste services, such as separate food waste collection, which will add to the pressures faced.

This means the landscape of local government is changing dramatically. Government has set in motion via its Levelling Up Bill the creation of Combined Authorities, with 10 areas with mayoral devolution in England, being extended to three new areas in 2024, and new non-mayoral devolution deals will go live in 2025. The East Midlands has seen the establishment of a Combined Authority for Nottinghamshire and Derbyshire areas along with a Devolution Deal which threatens future investment in Leicestershire. Whilst all District Councils in Leicestershire bid to be part of a Combined Authority and Devolution Deal for the East Midlands, this was not supported by the Upper Tier Authorities in Leicestershire. Districts have also formed alliances within Leicestershire to promote shared services and secure efficiencies. The devolution agenda, along with a raft of new locally announced economic programmes, means councils must be adaptable and have the ability to embrace change, whilst ensuring financial stability.

Local Government is expected also to continue to implement efficiency savings and reduce costs, which we will do via shared services and alliances and through more coordinated activity, partnership working and making growth a priority at the local level. These are all factors that HBBC is committed to.

The Council continues to adapt to customer demands and the changing national context and highlights the priorities that form the basis for continued delivery and improvement of services within its new Corporate Plan under three clear headings:

- People            Helping people to stay healthy, active and in employment
  
- Places            Creating clean, sustainable and attractive places to live, visit and work in
  
- Prosperity       Encouraging sustainable commercial economic and housing growth, as well as attracting businesses, improving skills and supporting regeneration

Key to ensuring the Borough responds effectively to the impacts of the economic challenges it faces as the economy recovers from a pandemic and the ongoing global issues caused by conflict is to have an effective Recovery Plan. The Council has worked effectively on its adopted Recovery Strategy and has worked closely with its partners including the Local Resilience Forum. The Council has also adopted an Investment Strategy and Economic Strategy to support local economic growth.

District Councils everywhere are also having to adapt and transform by becoming more pro-active in prevention linked to reducing demand on ours and other agencies' services: such as the police, the NHS and social care.

This Council will continue to develop its innovative approaches to dealing with demand, guided by its Prevention Strategy and complementary strategies such as its Digital Strategy, Economic Strategy, Rural Strategy, Health and Wellbeing Strategy and Climate Change and Biodiversity Strategy. The continued development and delivery of integrated approaches to addressing increasingly complex customer and community demands via ground-breaking initiatives, such as the Endeavour (Community Safety Partnership programme), the Lightbulb project (housing contribution to health offer) and VCS programme (Volunteer and Community Services infrastructure), will also play their part.

## Chief Executive's Message

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The Council will continue to explore effective ways of generating income and using money where it is needed to invest in all our communities; by generating new ways of self-financing; seeking commercial investment opportunities locally; and by having a greater say in Government and sub-regional partnerships, and all this whilst improving the efficiency of our services so valued by our local communities. Our updated Corporate Plan will be central to how Hinckley and Bosworth Borough Council moves forward in all these areas.

# Narrative Report

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## Narrative report

Welcome to Hinckley & Bosworth Borough Council’s Statement of Accounts for the year ended 31st March 2024 that details the financial position of the Council for the financial year 2023/24. This Narrative Report outlines the main issues affecting the Council and gives context in relation to the accompanying Financial Statements.

The Narrative Report also provides a fuller understanding of the performance of the council in relation to both financial and non-financial information and is structured into the following sections:

- An Introduction to Hinckley & Bosworth Borough Council
- The 2023/24 Revenue Budget Process.
- Financial Performance of the Council 2023/24
- Capital Strategy and Capital Programme
- Non-Financial Performance of the Council
- Corporate Risks

This is followed by an explanation of the Financial Statements, including information on significant transactions during 2023/24.

## An Introduction to Hinckley & Bosworth Borough Council

The Borough of Hinckley and Bosworth has a population of approximately 114,000 and extends over a largely rural area of some 297 square kilometres in the south west of Leicestershire, from west of the city of Leicester in the east to the boundary with Warwickshire in the west. The main urban area of the borough focuses on the town of Hinckley and spreads to the adjoining parishes of Barwell, Earl Shilton and Burbage. The urban area is located at the south western tip of the borough and is home to around 60% of its residents. Public Health England notes that the health of people in Hinckley and Bosworth is generally better than the England average. About 12% (2,200) of children live in low income families. Life expectancy for both men and women is higher than the England average, although life expectancy is 5.4 years lower for men and 4.1 years lower for women in the most deprived areas of Hinckley and Bosworth than in the least deprived areas. The population of the area is expected to grow by 2024.

Hinckley & Bosworth (population in thousands)	Male	Female	Persons
Population - 2022	56	58	114
Projected Population - 2025	59	62	121

England (population in thousands)	Male	Female	Persons
Population - 2022	29,518	29,123	58,641
Projected Population - 2025	30,443	31,591	62,034

The borough’s traditional industries include hosiery, textiles, boot and shoe manufacturing. Today the manufacturing base has moved towards the automotive industries with key employers: HORIBA MIRA, which is a vehicle engineering hub with Enterprise Zone status; Triumph Motorcycles; and, Caterpillar. In addition, Cadent (formerly known as National Grid) has a base



# Narrative Report

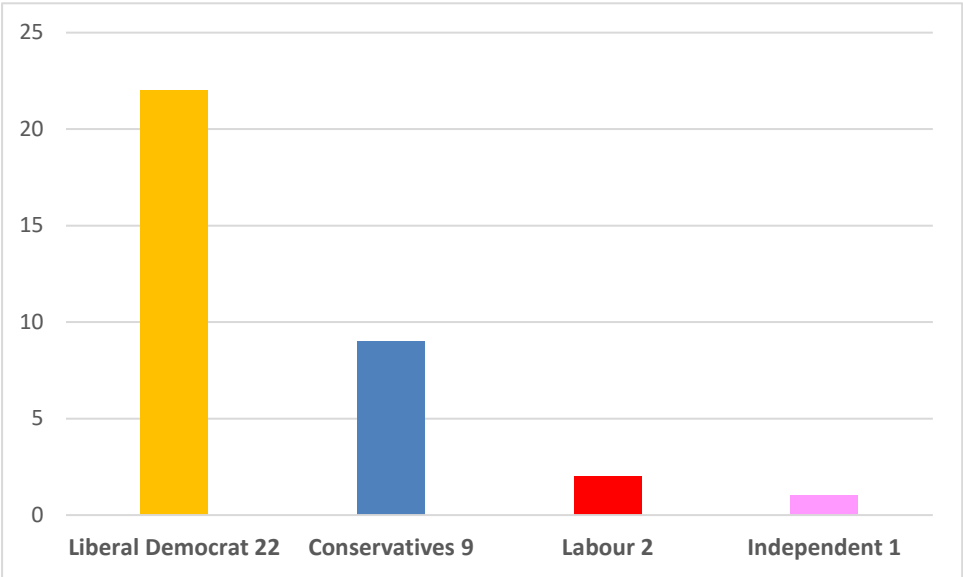
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in Hinckley and the borough is also home to a growing logistics and distribution cluster with the presence of major companies such as Neovia, Syncreon and DPD.

The Council is composed of 34 Councillors elected every four years. Councillors are democratically accountable to residents of their ward.

All Councillors meet together as the Council. Councillors decide the Council’s overall policies and set the budget each year. Decisions which are outside of the budget or policy framework have to be referred to Council. Other items reserved for Council include adopting and amending the Constitution, approving or adopting the policy framework, setting the budget, appointing the Leader of Council, electing the Mayor and appointing the Deputy Mayor and retaining overall responsibility for regulatory functions.

At the election in May 2019 the Liberal Democrats gained political control in this borough. Councillor Stuart Bray is Leader of the council. The composition of this council as at the 31<sup>st</sup> March 2024 is:



The Executive carries out all of the local authority’s functions which are not the responsibility of any other part of the local authority, whether by law or under the constitution, acting as the council’s Executive. The Executive consists of the Leader of Council together with six other councillors appointed by the Leader.

## Narrative Report

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Many of the functions which are the direct responsibility of Council rather than the Executive are administered by committees or panels made up from a subset of members. The committees and panels are:

- Audit Committee
- Ethical Governance and Personnel Committee
- Hinckley Area Committee
- Licensing (Regulatory) Committee
- Licensing Committee
- Planning Committee
- Statutory Officer Employment Panel

The Council also appoints the Scrutiny Commission and the Finance & Performance Committee to discharge functions conferred by the Local Government Act 2000. Committees of the overview & scrutiny function have the aim of improving services to the public and on their behalf by looking at internal and external issues and organisations and providing a 'critical friend' role to the Executive.

Hinckley & Bosworth Borough Council's vision is to be a place of Opportunity. Our corporate plan for 2024 to 2028 seeks to deliver our vision in creating great places to live, work and relax in, to have great places to go and shop, visit and be entertained and to provide opportunities to help our communities stay safe, healthy and active. It also seeks to promote places to invest in to improve the range and quality of local job opportunities.

Our plan will tell you how we intend to provide the right opportunities and services and provide them in the best way to improve the quality of life for everyone who lives and works in the borough of Hinckley and Bosworth. The plan does not include everything the council does, but it does set out our priorities, goals and ambitions for the next four years based on what our residents tell us are the most important matters to them. The council's Service Improvement Plans will be the mechanism that will deliver these ambitions.

We have brought those priorities together under three clear headings:

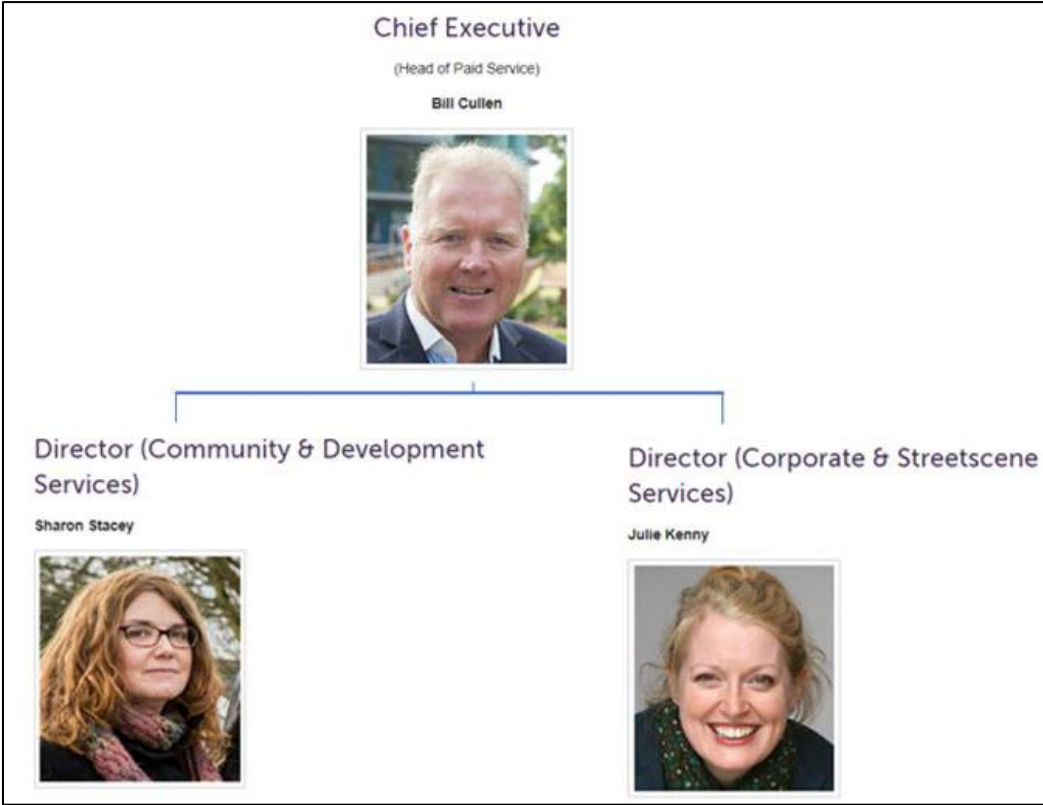
- People: Helping people to stay healthy, active, in work and protected from harm
- Places: Creating clean, sustainable and attractive places to live and work
- Prosperity: Encouraging sustainable economic and housing growth, attracting businesses, improving skills and supporting regeneration

Further details of a corporate plan can be found on our website.

# Narrative Report

## Corporate Operations

The Council’s senior management structure is given below and is based on Directorate basis, and is documented in the management structure chart below.



The SLT are responsible for implementation of the strategic goals of the Council as decided by members.

The number of Council employees and elected members for 2023/24 and prior year are as follows:

	31 March 2024	31 March 2023
Council Employees	449	435
Elected Members	34	34
<b>Total Staff</b>	<b>483</b>	<b>469</b>

The democratic governance structure of the Council is set out in the Constitution and summarised within the Council’s Annual Governance Statement. The Constitution sets out the essential elements of the democratic process including the role of Council, Executive and the Scrutiny function. The Constitution describes the functions and membership of each member group and the scope of structure of their operations. The full Constitution can be viewed on the Council’s website.

The Council sets a target for sickness absence on an annual basis for all staff. Outturn against this target for 2023/24 and the previous year was as follows:

## Narrative Report

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Target	Target Days	Outturn 2023/24 Days	Outturn 2022/23 Days
Working Days Lost due to Sickness Absence	10	10.45	11.39

High sickness absence levels can have a detrimental effect on the delivery of council services. Effective sickness absence management ensures that the cost of sickness absence is kept at a minimum whilst improving capacity, service improvement and workforce morale. Sickness performance for 2023/24 was above the target and the final outturn was 10.45 days. This was lower than the previous year which was 11.39 days. Regular attendance management meetings are held by the Chief Executive with Chief Officers to understand the reasons for any instances that lead to high levels of sickness.

### The 2023/24 Revenue Budget Process

Every year the Council reviews its overall expenditure to identify efficiencies and ensure it can deliver services to local residents. The 2023/24 revenue budget process was prepared in light of the continued need to make reductions in expenditure, but ensuring the Council priorities are progressed. The 2023/24 General Fund revenue budget has been prepared with clear links to the Council's strategic and service objectives. As well as reviewing revenue the Council also ensures capital development priorities are included in the Capital Programme which is approved at the same time as the revenue budget.

Part of our ongoing commitment to efficiency savings in relation to the cost of supplies and services, is to apply a rate of 0% to non-contract related expenditure. As the Retail Price Index (RPI) has stood around 1 in the year, the application of 0% represents an effective saving on running costs.

The salaries and wages budget is the most significant element of the revenue budget at just over £14.27 in total including capitalised amounts. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge.

## Narrative Report

Pressures totalling of £5.675m and savings of £3.643m were included in the budget. These are summarised below:-

	Pressures	Income/ Savings	Net
Forecast	£000 s	£000 s	£000 s
Additional agency cover (£215k cost, £100k salary saving)	115		115
Bio-diesel switch- lower carbon	53		53
Capital accounting adjustments	260		260
Car parking (impact of reduction in usage)	130		130
Collection Fund – reversal of Covid 19 support		(1,725)	(1,725)
Election costs	183		183
Enterprise zone (EZ)	0	(442)	(442)
External Audit fees	98		98
EZ- additional income share		(54)	(54)
Garden waste income		(63)	(63)
New rentals Hub (Estimate)- This may be lower, when agreed		(300)	(300)
Homelessness - Prevention costs	50		50
Homelessness - Temp accommodation costs	100		100
ICT costs -additional upgrades needed	50		50
Increase planning appeal costs	50		50
Inflation (Net)	106		106
Leisure Centre income contractual increase		(235)	(235)
Leisure Centre Utility clause	200		200
Light fleet replacement additional costs	55		55
Local Plan Budget reprofile		(139)	(139)
New Waste Round ( property number increases)	110		110
Pay cost increases ( Includes NI and Pensions)	1,348		1,348
Pension lump sum decrease		(180)	(180)
Pensions adjustments reversed below the line	1,470		1,470
Revenues and Benefit Contributions	82		82
UK Shared Prosperity Fund	505	(505)	0
Utility cost inflation	369		369
Waste- agency driver pressure	91		91
Waste Fuel pressure	110		110
Other minor changes	140		140
<b>Total</b>	<b>5,675</b>	<b>(3,643)</b>	<b>2,032</b>

## Narrative Report

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### Reserves

The Council has the following policies relating to levels of balances and reserves:

- Maintain general balances (non earmarked) at a minimum of 10% of Hinckley & Bosworth Borough Council's budget requirement, changed to an average of 15% over the life of the Medium Term Financial Strategy (MTFS).
- Any notional surplus/deficit earned/incurred by the Direct Service Organisations will be transferred to/from General Fund balances. Any such balance on the Housing Repairs Client account is transferred to/from the Housing Repairs Account held within the Housing Revenue Account

### Financial Performance of the Council 2023/24

Financial Performance of the Council 2023/24

The outturn for 2023/24 saw a variance on the general fund compared with that anticipated position when the Budget was prepared in February 2024. The February 2024 revised budget included additional pressures primarily arising from inflationary pressures, additional costs associated with temporary accommodation and write off Crematorium costs. An interim report was taken to Council in November 2023 highlighting major forecast variances for the year. After taking account of adjustments to the budget, (e.g. virements and supplementary budgets and savings identified in year) the provisional outturn shows £183m being spent on services compared against a revised budget of £18.7m. The underspend of £0.5m was primarily due to following variations

	(Under)/ Overspend
	£m
Carry forward requests	(0.70)
Crematorium costs shown gross in Services (Funded from Reserves)	1.51
Element of LLEP income within interest	0.40
Additional Benefit Expenditure	0.20
Pooled Distribution Income set aside in reserves	(1.65)
Additional planning income	(0.20)
<b>Total Major Service Variations</b>	<b>(0.44)</b>

## Narrative Report

A summary position to 31st March 2024 is set out below:

	Original Estimate 2023/24	Revised Estimate 2023/24	Draft Outturn 2023/24
	£	£	£
<b>Corporate, Support &amp; Street Scene Services</b>	9,790,740	9,138,171	9,661,620
<b>Community &amp; Development Services</b>	8,032,050	9,555,277	8,599,161
<b>Impact of Pay Award</b>	0	145,000	0
<b>Impact of Utility and Fuel Costs</b>	0	(70,000)	0
<b>Total service expenditure</b>	<b>17,822,790</b>	<b>18,768,448</b>	<b>18,260,781</b>
<b>Less:</b>			
<b>Special Expenses</b>	(783,720)	(791,652)	(799,503)
<b>Capital Accounting Adjustment</b>	(1,589,700)	(1,589,700)	(1,606,370)
<b>Net external interest (received)/paid</b>	227,150	187,150	(472,714)
<b>IAS19 Adjustment</b>	(1,958,190)	(1,958,190)	(1,967,961)
<b>Carry forwards from prior year</b>	0	(137,616)	(137,616)
<b>Accumulated Absence</b>	0	0	(3,028)
<b>Carry forwards to next yr.</b>	0	0	219,299
<b>Transfer to reserves *</b>	415,000	1,340,474	2,993,141
<b>Transfer from reserves **</b>	(1,760,582)	(2,266,183)	(3,670,912)
<b>Transfer from unapplied grants</b>	(15,060)	(414,100)	(383,282)
<b>Transfer to unapplied grant</b>	0	0	556,052
<b>Transfer to/(from) balances</b>	227,961	(192,296)	(29,379)
<b>HBBC Budget Requirement</b>	<b>12,585,649</b>	<b>12,946,335</b>	<b>12,958,509</b>

\* Transfer to reserve includes £1.65m for Pooled Distribution Income

\*\* Transfer from reserve includes £1.5m for Crematorium costs

## Narrative Report

### Capital Strategy and Capital Programme 2023/24 to 2025/26

The Capital Programme (the Programme) is produced on an annual basis to cover the current year and forecasts for the next three financial years. The Programme supports the Council's Corporate Plan and Medium Term Financial Strategy and ensures that resources are allocated and are used effectively to achieve corporate targets.

The general fund programme is concentrated around achievement of four priority capital projects to aid the economic regeneration of the area and improve the facilities available for residents and council tax payer, namely:

- Rural Community assistance through the Developing Community Funds and the Parish and Communities Fund
- The development of a crematorium site
- The Green spaces delivery plan
- UK Shared Prosperity Schemes
- MIRA LLEP Regeneration Assistance

The overall Capital Programme approved by Council in February 2024 for 2023/24 – 2025/26 is given below

	2023/24 £000's	2024/25 £000's	2025/26 £000's	Total
<b>Expenditure</b>	<b>22,899</b>	<b>36,491</b>	<b>14,847</b>	<b>74,237</b>
<b><i>Financed from:</i></b>				
<b>Reserve</b>	10,584	5,855	4,560	20,999
<b>Capital Receipts</b>	1,785	1,712	1,757	5,254
<b>Borrowing</b>	6,150	24,228	7,271	37,649
<b>Grant income</b>	4,380	4,696	1,259	10,335
<b>Total financing</b>	<b>22,899</b>	<b>36,491</b>	<b>14,847</b>	<b>74,237</b>

### Proposed Capital Programme - Housing Revenue Account

The HRA Programme reflects the main investment priorities included in the Housing Revenue Account Investment Plan.

These were:

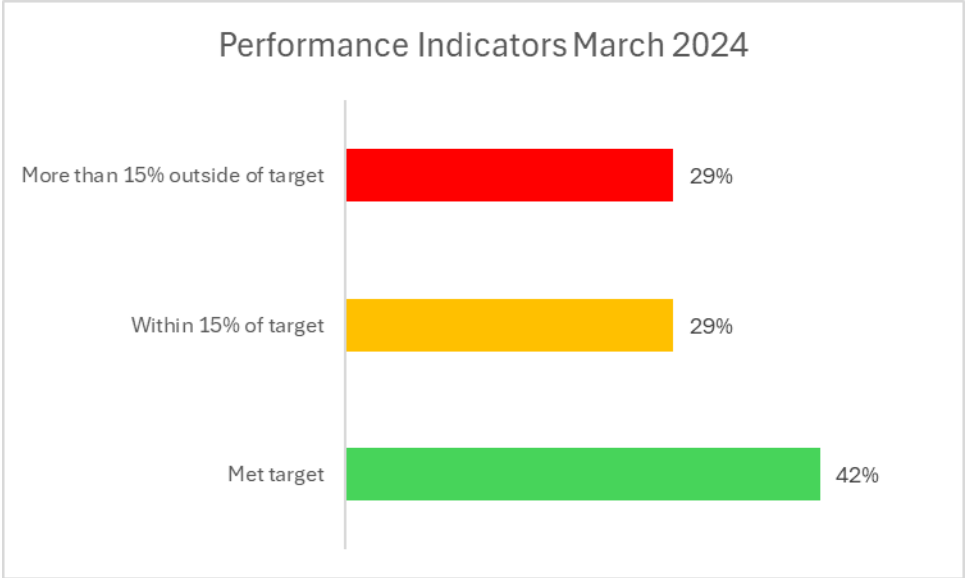
- Ongoing investment to existing stock
- Service improvements
- Affordable Housing Delivery



# Narrative Report

## Non-Financial Performance of the Council 2023/24

The Council uses plans and strategies at all levels of the organisation to plan and monitor the achievement of aims and objective. At a corporate level, the system is governed by the Corporate Planning Framework. The Council’s objectives are reflected in Service Improvement Plans which outline how each service will achieve the corporate aims within a three year period. Plans are refreshed annually and progress against targets are managed through the INPhase performance management system. Performance reports are produced for service managers’, team briefings, monthly and joint boards on a quarterly basis. Individual staff performance is monitored through annual performance development assessments and biannual reviews. Performance reports are produced for the Finance and Performance Committee quarterly, and annually in the Corporate Performance Plan. Action plans are in place for all performance indicators that have not been met.



There have been no changes in the statutory functions of the Council in year.

# Narrative Report

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## Corporate Risks

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The Corporate Risk Register plays an integral role to support production of the Corporate Plan and is subject to annual review by the Audit Committee when it approves the final accounts. The Annual Governance Statement includes our review of the corporate risks facing the council, and if any are considered significant. For 2023/24 this review should conclude that there are no significant control weaknesses have been identified in the year.

This has been confirmed by the Council's Internal Auditors in their year end opinion. The Council currently has a number of significant projects covering a wide range of services, which can involve working in partnership with others, many of which require considerable levels of one-off and recurrent funding from the Council. Specific risks relating to partnerships and projects have been incorporated into the Annual Governance statement where appropriate.

## Material Changes

Any material items impacting on the Comprehensive Income and Expenditure Statement or Balance Sheet are separately disclosed to ensure transparency.

## Accounting Policies

The Council's Accounting Policies are contained in the Statement of Accounts from page 86 to page 99.

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting financial statements. They should be read in order to give an understanding to the numerical information disclosed in the financial statements.

The Council's Accounting Policies are reviewed on an annual basis and updated for any changes in the Code. There have been no significant changes to the accounting policies for 2023/24.

## Revenue Reserves

Revenue reserves and revenue balances as at 31st March were as follows:

	<b>2024</b> <b>£000's</b>	<b>2023</b> <b>£000's</b>
Earmarked Balances Reserves	3,356	6,138
Collection fund Specific Balances	0	0
Coronavirus Grants set aside	2,214	339
General Fund Balances	1,284	1,383
Housing Repairs Account	73	126
Housing Revenue Account	865	828
<b>Total</b>	<b>7,792</b>	<b>8,814</b>

## Narrative Report

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The Council holds the following policies in respect of fund balances:

- General Fund balances should be held at a minimum of 15% of the General Fund net budget requirement to meet the costs of any unforeseen events.
- Housing Revenue Account balances should be held at a minimum of £250 per property to ensure sufficient balances are maintained for central repairs.

### Pension Costs

The accounting policy in respect of pension costs is in accordance with International Accounting Standard 19 (IAS 19) and reflects the Council's commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

IAS 19 requires Council's to see beyond their commitment to pay contributions to the pension fund and to determine the full longer-term effect that the award of retirement benefits in any year has had on the Council's financial position. A net pension asset indicates that a Council has effectively overpaid contributions relative to the future benefits earned to date by its employees. A net liability shows an effective underpayment.

The assets held by the pension scheme are valued on a regular basis by independent actuaries at fair value and in accordance with the requirements of IAS 19.

Hymans Robertson, has undertaken pension expense calculations in accordance with IAS 19 in respect of the Local Government Pension Scheme (the LGPS) administered by Leicestershire County Council. A full triennial valuation of the scheme was conducted as at 31st March 2022.

Note 36 discloses a net pension liability of £9,584 million for the Council as at 31st March 2024 compared to £0.477 million at the March 2023. Under legislation the Council is required to charge to revenue each year the value of contributions payable to the LGPS administrator rather than the cost of service calculated by IAS 19. This is done by creating a Pensions Reserve that offsets the liability but is not usable other than to balance out the liability.

The significance of the movement during the year is the difference between the expected and actual return on pension scheme assets. The difference arises because events have not coincided with actuarial assumptions or that the actuarial assumptions have changed.

The accounting entries for IAS 19 have no impact on the General Fund and therefore Council Tax.

### Capital Expenditure and Disposals

Capital expenditure on Property, Plant and Equipment in 2023/24 was £10.803 million. Additional expenditure of £6.419 million was incurred on Revenue Expenditure Funded from Capital Under Statute (REFCUS).

The Council disposed of assets dwellings worth £0.966 million in the year.

# Narrative Report

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## External Borrowing

As at 31st March 2024 the Council had total external borrowing of £64.311 million which consisted of long-term borrowing from the Public Works Loan Board (PWLB). The Council is currently able to raise finance using the following approved borrowing instruments and funding is acquired after comparing the various rates available to ascertain the cheapest source and the most appropriate period:

- PWLB Loans;
- Market Long-Term Loans;
- Market Temporary Loans;
- Bank Overdraft;
- Internal Funding; and
- Operational Leasing.

The Council manages its treasury management activities through the adoption of a Treasury Management Strategy and Prudential Indicators, both of which are monitored on a quarterly basis by the Finance and Performance Committee. The main elements of these documents are reflected in Note 37.

In 2023/24 the Council complied with all the relevant statutory and regulatory requirements which require the identification and, where possible, quantification of the levels of risk associated with treasury management activities. In particular the Council's adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means that capital expenditure is prudent, affordable and sustainable, and treasury practices demonstrate a low risk approach.

## Provisions, Contingencies and Write Offs

The Balance Sheet contains provisions of £0.629 million as at 31st March 2024. Provisions have been disclosed in 2023/24 to provide for costs of planning appeal cases that are likely to require settlement in 2024/25.

Under Business Rates Retention guidelines, the Council is required to make provisions for refunding ratepayers, who have appealed against the rateable value of their property on the rating list and may be successful. A provision of £0.514 million has been estimated for this Council for 2023/24.

Where a liability is possible (but not likely) or the cost cannot be reliably estimated, a contingent liability is disclosed. Note 38 contains details of one contingent liability to acknowledge that further business rates appeals may be lodged in 2023/24 relating to rateable values previously decided. In order to ensure completeness of these disclosures, a formal review of provisions and contingencies is conducted annually by both the Strategic Leadership Team.

Write offs are processed by the Council on key income streams in line with the Debt Recovery Policy and also the Financial Procedure Rules. Total write offs for the 2023/24 year are summarised below. There were no single material write offs processed in year and all arose in the course of standard Council operations.

	2023/24 £000's	2022/23 £000's
General Fund Write Offs	13	6
Housing Revenue Account Write Offs (including rents)	101	78
Collection Fund Write Offs	329	571
<b>Total Write Offs</b>	<b>443</b>	<b>655</b>

## Narrative Report

### Resources Available to Support Future Capital Expenditure

As at 31st March the Borough Council had the following reserves available to meet future capital expenditure:

	<b>2024 £000's</b>	<b>2023 £000's</b>
Unapplied Grants and Contributions	844	1,312
Usable Capital Receipts Reserve	11,457	10,963
Earmarked Revenue Reserve for Future Capital Projects	7,298	8,509
<b>Total available resources</b>	<b>19,599</b>	<b>20,784</b>

The Council's Capital Programme is reviewed annually and new estimates are approved at the same time as the revenue budget. The current General Fund Capital Programme and funding implications are detailed below. The programme is financed using a mix of funding streams.

	<b>2023/24 £000's</b>	<b>2024/25 £000's</b>	<b>2025/26 £000's</b>
Corporate Support & Streetscene	6,138	20,203	855
Community & Development Services	3,826	1,768	1,189
Environment & Planning			
<b>Expenditure Total</b>	<b>9,964</b>	<b>21,971</b>	<b>2,044</b>
<b>General Financing</b>			
Capital Receipts	245	313	57
Borrowing	4,985	17,437	648
Contribution from reserves	981	225	80
Grants	3,753	3,996	1,259
<b>Financing Total</b>	<b>9,964</b>	<b>21,971</b>	<b>2,044</b>

# Narrative Report

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## Housing Revenue Account

The financial statements of the Housing Revenue Account appear as an additional financial statement. The Housing Revenue Account shows the economic costs in the year of providing landlords, housing services. In 2023/24, the Housing Revenue Account had a deficit of £0.074 million compared with a deficit of £0.094 million in 2022/23. This position reflects the transfer of significant balances to the HRA Regeneration Reserve for future capital expenditure.

The Housing Repairs Account shows a deficit of £0.054 million in 2023/24 compared with a deficit of £0.360 million in 2022/23.

The total of both the Housing Revenue Account and Housing Repairs account balances at 31st March 2024 was £0.812 million compared with £0.940 million in 31st March 2023. The Housing Revenue Regeneration Reserve held a balance of £2.726 million.

## Collection Fund

From 1st April 1990 the Council has been required by the Local Government Finance Act 1988 to maintain a Collection Fund for transactions relating to the collection of Council Tax and Non-Domestic Rates. The Collection Fund shows the amounts collected for Council Tax and national Non-Domestic Rates and how this income has been distributed and these details are set out in the Collection Fund Statement. In 2023/24, the Collection Fund collected £123,392 million from Council Tax and National Non-Domestic Rates compared to £114.325 million in 2022/23.

## The Current Economic Climate and Medium Term Financial Strategy

The current economic climate indirectly impact on the Council's financial standing as follows:

- Potential reduction of income streams and likely increases in bad debt and write offs as a result.
- Increase in the call on demand led services such as benefits payments and homelessness.
- Reduction in the level of income from Council investments.
- A fall in the economic value of assets and potential capital receipts for disposals.

The Council's Medium Term Financial Strategy sets out the financial planning framework for the Council and shows how national, regional, sub-regional and local issues such as those detailed above, are taken into account in planning the resources available for service delivery. Financial planning is essential and enables the Council to set objectives and priorities, turn policy decisions into programmes of action, decide how to best allocate the resources available and review results so that learning feeds back into the decision-making process.

The impact of austerity measures enacted by Government, means that local government budgets have been and will continue to be radically reduced due to cuts in central government funding and local reductions in traditional income streams. Changes in local government financing mean that significant risks of funding of local services have been passed over by central government to local government through the changes to Business Rates Retention (BRR), Localisation of Council Tax support (LCTS) and New Homes Bonus (NHB). That said, guidance in these areas is ever changing, making it difficult for authorities to reliably forecast or pre-empt financing arrangements going forward.

These changes and the general move to local self-reliance has meant the Council has to look for income from other sources and has had to make difficult decisions in relation to the level of Council Tax it will charge. Key decisions in this area have been to accept the government's offer to

## Narrative Report

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increase the Council Tax by £5 each year for the period of the MTFs, as the Council is in the bottom quartile of charge levied in England and Wales. The MTFs approved in November 2023 indicates savings of £0.9m will be required but not until 2026/27 and a further £1m in 2027/28 if the current levels of Government funding do not increase.

The council continues to minimise increases to fees and charges (e.g. car parking charges) to assist local residents and businesses which means that the Council's budgets continue to be under pressure. The financial modelling and forecast contained in the MTFs have included these factors. In Leicestershire, the County Council's notes it is facing significant financial, demographic and service demand challenges. It needs to deliver a £6m budget shortfall next year – rising to £33m in 2026, £60m in 2027 and £83m by 2028. It is looking at how it can make savings from interactions with partners or increase income. The Medium Term Financial Strategy contains ten strategic financial objectives which seek to mitigate the impact of financial pressures on the Council. Details of these objectives are provided below:

**Table 1: Ten strategic financial objectives**

1. The Council should allocate resources to services in line with the Corporate Aims and Ambitions.	6. Capital expenditure is properly appraised.
2. Ensure regular monitoring of actual spend against budget to assess outcomes and inform the Performance Management Framework.	7. When funding the Capital Programme, all funding options are considered.
3. The Council must search for new sources of funding to support its activities and maximise opportunities from emerging economic initiatives such as City Deals and Local Growth Funds.	8. To review levels and purpose of Reserves and Balances.
4. To review the scale of fees and charges at least annually.	9. To maintain sustainable Council Tax increases.
5. To optimise the financial return on assets and ensure capital receipts are obtained where appropriate opportunities arise.	10. To increase efficiency savings and generate funding through shared services and collaborative working.

## Publication of Accounts

The Statements have been prepared in accordance with the 2023/24 edition of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and International Financial Reporting Standards (IFRS). The Statements present the financial affairs of the Council in accordance with the Service Reporting Code of Practice (SeRCOP).

As well as the narrative report, the information included within the financial statement included covers the core statements, the supplementary statements and the Annual Governance statement. Further details are given below:

## Narrative Report

**Table 2: Information included within the financial statement**

<p><b>Comprehensive Income and Expenditure Statement (CIES)</b></p>	<p>This covers the sources of all income received and the cost of providing services in the year based on International Financial Reporting Standards and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), rather than the amount funded from Council Tax, and other Government grants.</p> <p>The amount funded from Council Tax and Government grants differ from the information in CIES by a series of amendments made in accordance with regulations, these amendments are reflected through the Movement in Reserves Statement.</p>
<p><b>Movement in Reserves Statement (MIRS)</b></p>	<p>The MIRS shows the movement in the year on the various reserves held by the Council. Reserves are classified into usable and</p> <p>cover expenditure or reduce the level of local taxation required. They include the general fund, earmarked reserves and the capital receipts reserve.</p> <p>Unusable reserves tend to arise due to difference in the legal responsibilities that cover how transactions need to be accounted for and accounting requirements. These reserves cannot be used to cover expenditure, and include the pensions reserve, the revaluation reserve and the capital adjustment account.</p>
<p><b>Expenditure &amp; Funding Analysis</b></p>	<p>This is a reconciliation between management reporting segments and the CIES surplus and defect on the provision of services. The statement brings together local authority performance reported on the basis of expenditure measured under proper accounting practises with statutory defined charges to the General fund and HRA.</p>
<p><b>Balance Sheet</b></p>	<p>The Balance sheet gives the value of the Council's assets and liabilities at the financial year end, referred to as the Balance Sheet date. The net position of the total assets less total liabilities are matched by the overall level of reserves held.</p>
<p><b>Cash Flow Statement</b></p>	<p>The cash flow statement discloses movements in cash flows of the authority during the financial year. The cash flow statement shows movements in the authority's cash and cash equivalents. Cash equivalents include short term investments that are easily changeable in to cash and only have an insignificant risk of changes in value.</p>
<p><b>Notes to the financial statements</b></p>	<p>These include a summary of significant accounting policies that guide our basis for the way items are accounted for, notes that give statements and other explanatory information.</p>
<p><b>Supplementary Statements: Housing Revenue Accounts, and Collection Fund</b></p>	<p>These are the Housing Revenue Account (HRA) and Collection Fund. The HRA covers the income from housing activities and Council's expenditure on Council housing; this has to be shown separately and has its own set of notes giving more detailed information. The Collection Fund gives level of business rates and council tax that the Council has to collect, not only for itself, but also for Central Government, Leicestershire County Council, Leicestershire Police &amp; Crime Commissioner, Leicester,</p>



# Narrative Report

	Leicestershire and Rutland Combined Fire Authority and on behalf of Town & Parish Councils.
<b>Annual Governance Statement</b>	The Council has approved and adopted a code of corporate governance, which is consistent with the national requirements on good governance in local government. The Annual Governance Statement provide a summary of how the Council has reviewed compliance with this code, the role of the governance structures involved, such as the Audit Committee and other Committees as relevant to governance, and any issues, if any are identified and proposed action needed.

These Statements are supported by accompanying notes.

These unaudited accounts were approved for publication on 30<sup>th</sup> May 2024 by A Wilson, Head of Finance. Events after the Balance Sheet Date have been considered up to this date and disclosed in Note 5.



A Wilson FCCA, BCom (Acc) (Hons)  
 Head of Finance (Section 151 Officer)

Date:- 30<sup>th</sup> May 2024

## Statement of Responsibilities

### **The Council's Responsibilities**

The Council is required to:

- a) make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Head of Finance.
- b) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- c) approve the Statement of Accounts.

### **The Head of Finance's Responsibilities**

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

In preparing this Statement of Accounts, the Head of Finance has:

- a) selected suitable accounting policies and then applied them consistently;
- b) made judgements and estimates that were reasonable and prudent;
- c) complied with the Local Authority Code;

The Head of Finance has also:

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

I certify that The Statement of Accounts present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2024.

A.Wilson, FCCA, BCom(Acc) (Hons)

Cllr D.S. Cope

Head of Finance

Chair of Audit Committee

Date:-

Date:-

### Core financial statements

#### **The 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 can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the Council's services and more details are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax and dwellings rent setting purposes respectively. The "Net increase/decrease before transfers to earmarked reserves" line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

#### **The Comprehensive Income and Expenditure Statement**

This statement is fundamental to the understanding of the Council's activities, in that it reports the cost of services of the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers. It brings together expenditure and income relating to all of the Council's functions, in three distinct sections, each divided by a sub-total.

The *first* section provides accounting information on the costs of the local Council's different services, net of specific grants and income from fees and charges, to give the cost of services. It also includes the cost of any acquired and discontinued operations.

The *second* section comprises items of income and expenditure relating to the Council as a whole. When added to the cost of services these give the Council's Surplus or Deficit on provision of services and it also include the cost of any acquired or discontinued operations.

The *third* section shows the total comprehensive income and expenditure. Not all gains and losses are reflected in the Surplus or Deficit on provision of services for example, gains on revaluations of Non-Current Assets are excluded, because they arise out of asset changes rather than from the entity's operating performance that complete position and performance of the Council. Therefore it is necessary to consider all gains and losses recognised in a period when assessing the financial result for the period in this section. This is the total gains and losses of the Council to give a complete performance of the Council.

#### **The Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council. Reserves are reported in two categories. The first is usable reserves and these are reserves which the Council can use to provide services. The second is unusable reserves the Council cannot use to provide services.

#### **The Cash Flow Statement**

The Cash Flow statement shows how the Council generates and uses cash and cash equivalents and is produced using CIPFA's indirect method.

#### **The Expenditure and Funding Analysis note**

The Expenditure & Funding Analysis note provides a reconciliation between the way local authorities are funded and the accounting measures of financial performance in the CIES. It also shows how the expenditure is allocated for decision making purposes between directorates/services. This change has enabled the previous segmental reporting requirements to be streamlined. The changes will remove some of the complexities of the current segmental note.

Movement in Reserves Statement

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Unusable Reserve	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2022 carried forward</b>	<b>11,539</b>	<b>6,828</b>	<b>9,917</b>	<b>608</b>	<b>4,212</b>	<b>33,106</b>	<b>147,763</b>	<b>180,869</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(8,203)</b>	<b>1,824</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,379)</b>	<b>67,401</b>	<b>61,022</b>
Adjustments between accounting basis & funding basis under regulations (Note 6)	5,567	(2,903)	1,042	321	(1,156)	2,871	(2,871)	(0)
<b>Increase/(Decrease) in Year</b>	<b>(2,636)</b>	<b>(1,079)</b>	<b>1,042</b>	<b>321</b>	<b>(1,156)</b>	<b>(3,508)</b>	<b>64,530</b>	<b>61,022</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>8,903</b>	<b>5,749</b>	<b>10,959</b>	<b>929</b>	<b>3,056</b>	<b>29,598</b>	<b>212,293</b>	<b>241,891</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(4,394)</b>	<b>2,159</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,235)</b>	<b>(15,052)</b>	<b>(17,287)</b>
Adjustments between accounting basis & funding basis under regulations (Note 6)	4,466	(4,047)	498	(886)	2	33	(33)	0
<b>Increase/(Decrease) in Year</b>	<b>72</b>	<b>(1,888)</b>	<b>498</b>	<b>(886)</b>	<b>2</b>	<b>(2,202)</b>	<b>(15,085)</b>	<b>(17,287)</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>8,975</b>	<b>3,861</b>	<b>11,457</b>	<b>43</b>	<b>3,058</b>	<b>27,396</b>	<b>197,208</b>	<b>224,604</b>
Fund Balances								
Earmarked Reserve	7,688	2,997						
Reserves set aside for Collection Fund	0	0						
Fund Balance	1,287	828						
<b>Balance at 31 March 2024 carried forward</b>	<b>8,975</b>	<b>3,825</b>						

Comprehensive Income and Expenditure Statement

Restated	Restated	Restated					
	2022/23				2023/24		
Gross Expenditure	Gross Income	Expenditure/ (Income)		Note	Gross Expenditure	Gross Income	Expenditure/ (Income)
£'000	£'000	£'000			£'000	£'000	£'000
15,759	(4,399)	11,360	Community Development Services		16,622	(5,748)	10,874
28,744	(21,099)	7,645	Corporate & Street Scene Services		30,013	(22,968)	7,045
11,234	(14,450)	(3,216)	HRA - Housing Revenue Account		12,359	(15,869)	(3,510)
<b>55,737</b>	<b>(39,948)</b>	<b>15,789</b>	<b>Cost Of Services</b>		<b>58,994</b>	<b>(44,585)</b>	<b>14,409</b>
1,933	0	1,933	Other Operating Expenditure	8	2,353	0	2,353
3,833	(581)	3,252	Financing and Investment Income and Expenditure	9	3,068	(1,414)	1,654
0	(14,595)	(14,595)	Taxation and Non-Specific Grant Income (Surplus) or Deficit on Provision of Services	10	0	(16,181)	(16,181)
<b>61,503</b>	<b>(55,124)</b>	<b>6,379</b>			<b>64,415</b>	<b>(62,180)</b>	<b>2,235</b>
		(28,694)	Surplus or deficit on revaluation of fixed assets	11			5,159
		(38,707)	Remeasurements on pension assets / liabilities	36			9,893
		<b>(67,401)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>15,052</b>
		<b>(61,022)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>17,287</b>

Balance Sheet

As at 31 March 2023 £'000		Note	As at 31 March 2024 £'000
320,405	Property, Plant & Equipment	11	317,059
121	Heritage Assets	12	121
236	Intangible Assets	13	130
72	Long Term Receivables	17	74
320,834	<b>Long Term Assets</b>		317,384
14,000	Short Term Investments	16	7,100
0	Assets Held for Sale	14	0
46	Inventories		15
5,107	Short Term Receivables	18	7,789
3,401	Cash and Cash Equivalents	15	401
22,554	<b>Current Assets</b>		15,305
(11)	Cash and Cash Equivalents	15	(743)
(6,836)	Short Term Borrowing	37	(10,346)
(16,317)	Short Term Payables	19	(12,064)
(536)	Short Term Lease Liability	34	(567)
(610)	Provisions	20	(629)
(24,310)	<b>Current Liabilities</b>		(24,349)
(956)	Long Term Payables	19	(2,119)
(67,657)	Long Term Borrowing	37	(64,311)
(8,106)	Other Long Term Liabilities	21	(16,655)
(468)	Capital Grants Receipts in Advance		(651)
(77,187)	<b>Long Term Liabilities</b>		(83,736)
<b>241,891</b>	<b>Net Assets</b>		<b>224,604</b>
29,598	Usable Reserves	22	27,396
212,293	Unusable Reserves	23	197,208
<b>241,891</b>	<b>Total Reserves</b>		<b>224,604</b>

## Cash Flow Statement

<b>2022/23</b>		<b>Note</b>	<b>2022/23</b>
<b>£'000</b>			<b>£'000</b>
(6,379)	Net surplus or (deficit) on the provision of services		(2,235)
477	Adjustment to surplus or deficit on the provision of services for noncash movements		1,803
(97)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(1,847)
<u>(5,999)</u>	Net Cash flows from Operating Activities	24	<u>(2,279)</u>
(7,701)	Net Cash flows from Investing Activities	25	(2,678)
10,923	Net Cash flows from Financing Activities	26	<u>1,225</u>
<u>(2,777)</u>	Net increase or decrease in cash and cash equivalents		<u>(3,732)</u>
6,167	Cash and cash equivalents at the beginning of the reporting period		3,390
<b><u>3,390</u></b>	Cash and cash equivalents at the end of the reporting period	15	<b><u>(342)</u></b>

Expenditure and Funding Analysis

2023/24

	As reported for resource management £'000	Adjustment to arrive at the net amount chargeable to General Fund and HRA Balances £'000	Net Expenditure chargeable to the General Fund and HRA £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Community Development Services	5,979	(1,639)	4,340	6,534	10,874
Corporate & Street Scene Services	10,421	(5,056)	5,365	1,680	7,045
Housing (HRA)	(6,052)	5,912	(140)	(3,370)	(3,510)
Net cost of Services	10,348	(783)	9,565	4,844	14,409
Other Income and Expenditure	(7,883)	134	(7,749)	(4,425)	(12,174)
Surplus or Deficit	2,465	(649)	1,816	419	2,235
Opening General Fund and HRA Balance			14,652		
Less Deficit on General Fund and HRA Balances			(1,816)		
<b>Closing General Fund and HRA Balance at 31 March</b>			<b>12,836</b>		



Expenditure and Funding Analysis

2022/23 (Restated)

	As reported for resource management £'000	Adjustment to arrive at the net amount chargeable to General Fund and HRA Balances £'000	Net Expenditure chargeable to the General Fund and HRA £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Community Development Services	4,598	715	5,313	6,047	11,360
Corporate & Street Scene Services	12,254	(5,964)	6,290	1,355	7,645
Housing (HRA)	(6,272)	5,959	(313)	(2,903)	(3,216)
Net cost of Services	10,580	710	11,290	4,499	15,789
Other Income and Expenditure	(7,556)	(19)	(7,575)	(1,835)	(9,410)
Surplus or Deficit	3,024	691	3,715	2,664	6,379
Opening General Fund and HRA Balance			18,367		
Less Deficit on General Fund and HRA Balances			(3,715)		
<b>Closing General Fund and HRA Balance at 31 March</b>			<b>14,652</b>		

## NOTES TO THE *Comprehensive Income and Expenditure Statement*

### Note to the Expenditure and Funding Analysis

#### 2023/24

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Community Development Services	6,533	0	1	6,534
Corporate & Street Scene Services	1,678	0	2	1,680
HRA - Housing Revenue Account	(3,237)	(133)	0	(3,370)
<b>Net Cost of Services</b>	<b>4,974</b>	<b>(133)</b>	<b>3</b>	<b>4,844</b>
<b>Other income and expenditure</b>	<b>(3,852)</b>	<b>(656)</b>	<b>83</b>	<b>(4,425)</b>
<b>Total</b>	<b>1,122</b>	<b>(789)</b>	<b>86</b>	<b>419</b>

#### 2022/23 (Restated)

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Community Development Services	6,046	0	(0)	6,046
Corporate & Street Scene Services	1,352	0	4	1,356
HRA - Housing Revenue Account	(3,270)	367	0	(2,903)
<b>Net Cost of Services</b>	<b>4,128</b>	<b>367</b>	<b>4</b>	<b>4,498</b>
<b>Other income and expenditure</b>	<b>(2,822)</b>	<b>2,637</b>	<b>(1,649)</b>	<b>(1,834)</b>
<b>Total</b>	<b>1,306</b>	<b>3,004</b>	<b>(1,645)</b>	<b>2,664</b>

## NOTES TO THE *Comprehensive Income and Expenditure Statement*

### Supplementary Analysis for the CIES Expenditure and Income Analysed by Nature

Expenditure/Income	2023/24 £'000	2022/23 £'000
<b>Expenditure</b>		
Employee benefits expenses	19,197	20,034
Other services expenses	33,944	30,756
Depreciation, amortisation and impairment	5,987	4,928
Interest Payments - Note 9	2,930	2,849
Precepts and Levies - Note 8	2,459	2,282
Pension Interest costs - Note 9	4	1,003
Council Tax/NDR	0	0
Payments to Housing Capital Receipts Pool - Note 8	0	0
Gain on the disposal of assets - Note 8	(106)	(349)
<b>Total Expenditure</b>	<b>64,415</b>	<b>61,503</b>
<b>Income</b>		
Fees, charges and other service income	(23,979)	(25,123)
Interest and investment income - Note 9	(1,414)	(581)
Income from council tax, non-domestic rates, district rate income	(11,379)	(9,893)
Expected return on pension assets - Note 9	0	0
Government grants and contributions - Note 30	(25,408)	(19,527)
<b>Total Income</b>	<b>(62,180)</b>	<b>(55,124)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>2,235</b>	<b>6,379</b>

### Supplementary Analysis for the CIES Segment Reporting

	Community Development Services £'000	Corporate & Street Scene Services £'000	HRA £'000	Total £'000
<b>2023/24</b>				
Revenues from External Customers	(2,870)	(5,972)	(15,137)	(23,979)
<b>2022/23 (Restated)</b>				
Revenues from External Customers	(2,795)	(7,910)	(14,418)	(25,123)

### Notes to the Core Financial Statements

#### 1. Accounting Standards that Have Been Issued but Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2024 for 2023/24).

- IFRS 16 Leases – - CIPFA/LASAAC has deferred the implementation of IFRS 16 Leases in the public sector until the 2024/25 financial year, with an effective date of 1 April 2024. This will require lessees to recognise assets subject to leases as right-of-use assets on their balance sheet, along with corresponding lease liabilities (there are exceptions for low-value and short-term leases). The Council is aware that an impact assessment is recommended, despite the Standard not yet being adopted. The impact to the Council's net asset position in the Balance Sheet is expected to be nil as an increase in lease assets will be offset by an increase in the payment liability.

The following Standards have also been issued / amended but are not yet adopted – these are not considered to have a material impact on the Council's accounts.

- Classification of Liabilities as Current or Non-current (Amendments to IAS1) issued in January 2020 (primarily relate to clarifying on classification of liabilities relating financial instruments).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add additional measurement requirements for sale and leaseback transactions.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements.

#### 2. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- In preparing the 2023/24 financial statements the Council have completed a review of property plant and equipment held to review the basis of the valuation. This has been completed with the involvement of our external value's
- 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 sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities or reduce levels of service provision.
- The Council has reviewed the arrangements in place for operation of the Leicestershire Partnership – Revenues and Benefits. The Joint Committee has been classified as a 'Jointly Controlled Operation' on the basis that it is not a separate legal entity and has been accounted for in line with the Council's Accounting Policies for these arrangements.

### 3. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Accounting Policies describe the significant areas in which estimates and assumptions have been made relating to the reporting of results of operations and the financial position of the Council.

The items in the Council's Balance Sheet at 31st March 2024 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

**Table 3: Uncertainties**

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Property Plant and Equipment are reviewed for both economic and price impairment on an annual basis. Any movement in market value of property will have any impact on the Council's valuation.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>If an asset is impaired the carrying amount of the asset is reduced.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are made by actuaries appointed by Leicestershire County Council who administer the pension fund.</p>	<p>The effect on the net pension liability of changes in individual assumptions can be measured. For instance:</p> <ul style="list-style-type: none"> <li>• A decrease in the discount rate assumption would result in an increase in pension liability.</li> <li>• A one year increase in member life expectancy would result in an increase in pension liability.</li> <li>• An increase in the pension rate would result in an increase in pension liability.</li> <li>• A 1% increase in the pension liability would decrease the Council's net assets by £0.009583 million.</li> </ul>
Provisions	<p>The council has made provision in relation to National Non-Domestic Rate Appeals. This provision is based on an estimation of any future liability and the likelihood that these costs will be incurred.</p>	<p>If the estimates used in the calculation of the provision prove to be inaccurate then there will be further income or expenditure incurred by the General Fund via the Collection Fund.</p>

### **4. Material Items of Income and Expenditure**

There are no other material items, not otherwise disclosed in the Comprehensive Income and Expenditure Statement and other schedules that require disclosure here.

### **5. Events After the Balance Sheet Date**

Events after the Balance Sheet Date Events 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:

#### **Adjusting Events**

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

#### **Non-adjusting Events**

Those events 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 either their estimated financial effect or a statement that such an estimate cannot be made reliably. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

The Statement of Accounts were authorised for issue on 31<sup>st</sup> May 2024 by A. Wilson, Head of Finance. Events taking place after this date are not reflected in the financial statements or notes.

**6. Adjustments between Accounting Basis and Funding Basis under Regulation**

2023/24	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repair Reserves £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Adjustment Account</b>						
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute</i>						
Charges for depreciation and amortisation of non-current assets	(1,792)	(3,847)	0	0	0	5,639
Revaluation losses/gains on Property Plant and Equipment	(305)	(43)	0	0	0	348
Revenue expenditure funded from capital under statute	(6,419)	0	0	0	0	6,419
Capital expenditure financed from Unapplied Grants and Contributions	2,048	677	0	0	0	(2,725)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	(966)	0	0	0	966
Capital expenditure charged to fund balances	0	0	0	0	0	0
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute</i>						
Statutory Provision for the financing of capital investment	1,646	0	0	0	0	(1,646)
	<b>(4,822)</b>	<b>(4,179)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,001</b>
<b>Adjustments primarily involving the Capital Grants Unapplied Reserve</b>						
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	473	0	0	0	(473)	0
Application of earmarked reserves to capital financing transferred to the Capital Adjustment Account	(687)	4,013	0	0	0	(3,326)
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	471	(471)
	<b>(214)</b>	<b>4,013</b>	<b>0</b>	<b>0</b>	<b>(2)</b>	<b>(3,797)</b>
<b>Adjustments primarily involving the Capital Receipts Reserve</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	1,072	(1,072)	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0	0	0	0	0	0
Use of the Capital Receipts reserve to finance new expenditure	0	0	574	0	0	(574)
	<b>0</b>	<b>1,072</b>	<b>(498)</b>	<b>0</b>	<b>0</b>	<b>(574)</b>

## NOTES TO THE *Core Financial Statements*

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repair Reserves £'000	Capital Grants Reserve £'000	Movement in Unusable Reserves £'000
<b>Adjustments involving the Pension Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,391)	(544)	0	0	0	2,935
Employers pension contribution payable in the year	3,047	677	0	0	0	(3,724)
	<u>656</u>	<u>133</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(789)</u>
<b>Adjustments involving the Major Repairs Reserve</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	3,009	0	(3,009)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	3,895	0	(3,895)
	<u>0</u>	<u>3,009</u>	<u>0</u>	<u>886</u>	<u>0</u>	<u>(3,895)</u>
<b>Adjustments involving the Collection Fund Adjustment Reserve</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	0	0	0	0	0	0
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	(83)	0	0	0	0	83
	<u>(83)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>83</u>
<b>Adjustment involving the Accumulated Absences Adjustment Account</b>						
Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements	(3)	(1)	0	0	0	4
<b>Adjustment involving the Financial Instrument Adjustment Account</b>						
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	0	0	0	0	0	0
	<u>(4,466)</u>	<u>4,047</u>	<u>(498)</u>	<u>886</u>	<u>(2)</u>	<u>33</u>



## NOTES TO THE Core Financial Statements

88	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repair Reserves £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Adjustment Account</b>						
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute</i>						
Charges for depreciation and amortisation of non-current assets	(1,706)	(3,390)	0	0	0	5,096
Revaluation losses/gains on Property Plant and Equipment	(44)	211	0	0	0	(167)
Revenue expenditure funded from capital under statute	(5,693)	0	0	0	0	5,693
Capital expenditure financed from Unapplied Grants and Contributions	714	0	0	0	0	(714)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	(2,050)	0	0	0	2,050
Capital expenditure charged to fund balances	0	0	0	0	0	0
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute</i>						
Statutory Provision for the financing of capital investment	1,381	0	0	0	0	(1,381)
	<u>(5,348)</u>	<u>(5,228)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,576</u>
<b>Adjustments primarily involving the Capital Grants Unapplied Reserve</b>						
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	648	0	0	0	(648)	0
Application of earmarked reserves to capital financing transferred to the Capital Adjustment Account	124	2,771	0	0	0	(2,895)
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	1,804	(1,804)
	<u>772</u>	<u>2,771</u>	<u>0</u>	<u>0</u>	<u>1,156</u>	<u>(4,699)</u>
<b>Adjustments primarily involving the Capital Receipts Reserve</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	2,399	(2,399)	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0	0	0	0	0	0
Use of the Capital Receipts reserve to finance new expenditure	0	0	1,357	0	0	(1,357)
	<u>0</u>	<u>2,399</u>	<u>(1,042)</u>	<u>0</u>	<u>0</u>	<u>(1,357)</u>

## NOTES TO THE *Core Financial Statements*

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repair Reserves £'000	Capital Grants Reserve £'000	Movement in Unusable Reserves £'000
<b>Adjustments involving the Pension Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(5,418)	(948)	0	0	0	6,366
Employers pension contribution payable in the year	2,780	582	0	0	0	(3,362)
	<u>(2,637)</u>	<u>(367)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,004</u>
<b>Adjustments involving the Major Repairs Reserve</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	3,330	0	(3,330)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	3,009	0	(3,009)
	<u>0</u>	<u>3,330</u>	<u>0</u>	<u>(321)</u>	<u>0</u>	<u>(3,009)</u>
<b>Adjustments involving the Collection Fund Adjustment Reserve</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	19	0	0	0	0	(19)
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	1,630	0	0	0	0	(1,630)
	<u>1,649</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,649)</u>
<b>Adjustment involving the Accumulated Absences Adjustment Account</b>						
Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements	(3)	(1)	0	0	0	4
<b>Adjustment involving the Financial Instrument Adjustment Account</b>						
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	0	0	0	0	0	0
	<u>(5,567)</u>	<u>2,903</u>	<u>(1,042)</u>	<u>(321)</u>	<u>1,156</u>	<u>2,871</u>

## 7. 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 and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2023/24. In addition the note outlines balances of unapplied grants and contributions.

	Balance at 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance at 31 March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund</b>							
Local Plan Procedure	684	(26)	0	658	(145)	0	513
Waste Management	131	(15)	136	252	(15)	0	237
ICT	75	(69)	9	15	(15)	15	15
Asset Management	400	0	0	400	0	0	400
Economic Priorities Reserve	0	0	0	0	0	2,753	2,753
Elections	25	0	25	50	(50)	25	25
Grounds Maintenance	30	0	0	30	0	0	30
Special Expenses	286	(87)	110	309	(124)	110	295
Carry Forwards	136	(136)	138	138	(138)	219	219
Business Rates Equalisation	2,561	0	0	2,561	(658)	0	1,903
Maintenance Fund - Green Towers	45	0	5	50	(50)	0	0
Hinckley Communities Initiative Fund	350	0	0	350	(350)	0	0
Enforcement & Planning Appeals	230	(50)	0	180	(120)	0	60
Building Maintenance Costs	588	0	0	588	0	0	588
Developing Communities Fund	704	(2)	0	702	(467)	0	235
Environmental Improvement Reserve	61	(21)	0	40	(40)	200	200
Crematorium Reserve	500	(57)	0	443	(443)	0	0
Financial Support Reserve	1,080	(1,080)	415	415	(415)	0	0
Enterprise Zone - Covid	296	0	0	296	(81)	0	215
<b>Sub Total Earmarked Reserves</b>	<b>8,182</b>	<b>(1,543)</b>	<b>838</b>	<b>7,477</b>	<b>(3,111)</b>	<b>3,322</b>	<b>7,688</b>
S31 Collection Fund Reserve	1,961	(1,961)	0	0	0	0	0
S31 Council Tax Hardship Support	43	0	0	43	(43)	0	0
<b>Total Earmarked Reserves</b>	<b>10,186</b>	<b>(3,504)</b>	<b>838</b>	<b>7,520</b>	<b>(3,154)</b>	<b>3,322</b>	<b>7,688</b>
Unapplied Grants and Contributions	4,038	(2,228)	1,087	2,897	(1,079)	1,143	2,961
<b>Total General Fund</b>	<b>14,224</b>	<b>(5,732)</b>	<b>1,925</b>	<b>10,417</b>	<b>(4,233)</b>	<b>4,465</b>	<b>10,649</b>

**7. Transfers To/From Earmarked Reserves (continued)**

	Balance at 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance at 31 March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>Housing Revenue Account</u></b>							
HRA Piper Balance	80	(12)	30	98	(102)	30	26
HRA Communal Furniture	5	0	0	5	0	0	5
HRA Housing Repairs Account	487	(360)	0	127	(54)	0	73
Major Repairs Reserve	610	(3,009)	3,328	929	(3,895)	3,009	43
Regeneration	5,132	(2,759)	2,111	4,484	(3,911)	2,153	2,726
Pension Contributions	50	0	3	53	0	3	56
Service Improvement	50	0	0	50	0	0	50
Rent Equalisation	60	0	0	60	0	0	60
HRA Carry Forwards	43	0	0	43	(43)	0	0
<b>Total HRA Earmarked Reserves</b>	<b>6,517</b>	<b>(6,140)</b>	<b>5,472</b>	<b>5,849</b>	<b>(8,005)</b>	<b>5,195</b>	<b>3,039</b>
HRA Unapplied Grants and Contributions	174	(15)	0	159	(62)	0	97
<b>Total Housing Revenue Account</b>	<b>6,691</b>	<b>(6,155)</b>	<b>5,472</b>	<b>6,008</b>	<b>(8,067)</b>	<b>5,195</b>	<b>3,136</b>

**Earmarked Reserves General Fund**

**Local Plan Procedure Reserve**

This reserve is to fund the costs of the Local Development Framework. The reserve will be used as elements of the framework are required.

**Waste Management Reserve**

The Waste Management service is currently experiencing a number of pressures on its resources particularly in respect of the need to recycle more and conduct additional rounds. This reserve has been set up using under spends to provide resources to address the pressures ahead for this high priority service area.

**ICT Reserve**

This reserve was set up to be used to further improve the ICT support service, in particular by upgrading the aging infrastructure and ICT.

**Asset Management Reserve**

At the present time the Council has an ambitious Capital Programme and is looking to facilitate the regeneration of Hinckley Town Centre & the Council's property portfolio.

**Economic Priority Reserve**

Pooled Business Rates income set aside for Economic Regeneration

**Planning Delivery Grant Reserve**

This reserve has been set up to carry forward receipts of Planning Delivery Grant that will be spent in future years.

### **Elections Reserve**

Elections to the Borough Council are held every four years. It is considered to be inequitable to charge the full cost in the year of the election. An earmarked reserve has therefore been created to allow the cost of the election to be provided for each year.

### **Grounds Maintenance Machinery Reserve**

This reserve has been established from the savings in rental charges following the initial purchase of new machinery to allow for its replacement at the end of its useful life.

### **Special Expenses Reserve**

This reserve has been established to fund additional parks and open spaces expenditure within the Hinckley area.

### **Carry Forwards Reserve**

Relates to those budget carry forwards authorised from the previous financial year.

### **Business Rates Equalisation Reserve**

Under Business Rates Retention, certain losses in rates will need to be funded by the Council. This reserve has been created to reflect the total amount of Business Rates this Council is required to "lose" before receipt of a safety net payment.

### **Maintenance Fund – Green Towers Reserve**

This reserve provides for any additional support that may be required for Hinckley Club for Young People e.g. issues with the building.

### **Hinckley Communities Initiatives Fund**

Reserve created to match fund capital costs community of led regeneration projects in Hinckley Town.

### **Enforcement & Planning Appeals Reserve**

A number of individual enforcement budgets have been consolidated in year and transferred to a reserve to act as a contingency for large cases that may arise.

### **Building Maintenance Costs**

This reserve has been set to fund future one off maintenance pressures to non HRA properties.

### **Developing Communities Fund**

This reserve has been set up to support efficiency and invest to save projects across parishes.

### **Environmental Improvement Reserve**

Set aside to fund employee and other costs to manage additional climate change work

### **Crematorium Reserve**

Reserve set aside to part fund development of new crematorium.

### **Financial Support Reserve**

To ensure general fund performance is maintained until savings are delivered in 2023/24

### **Enterprise Zone - Covid**

Reserve set aside to smooth future Enterprise Zone Payments

### **S31 Collection Fund Reserve/ S31 Council Tax Hardship Support**

The Collection Fund Reserve was set up aside S31 Collection Fund Income which will be processed in future years in line with revised accounting guidance.

## Earmarked Reserves Housing Revenue Account

### **Piper Balance Reserve**

This reserve will provide funding for the replacement of the Piper alarm system at the control centres when the current system becomes unviable.

### **Communal Furniture Reserve**

This reserve has been created to provide for the replacement of furniture in communal areas of sheltered housing schemes which currently do not meet safety standards.

### **Housing Repairs Account Reserve**

The Housing Repairs Reserve represents the cost of providing the housing repairs service to the Borough. This is detailed further in the notes to the Housing Revenue Account.

### **Major Repairs Reserve**

Reserve set aside to fund HRA Capital Repairs

### **Regeneration Reserve**

This reserve has been created from the available funds within the Housing Revenue Account following the introduction of self-financing. The reserve will be used to fund projects outlined in the HRA Business and Investment Plans.

### **Service Improvement Reserve**

Funds put aside from salary savings to fund costs associated with initiatives to improve the housing service.

### **Rent Equalisation Reserve**

Funds set aside to reduce the potential impact from rent losses.

### **HRA Carry Forwards**

Relates to those budget carry forwards authorised from the previous financial year.

**8. Other Operating Expenditure**

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
(Gain)/ Losses on disposal of Non Current Assets	(106)	(349)
Amounts due to Precepting Authorities	2,459	2,282
Contribution to Housing Pooled Capital Receipts	0	0
<b>Total Operating Expenditure</b>	<b>2,353</b>	<b>1,933</b>

**9. Financing and Investment Income and Expenditure**

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Interest Payable and Similar Charges (see note 37)*	2,930	2,849
Net Pension Interest Costs (see note 36)	4	1,003
Net Surplus of Undertakings (see note 27)	134	(19)
Interest and Investment Income (see note 37)	(1,414)	(581)
<b>Total Financing and Investment Income &amp; Expenditure</b>	<b>1,654</b>	<b>3,252</b>

**10. Taxation and Non Specific Grant Income**

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Council Tax	(8,229)	(7,888)
Revenue Support Grant (see note 30)	(192)	(89)
National Non Domestic Rates	(3,150)	(2,005)
New Homes Bonus (see note 30)	(582)	(529)
Lower Tier Support Grant	(211)	(227)
Service Grant	(105)	(189)
S31 Grant Income (see note 30)	(3,704)	(3,589)
New Burdens Grant	(8)	(79)
<b>Total Taxation and Non Specific Grant Income</b>	<b>(16,181)</b>	<b>(14,595)</b>

**11. Property, Plant and Equipment**

**2023/24**

	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Infrastructure Assets	Assets under Construction *	Surplus Assets	Total
<b>Cost or Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
As at 1 April 2023 Asset	250,598	56,269	13,934	5,457	832	2,072	0	329,162
Transfers/Reclassifications	0	94	0	0	0	(94)	0	0
Transfer to Asset held for Sale	0	0	0	0	0	0	0	0
Additions	9,648	85	695	211	0	164	0	10,803
Revaluation Increases/(Decreases)								
- Recognised in the Revaluation Reserve	(12,006)	2,510	0	0	0	0	0	(9,496)
- Recognised in Provision of Services	(122)	(455)	0	0	0	0	0	(577)
Derecognition / Disposals	(966)	0	0	0	0	(2,142)		(3,108)
<b>As at 31 March 2024</b>	<b>247,152</b>	<b>58,503</b>	<b>14,629</b>	<b>5,668</b>	<b>832</b>	<b>0</b>	<b>0</b>	<b>326,784</b>
<b>Depreciation and Impairments</b>								
As at 1 April 2023	0	0	(8,355)	0	(402)	0	0	(8,757)
Transfer of Depreciation	0	0	0	0	0	0	0	0
Depreciation charge	(3,792)	(772)	(937)	0	(31)			(5,532)
Depreciation written out to								
- The Revaluation Reserve	3,714	623	0	0	0	0	0	4,337
- The Provision of Services	78	149	0	0	0	0	0	227
<b>As at 31 March 2024</b>	<b>0</b>	<b>0</b>	<b>(9,292)</b>	<b>0</b>	<b>(433)</b>	<b>0</b>	<b>0</b>	<b>(9,725)</b>
<b>Net Book Value at 31 March 2024</b>	<b>247,152</b>	<b>58,503</b>	<b>5,337</b>	<b>5,668</b>	<b>399</b>	<b>0</b>	<b>0</b>	<b>317,059</b>

\*£2.142m Crematorium element written out into the CIES



**11. Property, Plant and Equipment (continued)**

**2022/23**

	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Infrastructure Assets	Assets under Construction	Surplus Assets	Total
<b>Cost or Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
As at 1 April 2022	220,271	55,934	12,171	5,265	1,506	2,415	0	297,562
Asset								
Transfers/Reclassifications	304	0	771	0	(674)	(401)	0	0
Transfer to Asset held for Sale	0	0	0	0	0	0	0	0
Additions	7,520	119	992	192	0	58	0	8,881
Revaluation								
Increases/(Decreases)	0	0	0	0	0	0	0	
- Recognised in the Revaluation Reserve	24,409	417	0	0	0	0	0	24,826
- Recognised in Provision of Services	144	(201)	0	0	0	0	0	(57)
Derecognition - Disposals	(2,050)	0	0	0	0	0	0	(2,050)
<b>As at 31 March 2022</b>	<b>250,598</b>	<b>56,269</b>	<b>13,934</b>	<b>5,457</b>	<b>832</b>	<b>2,072</b>	<b>0</b>	<b>329,162</b>
<b>Depreciation and Impairments</b>								
As at 1 April 2022	0	0	(7,216)	0	(665)	0	0	(7,881)
Depreciation charge	0	0	(294)	0	294	0	0	0
Depreciation written out to	(3,330)	(763)	(845)	0	(31)	0	0	(4,969)
- The Revaluation Reserve	3,262	606	0	0	0	0	0	3,868
- The Provision of Services	68	157	0	0	0	0	0	225
<b>As at 31 March 2023</b>	<b>0</b>	<b>0</b>	<b>(8,355)</b>	<b>0</b>	<b>(402)</b>	<b>0</b>	<b>0</b>	<b>(8,757)</b>
<b>Net Book Value at 31 March 2023</b>	<b>250,598</b>	<b>56,269</b>	<b>5,579</b>	<b>5,457</b>	<b>430</b>	<b>2,072</b>	<b>0</b>	<b>320,405</b>

### 11. Property, Plant and Equipment (continued)

#### Depreciation

The following useful economic lives and depreciation rates have been used in the calculation of depreciation:

<b>Asset Classification</b>	<b>Basis of Depreciation</b>
Council Dwellings	Residual lives based on total life of between 40-60 years but with a minimum residual life of 20 years to reflect enhancements.
Land	Not depreciated.
Operational Buildings	Residual lives provided by the valuer in report of 31st March 2023. Depreciation is based upon the updated residual lives of revalued properties.
Vehicles, Plant and Equipment	Based on expected lives of the asset.
Infrastructure Assets	Depreciated over a 40 year life.
Community Assets	Not depreciated as these are land assets.
Intangible Assets	Amortised over useful life (e.g. software over 5 years).
Heritage Assets	Not depreciated as have indefinite life.
Surplus Assets	Not depreciated.

#### Capital Commitments

At 31st March 2024, the Council had capital commitments of £0.451 million

	<b>£'000</b>
Developing Communities	136
Re-Roofing	59
Heritage Action Zone	181
Adaption HRA Dwellings	39
The Greens - Green spaces project	36
	<hr/>
	451

#### Revaluations

The freehold and leasehold properties, which comprise the Council's property portfolio, are revalued by Wilks Head and Eve LLP of 6<sup>th</sup> Floor, Fairgate House, 78 New Oxford Street, London, WC1A 1HB. The valuations are carried out in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors and the government specifications relating to the Housing Revenue Account.

A desktop valuation of Council Properties was undertaken by Wilks Head and Eve LLP as at 31st March 2024. The valuation of Council dwellings used beacon values to determine the total valuation.

Properties regarded as operational were valued on the basis of open market value for the existing use. Where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost basis was used.

## 12. Heritage Assets

Heritage assets are those that are held and maintained principally for their contribution to knowledge and culture. They have historical, artistic, technological, geophysical or environmental qualities. All assets are deemed to have indefinite useful economic lives.

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Opening Balance	121	121
<b>Closing Balance</b>	<b>121</b>	<b>121</b>

## 13. Intangible Assets

The Council accounts for software as Intangible Assets, to the extent that the software is not integral part of a particular IT system and accounted for as part of a hardware item.

The Intangible Assets included on the Balance Sheet relate to both purchased licences and internally generated software. All Intangible Assets are given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful life assigned to the major software suites used by the Council is 5 years.

The carrying amount of Intangible Assets is amortised on a straight-line basis. The amortisation of £0.106 million charged to revenue in 2023/24 was charged to IT Administration cost centres and then absorbed as an overhead across all the service headings in the net expenditure of respective services.

The movement in Intangible Asset balances during the year is as follows:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Opening Balance		
Gross carrying amounts	2,327	2,322
Accumulated amortisation	(2,091)	(1,964)
<b>Net carrying amount – Opening Balance</b>	<b>236</b>	<b>358</b>
Additions		5
Amortisation for the period	(106)	(127)
<b>Net carrying amount – Movements in Year</b>	<b>(106)</b>	<b>(122)</b>
Closing Balance		
Gross Carrying amounts	2,327	2,322
Accumulated amortisation	(2,197)	(1,964)
<b>Net carrying amount - Closing Balance</b>	<b>130</b>	<b>358</b>

## NOTES TO THE *Core Financial Statements*

### 14. Assets Held for Sale

International Reporting Standard 5 requires Non-Current Assets Held for Sale and Discontinued Operations to be reported separately in the balance sheet. The Council has no assets that meets the definition of Assets Held for Sale.

### 15. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents (split across current assets and current liabilities) is made up as follows:

	2023/24 £'000	2022/23 £'000
Cash held by the Council	1	1
Bank Current Accounts	(743)	(11)
Short-term deposits with Building Society/Banks	400	3,400
	<b>(342)</b>	<b>3,390</b>

### 16. Investments

The Council's investments are detailed below:

	2023/24 £'000	2022/23 £'000
Other Short Term Investments (< 1 Year)	7,100	14,000
Long Term Investments (> 1 Year)	0	0
<b>Total Investments</b>	<b>7,100</b>	<b>14,000</b>

### 17. Long Term Receivables

	2023/24 £'000	2022/23 £'000
North West Leicestershire District Council	61	68
LLEP Mira loan	7,640	4,091
LLEP Mira loan (deferred income)	(7,640)	(4,091)
Hinckley Museum	4	4
Car Loans to Employees	0	0
Salary Sacrifice	9	0
<b>Total Long Term Receivables</b>	<b>74</b>	<b>72</b>

**18. Short Term Receivables**

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Car Loans to Employees	(6)	(6)
Salary Sacrifice	13	14
Rail Season Ticket Loan	0	0
Central Government Bodies	733	1,219
Other Local Authorities	1,001	799
Other Public Bodies	0	0
Housing Rent	1,343	1,331
Sundry Debtors	3,033	2,782
Council Tax, Community Charge and NNDR *	3,053	(2,000)
Prepayments	752	558
Provision for Doubtful Debts	(2,133)	410
<b>Total Short Term Receivables</b>	<b>7,789</b>	<b>5,107</b>

Details on amortised cost and fair value can be found in Financial Instruments (Note 37)

**19. Short Term Payables**

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Section 106 & Play and Open Spaces	209	1,013
Inland Revenue	341	280
Other Local Authorities	3,829	5,677
Deferred Income – Green Bins	212	0
Housing Rents	229	300
Regional Growth Funding	0	0
Sundry Creditors	6,732	7,527
Bus Station – Compulsory Purchase Order	99	99
Central Government Bodies	206	1,979
Council Tax and National Non Domestic Rates *	207	(558)
<b>Total Short Term Payables</b>	<b>12,064</b>	<b>16,317</b>

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Section 106	2,119	886
Other Long Term Payables	0	70
<b>Total Long Term Payables</b>	<b>2,119</b>	<b>956</b>
<b>Total Payables</b>	<b>14,183</b>	<b>17,273</b>

**20. Short Term Provisions**

**2023/24**

	<b>Capital Cost of Early Retirement Provision</b>	<b>Planning Appeal Provision</b>	<b>Business Rate Appeals Provision</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2023	0	160	450	<b>610</b>
Additional/ (Reduced) provisions arising in the year	0	73	532	<b>605</b>
Amounts used during the year	0	(118)	(468)	<b>(586)</b>
<b>At 31 March 2024</b>	<b>0</b>	<b>115</b>	<b>514</b>	<b>629</b>

**2022/23**

	<b>Capital Cost of Early Retirement Provision</b>	<b>Planning Appeal Provision</b>	<b>Business Rate Appeals Provision</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2022	0	75	554	<b>629</b>
Additional/ (Reduced) provisions arising in the year *	0	124	362	<b>486</b>
Amounts used during the year	0	(39)	(466)	<b>(505)</b>
<b>At 31 March 2023</b>	<b>0</b>	<b>160</b>	<b>450</b>	<b>610</b>

The Council creates provisions in order to recognise liabilities of uncertain timing or amount. They are recognised when the Council has a present legal or constructive obligation as a result of past events, where it is more likely than not, that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The Council currently operates three provisions, details of which are set out below:

- Capital Cost of Early Retirement –Where there is a retirement due to reasons other than ill health retirement the Council is required to make a payment to the Pension Fund to cover the value of the strain. Whilst the liability needs to be recognised immediately. This provision represents the unexpended amount of the liability.
- Planning Appeals – Where planning appeal hearings or judicial review dates are known as at the year end and legal advisors deem that costs are likely to be awarded as a result of this process; a provision is made for an estimate of these costs.
- Business Rate Appeals – Under Business Rates Retention, the Council is required to make provisions for refunding ratepayers who have appealed against the rateable value of their property on the rating list and may be successful. This estimate is based on an analysis of the Valuation Office Agency (VOA) listings and is provided by an external advisor. The timing of these appeals is dependent on the VOA. In accordance with Business Rates Retention guidance, 40% of the total provision is attributable to the billing authority with the remainder being allocated to major preceptors and central Government.

## 21. Other Long term Liabilities

The amount of other long term liabilities shown in the Balance Sheet are made up as follows:

	<b>31 March 2024 £'000</b>	<b>31 March 2023 £'000</b>
Pensions Liability (see note 36)	9,584	477
Finance Lease Liabilities (see note 34)	7,071	7,629
<b>Total Long Term Liabilities</b>	<b>16,655</b>	<b>8,106</b>

## 22. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. A further analysis of earmarked reserves are contained within note 7.

## 23. Unusable Reserves

The Council has a number of reserves which are used for accounting purposes and cannot be used for the provision of services. The balances of these reserves are:

	<b>Balance at 31 March 2024 £'000</b>	<b>Movements in Year £'000</b>	<b>Balance at 31 March 2023 £'000</b>	<b>Movements in Year £'000</b>	<b>Balance at 31 March 2022 £'000</b>
Revaluation Reserve	(76,121)	6,889	(83,010)	(27,562)	(55,448)
Capital Adjustment Account	(130,694)	(996)	(129,698)	380	(130,078)
Pensions Reserve	9,583	9,107	476	(35,704)	36,180
Accumulated Absences Reserve	126	3	123	4	119
Collection Fund Adjustment Account - Council Tax	(8)	0	(8)	(19)	11
Collection Fund Adjustment Account - NNDR	(97)	83	(180)	(1,630)	1,450
Financial Instruments Adjustment Account	3	0	3	0	3
<b>Total Unusable Reserves</b>	<b>(197,208)</b>	<b>15,086</b>	<b>(212,294)</b>	<b>(64,531)</b>	<b>(147,763)</b>

NB – figures in brackets represent credit balances

### Revaluation Reserve

The Revaluation Reserve contains the gains arising from increase in the value of Property, Plant and Equipment and Intangible Assets. The balance is reduced when asset 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<sup>st</sup> April 2007, the date the reserve was created.

## NOTES TO THE *Core Financial Statements*

	2023/24 £'000	2022/23 £'000
<b>Balance at 1 April</b>	<b>(83,011)</b>	<b>(55,448)</b>
Upward Revaluation of Assets	(3,299)	(29,068)
Downward Revaluation of Assets	8,458	374
Accumulated gains on assets sold or scrapped / written off to the Capital Adjustment Account	0	0
Difference between fair value and historic cost depreciation	1,731	1,131
<b>Balance at 31 March</b>	<b>(76,121)</b>	<b>(83,011)</b>

### 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. 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 revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2023/24 £'000	2022/23 £'000
<b>Balance at 1 April</b>	<b>(129,698)</b>	<b>(130,078)</b>
<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>		
Charges for depreciation and impairment of non-current assets	5,638	5,096
Revaluation losses / (gains) on Property Plant and Equipment	350	(168)
Revenue Expenditure Funded from Capital under Statute	6,419	5,693
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	966	2,050
	13,373	12,671
Write out of revaluation on disposal; property, plant and equipment	(1,731)	(1,131)
	11,642	11,540
<i>Capital financing applied in the year:</i>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(574)	(1,357)
Use of the Major Repair Reserve to finance new capital expenditure	(3,895)	(3,009)
Capital grants and contributions credited to the Comprehensive Income and Expenditure statement that have been applied to capital financing	(2,726)	(714)
Application of grants to capital financing from the Capital Grants Unapplied Account	(471)	(1,804)
Statutory provisions for financing of capital investment charged against the General Fund and HRA balances	(1,646)	(1,381)
Capital expenditure charged against the General Fund and HRA balances	(3,326)	(2,895)
	(996)	380
<b>Balance at 31 March</b>	<b>(130,694)</b>	<b>(129,698)</b>



**23. Unusable Reserves (continued)**

Pension Fund Reserve

This reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits 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. The arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

	2023/24 £'000	2022/23 £'000
<b>Balance at 1 April</b>	<b>476</b>	<b>36,180</b>
Actuarial (gains) or losses on pension assets and liabilities	9,893	(38,707)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,935	6,366
Employers pension contribution payable in the year	(3,721)	(3,363)
<b>Balance at 31 March</b>	<b>9,583</b>	<b>476</b>

Accumulated Absences Adjustment Account

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

	2023/24 £'000	2022/23 £'000
<b>Balance at 1 April</b>	<b>123</b>	<b>118</b>
Settlement or cancellation of accrual made at the end of the preceding year	(123)	(118)
Amounts accrued at the end of the current year	126	123
<b>Balance at 31 March</b>	<b>126</b>	<b>123</b>

Collection Fund Adjustment Account

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

	2023/24 £'000	2022/23 £'000
<b>Balance at 1 April</b>	<b>(188)</b>	<b>1,461</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	0	(19)
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	83	(1,630)
<b>Balance at 31 March</b>	<b>(105)</b>	<b>(188)</b>

**23. Unusable Reserves (continued)**

Financial Instrument Adjustment Account

This account absorbs timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and bearing losses or benefiting from gains per statutory provisions.

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>2</b>	<b>2</b>
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	0	0
<b>Balance at 31 March</b>	<b>2</b>	<b>2</b>

**24. Cash Flow Statement – Operating Activities**

<b>2022/23</b>	<b>2023/24</b>
<b>£'000</b>	<b>£'000</b>
<b>(6,379) Net Surplus or (Deficit) on the Provision of Services</b>	<b>(2,235)</b>
<b>Adjustments for non cash movements:</b>	
5,096 Depreciation & Amortisation	5,638
(166) (Revaluation) / Impairment	2,492
3,003 Change in Pension Liability	(786)
(7,248) Increase / (Decrease) in Payables	(2,908)
(169) (Increase) / Decrease in Receivables	(2,683)
(20) (Increase) / Decrease in Inventories	31
(19) Increase / (Decrease) in Provisions	19
<b>477 Sub-Total Adjustments for Non-cash Movements</b>	<b>1,803</b>
<b>Adjustment for items included in the net (deficit) / surplus on the provision of services that are investing and finance activities:</b>	
(349) Profit upon sale of assets	(106)
38 Movement in Collection Fund Payables & Receivables	(1,588)
214 Movement in Capital Payables	(153)
<b>(5,999) Total Cash (inflow)/outflow from operating activities</b>	<b>(2,279)</b>

The cash flow for operating activities includes the following items:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Interest Received (See note 9)	(1,414)	(581)
Interest Paid (See note 9)	2,930	2,849

**25. Cash Flow Statement – Investing Activities**

The cash flow for investing activities includes the following items:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Purchase of short-term and long-term investments	(127,600)	(64,500)
Purchase of property, plant and equipment, investment property and intangible assets	(10,650)	(9,100)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	1,072	2,399
Proceeds from short-term and long-term investments	134,500	63,500
<b>Net cash flows from investing activities</b>	<b>(2,678)</b>	<b>(7,701)</b>

**26. Cash Flow Statement – Financing Activities**

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Cash receipts from short and long term borrowing	3,510	3,500
Cash payments for the reduction of outstanding liabilities relating to Finance Leases	(527)	3,596
Repayment of short and long term borrowing	(3,346)	3,865
Other receipts/(payments) not in above	1,588	(38)
<b>Net cash flows from financing activities</b>	<b>1,225</b>	<b>10,923</b>

## 27. Trading Operations

The Council operated the following trading services in 2023/24 for which outturn income and expenditure was as shown in the table below:

- Markets – the operation of a market in Hinckley Town Centre.
- Industrial Estates – the provision of factory units for rental principally aimed at small businesses.
- Grounds Maintenance – an internal business unit that provides grounds maintenance services to all parts of the Council.

Housing Repairs – an internal business unit that provides housing repair services to the Borough Council.

	2023/24	2023/24	2023/24	2022/23
	Income	Expenditure	(Surplus)/ Deficit	(Surplus)/ Deficit
	£'000	£'000	£'000	£'000
Markets	(56)	191	136	136
Industrial Estates	(920)	505	(416)	(400)
Grounds Maintenance	(1,152)	1,351	199	63
Housing Repairs	(1,827)	1,970	143	124
External Painting	(142)	214	72	57
<b>Net Surplus on ordinary activities</b>	<b>(4,097)</b>	<b>4,231</b>	<b>134</b>	<b>(19)</b>
Property Revaluation	0	0	0	0
<b>Net (surplus)/deficit reported in Financing and Investment Income and Expenditure (Note 9)</b>	<b>(4,097)</b>	<b>4,231</b>	<b>134</b>	<b>(19)</b>

## 28. Members' Allowances

Total members' allowances paid in 2023/24 were £308,769 (2022/23 - £295,996) and £2,120 were paid for members' expenses (2022/23 – £3,002).

## 29. External Audit Costs

	2023/24	2022/23
	£'000	£'000
External Audit Services	171	50
Certification of Grant Claims and Returns	101	20
Non Audit Works	1	5
Audit Refund	0	(17)
<b>Total Fees Payable</b>	<b>273</b>	<b>58</b>

**30. Grant Income**

	<b>2023/24</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>
<b>Credited to Taxation and Non Specific Grant Income:</b>		
Revenue Support Grant	192	89
Section 31 Grant	3,704	3,589
New Homes Bonus	582	529
New Burdens Grant	8	79
Lower Tier Support Grant	211	227
Service Grant	105	189
<b>Total</b>	<b>4,802</b>	<b>4,702</b>
<b>Credited to Services:</b>		
Disabled Facilities	671	49
Supervision & Management contributions	36	0
IT capital contributions	106	0
IT Partner contributions	618	0
LLEP pooled income	2,753	0
Green Homes HRA capital funding	677	0
Warm Front contributions	57	0
Planning Skill contributions	60	0
Waste and Recycling	26	68
Homelessness	232	316
Housing Benefit Administration	195	191
Benefit Reimbursements	11,502	11,108
Council Tax Admin Grant	129	84
Developer Contributions	372	117
Community Safety	83	73
Sports Grants	118	151
Play and Open Space	51	28
Elections	0	19
NNDR Cost of Collection	130	125
Revenue & Benefits Server	0	440
Planning Aid DCLG	0	184
Works in Default	0	366
Other Government Grant	148	374
COVID Support	0	130
Heritage Action Zone	659	61
Kickstart	0	20
Twycross Zoo	214	160
Car parking	38	41
Leisure Promotion	426	33
Hinckley National Rail Freight Interchange	28	75
UK SPF	664	301
Homes for Ukraine	296	171
Renewable Energy NNDR	212	0
Other New Burdens Grants	5	81
Other General	100	59
<b>Total</b>	<b>20,606</b>	<b>14,825</b>
<b>Total Grant Income</b>	<b>25,408</b>	<b>19,527</b>

### **31. Related Party Transactions**

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 act independently or might have secured the ability to limit another party's ability to bargain with the Council.

Central Government has effective control over the general operations of the Council. It is responsible for providing a statutory framework within which the Council operates and provides the majority of its funding via grants and prescribes the terms of many of the transactions the Council has with other parties (e.g. Housing Benefits).

Leicestershire County Council, the Combined Fire Authority, the Police & Crime for Leicestershire and Parish Councils all issue precepts on the Council which are included in the Collection Fund.

The details of Government Grants received are detailed in note 30. Employer's contributions paid to the Pension Fund are shown in note 36. Receivables and payables to other Local Authorities are detailed in notes 17, 18 and 19.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2023/24 is shown in note 28.

All Members and Senior Officers were required to complete a declaration of interests that included details of any finance-related transactions with the Council. There were no declarations of significance.

Hinckley and Bosworth Borough Council collect contributions from business ratepayers for Hinckley Town Centre Partnership Board (Hinckley Bid). The Hinckley Bid is an arrangement where local businesses fund a programme of actions to improve the trading area. The Chief Executive represents the Council on the Board of the Hinckley Bid free of charge. Net contributions collected by the Council for the Hinckley Bid was £174,891.

### **32. 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/PP 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

### 32. Capital Expenditure and Capital Financing (continued)

	2023/24 £'000	2022/23 £'000
<b>Opening Capital Financing Requirement</b>	<b>108,117</b>	<b>104,697</b>
<b>Capital Investment</b>		
Property Plant and Equipment	10,803	8,881
Intangible Assets	0	5
REFCUS	6,419	5,693
<b>Total Expenditure in Year</b>	<b>17,222</b>	<b>14,579</b>
<b>Sources of Finance</b>		
Application of Usable Capital Receipts	(574)	(1,357)
Application of Capital Grants Contributions/Reserves	(7,692)	(7,708)
Capital Financed from Revenue	(4,372)	(2,095)
Future Capital Receipts	0	0
	<b>(12,638)</b>	<b>(11,160)</b>
<b>Closing Capital Financing Requirement</b>	<b>112,701</b>	<b>108,117</b>
<b>Movement in the Year</b>	<b>(4,584)</b>	<b>(3,419)</b>
<b>Explanation of Movement in the Year</b>		
Deferred Capital Receipts Written Off		
Unsupported Financial Assistance	(6,230)	(4,800)
Minimum Revenue Provision	1,646	1,381
	<b>(4,584)</b>	<b>(3,419)</b>

### 33. Officers' Remuneration

The number of employees, not including senior staff disclosed separately below, whose remuneration, in the year, including employer's pension contributions, was £50,000 or more in bands of £5,000 were:

Remuneration Band	2023/24	2022/23
	Number of employees	Number of employees
£50,000 - £54,999	19	16
£55,000 - £59,999	17	2
£60,000 - £64,999	4	4
£65,000 - £69,999	4	9
£70,000 - £74,999	3	2
£75,000 - £79,999	6	4

**33. Officers' Remuneration (continued)**

The following table sets out in detail the remuneration for Senior Officers whose salary is £50,000 or more per year:

Post holder information (Post title)	Year	Salary (Including fees and allowances)	Expense Allowances	Compensation for loss of Office	Benefits in Kind (e.g. Car Allowance)	Total Remuneration Excluding pension contributions	Pension Contribution	Total Remuneration Including pension contributions
		£	£	£	£	£	£	£
Chief Executive	2023/24	126,760	0	0	0	126,760	27,760	154,520
	2022/23	122,474	0	0	0	122,474	22,290	144,764
Director (Community Services)	2023/24	97,730	0	0	0	97,730	19,148	116,878
	2022/23	90,875	0	0	0	90,875	16,227	107,102
Director (Environment and Planning)	2023/24	0	0	0	0	0	0	0
	2022/23	14,840	0	0	0	14,840	2,701	17,541
Director (Corporate Services)	2023/24	97,730	0	0	0	97,730	19,685	117,415
	2022/23	90,875	0	0	0	90,875	15,130	106,005
Head of Finance	2023/24	75,608	0	0	0	75,608	16,558	92,166
	2022/23	72,784	0	0	0	72,784	13,247	86,031

	2023/24	2022/23
Chief Executive	1	1
Directors	2	3
Head of Finance	1	1

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

Exit Package Cost Band (Including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
							£	£
£0 - £20,000	0	0	2	2	0	0	11,742	6,242
£20,001 - £40,000	0	0	0	0	0	0	0	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>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>11,742</b>	<b>6,242</b>



**34. Leases**

Council as Lessee

**Finance Leases**

The Council has acquired vehicles and office premises under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	<b>As at 31 March 2024 £'000</b>	<b>As at 31 March 2023 £'000</b>
Other Land and Buildings	5,044	5,490
Vehicles, Plant, Furniture and Equipment	763	1,144
<b>Total Value</b>	<b>5,806</b>	<b>6,634</b>

The Council is committed to making payments under these leases comprising settlement of a long-term liability for the interest in the assets acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	<b>As at 31 March 2024 £'000</b>	<b>As at 31 March 2023 £'000</b>
<b>Finance Lease Liabilities &amp; Finance Costs of Future Payments</b>		
Current	567	536
Non Current	7,071	7,629
Finance Costs payable in future years	8,005	8,537
<b>Minimum Lease Payments</b>	<b>15,643</b>	<b>16,702</b>

	<b>Minimum Lease Payments</b>		<b>Finance Lease Liabilities</b>	
	<b>31 March 24 £'000</b>	<b>31 March 23 £'000</b>	<b>31 March 24 £'000</b>	<b>31 March 23 £'000</b>
Within one year	1,057	1,057	567	536
Between one and five years	2,431	2,880	559	961
After five years	12,155	12,763	6,512	6,666
<b>Total</b>	<b>15,643</b>	<b>16,700</b>	<b>7,638</b>	<b>8,163</b>

Operating Leases (As Lessor)

The Council acts as a lessor for industrial and commercial units, rented under operating leases. In addition to this the Council commenced a number of license type leases in 2014/15 for rental of space in the Hinckley Hub. The total rental income from the operating leases in 2023/24 was £1,632,189 (£1,560,992 in 2022/23).

**34. Leases (continued)**

Lease payments due

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Within 1 Year	1,757	1,710
Between 2 and 5 Years	7,405	6,839
	<b>9,162</b>	<b>8,549</b>

Operating Leases (As Lessee)

The Council is in the process of updating its light commercial fleet. The annual charges are set out below

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Within 1 Year	299	186
Between 2 and 5 Years	1,195	0
Later than 5 Years	0	0
	<b>1,494</b>	<b>186</b>

**35. Impairment Review**

During 2023/24, the Council underwent an impairment review through the following means:

- An external review of the market value of assets by the Council's external valuer; and
- Review of assets for obsolescence by the Council's Estates and Asset Manager

As a result of the above, the Council has recognised a net impairment loss of £1.225 million in the Comprehensive Income and Expenditure Statement split as follows:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Property Plant and Equipment	(1,225)	(511)
	<b>(1,225)</b>	<b>(511)</b>

### 36. Pensions and Retirement Benefits

Local Authorities are required to recognise the full requirements of International Accounting Standard 19 (IAS 19).

The objectives of IAS 19 are to ensure that:-

- a) Financial statements reflect at fair value assets and liabilities arising from an employer's retirement benefit obligations and any related funding;
- b) The operating costs of providing retirement benefits to employees are recognised in the accounting period(s) in which the benefits are earned by the employees, and the related finance costs and any other changes in value of the assets and liabilities are recognised in the accounting periods in which they arise; and
- c) The financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

The accounting entries required under IAS 19 have no impact on the Council Tax liability.

#### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by Leicestershire County Council. This is a funded, final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The Council pays contributions to the Leicestershire County Council Pension Fund, which provides its members with defined benefits related to pay and service.

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Leicestershire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

#### Payments to the Pension Fund

It is budgeted that the Council will pay Leicestershire County Council £3.791 million in employer's pension contributions in the year 2024/25.

#### Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and Statement of Movement in Reserves during the year:

**36. Pensions and Retirement Benefits (continued)**

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income and Expenditure Account</b>		
<b>Net Cost of Service</b>		
Current Service Cost	2,863	5,165
Past Service Cost	14	163
Administration Expenses	54	35
	<u>2,931</u>	<u>5,363</u>
<b>Net Operating Expenditure</b>		
Pension Interest Costs	4,325	3,442
Expected return on Assets	(4,321)	(2,439)
Net Interest Cost	4	1,003
<b>Total charged to Comprehensive Income and Expenditure Statement</b>	<u><b>2,935</b></u>	<u><b>6,366</b></u>
<b>Statement of Movement on the General Fund Balance</b>		
(Reversal of) Net Charges Made for Retirement Benefits in Accordance with IAS19	(2,935)	(6,366)
<b>Actual Amount Charged Against General Fund Balance for Pensions in Year</b>	<u><b>3,721</b></u>	<u><b>3,363</b></u>

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial loss of £9,893 million (2022/23 gains of £38.707 million) were included in the Comprehensive Income and Expenditure Statement. The cumulative amount of actuarial gains recognised in the Comprehensive Income and Expenditure Statement to 31st March 2024 is £9.998 million (£0.105 million gain to 31st March 2023).

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance Sheet Recognition</b>		
Present value of the defined benefit obligation	92,161	91,013
Fair value of plan assets	(100,124)	(90,536)
Asset Ceiling Acturial Adjustment	17,547	0
<b>Net liability arising from defined benefit obligation</b>	<u><b>9,584</b></u>	<u><b>477</b></u>

**36. Pensions and Retirement Benefits (continued)**

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	<b>2023/24</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2022/23</b>
	<b>Unfunded</b>	<b>Funded</b>	<b>Unfunded</b>	<b>Funded</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets at 1 April	0	90,536	0	89,757
Interest on plan assets	0	4,321	0	2,439
Remeasurements (assets)	0	4,391	0	(2,976)
Employer contributions	74	3,647	74	3,289
Member contributions	0	880	0	781
Benefits/transfers paid	(74)	(3,651)	(74)	(2,754)
<b>Fair Value of plan assets as at 31 March</b>	<b>0</b>	<b>100,124</b>	<b>0</b>	<b>90,536</b>

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	<b>2023/24</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2022/23</b>
	<b>Unfunded</b>	<b>Funded</b>	<b>Unfunded</b>	<b>Funded</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Benefit obligation at 1 April	899	90,114	1,227	124,711
Current service cost	0	2,863	0	5,165
Past Service Cost	0	14	0	163
Interest on pension liabilities	0	4,325	0	3,442
Member contributions	0	880	0	781
Remeasurements (liabilities)	34	(3,297)	(254)	(41,429)
Benefits/transfers paid	(74)	(3,651)	(74)	(2,754)
Administration expenses	0	54	0	35
<b>Benefit obligation as at 31 March</b>	<b>859</b>	<b>91,302</b>	<b>899</b>	<b>90,114</b>

**36. Pensions and Retirement Benefits (continued)**

Local Government Pension Scheme Assets comprised:

<b>Asset Category</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Cash & Cash Equivalents	2,252	4,572
<b>Equity Instruments</b>		
Other	314	755
<b>Bonds</b>		
Government	4,611	4,545
Other	423	170
<b>Property</b>		
UK Property	7,096	6,966
<b>Private Equity</b>		
All	6,855	6,055
<b>Other Investment Funds</b>		
Equities	43,842	41,684
Bonds	0	0
Hedge Funds	1	0
Commodities	2,572	2,272
Infrastructure	8,191	4,733
Other	23,921	18,596
Derivatives	46	188
<b>Total</b>	<b>100,124</b>	<b>90,536</b>

<b>Scheme History</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Present Value of Scheme Liabilities	(92,161)	(91,013)	(125,938)	(130,062)	(98,147)
Fair Value of Scheme Assets	100,124	90,536	89,757	79,779	63,153
Asset Ceiling Actuarial Adjustment	(17,547)	0	0	0	0
<b>Net (Liability)/ Asset</b>	<b>(9,584)</b>	<b>(477)</b>	<b>(36,181)</b>	<b>(50,283)</b>	<b>(34,994)</b>

**36. Pensions and Retirement Benefits (continued)**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The County Council's fund liabilities have been assessed by the actuaries Hymans Robertson. The principal assumptions used by the actuary have been:

**Basis for Estimating Assets & Liabilities**

<b>Assumptions as at :</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>Per Annum</b>	<b>Per Annum</b>
Pension Increase Rate	2.75%	2.95%
Rate of Increase in Salaries	3.25%	3.45%

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

<b>Changes in assumptions at 31 March 2024</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount (£'000)</b>
0.1% decrease in Real Discount Rate	2%	1,698
1 year increase in member life expectancy	4%	3,686
0.1% increase in the Salary Increase Rate	0%	184

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next few years. The contribution rate is determined by the County Fund's Actuary based on a triennial actuarial valuation. A full valuation was carried out as at 31st March 2022. A roll forward valuation is performed by the actuary in the years between full valuations.

The scheme takes into account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2015 (or service after 31 March 2016 for other main existing public service pension schemes in England & Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

**37. Financial Instruments**

Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Non-Current		Current	
	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000
<b>Borrowings</b>				
Financial liabilities	64,311	67,657	10,346	6,836
Accrued Interest	0	0	38	2
Financial liabilities at amortised cost (1)	<b>64,311</b>	<b>67,657</b>	<b>10,384</b>	<b>6,838</b>
<b>Total included in borrowings</b>	<b>64,311</b>	<b>67,657</b>	<b>10,384</b>	<b>6,838</b>
<b>Other Liabilities</b>				
Finance lease liabilities	7,071	7,629	567	536
<b>Total other liabilities</b>	<b>7,071</b>	<b>7,629</b>	<b>567</b>	<b>536</b>
<b>Payables</b>				
Financial liabilities at amortised cost (1)	2,119	956	11,857	16,875
<b>Total payables</b>	<b>2,119</b>	<b>956</b>	<b>11,857</b>	<b>16,875</b>
<b>Investments</b>				
Loans and receivables (principal amount)	0	0	7,500	14,000
+ Accrued interest	0	0	931	220
Loans and receivables at amortised cost (1)	0	0	8,431	14,220
<b>Total investments</b>	<b>0</b>	<b>0</b>	<b>8,431</b>	<b>14,220</b>
<b>Receivables</b>				
Loans and receivables	74	72	3,984	6,549
<b>Total receivables</b>	<b>74</b>	<b>72</b>	<b>3,984</b>	<b>6,549</b>



**37. Financial Instruments (continued)**

*Financial Assets*

	31 March 2024		31 March 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Short term investments	7,100	8,431	14,000	14,220
Short term debtors	3,984	3,984	6,549	6,549
Long term debtors	74	74	72	72
<b>Total Assets</b>	<b>11,158</b>	<b>12,489</b>	<b>20,621</b>	<b>20,841</b>

*Financial Liabilities*

	31 March 2024		31 March 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
PWLB debt	70,657	66,998	70,993	69,690
Short term Borrowing	4,000	4,000	3,500	3,500
Short term creditors	11,857	11,857	16,875	16,875
Short term finance lease liability	567	567	536	536
Long term creditors	2,119	2,119	956	956
Long term finance lease liability	7,071	7,071	7,629	7,629
<b>Total Liabilities</b>	<b>96,271</b>	<b>92,612</b>	<b>100,489</b>	<b>99,186</b>

**Note 1** – Under accounting requirements the carrying value of the financial instrument value is shown in the Balance Sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

All financial assets held as loans and receivables in 2023/24 have been classified to amortised cost.

**37. Financial Instruments (continued)**

Financial instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

<b>2023/24</b>	<b>Liabilities measured at amortised cost</b>	<b>Loans and Receivables</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest Expense	2,930	0	2,930
Interest Income	0	(1,414)	(1,414)
<b>Net (gain)/loss for the year</b>	<b>2,930</b>	<b>(1,414)</b>	<b>1,516</b>

<b>2022/23</b>	<b>Liabilities measured at amortised cost</b>	<b>Loans and Receivables</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest Expense	2,849	0	2,849
Interest Income	0	(581)	(581)
<b>Net loss/(gain) for the year</b>	<b>2,849</b>	<b>(581)</b>	<b>2,268</b>

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

**37. Financial Instruments (continued)**

The fair values calculated are as follows:

Financial Liabilities

	31 March 2024		31 March 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
PWLB debt	70,657	66,998	70,993	69,690
Short term Borrowing	4,000	4,000	3,500	3,500
Short term creditors	11,857	11,857	16,875	16,875
Short term finance lease liability	567	567	536	536
Long term creditors	2,119	2,119	956	956
Long term finance lease liability	7,071	7,071	7,629	7,629
<b>Total Liabilities</b>	<b>96,271</b>	<b>92,612</b>	<b>100,489</b>	<b>99,186</b>

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each Balance Sheet date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the [additional/reduced] interest that the authority will pay as a result of its PWLB commitments for fixed rate loans, is to compare the terms of these loans with the new borrowing rates available from the PWLB.

Financial Assets

	31 March 2024		31 March 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Short term investments	7,100	8,431	14,000	14,220
Short term debtors	3,984	3,984	6,549	6,549
Long term debtors	74	74	72	72
<b>Total Assets</b>	<b>11,158</b>	<b>12,489</b>	<b>20,621</b>	<b>20,841</b>

### 37. Financial Instruments (continued)

Disclosure of nature and extent of risk arising from Financial Instruments

Key risks

The Council's activities expose it to a variety of financial risks. The key risks are:

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council.
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments.
- **Re-financing risk and maturity risk** - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice.
- By the adoption of a Treasury Policy Strategy and treasury management clauses within its financial regulations/standing orders/constitution.
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
  - the Council's overall borrowing;
  - its maximum and minimum exposures to fixed and variable rates;
  - its maximum and minimum exposures to the maturity structure of its debt; and
  - Its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting Budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

### 37. Financial Instruments (continued)

The annual Treasury Management Strategy for 2023/24 to 2025/26 which incorporates the Prudential Indicators was approved by Council in February 2023 and is available on the Council website. The key points within the Strategy were:

- The Authorised Limit for 2022/24 was set at £127.771 million. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £124.771 million. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at £124.771 million.

These policies are implemented by the Section 151 Officer and the Finance Section. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed annually and approved by Council as part of the budget process.

#### Credit risk

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

This risk is minimised through the Annual Investment Strategy element of the Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Details of the Investment Strategy can be found on the Council's website. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term of F1, Long Term A, (Fitch or equivalent rating), with the lowest available rating being applied to the criteria.
- Guaranteed Banks with suitable sovereign support;
- Building societies which meet the required credit ratings and/or hold assets in excess of £500m.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of inability to recover applies to all of the Council's deposits, but there was no evidence at the 31st March 2024 that this was likely to crystallise.

### 37. Financial Instruments (continued)

The Council does not generally allow credit for its customers, such that the majority of the general debtor balance is within its due date for payment. The past due amount can be analysed by age as follows:

	<b>General Receivables 31 March 2024 £000's</b>	<b>General Receivables 31 March 2023 £000's</b>
<3 months	1,211	1,789
3 to 6 months	281	167
6 months to 1 year	190	254
>1year	791	1,146
	<b>2,473</b>	<b>3,356</b>

Collateral – During the reporting year the Council held no collateral as security.

#### **Liquidity risk**

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Council deposits of £0.4million in money market accounts at 31st March 2024 were being held for a period of 3 months or less and therefore have been classified as cash and cash equivalents in line with the Code.

#### **Refinancing and Maturity risk**

The Council maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

There are no expected credit losses (ECL) apart from on sundry debtors and rents. These ECL are non-material.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters.

**37. Financial Instruments (continued)**

This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt.
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rate borrowings maturing in each year:

<b>Maturity Analysis</b>	<b>Approved minimum limits</b>	<b>Approved maximum limits</b>	<b>Actual 31 March 2024 £'000</b>	<b>Actual 31 March 2023 £'000</b>
Less than 1 year	0%	100%	5,941	2,941
Between 1 and 2 years	0%	100%	2,941	2,941
Between 2 and 5 years	0%	100%	8,824	8,825
Between 5 and 10 years	0%	100%	14,707	14,707
More than 10 years	0%	100%	38,243	41,579
<b>Total</b>	<b>0%</b>	<b>100%</b>	<b>70,656</b>	<b>70,993</b>

**Market risk**

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances).
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. 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 and affect the General Fund balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

### **37. Financial Instruments (continued)**

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's Prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The finance team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs. If all interest rates had been 1% higher or lower (with all other variables held constant) the financial effect would be nil as all the Council's borrowing and investments are fixed rate.

### **38. Contingent Liabilities**

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has not identified any contingent liabilities as at 31 March 2024.

### **39. Contingent Asset**

There were no contingent assets as at 31<sup>st</sup> March 2024.

### **40. Revenues and Benefits Partnership**

The Council has entered into a partnership with North West Leicestershire and Harborough District Councils to provide shared administration of revenues and benefits. The partners have an agreement in place for funding these services which has been running since 6 April 2011. 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 Hinckley and Bosworth Borough Council in 2023/24 was £1.525 million (2022/23 - £1.434 million).

Each partner provides equipment and software for the operation of the Partnership. These remain the property of the partners. Those assets used by the Council for the Partnership are included in the Balance Sheet and treated in line with the relevant accounting policies.



ADDITIONAL *financial* STATEMENTS

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Additional financial Statements

The Housing Revenue Statement  
The Collection Fund

## Housing Revenue Account 2023/24

The Housing Revenue Account Income and Expenditure Statement shows the economic cost in the year of providing the landlord's housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The difference between the accounting cost and the funding cost is adjusted in the Movement on the Housing Revenue Account Statement.

Housing Revenue Account 2023/24

2022/23 £'000	Income and Expenditure Statement	2023/24 £'000
	<b>Income</b>	
(13,470)	Dwelling Rents (gross)	(14,139)
(79)	Non-dwelling Rents (gross)	(74)
(748)	Charges for Services and Facilities	(831)
(153)	Contribution Towards Expenditure	(825)
<b>(14,450)</b>	<b>Total Income</b>	<b>(15,869)</b>
	<b>Expenditure</b>	
3,380	Repairs and Maintenance	3,493
4,087	Supervision and Management	4,281
399	Rents, Rates, Taxes and other charges	585
3,390	Depreciation and impairments of fixed assets	3,847
(211)	(Gain)/ Loss on Revaluation	43
1	Debt Management Costs	1
188	Contribution to the Bad Debt Provision	109
<b>11,234</b>	<b>Total Expenditure</b>	<b>12,359</b>
<b>(3,216)</b>	<b>Net Cost of HRA Services per authority Comprehensive Income &amp; Expenditure Account</b>	<b>(3,510)</b>
1,894	Interest payable and similar charges	1,818
(153)	Interest and investment income	(361)
(349)	(Gain)/ Loss on sale of HRA non-current assets	(106)
<b>(1,824)</b>	<b>(Surplus) or deficit for the year on HRA services</b>	<b>(2,159)</b>
	<b>Items included in the HRA I&amp;E but excluded from the Movement on the HRA Balance for the year</b>	
(948)	Net charges made for retirement benefits in accordance with IAS 19	(544)
349	Gain/ (Loss) on sale of HRA fixed assets	106
	<b>Items not included in the HRA I&amp;E but included from the Movement on the HRA Balance for the year</b>	
211	(Gain)/ Loss on Revaluation	(43)
3,330	Transfer from Major Repairs Reserve	3,009
(3,390)	Depreciation of Non-Current Assets	(3,847)
(360)	Transfer to/from Housing Repairs Account	55
582	Employers Contributions to the Leicestershire County Council pension scheme & retirement benefits	677
2,145	Contribution to/(from) Reserves	2,144
0	Contribution to/(from) Capital Financing	677
(1)	Movements regarding employee benefits accruals	(1)
<b>1,918</b>	<b>Net additional amount required by statute to be debited or (credited) to the HRA balance for the year</b>	<b>2,233</b>
<b>94</b>	<b>(Surplus)/Deficit for the Year</b>	<b>74</b>
<b>(908)</b>	<b>Balance Brought Forward 1 April</b>	<b>(814)</b>
<b>(814)</b>	<b>Balance Carried forward 31 March</b>	<b>(740)</b>

## ADDITIONAL *financial* STATEMENTS

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### Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing Authority in relation to Non-Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the billing Authority. The accounts of the fund have been prepared on an accruals basis.

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
	<b>Income</b>	
(78,600)	Income from Council Tax	(83,304)
(35,725)	Income Collectable from Business Ratepayers	(40,088)
<b>(114,325)</b>	<b>Total Income</b>	<b>(123,392)</b>
	<b>Expenditure</b>	
77,586	Precepts and Demands from County, District, Fire and Police Authorities	82,399
35,233	Payments under Business Rates Retention	39,916
125	Costs of Collection	130
0		
	<u>Bad and Doubtful Debts/Appeals</u>	
571	- Write Offs/ Ons	329
556	Provisions	721
	<u>Contributions:</u>	
(4,006)	Distribution of Previous Year's Estimated Balance	99
<b>110,065</b>	<b>Total Expenditure</b>	<b>123,594</b>
(4,260)	Movement on Fund Balance	202
3,723	Opening Fund Balance 1 April	(537)
<b>(537)</b>	<b>Closing Fund Balance 31 March</b>	<b>(335)</b>

## NOTES TO THE ADDITIONAL *financial* STATEMENTS

### Notes to the additional financial Statements

#### 1. Housing Repairs Account

2022/23 £000's		2023/24 £000's
	<b>Income</b>	
(3,253)	Contribution from HRA	(3,470)
0	Miscellaneous Income	
<b>(3,253)</b>	<b>Total Income</b>	<b>(3,470)</b>
	<b>Expenditure</b>	
499	Employee costs	563
1	Premises related costs	0
11	Transport related costs	15
111	Supplies and services costs	153
382	Central support costs	317
1,004		1,048
765	Programmed repairs	768
1,611	Responsive repairs	1,675
<b>3,380</b>	<b>Total Expenditure</b>	<b>3,491</b>
<b>127</b>	<b>Net Cost of Service</b>	<b>21</b>
(79)	IAS 19 Pension Adjustment	33
312	Contribution to reserves	0
<b>360</b>	<b>Deficit/(Surplus) for the year</b>	<b>54</b>
<b>(486)</b>	<b>Balance brought forward 1 April</b>	<b>(126)</b>
<b>(126)</b>	<b>Balance carried forward 31 March</b>	<b>(72)</b>

#### 2. Movement in Dwelling Stock

The Council was responsible for managing a housing stock of 3,216 dwellings at 31st March 2024. During the year the following movement took place:

	2023/24 Number	2022/23 Number
Sales (Right to Buy)	(12)	(28)
Additions	13	10
Merged Properties	0	0
<b>Total Movement</b>	<b>1</b>	<b>(18)</b>

## NOTES TO THE ADDITIONAL *financial* STATEMENTS

### 3. Property Types in Dwelling Stock

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

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
1 bedroom bungalows	285	285
1 bedroom houses	2	2
1 bedroom flats	627	627
2 bedroom bungalows	421	408
2 bedroom houses	303	313
2 bedroom flats	401	402
3 bedroom bungalows	7	7
3 bedroom houses	1,150	1,152
3 bedroom flats	0	0
4 bedroom bungalows	1	1
4 bedroom houses	17	16
5 bedroom houses	2	2
<b>Total Dwellings</b>	<b>3,216</b>	<b>3,215</b>

### 4. Balance Sheet Value of Council's HRA Assets

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Operational Assets		
- Council Dwellings	247,152	250,598
- Other land and buildings	912	842
<b>Total Assets</b>	<b>248,064</b>	<b>251,440</b>

The vacant possession value of dwellings within the Council's HRA was £561.490 million. The vacant possession value and Balance Sheet value of dwellings within the HRA, show the economic cost to Government of providing Council housing at less than open market rents.

### 5. Rent Income

Rent Income can be analysed as follows: -

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Collectable from Tenants	(9,812)	(9,160)
Rent Rebates	(4,327)	(4,309)
Dwelling Rents	(14,139)	(13,470)
Non-dwelling Rents (Shops etc)	(74)	(79)
<b>Total Rent</b>	<b>(14,213)</b>	<b>(13,549)</b>

## NOTES TO THE ADDITIONAL *financial* STATEMENTS

### 6. Rent Arrears

	2023/24	2022/23
	£'000	£'000
Rent Arrears	1,343	1,332
Bad Debt Provision	1,007	1,108
Bad Debts Written Off	101	78

### 7. Major Repairs Reserve

	2023/24	2022/23
	£'000	£'000
<b>Balance at 1 April</b>	<b>(929)</b>	<b>(608)</b>
Amounts transferred to Reserve during the year	(3,009)	(3,330)
Capital Expenditure	3,895	3,009
<b>Balance at 31 March</b>	<b>(43)</b>	<b>(929)</b>

The use of the Major Repairs Reserve to finance HRA capital expenditure relates entirely to enhancement of dwellings.

### 8. Capital Expenditure and Receipts

Total HRA capital expenditure of £9,788 million (£7,531 million 2022/23) was incurred. Expenditure on Dwellings was £9.648 million (£7.520 million in 2022/23), and expenditure on Vehicles Plant and Equipment was £0.140 million. (£0.011 million in 2022/23). The sources of funding are shown below:

	2023/24	2022/23
	£'000	£'000
Capital receipts	1,141	997
Other Contributions from Reserves	4,013	2,771
Major Repairs Reserve	3,895	3,009
In Year Grants	739	300
Unapplied Grants	0	454
<b>Total Financing</b>	<b>9,788</b>	<b>7,531</b>

Total capital receipts from HRA disposals during the financial year are shown below:

	2023/24	2022/23
	£'000	£'000
Right to Buy Dwellings	1,072	2,239
Council House Mortgage Repayments	0	0
<b>Total from Disposals</b>	<b>1,072</b>	<b>2,239</b>

## NOTES TO THE ADDITIONAL *financial* STATEMENTS

### 9. Depreciation/ Impairment

The total charge for depreciation and impairment for the land, houses and other property within the Council's HRA during the financial year is as follows:-

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Operational assets		
- Dwellings and garages	3,804	3,330
- Other land and buildings	0	0
- Vehicles, Plant and Equipment	43	60
<b>Total Depreciation</b>	<b>3,847</b>	<b>3,390</b>

### 10. HRA Share of Contribution to or From the Pension Reserve

To comply with IAS 19, the current service costs for the HRA are calculated separately and incorporated into Supervision and Management and Repairs and Maintenance costs shown. In order that there is no net cost to the HRA, these entries are reversed by the net effect of the following items:

- Net charges made for retirement benefits in accordance with IAS 19 amounted to £544,000 in 2024/24 (£948,000 in 2022/23).
- Employer's contributions to the Leicestershire County Council pension fund and retirement benefits payable direct to pensioners. This amounted to £677,000 in 2023/24 (£582,000 in 2022/23).

### 11. Non-Domestic Rateable Value

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Value at 31 March	108,118	92,731

### 12. National Non-Domestic Rates Multiplier

	<b>2023/24</b>	<b>2022/23</b>
National Non-Domestic Rates multiplier	51.2p	51.2p
Small Business Multiplier	49.9p	49.9p



## NOTES TO THE ADDITIONAL *financial* STATEMENTS

### 13. Council Tax Base

Number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings.

<b>Band</b>	<b>2023/24</b>	<b>2022/23</b>
A	4,023	3,944
B	10,015	9,912
C	8,693	8,605
D	6,713	6,668
E	5,076	5,043
F	3,065	3,031
G	1,720	1,689
H	116	118
<b>Council Tax Base*</b>	<b>39,421</b>	<b>39,010</b>

\* In accordance with relevant regulations, the Council Tax base for the council is rounded to one decimal point. The total taxbase for 2023/24 was approved on 7<sup>th</sup> December 2022.

### 14. Significant Precepting Authorities

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Leicestershire County Council	60,136	56,681
Leicestershire Police & Crime Commissioner	10,771	10,074
Leicester, Leicestershire and Rutland Combined Fire Authority	3,126	2,898
Hinckley and Bosworth Borough Council	8,366	7,934
<b>Total</b>	<b>82,399</b>	<b>77,587</b>

### 15. Fund Balances

The balance on the Fund is comprised as follows:

	<b>31 March</b>	<b>31 March</b>
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
A Deficit/(surplus) on Council Tax/ NNDR Collection.	(335)	(537)

This will be distributed to the Borough Council, the County Council, the Fire and the Police Authorities in subsequent years in proportion to their demands and precepts on the Fund.

# STATEMENT OF *accounting* POLICIES

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## Statement of Accounting Policies

### General Principles

The Statement of Accounts (the Statements) summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31st March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations (2011) which require the Statements to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Council Accounting in the United Kingdom 2023/24 and the Service Reporting Code of Practice 2023/24 (SeRCOP), supported by International Financial Reporting Standards (IFRS). It also complies with guidance notes issued by CIPFA on the application of accounting standards to Local Council accounts.

The relevant accounting policies adopted have been reviewed to ensure that the Statement of Accounts can be relied upon to give a true and fair view of the Council's financial performance and position. They also ensure that all legislative requirements have been correctly applied and that finally, the Statements have been prepared on a going concern basis. That is, the Council will continue in operational existence for the foreseeable future.

The principal accounting policies outlined have been applied consistently throughout the 2023/24 financial year.

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

The Statement of Accounts has been prepared with reference to the following qualitative characteristics:

- Understandability
- Relevance
- Materiality
- Reliability
- Comparability

### Significant Changes in Accounting Policies

The Council's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the CIPFA Code of Practice on Local Authority Accounting 2023/24. The accounting policies presented in Note 1 are compliant with IFRS and have been applied in preparing the financial statements and the comparative information.

### Revenue Recognition

Revenue represents the amount receivable in respect of services provided to customers. Revenue from services is recognised as the services are provided and is only recognised when payment is probable. Revenue excludes value added tax, similar sales taxes and discounts.

#### Recognition of Revenues-Council Tax and Non-Domestic Rates

##### Accounting for Council Tax

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors. The amount credited to the General Fund under statute is a Council's precept or demand for the year, plus or minus the Council's share of the surplus/deficit on the Collection Fund for the previous year.

## STATEMENT OF *accounting* POLICIES

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The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from Council Tax payers belongs proportionately to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and the payments made to them is reflected as a receivables or payables balance as appropriate.

### Accounting for Non-Domestic Rates (NDR)

The NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors and the Government. The amount credited to the General Fund under statute is the Council's estimated share of NDR for the year from the National Non Domestic Rates NNDR 1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year from the NNDR 3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from NDR payers belongs proportionately to all the major preceptors and Government. The difference between the amounts collected on behalf of the other major preceptors, Government and the payments made to them is reflected as a relievable or payable balance as appropriate.

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2023/24 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2024. The estimate has been calculated using the Valuation Office (VO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2024.

### **Going Concern - Underlying Principle**

These accounts have been prepared on a going concern basis that the authority will continue in operational existence for the foreseeable future.

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

## STATEMENT OF *accounting* POLICIES

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### **Cash position**

The Council had a balance of £0.445m at the 30<sup>th</sup> May 2024, (31 March 2024 year-end figure of £0.378m). The Council also has £1.650 million in money market funds available in two to three days and a further £4.10m in longer term non-property investments, also available within a few days. Whilst there is uncertainty on income, the Council remains confident in its ability to maintain sufficient cash for its services throughout the medium term. The Council is of course also able to borrow short term for revenue purposes if ever needed.

In a 'stressed' case scenario whereby income is constrained further in the event of a further lockdown restrictions, and income recovering only very slowly, the Council has sufficient levels of reserves and investments that it would not run out of cash.

The Council's cash forecasts show that it has adequate cash to cover its liabilities as they fall due beyond the going concern assessment period of December 2024. The forecast cash position as at 31 December 2024 is £10.97m.

### **Conclusion**

The Council believe that, due to the above, the going concern basis of accounting is appropriate for a period of at least 12 months from the date of the approval of the financial statements.

### **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 Authority's financial performance.

### **Value Added Tax (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.

## STATEMENT OF *accounting* POLICIES

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### **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 Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **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:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- 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.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a receivable or payable for the relevant amount is recorded in the Balance Sheet. Expenditure is accrued where goods or services have been received before 31st March but the invoice relating to the goods and services is paid after 31st March. Income is accrued where income is due but an invoice has not been raised or payment has not been received.
- Provision is made for bad debts by identifying a proportion of the Council's receivables that should have their carrying value adjusted to the probable recoverable amount. Past experience and practice is used within material limits to judge the percentages of each type of debt that will eventually not be recovered.

Exceptions are made in respect of electricity and similar utility quarterly payments, which are charged at the date of the meter reading rather than being apportioned between financial years. In addition homelessness prevention bonds are treated on a cash basis. These policies are consistently applied each year and, therefore, do not have a material effect on the Statements.

## STATEMENT OF *accounting* POLICIES

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### **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, Government grants and other contributions and donations are recognised as due when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The funding 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 payables. When conditions are satisfied, the grant or contribution is credited to the relevant service line. General grants are credited to the Comprehensive Income and Expenditure Account and shown after Net Operating Expenditure.

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 Grant Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### **Revenue Expenditure funded from Capital under Statute**

Revenue Expenditure funded from Capital under Statute (REFCUS) results from expenditure of a capital nature where no asset is created for the Council. They include improvement grants or advances to other individuals or organisations for the purpose that would have been capital if incurred by the Council.

REFCUS also includes exceptional revenue expenditure for which a capitalisation direction has been granted to allow this expenditure to be funded from capital.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account is taken through the Movement in Reserves Statement so there is no impact on the level of Council Tax.

### **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.

These charges are reversed from the Comprehensive Income and Expenditure Statement through the Movement in Reserves Statement to the Capital Adjustment Account so that they do not create a requirement to raise additional Council Tax. However, the Council is required to make an annual provision from revenue to contribute 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, impairment losses and amortisation are therefore replaced by revenue provision in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

### **Fair Value Measurement**

The Council measures some of its non-financial assets and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 – unobservable inputs for the asset.

### **Property, Plant and Equipment – Recognition and Impairment**

Assets that have physical substance, are held for use in the production or supply of goods and 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**

All expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis in the accounts. Expenditure on property, plant and equipment is capitalised, provided that the asset yields benefits to the Council and the services it provides, for a period of more than one year.

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

## STATEMENT OF *accounting* POLICIES

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The Council has a general de-Minimis limit of £5,000 for capital expenditure purposes. One single item which results in the capitalisation of expenditure above that limit is recognised as an asset in the Balance Sheet. Items below this limit are charged to revenue.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where a component is replaced or restored (i.e. enhancements), the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected in the carrying amount, subject to the recognition principles as set out above being met.

### Measurement

Assets 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 Institution of Chartered Surveyors (RICS). Non current assets are then carried in the Balance Sheet using the following measurement basis:

- 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).
- 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 that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued 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. For March 2024 a desktop valuation was carried out by Wilks Head and Eve LLP.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

## **Property, Plant and Equipment – Depreciation, Impairment and Disposal**

### Depreciation

Depreciation is provided for all property, plant and equipment except for freehold land and assets under construction. Depreciation is provided for on other assets with a determinable finite life by allocating the value of asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation is calculated over the expected life of each asset.

Depreciation is provided in accordance with the following policies:

- Operational buildings, vehicles, plant and equipment, and infrastructure assets are depreciated.
- No depreciation provision is made for land or investment properties.
- Newly acquired assets and enhancements are depreciated from the following year, although assets in the course of construction are not depreciated until they are brought into use.
- Depreciation is calculated using the straight line method.

As part of the annual revaluation exercise, the valuer provides estimated residual lives for all dwellings, which is used to calculate the depreciation charge for the financial year. This method



## STATEMENT OF *accounting* POLICIES

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reflects the average range of expected life per dwelling of between 40-60 years. For 2023/24 the estimated residual life used was 46 years. Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

### Impairment

Assets are assessed at each year-end by the Estates and Assets Manager as to whether there is any indication that an asset may be impaired.

Where impairment losses are identified as part of this review or as a result of a valuation exercise, 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 gain)
- 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. This policy is applied correspondingly when an impairment is required to be reversed

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.

### Disposal

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet and the receipt from disposal are written off to the Comprehensive Income and Expenditure Statement as part of the loss or gain on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Income from the disposal of Property, Plant and Equipment is accounted for on an accruals basis and the unapplied balance is included in the Balance Sheet as Useable Capital Receipts.

For the purposes of the capital expenditure controls, the Council will set aside capital receipts for future capital spend or set aside to reduce the Council's need to borrow. Almost all capital receipts can therefore be used to finance borrowing, with the following exceptions:

- Receipts in relation to assets purchased using grants from Central Government and its agencies, where the receipt must first be used to repay grant in line with any funding agreement.
- Proportion of housing receipts required for Government pooling.

The Local Government Act (2003) introduced pooling arrangements from disposal of housing land (which includes any land, house or other building). The pooling arrangements are:

- Dwellings sold under Right to Buy (RTB) - Based on the 2012 amendments to The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003/3146)
- Other HRA assets (e.g. Bare land, shops) - 50% of receipt pooled unless used for regeneration or social housing.

### Assets under Construction

Asset under Construction are recognised only when it is probable that the future economic benefits will flow to the Council and the cost can be measured reliably. Assets under Construction are capitalised at cost which includes labour and overhead costs arising directly from the construction of the asset. Assets under Construction are not depreciated until they are brought into use under the relevant sections of property plant and equipment.

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### **Intangible Assets**

Expenditure on non-monetary assets that do not have a physical substance but are controlled by the Council as a result of past events (e.g. software licenses) 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. The depreciable amount of intangible assets are amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any impairment losses and disposal profits or losses are treated in the same way as Property Plant and Equipment.

### **Heritage Assets**

Heritage assets are defined as those tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities and are held for their contribution to knowledge and culture.

Heritage assets are recognised where they meet this criteria and are valued in excess of the de-Minimis threshold of £121k. Heritage assets are measured in the Balance Sheet at valuation which is based on replacement value or insurance value, where the former cannot be established. An impairment review will be carried out each year to assess any physical deterioration of the assets. All heritage assets held by the Council are deemed to have indefinite lives and therefore are not depreciated. Any disposal of assets will be treated in the same manner as other Property, Plant and Equipment.

### **Assets Held for Sale**

When the value of non-current assets is expected to be recovered principally through sale rather than through continuing usage, they are classified as non-current assets held for sale. In these cases, the assets are actively marketed at 31st March and their sale is probable in the following year. With the exception of assets arising from employee benefits and financial instruments, these assets are classified as current and are stated at the lower of their carrying amount and current value less costs to sell.

Measurement differences arising between the carrying amount and current value less cost of disposal are treated as impairment charges and are separately disclosed.

### **Leases**

The Authority as Lessee:

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and a finance charge debited to the Financing, and
- Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (where applicable– may not be a finance charge e.g. leases in regard to land).

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

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and

## STATEMENT OF *accounting* POLICIES

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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).

The Authority as Lessor:

### Finance Leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

### Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to Cost of Services in the Comprehensive Income and Expenditure Statement. Credits 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 premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income. Initial direct costs incurred in negotiating and arranging the lease, along with any incentive payments, are charged as an expense over the lease term on the same basis as rental income.

## STATEMENT OF *accounting* POLICIES

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### **Provisions**

Provisions are made when an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement of the amount of the obligation.

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

### **Reserves**

The Council may establish reserves to allow specific future objectives to be financed. It also retains general balances to allow for contingencies.

Reserves are created by appropriating amounts in the Comprehensive Income and Expenditure Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year against the Net Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund 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 and employment benefits. These are classified as unusable reserves and are explained in the relevant policies.

### **Related Party Transactions**

The Council discloses 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. These relationships, in year transactions and outstanding balances are disclosed within a narrative note to the Statements.

### **Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the asset being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf and the income that it earns from the venture.

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### **Employee Benefits – Benefits Payable During Employment**

Short-term employee benefits (those that fall wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits such as car loans for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against the service in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and flexi-time earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### **Employee Benefits – 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. Amounts are charged on an accruals basis to the relevant service(s) in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructure.

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 Fund Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year end.

### **Employee Benefits – Post-employment Benefits**

Employees of the Council are members of the Local Government Pension Scheme (LGPS) administered by Leicestershire County Council. The LGPS provides defined benefits to members (retirement lump sums and pensions) earned as employees when working for the Council.

The liabilities of the LGPS 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 the retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate set by the actuary.

The assets of the 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
- Unlisted securities – current bid price
- Property – market value

The charge in the net pension liability is analysed into service costs comprising of:

- 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.

## STATEMENT OF *accounting* POLICIES

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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 payment.

Remeasurements of the scheme are split between:

- Remeasurement return on plan assets – excluding amounts included in the net interest on the net defined liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Remeasurement 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 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 Pension Reserve thereby measure the beneficial impact to the General Fund required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

### **Employee Benefits – Discretionary Benefits**

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirement. Any liabilities estimate 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 LGPS.

### **Accounting for Precept and NNDR**

The Code requires that precepts and NNDR are accounted for on an agency basis. This means that only the proportion of outstanding or prepaid Council Tax and NNDR relating to this Council is accounted for in the main financial statements. Other amounts outstanding are reported in the financial statements of the “owning” body.

### **Financial Instruments**

#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provision of the instrument. Financial liabilities are initially measured at fair value and are carried at amortised cost. Where applicable (i.e. for loans) annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable based on the interest rate of the liability. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and the interest charged to the Comprehensive Income and Expenditure Account is the amount payable for the year according to the loan agreement.

## STATEMENT OF *accounting* POLICIES

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### Financial Assets

Financial assets are recognised in the Balance Sheet when the Council becomes a party to the contractual provision of the instrument. Financial assets are initially measured at fair value and then are subsequently measured at their amortised cost. Where applicable (i.e. for investments) annual credits are included in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable based on the interest rate of the investment. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest); and the interest credited to the Comprehensive Income and Expenditure Account is the amount receivable for the year according to the loan agreement.

The Council has made a number of loans to organisations and individuals at less than the market rate (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (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 Comprehensive Income and Expenditure Statement at a marginally higher effective interest rate of interest. 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 Comprehensive Income and Expenditure Statement 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.

### Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, which provide evidence of conditions that existed at the end of the reporting but occur between the end of the reporting period and the date when the financial statements are 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 – in these cases the Statements are adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – in these cases the Statements are 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.

Glossary of Terms

Term	Definition
<b>Accounting Policies</b>	Principles, bases, rules and practices applied in the preparation of the financial statements.
<b>Accruals</b>	The concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.
<b>Actuarial Gains and Losses</b>	For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because a) events have not coincided with the actuarial assumptions made at the last valuation (experience gains or losses) or b) the actuarial assumptions have changed.
<b>Capital Charge</b>	A charge to revenue accounts to reflect the cost of Non Current Assets used in the provision of services.
<b>Capital expenditure</b>	Expenditure on the acquisition of Non Current Assets or expenditure which adds to and not merely maintains the value of an existing asset.
<b>Capital Receipt</b>	Money the Council receives from the sales of assets (buildings, land etc).
<b>CCAB</b>	Consultative Committee for Accountancy Bodies.
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy, the principal accountancy body dealing with local government finance.
<b>Community Assets</b>	Land held permanently for the benefit of Borough residents.
<b>Consistency</b>	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
<b>Corporate and Democratic Core</b>	Activities of the Council due to being an elected, multi-purpose body. The cost of these activities is over and above those that would be incurred by a series of independent, single purpose nominated bodies managing the same activities. There is no logical basis for apportioning these costs to services.
<b>Current Service Cost (Pensions)</b>	The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.



## Glossary of Terms

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<b>Defined Benefits Scheme</b>	A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investment of the scheme. The scheme may be funded or unfunded (including notionally funded).
<b>Depreciation</b>	The measure of the wearing out, consumption, or other reduction in the useful life of Property, Plant and Equipment assets whether arising from use, passage of time or obsolescence through technology or other changes.
<b>Discretionary Benefits</b>	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Authority's discretionary powers such as the Local Government Discretionary Payments Regulations 2000.
<b>Expenditure and Funding Analysis</b>	This is a reconciliation between management reporting segments and the CIES surplus and defect on the provision of services. The statement brings together local authority performance reported on the basis of expenditure measured under proper accounting practises with statutory defined charges to the General fund and HRA.
<b>Expected Rate of Return on Pensions Assets</b>	For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.
<b>Current value</b>	The fair value of an asset is the price at which an asset could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.
<b>Finance Lease</b>	A lease that substantially transfers all of the risks and rewards of ownership of an asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment amounts to substantially all of the current value of the leased asset.
<b>Non Current Assets</b>	Property, plant and equipment assets that yield benefits to the local Authority and the services it provides for a period of more than one year.
<b>General Fund</b>	The Council's main revenue account covering the net cost of all services other than Council housing.

## Glossary of Terms

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<b>Going Concern</b>	The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and the Balance Sheet assume no intention to curtail significantly the scale of operations.
<b>Impairment</b>	The reduction in the valuation of a Property, Plant and Equipment asset or goodwill below its Balance Sheet value and occurs when something adverse has happened to either the asset itself or to the economic environment in which the asset is operated.
<b>Infrastructure Assets</b>	Non Current Assets that are inalienable expenditure on which is recoverable only by continued use of assets created. Examples of infrastructure assets are Highways and Footpaths.
<b>Interest Cost (Pensions)</b>	For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.
<b>Inventories</b>	<p>Comprise the following categories:-</p> <ul style="list-style-type: none"> <li>i) goods or other assets purchased for resale;</li> <li>ii) consumable stores;</li> <li>iii) raw materials and components purchased for incorporation into products for sale;</li> <li>iv) products and services in intermediate stages of completion;</li> <li>v) contract balances;</li> <li>vi) finished goods.</li> </ul>
<b>Investments (Non Pensions Fund)</b>	<p>A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should only be classed as such where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.</p> <p>Investments, other than those in relation to pension's funds, which do not meet the above criteria, are classified as current assets.</p>
<b>Investments (Pensions Fund)</b>	The investments of the Pensions Fund will be accounted for in the Statements of the administering Authority, which is Leicestershire County Council. District Councils are required to disclose as part of the requirements relating to retirement benefits the attributable share of Pensions Scheme assets associated with their underlying obligations.

## Glossary of Terms

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<p><b>Investment Properties</b></p>	<p>Interest in land and/or buildings:-</p> <ul style="list-style-type: none"> <li>a) in respect of which construction work and development has been completed; and</li> <li>b) which is held for its investment potential, any rental income being negotiated at arm's length.</li> </ul>
<p><b>Major Repairs Reserve</b></p>	<p>A reserve created to deal with major capital repairs to HRA properties financed from the Major Repairs Allowance.</p>
<p><b>Minimum Revenue Provision (MRP)</b></p>	<p>Minimum Revenue Provision is the minimum amount the Council is required to provide for the repayment of long-term debt used to finance the acquisition of Non Current Assets.</p>
<p><b>Movement in Reserves Statement (MIRS)</b></p>	<p>The MIRS shows the movement in the year on the various reserves held by the Council. Reserves are classified into usable and unusable reserves. Usable Reserves are those that can be used to cover expenditure or reduce the level of local taxation required.</p> <p>They include the general fund, earmarked reserves and the capital receipts reserve.</p> <p>Unusable reserves tend to arise due to difference in the legal responsibilities that cover how transactions need to be accounted for and accounting requirements. These reserves cannot be used to cover expenditure, and include the pensions reserve, the revaluation reserve and the capital adjustment account.</p>
<p><b>National Non-Domestic Rates (NNDR)</b></p>	<p>National Non-Domestic Rates (Business Rates) represents the rate of taxation on business properties. Central Government has the responsibility for setting the rate and Local Authorities are responsible for the billing and collection of the tax.</p>
<p><b>Net Book Value</b></p>	<p>The amount at which Non Current Assets are included in the Balance Sheet i.e. their historic cost or current value less the cumulative amounts provided for depreciation.</p>
<p><b>Net Current Replacement Cost</b></p>	<p>The cost of replacing or recreating the particular asset in its existing condition and existing use i.e. the cost of its replacement or the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.</p>
<p><b>Net Realisable value</b></p>	<p>The open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses incurred in realising the asset.</p>
<p><b>Non-Distributed Costs</b></p>	<p>These are overheads for which no user benefits and therefore should not be apportioned to services.</p>
<p><b>Non-Operational Assets</b></p>	<p>Non Current Assets that are held by a Local Authority but not directly occupied, used or consumed in the delivery of services. Examples would be investment properties and assets surplus to requirements, pending sale or redevelopment.</p>

## Glossary of Terms

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<b>Operating Leases</b>	A lease other than a finance lease.
<b>Operational Assets</b>	Non Current Assets that are held and occupied used or consumed by the Local Authority in the direct delivery of services for which it has a statutory or discretionary responsibility.
<b>Past Service Cost</b>	For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of or improvement to retirement benefits.
<b>Post Balance Sheet Events</b>	Those events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.
<b>Precept</b>	A demand by one public body to another public body to collect revenue from a Council Tax payer.
<b>Projected Unit Method</b>	<p>An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:-</p> <ul style="list-style-type: none"><li>i) the benefits for pensioners and deferred pensioners (i.e. the individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases;</li></ul> <p>and</p> <ul style="list-style-type: none"><li>ii) The accrued benefits for members in service on the valuation date. The accrued benefits are benefits up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note 27 issued by the Faculty and Institute of Actuaries.</li></ul>
<b>Prudence</b>	The concept that revenue is not anticipated but is recognised only when realised in the form of cash or other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.
<b>Reserve</b>	Monies set aside for a scheme or event that may happen.
<b>Retirement Benefits</b>	<p>All forms of consideration given by an employer in exchange for services rendered by an employee that are payable after the completion of employment. Retirement benefits do not include termination payments payable as a result of either;</p> <ul style="list-style-type: none"><li>i) An employer's decision to terminate an employee's employment before normal retirement date</li></ul> <p>Or</p> <ul style="list-style-type: none"><li>ii) an employee's decision to accept voluntary redundancy in exchange for those benefits,</li></ul>

## Glossary of Terms

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<p><b>Revenue expenditure</b></p> <p><b>Scheme Liabilities</b></p> <p><b>Settlement</b></p> <p><b>Total Cost</b></p> <p><b>Ultra Vires</b></p> <p><b>Useful Life</b></p> <p><b>Vested rights</b></p>	<p>because these are not given in exchange for services rendered by employees.</p> <p>Any expenditure that is of a recurring nature and does not result in the creation of an asset that is of benefit to the organisation beyond the end of the current accounting period.</p> <p>The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.</p> <p>An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include.</p> <ul style="list-style-type: none"> <li>i) a lump sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;</li> <li>ii) the purchase of an irrevocable annuity contract sufficient to cover vested benefits;</li> <li>iii) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.</li> </ul> <p>The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.</p> <p>An action that is outside the powers allowed to the body that wants to execute the action.</p> <p>The period over which the Local Authority will derive benefits from the use of an asset.</p> <p>In relation to a defined benefits pension scheme, these are:-</p> <ul style="list-style-type: none"> <li>i) For active members, benefits to which they would be unconditionally entitled to on leaving the scheme;</li> <li>ii) For deferred pensioners, their preserved benefits;</li> <li>iii) For pensioners, pension to which they are entitled.</li> </ul> <p>Vested rights include where appropriate, the related benefits for spouses or other dependants.</p>
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## Introduction to the Annual Governance Statement

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

In discharging this requirement, HBBC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The preparation of the Annual Governance Statement, to support the Annual Statement of Accounts, is a statutory requirement for local authorities. Its purpose is to demonstrate and evidence that there is a continuous review of the effectiveness of the Council's internal control, performance, and risk management systems. This allows an assurance on their effectiveness to be provided so that users of the Accounts can be satisfied that proper arrangements are in place to govern spending and safeguard assets. The process also enables, if required, the production of a corporate action plan to address any identified weaknesses.

How to meet the ongoing needs of our communities, when faced with continued pressures on available resources, and national government reforms, present a challenge to all councils. To meet these challenges every Council must ensure that corporate governance arrangements support the management of risk and the effective delivery of services. Corporate governance concerns the way in which elected members and officers handle the affairs of Council, and how the Council engages with the community, stakeholders, and partners.

CIPFA have confirmed that "proper practice" in relation to internal control is as detailed in the *Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016)* and this has statutory backing. This statement has been prepared taking into consideration the requirements detailed in that report.

An overview of the key elements of the main elements Council's Governance Framework is detailed at Appendix 1.

## OVERALL SUMMARY

This is a positive Statement for the financial year 2023/24, with no significant control weaknesses identified. The Council continues to operate a robust governance framework that is designed in a way to address risk and operates effectively.

The governance framework outlined in this Statement has been in place at the Council for the year ended 31 March 2024.

**SCOPE OF RESPONSIBILITY**

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

In discharging this overall responsibility, Hinckley and Bosworth District Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and include arrangements for the management of risk.

Hinckley and Bosworth Borough Council has approved and adopted a code of corporate governance (The Constitution) which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) /The Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework *Delivering Good Governance in Local Government: Framework*. One of the objectives of the Constitution is to “enable the Council to review its governance arrangements as required”. A full review of the Constitution took place in May 2016.

This Annual Governance Statement (the Statement) explains how the Council has complied with the Constitution and meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015. The Statement details the systems of corporate and operational governance as well as the procedures of internal control that are in place. This document relies on several assurance mechanisms including internal audit, the work of Council committees, risk and performance management processes and External Audit.

This statement has been prepared in accordance with the principles of good governance as set out in the CIPFA guidance noted above. These principles are:

Core Principles	Sub-principles
<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p>	<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>
<p><b>B. Ensuring openness and comprehensive stakeholder engagement</b></p>	<p>D. Managing risks and performance through robust internal control and strong public financial management</p> <p>E. Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>F. Developing the entity’s capacity, including the capability of its leadership and the individuals within it</p> <p>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>

### **Purpose of the GOVERNANCE Framework**

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

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

Internal control is a process for assuring achievement of an organisation's objectives through identifying and controlling risk. The Committee of Sponsoring Organisations (COSO) defines the framework of internal control as comprising of six components:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

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

### **THE GOVERNANCE FRAMEWORK**

There are several key elements to the systems and processes that support the Council's Governance Framework, which are noted below.

There is a clear vision of the Council's purpose and target outcomes for local residents and service users, which is communicated via the Corporate Plan. The Council agreed the new Corporate Plan (2024-2028) which sets out the long-term aims of the Council and drives the activities of the Council and Medium-Term Financial Strategy.

The corporate plan for 2024 to 2028 seeks to deliver our vision in creating great places to live, work and enjoy as we all recover from the covid pandemic. Council services will work closely together as one team, driven by our key values, to deliver our priorities, goals, and ambitions for the next three years

The plan does not include everything the council does, but it does set out our priorities, goals and ambitions for the next four years based on what our residents tell us are the most important matters to them. The council's Service Improvement Plans will be the mechanism that will deliver these ambitions.



# Annual Governance Statement

We have brought those priorities together under three clear headings:

- **People**- Helping people to stay healthy, active, and protected from harm
- **Places** - Creating clean sustainable and attractive places to live and work
- **Prosperity** - Encouraging sustainable economic and housing growth, attracting businesses, improving skills, and supporting regeneration

The Council uses plans and strategies at various levels to plan and monitor the achievement of its aims and objectives, which together forms the Corporate Planning Framework (See fig 1 below). The objectives set out within the Corporate Plan are used to set targets for each department in their Service Improvement Plans (SIPs). Plans are refreshed annually and progress against targets is managed through the TEN performance management system on a regular basis. The Senior Leadership Team and the Finance and Performance Committee review performance reports at least quarterly. All officers are required to reflect their departmental SIPs in individual personal development plans and are assessed against these annually.

**Figure 1: Hinckley & Bosworth Borough Council – Corporate Planning Framework**



The Council's data quality expectations are included in its records management policy, which sets out the Council's requirement that any data used by the authority should be fit for purpose. This is supported by the standards for data quality put in place, being:

- a) **Governance and leadership** - There is a corporate framework for management and accountability of records and data quality, with a commitment to secure a culture of data quality throughout the organisation
- b) **Policies** - There are appropriate policies and procedures in place to secure the quality of the data recorded and uses for reporting
- c) **Systems and processes** - There are systems and processes which secure the quality and protection of records and data as part of the normal business activity of the organisation
- d) **People and skills** - There are arrangements in place to ensure that staff have the appropriate knowledge, competencies, and capacity for their roles in relation to records management and data quality
- e) **Data use and reporting** - There are arrangements in place that are focussed on ensuring that data and records supporting reported information is actively used in the decision-making process, and is subject to a system of internal control and validation

In addition, performance data is subject to:

- Challenge of measure definition when new indicators are identified through service planning;
- Set up of measures to ensure that calculations are not carried out manually;
- Calculation checking through the data entry process;
- Manager review of data entered by staff;
- Challenge through the target setting process; and
- Challenge through monthly monitoring of performance data.

There are arrangements in place to ensure the financial plans are delivered in accordance with the council's objectives, are management in controlled way and that expenditure represents the best use of resources.

The Council's financial strategy, aims and objectives are outlined in the Medium-Term Financial Strategy (MTFS). The MTFS outlines ten financial objectives which the Council looks to achieve whilst managing current financial risks. Alongside this, the Council has in place a Housing Revenue Account (HRA) Business Plan which sets out how the organisation will finance and deliver affordable housing over the next thirty years. From a capital perspective, the Capital Programme covers expenditure and financing plans for the Council over a period of three financial years. Finally, a Treasury Management Strategy is approved annually by Council and details the organisation's approach to borrowing and investing.

The system of internal financial control reflects the budgetary control framework which is based on the following principals:

- Preparation of comprehensive annual budgets, reserves review and a Medium-Term Financial Strategy to examine the financial health of the Council
- Robust financial regulations and authorisation limits to ensure accountable financial decisions
- Allocation of financial resource to ensure that each budget holder meets with a dedicated accountant on a regular basis

## Annual Governance Statement

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- Production of monthly reporting packs which are discussed by Strategic Leadership Board and the Corporate Operations Board
- Preparation of regular financial reports for members which outline actual expenditure against budget and forecast spend for the remainder of the financial year
- Use of a comprehensive financial ledger and reporting tool which produces disaggregated financial reports at various levels (e.g., fund, cost centre, expenditure type) to ensure that stakeholders receive information to inform decisions. The Council has invested in a budget monitoring model within the financial ledger to allow for self service and interrogation of financial data by users
- Inclusion of financial implications in all committee reports
- Representation from finance in the governance structure of all corporate projects

The Council's financial systems are reviewed each year by Internal Audit and in 2023/24 received a confirmation that there were no issues that needed to be reported in the Annual Governance Statement, with no high-level risks reported.

Standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls required to manage risks.

The council has established policies and procedures to govern its operations. Key within these are the Financial Procedure Rules, Procurement Strategy and Contract Standing Orders, Risk Management Strategy, Codes of Conduct for Members and Officers, Anti-Fraud and Corruption Policy, Whistleblowing Code and Human Resources policies. Ensuring compliance with these policies is the responsibility of everyone throughout the council. These key controls are subject to periodic review, including that by Internal Audit, and are updated to ensure that they are relevant to the needs of the organisation.

Contract Procedure Rules set out the rules governing the procurement process to ensure that value for money is achieved whilst meeting all legal and statutory requirements and minimising the risk of fraud or corruption. The council's Procurement Strategy is a high-level view of how to promote effective procurement across the whole organisation. It outlines what good procurement means and details the supporting framework.

A risk management framework has been in place across the council for some years with the objective of embedding effective risk management practices at both strategic and operational levels. The Risk Management Strategy is reviewed on an annual basis and approved by the Audit Committee.

The council's financial management arrangements have one element that does not fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The Head of Finance is the Section 151 officer for the Council and has these statutory responsibilities but is not a member of the Strategic Leadership Board (SLT). However, the Council arrangements allow the Head of Finance to have direct access to the Chief Executive, the Monitoring Officer, and other Directors and well as the Leader of the Council. The S151 can attend SLT meetings as required. The Head of Finance all has the right to attend and address the Council and any other Committee on any issues that relates to S151 responsibilities. All reports are

## Annual Governance Statement

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subject to review for Financial Implications and can be seen by the S151 Officer. These arrangements are considered to have the same effect as if the Head of Finance were a member of the SLT and is not considered a control weakness.

The Head of Finance has statutory responsibility for the proper management of the council's finances. The management of the council's finances within departments is devolved to directors / service managers through the Scheme of Delegation. Directors / service managers may further devolve decision making to managers and business unit managers through departmental schemes of management.

The Finance Team provide detailed finance protocols, procedures, guidance and training for managers and staff. The structure of the Financial Services Team ensures segregation of duties, and all committee reports are reviewed by the appropriate Finance staff.

As a key element of internal control, the Internal Audit function operates in accordance with the CIPFA *Code of Practice and Statement on the Role of the Head of Internal Audit*. Internal Audit reviews are performed as set out in the annual Audit Plan which reflects the Council's strategic risk register. Internal Audit review each scoped area against a set of system controls agreed with management at the start of the visit and within the overall framework of system control objectives. The findings of Internal Audit, and updates on recommendation implementation are reported to, and scrutinised by the Audit Committee. This Committee undertakes the core functions of an Audit Committee as set out in CIPFA's *Audit Committees – Practical Guidance for Local Authorities and Police*.

The Corporate Planning Framework is underpinned by several strategies which outline how the support services of the Council will reinforce and sustain front line provision. These include:

- Asset Management Strategy (including the acquisition and disposals strategies)
- People Strategy
- Medium Term Financial Strategy
- Health and Safety Policy
- Risk Management Strategy
- Procurement Strategy
- Communication and Consultation Strategy

Council policies are produced in accordance with the Constitution and are recommended for approval following review by senior management. Decision-making that falls within the policy and budgetary framework rests with the Council's Executive, whilst those falling outside the framework are referred to full Council. The "call-in" procedure enables the Scrutiny Commission to review decisions made by Executive and Council (although the major focus of the overview and scrutiny function involvement is through policy development rather than policy review). Day to day decision-making is carried out by appropriate officers in accordance with the Scheme of Delegated Powers and the Financial Procedure Rules. These arrangements all contribute to the economic, efficient, and effective operation of the Council.

## Annual Governance Statement

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The roles and responsibilities of the executive, non-executive, scrutiny, and officer functions are clearly defined, with clear delegation arrangements and protocols for effective communication.

Roles and responsibilities for Executive, Council, Scrutiny, and all committees of the council, along with officer functions are defined and documented, with clear delegation arrangements and protocols for effective communication within the council's Constitution. The Constitution is regularly reviewed and updated.

Codes of conduct defining the standards of behaviour for members and officers are in place, conform to appropriate ethical standards and are communicated and embedded across the council.

A register of members' interests is maintained. All members and senior officers are required to complete 'related party' declarations at the end of the financial year in support of the statutory financial statements. Members' allowances are published and reviewed annually by Council. The Ethical Governance and Personnel Committee oversees the performance of members, senior officers, and the Council's committees.

Governance arrangements in respect of partnerships and other group working incorporate good practice and are reflected in the council's overall governance arrangements. The Constitution includes provisions for the governance of partnerships involving the Council.

Partnership working is governed by agreements, protocols, or memoranda of understanding relevant to the type of work or relationship involved. The council ensures that all are fit for purpose and the council's interests are protected.

The Council ensures compliance with established policies, procedures, laws, and regulations through various channels. Two statutory officers (Section 151 Officer and the Monitoring Officer) and the Head of Paid Services have responsibility for ensuring that the Council does not act in an *ultra vires* manner. Management is supported by the internal audit service, which facilitates the management and mitigation of risk and provides assurance on matters of internal control. The Human Resources (HR) function provide a means of improving competencies to ensure that officers are equipped to discharge their duties in accordance with the requirements of the Council. All officers are required to complete annual appraisals. The Council's financial management arrangements conform with the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2010)*.

The Communication and Consultation Strategy outlines how the Council will engage with local people and stakeholders through means such as The Citizens' Panel. This consists of 800 people who live within the borough and whose views are sought three or four times a year on a range of issues, including both corporate and service-based issues. From time to time, Citizens' Panel members are asked to take part in focus groups and forums to discuss specific issues in greater depth. Citizens Panel members are broadly representative of the profile of the borough, so when we seek the views of the panel, we can be confident that we have the views of a representative proportion of the main ethnic minorities, adult age groups, genders, and religion/beliefs.

## Annual Governance Statement

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Other surveys and focus groups are undertaken from time to time to help to ensure that our decisions are taken in the light of an understanding of how these will affect local people and communities and to provide adequate and appropriate opportunities for individuals and communities to comment on our plans, policies, and services. All surveys go through a strict quality control check to make sure that they meet the standards that we have set for consultation.

Regular formal and informal engagement with designated groups such as the Parish Forum, Tenant Advisory Panel, Developer Forum, the Registered Social Landlord Forum, and other representatives of hard to reach and minority groups also takes place as and when appropriate.

Examples of areas we have consulted on during the period are:

- Making a Difference awards
- Polling district and polling place review
- Council tenants smoking survey
- Green space strategy consultation
- Have your say on protecting open spaces

The Council's dedication to quality of service is embedded through relevant strategies and in the Council's Customer Service Charter. The Council collates customer satisfaction results for face to face, telephone, and website interaction.

The Council regularly measures performance through a suite of performance indicators managed on the InPhase Performance Management system. All indicators are mapped to corporate priorities and are embedded within individual Service Improvement Plans. Each month performance is entered by managers before the database is locked to maintain accuracy in reporting. Progress is monitored at Directorate level and reports are presented to the Strategic Leadership Team, Scrutiny Commission, Finance Audit and Performance Committee and the Executive. The reports provide the following information for each of these indicators:

- Performance for current year
- The target set for current year
- Performance in the previous year
- Targets for the next three years
- An explanation of performance and the targets set

The Council actively looks for opportunities to benchmark performance against other Councils. Locally the Council is a member of the East Midlands Performance Benchmarking Group.

### **Review of effectiveness 2023/24**

The Council has responsibility for conducting at least annually a review of the effectiveness of the system of internal control annually. The review of effectiveness is informed by the work of the Chief Officers within the authority who have responsibility for the development and maintenance of the governance environment, and their service

# Annual Governance Statement

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assurance returns, the head of internal audit's annual report, and by comments made by the external auditors and other review agencies and inspectorates.

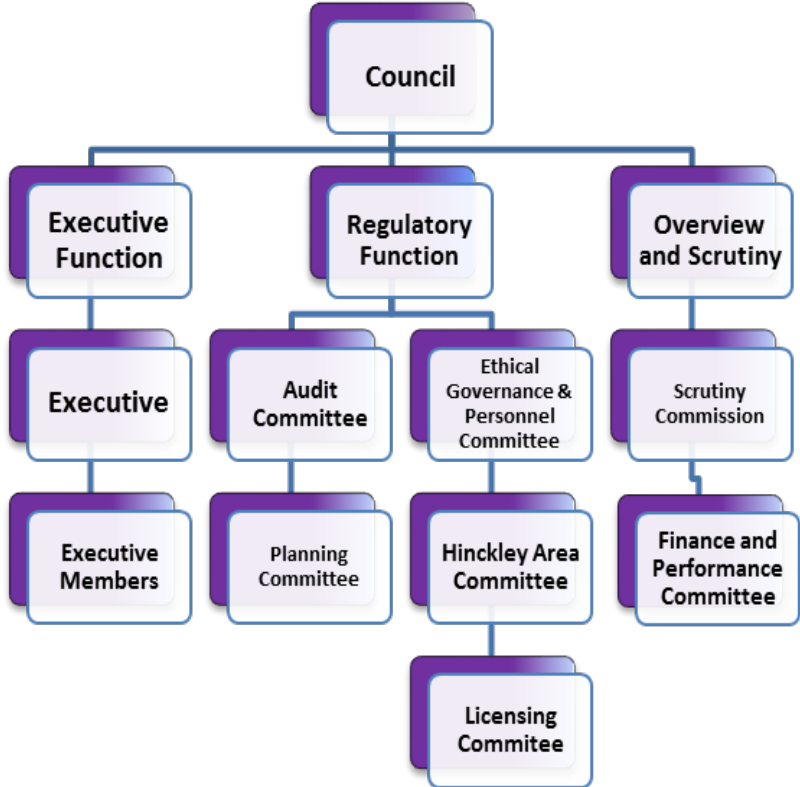
Each year all service areas are required to conduct a self-assessment of the adequacy of controls in place to manage principal business risks. This statement evaluates the effectiveness of procedures, systems and controls, highlights areas for improvement and actions intended to address these. Action plans are incorporated in the service planning process.

The Constitution sets out the essential elements of the scrutiny processes that are administered by the Scrutiny Commission and the Finance and Performance Scrutiny Committee. It describes the functions and membership of the Commission and Committee and Scrutiny Procedure Rules. Decisions of the Executive are subject to scrutiny by the Scrutiny Commission and the Finance and Performance Committee. The Scrutiny arm also has a role in policy development. In addition, task groups are established to oversee ad-hoc projects.

The Scrutiny Commission publishes a work programme. In accordance with Executive arrangements regulations (meetings and access to information) all key and private decisions which are due to be taken by the Executive are published on the Council website with a 28-day notice period.

## Council Structure

The diagram below sets out the Council's democratic decision-making arrangements as at 31 March 2024



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Chapter 7 of the Localism Act 2011 outlined that there is no longer a statutory requirement to have a Standards Committee, however each Council must put in place arrangements dealing with complaints and standards issues. The Council adopted an individual Code of Conduct in 2012/13 and formed an Ethical Governance and Personnel Committee which merged the remits of the previous Standards & Personnel Committees and covers conduct and complaints.

### **The Authority**

The Council comprises 34 Members and takes decisions on budget and policy framework items as defined by the Constitution.

### **The Executive**

The Executive is responsible for the majority of the responsible for decisions within the policy framework adopted by Council.

### **The Audit Committee**

The council has an established Audit Committee, which is independent of the executive function of the council, and is responsible for overseeing internal and external audit, risk management processes and reviewing the adequacy of internal controls.

### **Ethical Governance & Personnel Committee**

The Ethical Governance & Personnel Committee role is to promote and maintain high standards of conduct by Councillors and to administer the Council's Personnel policies as they affect individual employees and to liaise with the Executive in Personnel Policy Development.

### **Other Committees that support the governance framework of the Council are:**

- Planning Committee
- Hinckley Area Committee
- Independent Remuneration Panel
- Joint Community Safety Partnership Overview & Scrutiny Committee
- Licensing (Regulatory) Committee
- Member Development Group
- Directors' Briefing
- Statutory Officer Employment Panel

### **The Scrutiny Commission**

The Scrutiny Commission is part of the Council's Overview & Scrutiny function. It discharges functions conferred by the Local Government Act 2000, with the aims of improving services to the public. The Scrutiny Commission has a role in policy development and review and scrutiny of Executive decisions, acting as a critical friend.  
Finance & Performance Scrutiny



## Annual Governance Statement

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This has a similar role to the Scrutiny Commission, but with an emphasis on governance issues in relation to finance and service performance of the authority, amongst other overview & scrutiny functions.

### **Statutory Officers**

The Chief Financial Officer (Section 151 Officer) - The role of the Chief Financial Officer is a fundamental building block of good corporate governance. The two critical aspects of the role are stewardship and probity in the use of resources, and performance, extracting the most value from the use of those resources.

The Monitoring Officer - The Monitoring Officer has a duty to report on matters believed to be, or are likely to be, illegal or amount to maladministration, be responsible for matters relating to the conduct of Councillors and Officers and keep under review the operation of the Constitution to ensure it is lawful, up to date and fit for purpose.

The Head of Paid Services - The Head of Paid Service has overall responsibility for the management and coordination of the employees appointed by the Council. They are required to report to the Council as appropriate about the way in which the overall discharge by the Council of its different functions is coordinated, the number and grades of staff required for the discharge of these functions, the way in which these people are organised and managed, and the way in which they are appointed.

### Internal audit

The Council's internal audit service is outsourced to Mazars. For 2023/24 Internal audit delivers its work in accordance with to the requirements of the Public Sector Internal Audit Standards (PSIAS).

Internal Audit adhere to the Definition of Internal Auditing, Code of Ethics and the Standards for the Professional Practice of Internal Auditing that are published by the Institute of Internal Auditors.

Internal Audit remain independent of the business, and they shall report to the Chief Audit Executive who, in turn, shall report functionally Audit Committee and administratively to the Section 151 officer. Audit recommendations are followed up in a timely manner based upon the priority of the recommendation using the recommendation tracking software.

Internal Audit staff have no direct operational responsibility or authority over any of the activities they review. Therefore, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity which they would normally audit.

Internal Audit update the Audit Committee regularly on the work of Internal Audit and issues an annual statement that provided the Internal Audit assurance opinion.

**Draft Head of Internal Audit Statements and Opinion 2023/24**

We are satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

**Opinion (DRAFT)**

Our opinion is as follows:

**On the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness.**

No significant control weaknesses have been identified that that they considered needing to be included in this AGS.

The effectiveness of the internal financial controls is also reviewed annually by the external auditor whose Annual Audit Letter will be considered formally by the Audit Committee.

Significant internal control issues

The review of effectiveness has been considered to identify any significant control weaknesses that should be addressed by the Council. In addition, an update should be provided on any issues identified in the previous Statement.

2023/24 Significant Control Weaknesses

No significant control weaknesses have been identified for reporting in 2023/24. This has been confirmed by the Council’s Internal Auditors in their yearend opinion.

.....  
Bill Cullen MBA(ISM), BA(Hons), MRTPI  
Chief Executive

Date.....

.....  
Stuart Bray  
Leader of the Council

Date .....

APPENDIX 1

# ANNUAL GOVERNANCE STATEMENT- Overview of Governance Framework

Corporate Governance comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities. It enable the Council to effectively delvier on our: Corporate Plan Objectives, Statutory

