



TO COUNCILLOR:

G A Boulter
Miss P V Joshi
J Kaufman

Mrs L Kaufman
K J Loydall (Chair)
D W Loydall

Mrs S B Morris

I summon you to attend the following meeting for the transaction of the business in the agenda below.

Meeting: Audit Committee
Date and Time: Wednesday, 25 January 2023, 6.00 pm
Venue: Council Offices, Bushloe House, Station Road, Wigston, Leicestershire, LE18 2DR
Contact: Democratic Services
t: (0116) 257 2775
e: democratic.services@oadby-wigston.gov.uk

Yours faithfully

Council Offices
Wigston
17 January 2023

Mrs Anne E Court
Chief Executive



Meeting ID: 2282



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ITEM NO.

AGENDA

PAGE NO'S

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<https://www.youtube.com/watch?v=2iXIg1-esuU>

- 1. Apologies for Absence**
To receive apologies for absence from Members to determine the quorum of the meeting in accordance with Rule 7 of Part 4 of the Constitution.
- 2. Appointment of Substitutes**
To appoint substitute Members in accordance with Rule 26 of Part 4 of the Constitution and the Substitution Procedure Rules.
- 3. Declarations of Interest**
Members are reminded that any declaration of interest should be made having regard to the Members' Code of Conduct. In particular, Members must make clear the nature of the interest and whether it is 'pecuniary' or 'non-pecuniary'.
- 4. Minutes of the Previous Meeting** **4 - 5**
To read, confirm and sign the minutes of the previous meeting in accordance with Rule 19 of Part 4 of the Constitution.
- 5. Action List Arising from the Previous Meeting**
To read, confirm and note the Action List arising from the previous meeting.
- 6. Petitions and Deputations**
To receive any Petitions and, or, Deputations in accordance with Rule(s) 11 and 12 of Part 4 of the Constitution and the Petitions Procedure Rules respectively.
- 7. Draft Auditors Annual Report 2020/21 and 2021/22** **6 - 36**
Report of the Strategic Director / Section 151 Officer
- 8. Audit Findings Report (2021/22)** **37 - 228**
Report of the Head of Finance / Deputy Section 151 Officer
- 9. Letter of Management Representation (2021/22)** **229 - 230**
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- 10. Internal Audit Progress Report (2022/23)** **231 - 241**
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- 11. Strategic Risk Update (2022/23)** **242 - 252**
Report of the Strategic Director / Section 151 Officer
- 12. Risk Management Policy** **253 - 271**
Report of the Strategic Director / Section 151 Officer
- 13. Committee Work Plan (2022 - 2023)** **272**

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Agenda Item 4

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD AT/BY COUNCIL OFFICES,
BUSHLOE HOUSE, STATION ROAD, WIGSTON, LEICESTERSHIRE, LE18 2DR ON
WEDNESDAY, 23 NOVEMBER 2022 COMMENCING AT 6.00 PM**

PRESENT

K J Loydall Chair

COUNCILLORS

G A Boulter
Miss P V Joshi (Attended Remotely)
D W Loydall



Meeting ID: 2273

OFFICERS IN ATTENDANCE

T Bingham Strategic Director / Section 151 Officer
P Harvey External Auditor
A Hunt Democratic & Electoral Services Officer

26. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillors J Kaufman and Mrs L Kaufman and Mrs S B Morris.

27. APPOINTMENT OF SUBSTITUTES

None.

28. DECLARATIONS OF INTEREST

None.

29. MINUTES OF THE PREVIOUS MEETING

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The minutes of the previous meeting held on 05 October 2022 be taken as read, confirmed and signed.

30. ACTION LIST ARISING FROM THE PREVIOUS MEETING

None.

31. PETITIONS AND DEPUTATIONS

None.

32. INFORMING THE AUDIT RISK ASSESSMENT (2021/22)

The Committee gave consideration to the report and appendix (as set out in pages 8 – 35 in the agenda reports pack) which gave Members an update on the progress of the external audit of the 2021/22 Statement of Accounts made up to 31 March 2022.

It was moved by the Chair, seconded by Councillor G A Boulter and

UNANIMOUSLY RESOLVED THAT:

The Committee reviews, notes and approves the 2021/22 Informing the Audit Risk Assessment document for the year ended 31 March 2022.

33. EXTERNAL AUDIT PLAN (2021/22)

The Committee gave consideration to the report and appendix (as set at pages 36 – 58 of the agenda reports pack) which asked the Committee to receive and approve the Audit Plan for the audit of the Council's 2021/22 Statement of Accounts.

It was moved by the Chair, seconded by Councillor D W Loydall and

UNANIMOUSLY RESOLVED THAT:

The Committee notes and approves the Audit Plan.

34. DRAFT AUDITORS ANNUAL REPORT 2020/21 AND 2021/22

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

Draft Auditors Annual Report 2020/21 and 2021/22 be deferred to the Audit Committee meeting on Wednesday, 4 January 2022 at 6.00 pm.

THE MEETING CLOSED AT 7.04 pm



Chair / Vice-Chair

Wednesday, 4 January 2023

Printed and published by Democratic Services, Oadby and Wigston Borough Council, Council Offices, Station Road, Wigston, Leicestershire, LE18 2DR

Agenda Item 7



Audit Committee	Wednesday, 25 January 2023	Matter for Information
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Report Title: **Draft Auditors Annual Report 2020/21 and 2021/22**

Report Author(s): **Tracy Bingham (Strategic Director / Section 151 Officer)**

Purpose of Report:	To present the External Auditors draft Annual Report for 2020/21 and 2021/22.
Report Summary:	The Annual Report details the auditors commentary on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.
Recommendation(s):	That the Draft Auditors Annual Report is noted.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Tracy Bingham (Strategic Director / Section 151 Officer) (0116) 257 2845 tracy.bingham@oadby-wigston.gov.uk</p> <p>Bev Bull (Head of Finance / Deputy Section 151 Officer) (0116) 257 2608 bev.bull@oadby-wigston.gov.uk</p> <p>Rashpal Sohal (Finance Manager) (0116) 257 2705 Rashpal.Sohal@Oadby-Wigston.gov.uk</p>
Corporate Objectives:	<p>Building, Protecting and Empowering Communities (CO1) Growing the Borough Economically (CO2) Providing Excellent Services (CO3)</p>
Vision and Values:	"A Stronger Borough Together" (Vision)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	<p>Decreasing Financial Resources / Increasing Financial Pressures (CR1) Key Supplier / Partnership Failure (CR2) Political Dynamics (CR3) Reputation Damage (CR4) Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Failure to Respond to a Significant Incident (CR7) Organisational / Transformational Change (CR8) Economy / Regeneration (CR9)</p>

	Increased Fraud (CR10) Cyber Threat / Security (CR11)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	<ul style="list-style-type: none"> • Senior Leadership Team
Background Papers:	None.
Appendices:	Appendix 1 – Draft Annual Auditors Report 2020/21 and 2021/22.

1. Background

- 1.1 Each year, the Council is subject to an audit to ensure it has the appropriate arrangements in place to secure value for money for its residents.
- 1.2 Auditors are required to review the Council's position in respect of
 - Financial sustainability;
 - Managing governance arrangements; and
 - Securing economy, efficiency and effectiveness in its use of resources.

2. Annual Auditors Report 2020/21 and 2021/22

- 2.1 The outcome of the auditor's work is attached at Appendix 1. This report covers both financial years.
- 2.2 In 2020/21, there were significant weaknesses with financial planning which included the 2021/22 approved capital programme, approved in that year. One key recommendation was made to remedy this weakness and the auditor has reported that the appropriate action was taken in 2021/22 to improve arrangements and mitigate the financial risks identified.
- 2.3 A further 11 improvement recommendations have been made in relation to the auditors findings.
- 2.4 A representative from Grant Thornton will be present at the meeting to take the Committee through their report.

Auditor's Annual Report Oadby and Wigston Borough Council

~ Page 8 ~

2020/21 and 2021/22

January 2023





We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the [type of body] has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the [type of body]'s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary



Value for money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.




Auditors are required to report their commentary on the Council's arrangements under specified criteria. 2020/21 is the first year that we are reporting our findings in this way. The NAO have issued guidance to auditors which states that a commentary covering more than one financial year can be issued where it is more efficient and effective to do so. We have decided to report a combined commentary on the Council's arrangements for 2020/21 and 2021/22 because of:

- the delays in the completion of the 2020/21 audit of the financial statements; and
- the Council's implementation of improvements during 2021/22 that impact on our value for money assessment.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

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Criteria	Planning risk assessment	2020/21 Auditor Judgment	2021/22 Auditor Judgment	Direction of travel
Financial sustainability	Risk identified for both 2020/21 and 2021/22 because of weaknesses in the Council's financial planning and savings plans.	Significant weakness in financial planning arrangements identified. We have made one key recommendation covering financial sustainability and governance which was addressed by the Council in 2021/22 (see Appendix B for an explanation of the types of recommendations we can make).	The Council addressed the significant weakness, but three improvement recommendations made (see Appendix B for an explanation of the types of recommendations we can make).	↑
Governance	No risks of significant weakness identified.	Significant weakness in financial planning arrangements identified. We have made one key recommendation covering governance and financial sustainability which was addressed by the Council in 2021/22 (see Appendix B for an explanation of the types of recommendations we can make).	The Council addressed the significant weakness, but six improvement recommendations made (see Appendix B for an explanation of the types of recommendations we can make).	↑
Improving economy, efficiency and effectiveness	No risks of significant weakness identified.	No significant weaknesses in arrangements identified, but two improvement recommendations made (see appendix B for an explanation of the types of recommendations we can make).	No significant weaknesses in arrangements identified, but two improvement recommendations made (see Appendix B for an explanation of the types of recommendations we can make).	↑

	No significant weaknesses in arrangements identified or improvement recommendation made.
	No significant weaknesses in arrangements identified, but improvement recommendations made.
	Significant weaknesses in arrangements identified.

Executive summary

Financial sustainability

Key Recommendation

There were significant weaknesses with financial planning in 2020/21, including the 2021/22 capital programme approved within the budget. We have made one key recommendation on Page 7. We are satisfied that appropriate action was taken in 2021/22 following the Local Government Association's (LGA) Financial Health-check which addressed the significant weakness. Much of this improvement has been driven by the appointment of a permanent section 151 officer and continued investment in the finance team. This enabled the Council to re-build the foundations for good budgeting. Further improvements are being made in 2022/23 in the lead up to the 2023/24 budget with a more granular line by line review being undertaken and the development of a more comprehensive Medium Term Financial Plan (MTFP). The Council will need to ensure that the improved arrangements become embedded.

Summary and Improvement Recommendations

Action was also taken in both 2020/21 and 2021/22 to close the overall financial gap, but there is a continuing dependence on reserves to close the financial gap. Although the authority implemented some savings actions in 2021/22 there was no authority wide co-ordinated savings plan in place. A 'Sustainability Plan' is included in the latest version of the MTFP. We have noted a review of waste collection services is in progress and a programme of service reviews is being developed but the Council will need clear direction and drive around the identification and delivery of savings, including learning from the past and ensuring there is effective delivery, monitoring and review, to ensure its objectives are met.

It is also important to note that in terms of responsibilities for identifying and delivering savings CIPFA's Financial Management Code (the FM Code) notes (page 17) that It is for the leadership team to ensure that the authority's governance arrangements and style of financial management promote financial sustainability and that good financial management is the responsibility of the whole leadership including the relevant elected members. It is the responsibility of the senior officers within the management team to enact this. The FM Code follows the practice of the CIPFA Statement of the Role of the Chief Financial Officer in Local Government in referring to this collective group of elected member and officers with this collective financial responsibility as the leadership team. In local authorities, therefore, the concept of the 'leadership team' will include executive committees, portfolio holders with delegated powers and other key committees of the authority and senior officers.

The 2021/22 budget and MTFP did not include all relevant costs and did not distinguish between core statutory services and discretionary services. The budget process improved for the 2022/23 budget with all relevant costs were included. There was not, however, a clear distinction between core statutory services and discretionary services. As noted above the Council is currently undertaking a line by line review of the budget and making this distinction would potentially aid in future decision-making processes.

Workforce, capital and investment planning have all developed over the last two years. The specific significant weakness with the 2021/22 capital programme approved with the budget was addressed by re-appraising the capital programme in September 2021. Although there was some evidence of risks being included in financial plans, this was not well developed in the 2021/22 or 2022/23 budget reports. The latest version of the MTFP includes a more detailed analysis of risks but the Council needs to continue to build and refine its approach to risk.

We have made the following three improvement recommendations:

- Ensure that risk based financial plans are developed and implemented to close the funding gap that are not dependent on the use of reserves.
- Delivering the recently agreed Sustainability Plan will need clear direction and drive. Progress should be reported through the Policy, Finance and Development (PFD) Committee and clearly show the identification, monitoring and delivery of savings.
- Consider distinguishing between core service and discretionary service costs in financial plans.

Executive summary

Governance

Key Recommendation

As reflected within the Financial Sustainability summary on page 4 there were significant weaknesses with the 2021/22 budget setting process (approved in February 2021) which are reflected in the key recommendation on Page 8. We are satisfied that improvements were made to the 2022/23 budget setting process (approved February 2022) to address the significant weakness. The Council will need to continue to build upon these improvements in future budgets such as consideration of trends or risk and sensitivity analysis in budget reports.

Summary and Improvement Recommendations

Overall we are satisfied that:

- appropriate internal control were in place including arrangements to prevent and detect fraud and corruption.
- although the LGA Corporate Peer Challenge (CPC) identified weaknesses in decision making there was no evidence of any major decisions being made in 2020/21 or 2021/22 without sufficient relevant information. There was however evidence of delays in decision making.
- from our regular attendance at Audit Committee, we have concluded that it has continued to develop since its establishment in 2019. We noted, however, that the Audit Committee has not reviewed its effectiveness, and
- there were effective arrangements in place to monitor compliance with legislation and regulatory standards and to communicate to staff what behaviours are expected and not expected of them.

In respect of other governance areas we noted that the timeliness and extent of member engagement in the budget setting process improved for the 2022/23 budget. There was, however, no evidence of external stakeholder engagement in the process. Financial forecasting also fluctuated significantly in both 2020/21 and 2021/22, with large deficits forecast in year and a big swing to an underspend at year end. Lack of financial capacity and the impact of dealing with the Covid pandemic had an adverse impact on financial processes and systems. Improvements were made during 2021/22 and the section 151 officer is leading the further development of the finance team.

Currently non-financial performance is monitored by Service Delivery Committee (SDC) and financial performance by Policy, Finance and Development Committee (PFDC). We found that non-financial information was not included in the financial monitoring reports in 2020/21 but that reports gave more details on variances in 2021/22. Forecasts were included for each service area and there was some consideration of non-financial factors, but service activity and workforce information was not included in the reports. Our view is that to best practice for integrated monitoring and decision-making is achieved when financial information is referenced back or considered alongside non-financial information. The Council's Senior Leadership Team should consider how this might best be achieved within the current governance arrangements i.e. whether that might be through report formats or roles of committees or other arrangements.

Risk management arrangements were reviewed and improved during 2020/21 and 2021/22. There is, however, scope to further improve the format and content of the Strategic Risk Register.

We have therefore made the following six improvement recommendations:

- Continue to develop the format of the Strategic Risk Register by identifying each risk against a primary corporate objective, better summarise the sources of assurance, and include graphical rather than narrative presentation on the direction of travel of the mitigated risk score.
- Ensure that there is greater transparency in the budget setting process of the consideration of trends and their impact on projected financial outturn, and of alternative proposals and scenarios.
- Engage with external stakeholders on options and considerations as part of the 2023/24 budget setting process.
- Improve the accuracy of in-year forecasting of the financial outturn to prevent unexpected significant swings in the forecast position during the year and particularly between the quarter 3 and quarter 4 reports.
- Include relevant service activity and workforce information in the quarterly budget monitoring reports.
- The Audit Committee reviews its effectiveness against CIPFA's best practice guidance.

Executive summary

Improving economy, efficiency and effectiveness

Summary and Improvement Recommendations

Overall we identified that:

- Performance reporting was in place in both 2020/21 and 2021/22. The volume of indicators reported on has been reduced for 2022/23.
- There was limited evidence of benchmarking performance with other local authorities.
- There was a clear focus on customer service and the authority is moving forward with its performance improvement agenda.
- Much of the partnering activity in 2020/21 was inevitably focused on responding to the Covid pandemic. Partnering activities continued to develop in 2021/22 and there has been effective stakeholder engagement.
- Appropriate arrangements are in place to manage procurement and assess expected benefits.
- Arrangements to monitor, control and report on capital project costs are in place but could be improved. The capital programme outturn statements for both 2020/21 and 2021/22 included schemes where spending was incurred but there was no budget. i.e. within the Q4 monitoring reports there was the Heating Ventilation Insulation project within the HRA (£29.8k) and within the General fund the Oadby Pool Housing Project, Railway Corridor, Air Monitoring Equipment, Treescape Fund, Electric Charging Point, Home & Mobile Working and PARIS Upgrade (totalling £238k). All schemes should have an allocated budget to ensure that the overall anticipated cost and actual spend is reported.

On the basis of our work we have made the following two improvement recommendations:

- Periodically benchmark cost and performance indicators with other similar authorities (for example Nearest Neighbour Group) and investigate reasons for any areas where other authorities appear to be achieving better results. We have noted that the Council has also recognised this as a required action within its Annual Governance Statement (AGS).
- Ensure quarterly capital programme monitoring reports include the re-allocation of budgets to alternative schemes. All schemes incurring expenditure should have a budget.



Opinion on the financial statements for 2020/21 and 2021/22

2020/21

We have completed our audit of your financial statements and are planning to issue an unqualified audit opinion in early December, following the Audit Committee meeting on 23 November 2022. Our findings are set out in further detail on page 24.

2021/22

We are currently in the process of auditing the Council's draft financial statements for 2021/22. We intend to report our audit findings to the Audit Committee at the meeting on 4 January 2023.

Key recommendation



Why we are making this recommendation

It is a requirement of the Code of Audit Practice 2020 that where the auditor concludes that there is a significant weakness a key recommendation must be made. As auditors we are still required to still raise a recommendation regarding any significant weaknesses identified, even if we are satisfied that the weakness has since been addressed. We can reflect, however, the status of the recommendation in our commentary on arrangements.

This is the case at the Council for 2020/21 where we have identified a significant weakness in respect of financial planning arrangements when setting the 2021/22 budget in February and March 2021. We are satisfied that the Council made good progress during 2021/22 in responding to the significant weakness issues and has continued to make further progress in 2022/23.

The range of recommendations that external auditors can make is explained in Appendix B.



~ Page 14 ~

Audit year	2020/21
Key recommendation	<p>The Council must ensure that:</p> <ul style="list-style-type: none"> it has sufficient financial skills and capacity to deliver effective financial management and financial planning, and to support financial decision making its annual budget setting process is fit for purpose, is sufficiently detailed and includes appropriate engagement with internal and external stakeholders, and it has a comprehensive Medium Term Financial Strategy and Capital Strategy in place.
Auditor judgement	There were significant weaknesses in the Council's financial planning, capital programme and budget setting process in 2020/21.
Summary findings	<p>The Council faced a range of issues in 2020/21 which included key vacancies in the Finance Team. In the spring of 2021 at the Council's invitation the Local Government Association (LGA) carried out a financial health-check which found fundamental weaknesses in financial planning, budget setting and capital planning.</p> <p>Action was taken to improve arrangements and mitigate the financial risks identified in 2021/22.</p>
Management Comments	<p>The Council improved its arrangements in respect of financial skills and capacity during 2020/21 through several actions, including the appointment of a permanent Section 151 Officer. These are now embedded with the final appointment which includes the permanent Head of Finance and Deputy S151 Officer. The annual budget process for 2023/24 has been overhauled and now includes public consultation in addition to approaching statutory consultees. The Council now has an up-to-date Capital Strategy as part of its approach and will continue to do so as part of the annual budget cycle. A new MTFs was approved in September 2022.</p>

Securing economy, efficiency and effectiveness in the Council's use of resources

All district council's are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

District councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial Sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



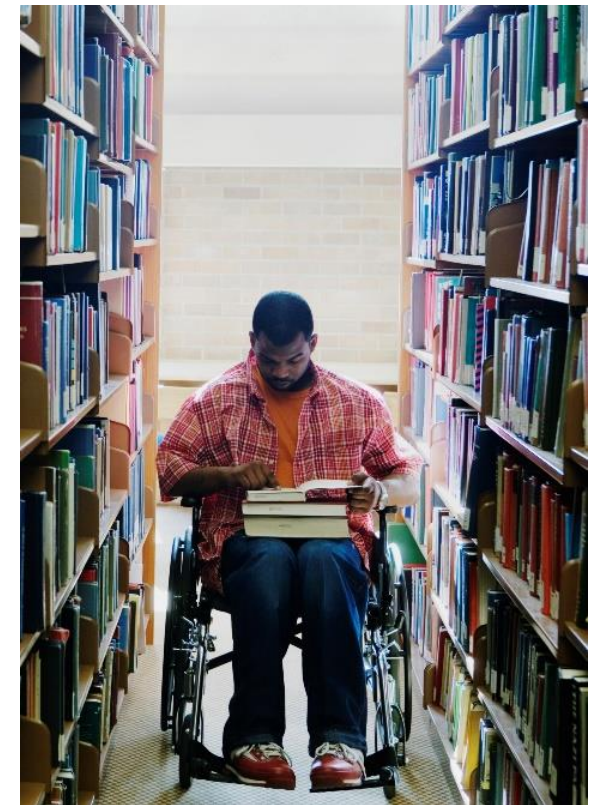
Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on Oadby and Wigston Borough Council's arrangements in each of these three areas, is set out on pages 9 to 23.

Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

1. How the Council ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans

There were significant weaknesses with financial planning in 2020/21. Action was taken in 2021/22 following the Local Government Association's (LGA) Financial Health-check which addressed these weaknesses. Improvements continue to be made in 2022/23 including the development of a more comprehensive Medium Term Financial Plan (MTFP).

The 2021/22 budget and updated MTFP was approved by Full Council in February 2021. The budget report was a shorter version than in previous years and lacked detail and support. The budget and MTFP as approved had weaknesses that were summarised by the LGA in their Financial Health-check in July 2022. These included:

- a short time horizon, the MTFP only included a two-year period to 2022/23,
- no clear assumptions about local taxation growth over the medium term,
- Covid grants being included in baseline resourcing,
- the omission of the revenue impact of Capital Programme proposals despite the capital programme requiring £10.3m of borrowing,
- the omission of the revenue and capital costs of bringing the ICT service back in-house were not included in the budget and capital programme,
- the lack of a Capital Strategy, although this has been a CIPFA Prudential Code requirement since April 2019, and
- no formal statement from the section 151 officer on the robustness and sustainability of estimates in the budget.

Improvements were made to the 2022/23 budget setting process in response to the recommendations of the LGA Financial Health-check.

There was earlier engagement with Members in the financial planning process. The September 2021 PFD Committee considered a Draft Budget Initiatives 2022/23 report and a draft 2022/23 Budget and MTFP was presented to the December 2021 Full Council meeting. The 2022/23 Budget and MTFP was presented to the February 2022 Policy, Finance and Development (PFD) Committee and Full Council meetings.

The baseline budget was re-assessed, and the revenue implications of capital spending plans included. The final budget report included a Capital Strategy.

Further progress has been made with implementing the health-check recommendations since the approval of the 2022/23 budget.

In September 2022 a much more comprehensive MTFP for the period 2022 to 2027 was presented to the PFD Committee. This provides an analysis of the authority's financial context and outlook, its spending, and its reserves. It also includes a risk assessment and considers the impact of different potential scenarios.

The authority has comparatively low income from fees and charges compared to other district councils. The 2021/22 budget included the proposal to introduce charges for car parking. This was a contentious issue, despite the authority being one of the last to do this. The introduction of car parking charges was delayed, which resulted in a £109k shortfall in budgeted income for the year. Another key source of fees and charges income was the Selective Licensing scheme. The income budget for this was overstated which resulted in a shortfall against budget of £302k. The combined shortfall of £411k was 8.75 percent of the 2021/22 net revenue budget.

Since the agreement of the 2022/23 budget the authority has reviewed its income generation activity. Reports were considered by PFD in June and September 2022 and a new Corporate Charging Policy was approved. This includes proposals for a community lottery and events management.

OWBC also has a low level of reserves compared to both its nearest neighbour group and district councils generally. Despite this the Council's financial plans were dependent on using reserves to balance both the 2021/22 and 2022/23 financial positions.

The use of reserves was not as significant as planned in 2021/22 due to a budget underspend. The 2022/23 budget includes the planned application of £125k of earmarked reserves to balance the financial position. The budget report notes that although the level of reserves is above the minimum level set by the authority there is a need to look for alternative ways to close the budget gap in the medium term. This is clearly a priority for the authority as the MTFP approved with the 2022/23 budget included a £336k budget gap in 2023/24.

The authority needs to develop financial plans that are not dependent on the use of reserves to balance its financial position [Improvement Recommendation 1].

Financial sustainability

2. How the body plans to bridge its funding gaps and identifies achievable savings

Action was taken in both 2020/21 and 2021/22 to close the overall financial gap, but there was no authority wide co-ordinated savings plan.

The 2020/21 budget included an ambitious multi-year savings programme. This was the first time that the Authority had developed such a programme. It identified savings schemes forecast to deliver £736k in 2020/21 and cumulative savings totalling £1,384k over the five-year period to 2024/25.

The pressures generated by Covid and staff vacancies in Finance resulted in this programme stalling and it was not implemented. The Council is relatively small and the loss of key staff can impact upon delivery. However, in respect of building resilience and successful delivery of savings plans best practice shows that this cannot be the sole responsibility of a Finance team. Savings plans need to be developed corporately and 'owned' by service directors and directorates. Finance will have a key role in monitoring and reporting on savings delivery (and delivering those in its area of work) but successful delivery will require an integrated corporate response overseen by the Senior Leadership Team and Members.

The Selective Licensing scheme introduced in 2020/21 and the introduction of car parking charges in 2021/22 were not sufficient to close the budget gap and as noted, there was a planned use of reserves to balance the 2021/22 budget. Projections for 2022/23 included the further use of balances and relied heavily on budget re-basing and the release of provisions to balance the position. Further improvements are being made in 2022/23 in the lead up to the 2023/24 budget with a more granular line by line review being undertaken and the development of a more comprehensive Medium Term Financial Plan (MTFP). The Council will need to ensure that the improved arrangements become embedded.

Although there was no evidence of a co-ordinated savings plan for 2021/22 action was taken to address the authority's financial sustainability. The management restructure was implemented during the year, one aim of which was to improve cost efficiency. We would expect the Council to review the effectiveness of this in 2022/23 and will assess this in our next review. The authority also reviewed its Minimum Revenue Provision and changed it in December 2021. This reduced capital charges included in the revenue budget by £383k in 2021/22 and £403k for 2022/23. There was however a need to develop a savings programme to address medium term financial risk and reduce the call on reserves to balance annual budgets.

Although it was recognised in the 2022/23 draft budget report that a savings programme was needed there was no discussion in the final budget report about this. The draft 2022/23 budget report discussed 'Options for Closing the Gap' and outlined a potential savings programme, however this was not developed. The MTFP was extensively updated and in September 2022 and includes a 'Sustainability Plan'.

It is also important to note that in terms of responsibilities for identifying and delivering savings CIPFA's Financial Management Code (the FM Code) notes (page 17) that it is for the leadership team to ensure that the authority's governance arrangements and style of financial management promote financial sustainability and that good financial management is the responsibility of the whole leadership including the relevant elected members. It is the responsibility of the senior officers within the management team to enact this. The FM Code follows the practice of the CIPFA Statement of the Role of the Chief Financial Officer in Local Government in referring to this collective group of elected member and officers with this collective financial responsibility as the leadership team. In local authorities, therefore, the concept of the 'leadership team' will include executive committees, portfolio holders with delegated powers and other key committees of the authority and senior officers.

The authority needs to further develop this Sustainability Plan and ensure its delivery is tracked and reported on [Improvement Recommendation 2].

3. How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

There were significant weaknesses with the 2021/22 capital programme approved with the budget. The authority addressed these weaknesses by re-appraising the capital programme. A review of waste collection services is in progress and a programme of reviews is being developed.

The capital budget increased from £969k in 2020/21 to £12,229k in 2021/22. This was due to the inclusion of £10,215k of General Fund housing investment in the capital programme. There was no evidence that the financial context had been appropriately considered and the LGA Financial Health Check concluded that the 2021/22 capital programme and its funding was flawed and high risk.

The authority reviewed its capital programme in September 2021. Two high risk housing schemes (Oadby Pool site and Modular Homes) with a total estimated cost of £10.2million were removed from the programme, and three schemes were added (IT service transfer, new Council Offices and affordable homes) with a total estimated cost of £3.1million. The 2021/22 capital programme reduced from £12.2m to £5.1m. The reappraisal of the 2021/22 capital programme reduced the authority's risk exposure and was consistent with corporate strategic priorities. The 2022/23 capital programme was also consistent with corporate strategic priorities.

The need to review service delivery was identified in the 2021/22 budget report. The review of waste collection services started in 2021. It has resulted in some service changes and is still in progress with an anticipated completion in early 2023.

The 2022/23 Budget and MTFP did not include long term plans on service provision, however the Strategic Director of Transformation and Customer Services is currently developing a programme of service reviews.

Financial sustainability

The 2021/22 budget and MTFP did not include all relevant costs and did not distinguish between core statutory services and discretionary services. The budget process improved for the 2022/23 budget and all relevant costs were included. There was not however a clear distinction between core statutory services and discretionary services. Discussion with the section 151 officer indicated that there is an awareness of the distinction between core statutory services and discretionary services. The ending of pest control services in 2021 was an example of disinvestment in discretionary services.

The authority should consider distinguishing between core statutory services and discretionary services in its financial plans [Improvement Recommendation 3].

4. How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

Workforce, capital and investment planning have all developed over the last two years. Weaknesses in capital and investment planning in 2020/21 have been addressed.

The Council has a relatively small workforce and the recent management restructure included a re-basing of workforce posts and costs. We understand that following the LGA Corporate Peer Challenge (CPC) in January 2022 a vacancy management plan has been developed. The Council is still in the early stages of operating and embedding this.

The 2022/23 budget report included a summary of capital funding, and a capital strategy was included. There was no evidence of major capital investment being postponed or cancelled without a sound rationale.

The Treasury Management Strategy approved in 2020/21 was flawed as it did not include the investment costs of the capital programme. These weaknesses were addressed in 2021/22. The authority approved a revised and comprehensive Treasury Management Policy and Strategy in February 2022. The Budget report, considered at the same meeting as the Treasury Management Policy and Strategy, included a capital strategy.

5. How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

Although there was some evidence of risks being included in financial plans, this was not well developed in the 2021/22 or 2022/23 budget reports.

There was no evidence that uncertainty, volatility, and other financial risks were considered in developing the 2021/22 budget and MTFP. Although there was no explicit narrative on financial risks in the 2022/23 budget reports the issues raised related to this, for example risk and volatility due to the one-year financial settlement and lack of clarity about future funding streams.

The 2022/23 Budget and MTFP included a proposal to use capital receipt flexibility to fund transformation projects. The Budget report acknowledges that there are 'promising' projects and there is a need to focus on medium term resilience. However, it is noted that the one-year settlement and delays to the Fair Funding Review, Business Rates reset and New Homes Bonus increases uncertainty. There is no explicit narrative on scenario planning and risk mitigation. The recently updated MTFP includes an explicit consideration of financial risks and scenario planning.

Improvement recommendations



Financial sustainability

Improvement recommendation 1

Ensure that financial plans are developed and implemented to close the funding gap that are not dependent on the use of reserves.

Audit year

2020/21 and 2021/22

Why/impact

Both the 2021/22 budget, approved in February 2021 and the 2022/23 budget, approved in February 2022 are dependent on the use of reserves to balance the financial position. The authority has a low level of reserves compared to other district councils and is at risk of having an unsustainably low level of reserves, particularly as the MTFP approved with the 2022/23 budget indicated a £336k budget gap in 2023/24.

Management Comments

The Council has developed a Sustainability Plan and Programme as part of its Medium-Term Financial Strategy and approach to managing budget gaps and reducing the reliance on reserves. The Programme is currently being mobilised, with the first one-off savings planned in-year (2022/23) achieved and initiatives to achieve targets for additional income generation in 2023/24 approved.

Improvement recommendation 2

Progress with delivering the recently agreed Sustainability Plan which needs to be monitored and reported to the Policy, Finance and Development (PFD) Committee.

Audit year

2021/22

Why/impact

Although the authority implemented some savings actions in 2021/22 it did not have a clear savings programme in place. The revised MTFP approved in September 2022 includes a Sustainability Plan. This plan will need to be reviewed and developed as the financial outlook becomes clearer and PFD committee will need to oversee its delivery.

Management Comments

The Medium-Term Financial Strategy sets out the monitoring and reporting cycle for the achievement of savings within the Sustainability Plan and Programme. This cycle will commence in full, from the Q4/provisional outturn report in June 2023. Summary updates will be provided as the scheme continues to mobilise, in the Q3 Budget Monitoring report due in February 2023.



The range of recommendations that external auditors can make is explained in Appendix B

Improvement recommendations



Financial sustainability

Improvement recommendation 3

Consider distinguishing between core statutory services service and discretionary service costs in financial plans.

Audit year

2020/21 and 2021/22

Why/impact

Budget reports do not distinguish between core statutory services service costs and discretionary service costs. This means that it is difficult to identify which services which are mandatory and therefore have limited funding flexibility and those services where there is the potential for more funding flexibility.

Management Comments

Agreed – this will be implemented as part of the final 2023/24 budget presented to members for approval in February 2023.

~ Page 20 ~



The range of recommendations that external auditors can make is explained in Appendix B

Governance



We considered how the Council:

- assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance (Audit Committee)
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

1. How the body assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.

Risk management arrangements were reviewed and improved during 2020/21 and 2021/22. Appropriate internal controls were in place including arrangements to prevent and detect fraud and corruption.

Strategic and operational risk registers were in place during 2020/21 and the Strategic Risk Register was monitored by Senior Leadership Team (SLT). However, weaknesses in risk management were recognised, particularly the lack of visibility of corporate risks at Member level. Action was taken during 2020/21 and improvements were implemented in 2021/22.

At its July 2021 meeting, the Audit Committee approved the Council's Opportunity Risk Management Policy and received, for the first time, the Operational and Strategic Risk Registers for consideration.

From July 2021 both the quarterly corporate and strategic risk registers were presented to the Audit Committee. The new arrangements included reporting risks to Members, focusing on key corporate risks. In April 2022 the Council established a cross organisational Risk Management Group and from July 2022 it was agreed that only the strategic risk register would be presented to Audit Committee with the Operational Risk Registers remaining under quarterly review by officers and any risks with a risk rating of 10 or above being escalated to the Senior Leadership Team for consideration and inclusion on the strategic risk register as necessary. This is not inconsistent with other Councils.

From our review of the register we have noted that:

- each risk is RAG (Red, Amber, Green) rated based on its inherent and mitigated risk score, and
- all risks are allocated to named senior officers.

However, we believe it can be developed further [Improvement Recommendation 4]:

- strategic risks could be aligned to a primary objective rather than documented as "all objectives",
- existing controls are summarised, but sources of assurance are not clearly set out,
- a short update commentary is provided for each risk, but this could be improved by graphically representing the direction of travel of the mitigated risk score in the Appendix or summary report.

An adequate and effective internal audit function was in place throughout 2020/21 and 2021/22 and there was no evidence of pervasive and significant weaknesses in internal controls. In both years the Head of Internal Audit gave "significant assurance" that there was a generally sound system of internal control designed to meet the authority's objectives, and that controls were generally being applied consistently.

Arrangements were in place to prevent and detect fraud. The authority has a clear anti-fraud and corruption policy in place dating from 2014 which is regularly reviewed.

2. How the body approaches and carries out its annual budget setting process

There were significant weaknesses with the 2021/22 budget setting process (approved in February 2021), but improvements were made to the 2022/23 process (approved February 2022).

Financial plans were reviewed and approved by the Senior Leadership Team for both the 2021/22 and 2022/23 budgets. There were however capacity issues in the Finance Team for both year's budget processes. These issues have now largely been addressed.

The 2021/22 and 2022/23 budget setting processes did not include consideration of trends including analysis and extrapolation and their impact on the projected final out-turn or show that forecasts were subject to risk and sensitivity analysis.

Following feedback from the LGA financial health-check improvements were made to the budget setting process. This included consideration of budget initiatives in September 2021 and a draft budget in December 2021 by members before approval of the final budget in February 2022. There was however no consideration of trends or risk and sensitivity analysis in these reports.

The authority's budget setting process needs greater transparency of the consideration of trends and their impact on projected financial outturn, and of alternative proposals and scenarios [Improvement Recommendation 5].

Governance

The timeliness and extent of member engagement in the budget setting process also improved for the 2022/23 budget. There was however no evidence of external stakeholder engagement in the process.

The authority needs to engage with external and well as internal stakeholders as part of its budget setting process [Improvement Recommendation 6]

The section 151 officer noted positive developments in the financial culture including a "Dragon's Den" for income generation schemes as part of 2022/23 budget development. This engaged mid-tier managers who were very positive and keen to engage on financial issues. The LGA Corporate Peer Challenge (CPC) noted the high level of awareness of the authority's financial challenges from both members and officers. In their report they said:

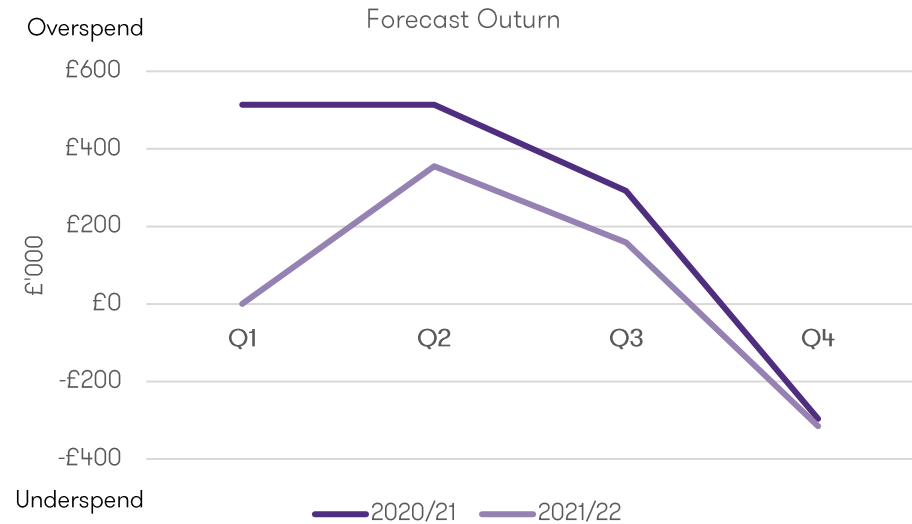
"Members and officers recognise that difficult financial decisions may need making at any time and it was made absolutely clear to the peer team that nothing is off limits. Staff are encouraged as part of this to put forward ideas that could for example generate income, save money and make services more efficient. These ideas will not only enhance the council's budget but help ensure everyone at the council owns it."

3. How the body ensures processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships

Lack of financial capacity and the impact of dealing with the Covid pandemic had an adverse impact on financial processes and systems. Improvements were made during 2021/22 and the section 151 officer is leading the further development of the finance team.

Budget monitoring and delivery in 2020/21 was challenging as it was an unusual year due to the impact of Covid and the associated funding. The Finance Team was also carrying vacancies. Three financial monitoring reports were presented to PFD Committee (Q1, Q3 and Q4). Q1 and Q3 reports forecast net overspends after Covid funding (Q1 £514k and Q3 £292k). Q4 (outturn) reported a net underspend on £296k. There was a movement of £588k between Q3 and Q4. This was due in part to Covid funding (£310k) but included unexpected service underspends of £278k.

The forecast financial outturn again fluctuated significantly during the 2021/22. Four financial monitoring reports were presented to PFD Committee, initially forecasting breakeven, then an overspend and finally a £315k underspend. The overspend was anticipated due to an over optimistic car park income budget and an overstatement of the selective licensing income budget. The final underspend was in part due to the release of £386k Covid provision. There was, however, an unanticipated swing of £474k in the forecast outturn between Q3 and Q4.



The chart indicates that the forecasting of outturn was inaccurate in both 2020/21 and 2021/22.

The authority needs to improve the accuracy of in-year forecasting of the financial outturn [Improvement Recommendation 7].

Non-financial information was not included in the financial monitoring reports in 2020/21. The explanation of budget variances included in the reports was high level and did not provide a drill down to which services had the most significant budget variances. Reports gave more details on variances in 2021/22. Forecasts were included for each service area and there was some consideration of non-financial factors, such as increases in planning application and homelessness activity, vacancies, and agency costs.

The authority should include relevant service activity and workforce information in the quarterly budget monitoring reports [Improvement Recommendation 8].

There was insufficient reporting on treasury management activity to PFD Committee during 2020/21. In 2021/22 reporting improved and was sufficient. Three treasury management reports were presented to PFD covering 2020/21 full year activity, 2021/22 mid-year update and 2022/23 treasury management policies and strategy.

There were significant delays in the production of the 2020/21 accounts. There has been an improvement in the timeliness and accuracy of supporting working papers for the 2021/22 accounts, and the audit is expected to be substantially complete by the end of November 2022.

Governance

There was a lack of financial capacity in 2020/21. The financial health-check noted that long-standing senior officers had left the authority and that there were challenging issues to deal with, including the Covid pandemic, budgeting and capital programming, and the closure of the accounts. The LGA CPC noted that the authority was addressing its financial capacity issues and further progress has been made since they issued their report. Most notably the appointment of the new section 151 officer and the building of a Finance Team with a clear vision. Good progress continues to be made but the team is not yet fully up to strength as the Deputy section 151 officer has not yet started.

4. How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance (the Audit Committee).

Although the LGA CPC identified weaknesses in decision making there was no evidence of any major decisions being made in 2020/21 or 2021/22 without sufficient relevant information. There was however evidence of delays in decision making.

The authority is relatively small and has adopted the Committee and Council governance model. The LGA CPC concluded that officers and members need to work more effectively together. They noted that:

“...there is a lack of clarity between members and officers about who makes what decisions, including no clear distinction between political/strategic decisions made by members, operational decisions made by officers, and who accordingly communicates and actions each decision.”

One of the most significant decisions impacting on service users was the introduction of car parking charges. Although proposed as part of 2021/22 budget setting in February 2021, the decision was delayed until later in 2021 and was not implemented until January 2022. Consideration was taken of service users’ feedback. There was a public consultation exercise and representations from the public were considered by PFD Committee in June 2021.

There is evidence of an appropriate ‘tone from the top’ in respect of decision making. The LGA CPC report also noted that:

“The council’s Senior Leadership Team, especially the Chief Executive, understands, is accessible and responds to the needs of council staff. The peer team heard this throughout its visit, it is much appreciated by officers and forms a supportive basis on which the council is delivering its services. Examples include increasing staff resources where services require them, and staff able to approach senior managers.”

The Audit Committee was established in September 2019 and took over the role of those charged with governance from the PFD committee. We noted in our 2019/20 Annual Audit Letter that the Committee was developing well and challenging the reports presented to them. From our regular attendance at Audit Committee, we can conclude that it has continued to develop. We have noted however that the Audit Committee has not yet reviewed its own effectiveness.

The Audit Committee should review its effectiveness against CIPFA’s best practice guidance [**Improvement Recommendation 9**].

5. How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

There were effective arrangements in place to monitor compliance with legislation and regulatory standards and to communicate to staff what behaviours are expected and not expected of them.

The authority's constitution includes Codes of Conduct for Members and Officers and the LGA CPC report commented on the positive culture at the authority. The Monitoring Officer reports quarterly to PFD Committee on a range of ethical and regulatory indicators.

There was no evidence of significant non-compliance with the Constitution during 2020/21 or 2021/22 or of any legislative or regulatory breaches leading to investigations. There were departures from regulations and professional standards as follows:

- the CIPFA Financial Management Code was not fully adopted. A self-assessment was completed and reported to Senior Leadership Team in July 2022
- the Prudential Code was not fully complied with in 2020/21, but was in 2021/22
- there was no section 25 statement from the s151 officer in the 2021/22 budget report, but this was included in the 2022/23 budget report.

A gifts and hospitality policy and register was in place and there were clear declaration of interest requirements on all committee meeting agendas.

Improvement recommendations



Governance

Improvement recommendation 4

Improve the format of the Strategic Risk Register by identifying each risk against a primary corporate objective, summarise the sources of assurance and include a graphical representation the direction of travel of the mitigated risk score.

Audit year

2020/21 and 2021/22

Why/impact

This will help improve the linkage with the corporate plan and ensure that members of the Audit Committee are aware of both how assurance is obtained and what is happening to each risk over time.

Management Comments

These improvements will be reviewed and incorporated into our risk management policy and approach.

Improvement recommendation 5

Ensure that there is greater transparency in the budget setting process of the consideration of trends and risks and their impact on projected financial outturn, and of alternative proposals and scenarios.

Audit year

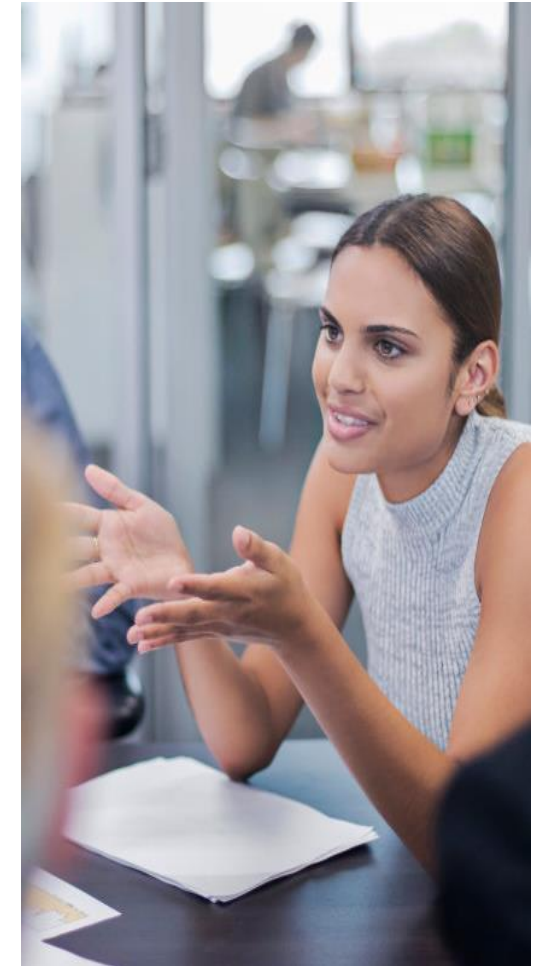
2020/21 and 2021/22

Why/impact

There is a high level of volatility and financial uncertainty in the economic environment. The Council needs to demonstrate that it has taken into account relevant factors when developing and approving its budget

Management Comments

The 2023/24 budget process has provided for enhanced transparency through engagement with members on the principles for setting the budget, discussion on early proposals and presentation of a draft budget that will now be used for consultation with the public and local businesses and other stakeholders. Additionally, the development of the budget to date has included the presentation of alternative proposals in key areas and a scenario analysis of the key financial risks. This new approach will be developed further to ensure there is demonstrable consideration of all relevant factors.



The range of recommendations that external auditors can make is explained in Appendix B

Improvement recommendations



Governance

Improvement recommendation 6

Engage with external stakeholders on options and considerations as part of the 2023/24 budget setting process.

Audit year

2020/21 and 2021/22

Why/impact

The Council needs to ensure that it takes into account residents and local taxpayers views when considering its budget options.

Management Comments

The 2023/24 budget process includes public and relevant stakeholder consultation on the draft budget and core proposals.

Improvement recommendation 7

Improve the accuracy of in-year forecasting of the financial outturn to prevent unexpected significant swings in the forecast position during the year and particularly between the quarter 3 and quarter 4 reports.

Audit year

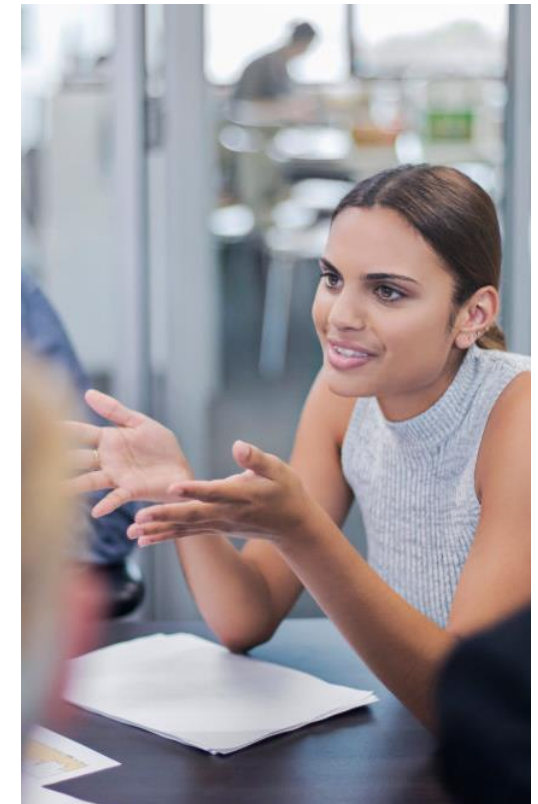
2020/21 and 2021/22

Why/impact

Members and senior management need a clear line of sight on the likely financial outturn so that appropriate plans can be made to deal with emerging issues. It is important that forecasts can be trusted to be reasonably accurate when they are presented.

Management Comments

Working with budget holders, finance will facilitate a more thorough review of forecast outturn at Quarter 3. This will include the identification and inclusion into forecasts, values for the supplementary grant funding (such as New Burdens funding) that is typically paid by central government at the end of the year.



The range of recommendations that external auditors can make is explained in Appendix B

Improvement recommendations



Governance

Improvement recommendation 8

Incorporate relevant service activity and workforce information in the quarterly budget monitoring reports.

Audit year

2020/21 and 2021/22

Why/impact

Members need to be able to understand how spending patterns fluctuate with service activity and staffing. This is particularly relevant where there are significant budget variations, or budgets are being delivered by service levels are not achieved.

Management Comments

Due to the implications for the existing Committee structure and the separate committee functions in monitoring financial and non-financial performance, this recommendation will be reviewed and taken forward post May 2023 once a new administration has been elected.

Improvement recommendation 9

The Audit Committee reviews its effectiveness against CIPFA's best practice guidance (see CIPFA's Audit Committees: Practical Guidance For Local Authorities And Police (2022 edition)).

Audit year

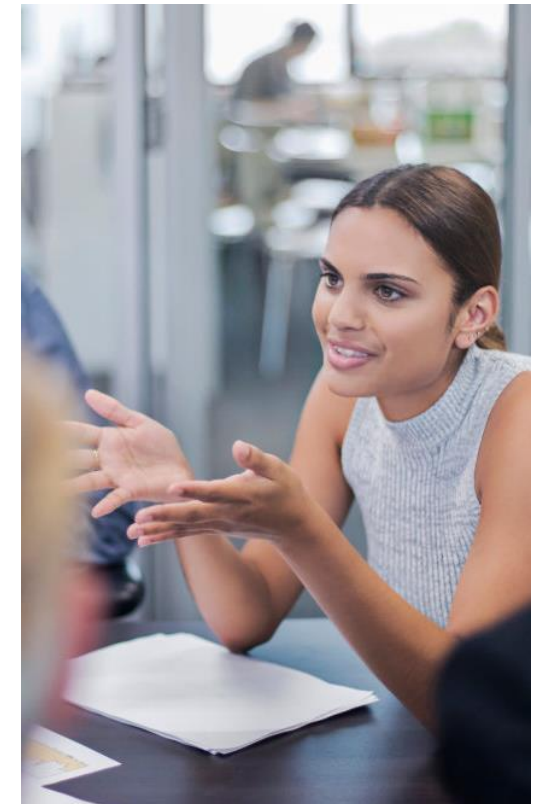
2020/21 and 2021/22

Why/impact

Audit Committee need to review themselves against best practice to ensure that they are discharging their governance responsibilities effectively.

Management Comments

Review of effectiveness to be undertaken with Audit Committee.



The range of recommendations that external auditors can make is explained in Appendix B

Improving economy, efficiency and effectiveness



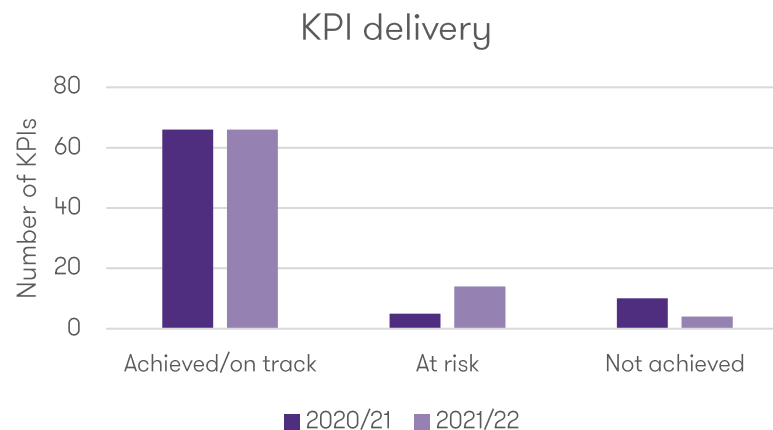
We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

1. How financial and performance information has been used to assess performance to identify areas for improvement

Performance reporting was in place in both 2020/21 and 2021/22. The volume of indicators reported on has been reduced for 2022/23. There was limited evidence of benchmarking performance with other local authorities.

Key performance indicators (KPIs) were reported to Service Delivery Committee on a quarterly basis in both 2020/21 and 2021/22. There was clear evidence that these reports were scrutinised and challenged by Members. In 2020/21 81 KPIs were reported on and at the year-end 10 were not achieved. In 2021/22 there were 84 KPIs reported on and at the year-end four were not achieved.



The chart indicates that overall performance was similar in each year with 66 KPIs achieved or on track and a reduction in not achieved KPIs in 2021/22.

The LGA CPC report noted that there were too many KPIs and that service teams were reviewing them to refine and reduced them. It was pointed out that Members needed to be involved in this process. The report stated that:

"A careful eye should be kept on the review process to ensure KPIs measure the right things; outcomes and the impact on the community should not be over-looked by applying too great a focus on operational process targets."

For 2022/23 44 continuous improvement indicators and 19 statutory indicators are being reported on.

Assurance arrangements over the accuracy of performance indicators have been put in place following an Internal Audit of performance management arrangements. Internal Audit gave "significant assurance" overall but noted that their sample testing indicated that there was insufficient supporting evidence for some KPIs. It was agreed that a rolling sample of five KPIs per quarter would be checked back to supporting evidence by the Customer Service and Transformation team.

Improving economy, efficiency and effectiveness

We found little evidence of the authority actively benchmarking its cost and performance with other similar authorities. A local customer service benchmarking exercise was carried out during 2020/21 as part of the Customer Service Excellence accreditation process. This was initiated by the Council and compared key attributes of customer service with the six other Leicestershire districts. Although the authority is engaged in a range of joint working arrangements with the other Leicestershire authorities there are no on-going benchmarking arrangements in place and the Council is not a member of any benchmarking groups.

We recognise that within its 2021/22 Annual Governance Statement actions (AGS8 on organisational approach to benchmarking) the Council recognises this as an improvement area and is aligned to our own recommendation that the **authority should periodically benchmark cost and performance indicators with other similar authorities [Improvement Recommendation 10]**.

2. How the body evaluates the services it provides to assess performance and identify areas for improvement

There was a clear focus on customer service and the authority is moving forward with its performance improvement agenda.

There was no evidence of a failure to meet minimum service standards in core statutory services service areas. The authority has taken a focused approach to improving its customer service. It received a national Customer Excellence award in December 2020 and has maintained its accreditation.

A key issue has been the sufficiency of staffing with the appropriate skills to enable efficient service delivery. During 2020/21 and 2021/22 the authority recruited staff to key posts which strengthened its capacity to manage, although there continues to be resourcing pressure points. Efficiency improvements were also progressed in 2021/22 including the transfer of IT services in-house, the review waste collection services and starting the project to move the council offices.

There is some evidence of slow progress on implementing improvement recommendations. This is largely due to a lack of capacity, the impact of Covid and the loss of staff in key areas. It does not in our view indicate a failing in the responsiveness of the authority to improvement recommendations made by external reviewers. The LGA CPC report noted that:

"The council should also pick up pace on key areas outlined throughout this report, notably around delivering its communications strategy, business support and engagement."

3. How the body ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives.

Much of the partnering activity in 2020/21 was inevitably focused on responding to the Covid pandemic. Partnering activities continued to develop in 2021/22 and there has been effective stakeholder engagement.

The authority is clear who its key partners are and there is evidence that partnering arrangements deliver meaningful action. Our discussions with the Chief Executive indicated that the authority is an active participant in partnering. This was confirmed by the LGA CPC report which noted that external partners are positive about working with the authority. Three examples of effective partnership working were quoted - the Lightbulb project, shared officers and the Leicestershire southern alliance.

Partnership working outcomes are fed-back to the relevant committee for Members to make strategic decisions. However, partnership arrangements are more typically for joint service provision, for example building control. Terms of reference for joint services are approved by Members.

Feedback from partners is positive and indicates that the authority is transparent, collaborative and open with significant partners about performance. The LGA CPC report noted that:

"External partners throughout the peer team's visit also spoke very positively about their work with OWBC, and the council's honest and open relationships with them, especially through the Leader and senior officers. Even when the council has different views to partners, council representatives remain professional and constructive. This enables the council to further its work with others, making the most of what each partner can offer to enhance the borough and ways of working."

However, the report also noted that local businesses, community groups and residents raised issues about poor communication and lack of capacity for working together. The CPC recommended the earlier involvement of the communications team in projects to improve engagement with external stakeholders. A revised Communications Strategy and Action Plan was approved by the Council in April 2022.

Improving economy, efficiency and effectiveness

4. Where the body commissions or procures services, how it assesses whether it is realising the expected benefits.

Appropriate arrangements are in place to manage procurement and assess expected benefits. Arrangements to monitor, control and report on capital project costs are in place but could be improved.

A procurement strategy was in place in 2020/21 and 2021/22 and there was no evidence of a failure to operate a fair procurement exercise for significant contracts. During 2020/21 the authority engaged Welland Procurement to provide support and skills in its procurement processes. Internal audit reported on their Contracts Register audit in the first quarter of 2020-21 and gave a "limited assurance" rating. However, by the end of 2020/21 Internal Audit's recommendations had been implemented.

The transfer of IT services inhouse delivered the expected benefits. These were to ensure that the authority has greater control of IT costs and more flexibility in developing its digital channel shift and agile working agendas. We have noted that at its meeting on 15 November 2022 the PFDC approved a supplementary budget estimate and exemption from council procurement rules to enter into a new contract with Capita for provision of its Academy system and an additional budgetary provision will be requested by officers as part of the 2023/24 budget. The Council will need to monitor the effectiveness of the strategy and we reflect this in our work on 2022/23.

Although there was slippage in the capital programme there was no evidence of a failure to manage projects effectively. The capital programme spend was £2,460k in 2020/21 and £3,451k in 2021/22. The 2021/22 programme had significant slippage as budgeted spend was £3,839k more than actual spend. Two schemes, the New Council Offices and Housing Development accounted for £2,166k (55 percent) of this slippage. The Housing Development Scheme had a £500k budget but nil spend.

We noted that the capital programme outturn statements for both 2020/21 and 2021/22 included schemes where spending was incurred but there was no budget.

All schemes should have an allocated budget to ensure that the overall anticipated cost and actual spend is reported [Improvement Recommendation 11].

Improvement recommendations



Improving economy, efficiency and effectiveness

Improvement recommendation 10

Periodically benchmark cost and performance indicators with other similar authorities (for example Nearest Neighbour Group) and investigate reasons for any areas where other authorities appear to be achieving better results.

Audit year

2020/21 and 2021/22

Why/impact

Although the authority has a low level of service expenditure overall, there are areas where it is not achieving the same level of cost efficiency as other similar authorities. The authority needs to ensure that it is learning from its peer group.

Management Comments

The Council has already identified a self-improvement action within its 2021/22 Annual Governance Statement on the benchmarking of service areas, which will be implemented by March 2023.

Improvement recommendation 11

Ensure quarterly capital programme monitoring reports include the re-allocation of budgets to alternative schemes. All schemes incurring expenditure should have a budget.

Audit year

2020/21 and 2021/22

Why/impact

Members need assurance that all capital projects are being monitored against realistic and achievable annual budgets.

Management Comments

All alternative schemes in the current financial year (2022/23) have been approved via supplementary capital bids via the Policy, Finance and Development Committee and Full Council. This is a requirement of the Council's budget and policy framework and is now embedded into the financial management practices and approach.



The range of recommendations that external auditors can make is explained in Appendix B

Opinion on the financial statements



2020/21

Audit opinion on the financial statements

We are planning to give an unqualified opinion on the Council's financial statements in early December 2022 following the Audit Committee on 23 November 2022.

Other opinion/key findings

We are intending to issue unmodified opinions in respect of other information.

We are not intending to report any matters by exception

Audit Findings Report (AFR)

More detailed findings can be found in our AFR, which was published and reported to the Council's Audit Committee in September 2022.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

The Council is below the threshold requiring audit procedures.

Preparation of the accounts

The Council provided draft accounts in line with the national deadline and provided a good set of working papers to support it.

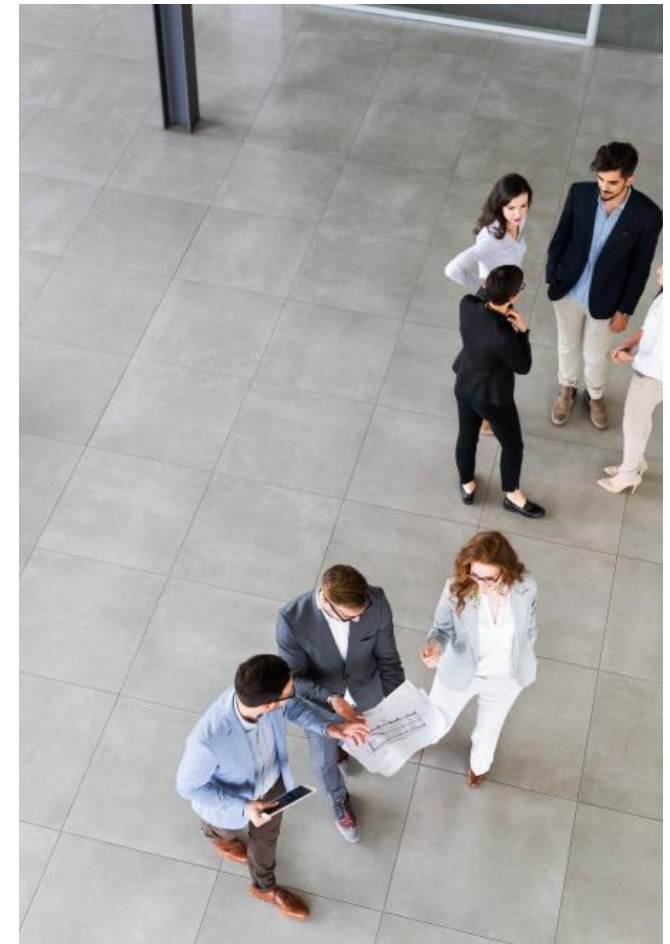
Issues arising from the accounts:

The key issues were:

- The incorrect acreage used in the valuation of land at Flude's Lane, which resulted in a Prior Period Adjustment
- Discrepancies in the source data used the revaluation of assets in Other Land and Buildings
- Correction of balances in Debtors and Creditors relating to the collection fund
- Incorrect classification of Covid grants received that had been included in reserves rather than creditors.

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation



2021/22

We are currently in the process of auditing the Council's draft financial statements for 2021/22. We intend to report our audit findings to the Audit Committee at the meeting on 4 January 2023.

Appendices

Appendix A – Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

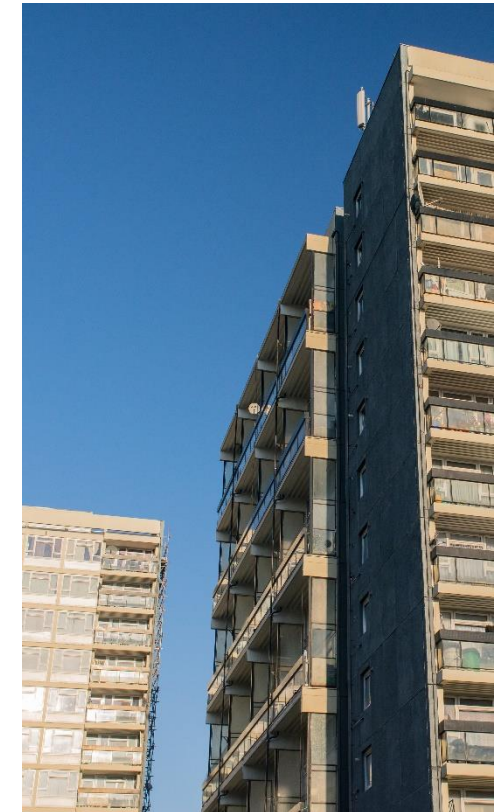
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Strategic Director – S151 Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Strategic Director – S151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Strategic Director – S151 Officer is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Strategic Director – S151 Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

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



Appendix B – An explanatory note on recommendations

A range of different recommendations can be raised by the Council’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the [type of body] under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as ‘key recommendations’.	Yes	Page 7
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council’s arrangements.	Yes	<ul style="list-style-type: none"> Financial sustainability pages 12 and 13 Governance pages 17 to 19 Improving economy, effectiveness and efficiency page 23.

~ Page 34 ~

Appendix C:

Use of formal auditor's powers

We bring the following matters to your attention:

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not make a statutory recommendation.

Public interest report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not apply to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the Council or an officer of the Council:

- is about to make or has made a decision which involves or would involve the Council incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue an advisory notice.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an Council, or of a failure by an Council to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not apply for judicial review.



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Agenda Item 8



Audit Committee	Wednesday, 25 January 2023	Matter for Information and Decision
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Report Title: **Audit Findings Report (2021/22)**

Report Author(s): **Bev Bull (Head of Finance / Deputy Section 151 Officer)**

Purpose of Report:	To update Members on the progress of the external audit of the Statement of Accounts 2021/22.
Report Summary:	The Council's draft Statement of Accounts 2021/22 were approved by the Section 151 Officer in August 2022 and have been subject to a detailed audit by our external auditors, Grant Thornton. This report is to update on the outcome of the audit of the Statement of Accounts 2021/22. Grant Thornton Audit Findings report also includes recommendations for the Council to implement.
Recommendation(s):	<p>That the Committee:</p> <p>A. Review and approve the Statement of Accounts and Annual Governance Statement for the year ended 31 March 2022 (Appendix 1) subject to the outstanding items identified in the External Auditors Audit Findings Report 2021/22</p> <p>B. Confirm, in order to comply with the Council's statutory obligations, that the Statement of Accounts and Annual Governance Statement for the year ended 31 March 2022 can be published and the Section 151 Officer be authorised, following consultation with the Chair of the Audit Committee, to make any required final changes to the accounts that may be agreed with Grant Thornton LLP, the Council's External Auditors;</p> <p>C. Note the Audit Findings report 2021/22 issued by the External Auditors and approve any recommendations outlined (Appendix 2 – To follow)</p>
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Tracy Bingham (Strategic Director / Section 151 Officer) (0116) 257 2690 tracy.bingham@oadby-wigston.gov.uk</p> <p>Bev Bull (Head of Finance / Deputy Section 151 Officer) (0116) 257 2649 bev.bull@oadby-wigston.gov.uk</p> <p>Rashpal Sohal (Finance Manager) (0116) 257 2705 rashpal.sohal@oadby-wigston.gov.uk</p>
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision)

	Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	<ol style="list-style-type: none"> 1. Statement of Accounts 2021/22 (including Governance Statement 2021/22) 2. Audit Findings Report 2021/22 – To Follow

1. Introduction and Background

- 1.1 The publication of the Statement of Accounts is governed by the requirements of the Accounts and Audit (England) Regulations 2015. These require the Statement of Accounts to be certified by the Council's Section 151 Officer as presenting a true and fair view of the financial position of the Council by 31 May each year. The accounts must then be submitted for external audit to publish audited accounts by no later than 31 July each year.
- 1.2 However, due to the Covid 19 pandemic the deadlines have been altered by the Accounts and Audit (Amendment) Regulations 2021 and 2022. The deadlines for the publication of the draft accounts were extended to the 31 July and the deadline for the publication of final audited accounts was extended to 30 November for the financial year beginning 2021. Delay in publication is allowed for by Regulation.
- 1.3 The 2021/22 unaudited accounts shown at Appendix 1, certified by the Section 151 Officer, were published on the Council's website on 9 August 2022.

1.4 The Audit Findings report is being finalised at the time of writing this report, but the expectation is the auditors will issue an unqualified opinion.

2. Approval of the Statement of Accounts and Governance Statement 2021/22

2.1 Members are asked to approve the Statement of Accounts and the Annual Governance Statement 2021/22 included at Appendix 1.

2.2 The audit had resulted in some adjustments being required to be made to the accounts, identified in Audit Findings report. A reformatted Statement of Accounts 2021/22 will be submitted to Grant Thornton along with an updated Governance Statement 2021/22, once all the work has been finalised. The Auditors work on the accounts is substantially complete, the outstanding matters are detailed in the Audit Findings report, the Committee is recommended to delegate responsibility for finalising the accounts to the Section 151 Officer in liaison with the Committee Chair.

3. Audit Findings Report

3.1 At the time of writing this report, the Audit Findings report for year ended 31 March 2022 is not available. This report in the form of Appendix 2 will be issued as soon as it is received and will be presented at this meeting by Grant Thornton. This report outlines the key findings and other matters arising from the statutory audit of OWBC and the preparation of the Council's financial statements for the year ended 31 March 2022 for those charged with governance.

3.2 Grant Thornton will take committee member through several items relating to the audit in more detail. This would include a summary of the key head headlines, audit approach, significant audit risks, significant findings, audit adjustments and any other relevant matters. Audit action plan recommendations would also be included.



Oadby & Wigston Borough Council

Unaudited Financial Report



For the year 2021/22

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1. The Statement of Accounts

The Strategic Director and Section 151 Officer is the statutory officer responsible for the proper administration of the Council's financial affairs (sometimes referred to as the Chief Finance Officer or S151 Officer). The Strategic Director and Section 151 Officer is required by law to confirm that the Council's system of internal controls can be relied upon to produce an accurate Statement of Accounts. To do so the Chief Finance Officer ensures that the Council maintains proper and up to date accounting records and takes all reasonable steps to prevent and detect fraud and any other irregularities. The Statement of Responsibilities appears on Page 25.

The Statement of Accounts has been produced in accordance with The Code of Practice on Local Authority Accounting ('the Code') developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Council's Accounting Policies, which are written to take into account the Code, and are outlined on pages 106 - 124 of the Statement of Accounts.

2. Oadby & Wigston as a place

Oadby & Wigston Borough Council is a diverse, thriving and vibrant place - located to the south-east of the city of Leicester and also sharing boundaries with Harborough and Blaby district areas.

There are just under 60,000 residents living in Oadby and Wigston within an area of around nine square miles which is predominantly urban. The Borough consists of three distinct communities, Oadby, Wigston and South Wigston. Each of the three areas have very different perceived levels of affluence. South Wigston has the highest level of social deprivation and is the least affluent with Oadby having the lowest level of social deprivation and is perceived as the most affluent area.



As a whole, the Borough is ranked 242 second out of 318, (where one is the most deprived) by the Indices of Deprivation 2020.

The ethnic and cultural composition of the Borough is diverse. The overall Black and Minority Ethnic (BME) population is 28.4%.

The Borough Council delivers the full range of services that all district councils provide. These are delivered through a combination of arrangements which are direct, contracted, shared or delegated. The Council also owns and manages its own housing stock of 1,200 homes.

➤ Oadby and Wigston:

- Collects £34.5m in council tax but retains only £4.1m to provide essential services such as waste and recycling collection
- Generates over £1.5m of income

- Collects £13m in business rates but retains only £1.8m to spend on delivering council services
 - Holds £105m of assets for service delivery, council housing provision and investments
 - Collects nearly £5m in rent payments in respect of our 1,200 council homes.
- Like all other district councils, Oadby & Wigston has seen its net general fund annual budget reduce over a number of years, from £8.5 million in 2010/11 to £7.0 million in 2021/22 which reduces to £6.5million in 2022/23. The Council has managed to achieve this without cutting any front line services, recently turning to income generation as a means of balancing the books, but will need to review alternative ways of delivery such as sharing resources with other local authorities to reduce costs.
- The Council has a Medium-Term Financial Plan in place which sets out the Council's overall financial position. The plan was updated for the 2022/23 budget and identifies recurring budget gaps in that year with additional shortfalls arising in subsequent years.
- The Council's ability to offset the reduction in its funding by attracting New Homes Bonus is severely restricted by its size and existing housing density; the Borough therefore has a limited capacity to host additional housing compared to most other districts and boroughs.

3. The council

Governance

There has been political continuity since 1991 when the Liberal Democrats achieved an overall majority for the first time. The Council at 31 March 2021 consisted of 26 members including 24 Liberal Democrats and 2 Conservatives. Councillor John Boyce is the Leader of the Council while his deputy is Councillor Samia Haq. Local Borough Elections were last held on 2 May 2019 and there has since been one by-election, with current structure as 23 Liberal Democrat Members and 3 Conservative Members.



Oadby and Wigston Council operate a Committee system of governance and all 26 members are involved in the decision making.

All 26 members sit on the Full Council and this oversees decisions and actions of the four main committees.

The five committees are:

- Policy, Finance & Development Committee
- Service Delivery Committee
- Development Control Committee
- Licensing & Regulatory Committee
- Audit Committee

The Committees debate and decide Council policy and make specific decisions in relation to their individual responsibilities. There are also a number of working groups with limited decision

making power, that develop specific initiatives and which report through the main committees to Council. A Standards Panel to oversee Councillor's conduct can be called at any time from the membership of the Policy, Finance and Development Committee.

On a national level Oadby and Wigston is contained wholly within the Harborough Constituency and is represented at Westminster by Neil O'Brien, MP of the Conservative Party. Mr O'Brien held the seat, for the Conservatives, was re-elected as the MP for the Harborough constituency in December 2019 with a majority of 17,728.

Our priorities

The Council's policy drivers are the objectives as set out in the adopted Corporate Plan for the period 2019-2024 which set out the Council's Vision of: *A Stronger Borough Together*

"Councillors, staff, residents, businesses, partners and stakeholders will continue to create a stronger borough by working together."

A stronger borough that is inclusive and engaged and focuses on delivering effective services, balanced economic development, green and safe places resulting in better wellbeing for all".

The Corporate Plan centres around Three core Corporate Objectives and is reviewed and updated on an annual basis.

Corporate Objectives

- 1 Building, Protecting and Empowering Communities**
"Be Proud of your borough as a place to live"
- 2 Growing the Borough Economically**
"Realise the aspirations of the borough, benefiting those who live and work here"
- 3 Providing Excellent Services**
"Delivering those services needed to the highest standard whilst providing value for money"

Customer Excellence Award

The high quality of Oadby & Wigston Borough Council's customer service has seen the authority continue to achieve the nationally-recognised Customer Service Excellence Award. The award was created by the Cabinet Office and is the gold standard for customer service delivery, recognising that an organisation delivers excellent services with the customer at the heart. The Council achieved the award for the first time in 2020 and retained it in December 2021.

Working for Oadby & Wigston

The council employs 194 individuals across a wide range of services. The majority of the council's services are provided in-house, and our employed positions reflect this, with roles across many job types including manual operatives, skilled tradesmen and accredited service professionals. Of our total employees, 159 are full time and 21 are part time positions.

We also employ 1 apprentice.

At the end of March, we also engaged 13 full time and 1 part time agency staff members.

The Council holds the Investors in People Award, Level 6, and is one of a handful of local authorities to achieve this status.

The Council invested in establishing a set of strong organisational values. These were developed by staff workshops that involved over 95% of staff. The values represent the qualities and behaviours staff strongly believe all should portray. In 2019 the values were reviewed again by staff workshop sessions, staff unanimously agreed to keep them the same.



Our Values are:

Accountability: Proud to take responsibility for actions, seeing tasks through to completion.

Respect: Acting with honesty, fairness and equality at all times.

Teamwork: Committed to sharing information, skills and experience.

Innovation: Striving for service improvements by exploring new ways of working.

Customer Focus: A mindset that exceeds resident and stakeholder expectations.

These values are ingrained into the Council's service provision, performance, management and recruitment policies throughout the Council.

1. The council's performance

The Council operates performance management through Key Performance Indicators. The year 2021/22 saw a continuation of this with the indicators evolving as well as being added to. All the indicators are formally reported to management monthly and to members at each quarter of the committee cycle before being published.

There are 96 Key Performance Indicators for our Corporate Plan Objectives. These are categorised by each objective and service delivery arm. Each target has been graded using the Red/Amber/Green status ranking system.

There is also a “blue” ranking and this is for indicators where work has yet to begin, and therefore, cannot be ranked. Finally, there is a “white” rating where the indicator cannot be met due to circumstances outside of the Council’s control. The scoring system has been applied using the following definitions:

Green Target fully achieved or is currently on track to achieve target

Amber Indicator is in danger of falling behind target

Red Indicator is off target or has been completed behind the deadline target.

Of the 96 indicators, 84 were due for reporting as at the end of the financial year. Although we have started to recover from the pandemic there are some areas where the Council is taking a cautious approach and continue to display responsibility to our residents on any potential risks and therefore there is some impact on reporting KPI’s and the ability to deliver is recorded and the ability to deliver on these which have fallen into the white and blue categories.

Of the 84:

66 were green status

14 were amber status

4 were red status

This equates to 79% Green, 17% Amber and 4% Red status. In 2021/22 new KPI’s have been compiled and approved. The following table identifies the Council’s performance, by objective and service delivery section.

Performance Chart One – Corporate and by Objective

Quarter Four 2021/22	Green		Amber		Red	
	Number of Indicators	Percentage	Number of Indicators	Percentage	Number of Indicators	Percentage
Overall Performance						
All Targets Due	66	79%	14	17%	4	4%
Corporate Priority						
Building, Protecting and Empowering Communities	25	81%	6	19%	0	0%
Growing the Borough Economically	13	88%	1	6%	1	6%
Providing Excellent Services	28	76%	6	16%	3	8%

Performance Chart Two – By Department

Quarter Four 2021/22	Green		Amber		Red	
	Number of Indicators	Percentage	Number of Indicators	Percentage	Number of Indicators	Percentage
Overall Performance						
All Targets Due	66	79%	14	17%	4	
Department						
Built Environment	27	93%	2	7%	0	0%
Customer Service & Transformation	12	92%	1	8%	0	0%
Finance & Resources	7	55%	4	30%	2	15%
Law & Democracy	20	69%	7	24%	2	7%

1. Financial context and outlook

Key financial features for Oadby & Wigston

Oadby and Wigston Borough Council is responsible for managing cash flows and assets exceeding £150m each year. Of this amount:

- £106m relates to the value of our assets, of which £105m of these are held for providing council services and £0.4m of investment property. The remaining £0.6m of assets are made up of heritage and intangible assets.
- Over £1.5m relates local income that we raise in the form of fees and charges. We use this funding and income to deliver services and keep council tax down. In addition we collect £4.9m in rent for council homes.
- We collect over £13m in business rates and we retain approximately 14%, with approximately 10% being passed onto to our major preceptors LCC and LFRS, 26% paid into the LLEP to support economic growth in Leicestershire and the remaining 50% going to central government.
- We collect £34.5m in council tax from residents in the District. We retain just 12% of this amount, with the remainder passed on to LCC, LFRS and PCC. The Council's Band D precept is £234.50.



The Council remains in a good and strong position to be able to respond to external financial challenges. Strong financial stewardship underpins our approach to service delivery and projects: we manage our budgets well to provide excellent value for money services and invest in key schemes to make a real difference in our communities.

For 2021/22 our revenue budgets totalled £7.1 million and our capital investment programme £7 million. At the end of the year, we held reserves of £1.3 million and £1.2 million for the General Fund and HRA respectively. We know that we need to build our level of General Fund reserves to remain healthy and resilient in the future and this is flagged in the CIPFA Financial Resilience Index and other benchmarking data when our reserves performance is compared to other districts.

Our borrowing is in line with prudential guidelines and is affordable and sustainable. We are likely to continue to need to borrow externally as part of our treasury position.

COVID-19

The COVID-19 pandemic continued to affect the Council's operations during the year. To provide additional financial capacity, a budgetary provision of £500,000 was accordingly included in the General Fund revenue budget for the year. Positively, the impact of the pandemic was much less in year and only £114,000 was utilised.



Some areas such as leisure have yet to fully recover from the impact of restricted use and this has continued into 2022/23, affecting our anticipated income from this contract.

As part of the national response, the Council administered further government support in the form of the Additional Restrictions Grant, where £1.283m was paid out to 365 businesses.

Like most council's, we adopted an agile working operating model after the pandemic demonstrated the ability for the organisation to work in a different way. As part of this, our new approach includes the relocation of the Council's headquarters from its current location at Bushloe House in Wigston to Brocks Hill in Oadby. Significant preparation work was taken forward on this project during the 2021/22 year and the Council has since revised its budget and policy framework for the move to go ahead in 2022/23.

During the year, the decision not to re-open the Customer Service Centre and to retain a virtual customer service centre was taken forward realising significant cost savings. The COVID-19 pandemic necessitated the closure of the Customer Service Centre in Bell Street, and it demonstrated that these services could still be delivered, without detriment to services levels or the experience received.

Maximising income

The Council currently generates around £1.5 million in local fees and charges but this has been identified as low compared to peers.

The Council has started to shift this position and focus on new income generation, recently introducing two new significant income streams which have made a positive contribution in 2021/22:

- The Council introduced a Selective Licensing scheme in May 2020 to address the poor standards of housing in the South Wigston rental market. To date the council has issued 698 licenses and total income of £520K, of which £230K was collected in 2021/22.



- Charges for Car Parking were introduced in 21/22 across all 8 of council-owned car parks around the Borough. £209K was collected in 2021/22. Charges are forecast to recover £550K for the Council in 2022/23.

In December 2021, officers from across the Council put forward a range of additional new income generation ideas to members and those suitable for possible implementation are now being worked up for final approval.

Organisational Restructure

In 2021 the council underwent an organisational restructure, with the key ethos behind this was succession planning and ensuring the council is as agile and flexible as possible to meet future challenges. Amongst the changes made, within the Senior Leadership Team the number of Heads of Service was reduced from five to four and two new Strategic Director roles created.

Projects

We have some ambitious regeneration plans, including the intention to submit a Levelling Up bid which will focus on town centre improvements. We are also currently considering taking forward regeneration plans for the redundant Oadby swimming pool, a council-owned site within the borough. As such, we have reclassified this asset as an "Asset Under Construction" to reflect the status of the asset in March 2022 and the preparatory work we undertook in the year in pursuit of a joint venture model to deliver the scheme.

A major project achieved during the year was the insourcing of the Council's IT provision. A new ICT team has been recruited and the full transition completed in January 2022, giving the Council total control of all its ICT services.

LGA Financial Health Check

In 2021 the Local Government Association were engaged to undertake a Financial Health Check on behalf of the Council. As part of the feedback, the Council was praised for its openness to challenge and proactiveness. The review set the scene with regards to the current strategic outlook for the sector – that being that there is ongoing uncertainty around the local government funding system, the changes that are due to be made and the potential impact to OWBC as well as changes to the Councils' own spending plans because of evolving demand for services, borough demographics and the post covid-19 environment.

Since the review, we have focussed on progressing the recommendations around our capital programme and strategy and our finance team resources. These and other achievements to date include:

- Reducing considerably the 2021/22 Capital Programme, mitigating the financial risk exposure considering our level of reserves.
- Bolstering resources of the finance team.
- Updating the Medium-Term Financial Plan alongside the 2022/23 draft budget approved in February 2022.
- Reviewed our minimum revenue provision (MRP) policy and adopted a new member-approved approach, saving the Council £400k per annum.
- Commenced ongoing engagement with members on income generating opportunities that will be explored further in the forthcoming year.

A new Medium Term Financial Strategy is currently under development and is due to be presented to Council for final approval in September 2022.

An update on the progress made during the year in response to the health check was reported to the Policy, Finance and Development Committee on 22 March 2022.

Corporate Peer Challenge

In January 2022, the council invited the Local Government Association to undertake a Corporate Peer Challenge (CPC), building on the peer review that was undertaken in 2017.

The review, which is an independent and improvement support offer conducted by a team of experienced elected members and senior officers from other local authorities, focused on five key areas. These were: including our understanding of the local place and priority setting; our place leadership role; organisational leadership and governance; financial planning and viability; and our capacity to deliver. The Peer team spent four days exploring these five areas with more than 67 people including a range of council staff together with our elected members and external stakeholders, through a series of meetings, discussion sessions and focus groups.

The feedback report is available here: [Corporate Peer Challenge - Feedback Report](#) (PDF Document, 309.32 Kb)

Following on from the feedback report, an Action Plan has been put together to implement the recommendations made. This Action Plan is available to read in full: [Corporate Peer Review Action Plan - May 2022](#) (PDF Document, 231.59 Kb)

Current economic conditions

The national fiscal and economic situation is an important consideration for the Council. Currently there are a number of significant financial challenges for the sector including: the COVID-19 Pandemic; the shift in funding from Central Government Grant to local taxation (council tax and retained business rates receipts) and uncertainty on the future funding of local government; increasing service pressures; restrictions on activity to generate income (in particular the limitation imposed on councils to make commercial property investments); and future fluctuations in inflation.

The system of funding for local government has significantly changed since 2010, with Councils now increasingly reliant on localised funding sources, principally council tax and business rates. It is widely understood that in the future, all local authorities will face a reduction in core funding from the Government once changes to the current funding regime (in particular New Homes Bonus and Business Rates) are introduced – particularly against the backdrop of recovering from the impact of COVID-19 which also has the potential to affect the council's spending. We continue to monitor the progress of the Review of Needs and Resources, the Government's departmental multi-year Spending Review and the redesign of the national Business Rates Retention System. The Council's current projections within the Medium Term Financial Plan (MTFP) make prudent and robust assumptions around the likely level of funding in light of these government reviews.



The Office of Budget Responsibility (OBR) expect CPI inflation to peak in the fourth quarter of 2022 at its highest rate in around 40 years (April 2022 forecast). They state that the increase is driven primarily by higher gas prices feeding into sharp rises in domestic energy bills, alongside higher fuel prices and global goods inflation. It is anticipated that inflation will return to target at the end of 2025 as the large swings in energy prices fall out of the annual CPI calculation and output grows broadly in line with the economy's productive potential.

As the Council publishes this report, the impact of the inflation situation is being assessed and analysed. Clearly, areas such as pay, utilities and fuel in particular are becoming an increasing concern and will lead to further budget pressures for the Council. Similarly, as inflationary pressures contribute to a cost of living crisis, the impact to residents and businesses in the borough will increase service pressures further. In addition, service spending is likely to be further affected as key partners seek to increase their contract fees.

Our General Fund Medium Term Financial Plan

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

The current medium term financial plan looks ahead to the forthcoming five year period and projects a sizeable budget gap from 2022 which is forecast to increase year on year if corrective action is not undertaken.

Like all councils, the one-year settlement provided as part of the provisional local government finance settlement means that understanding our funding post 2022/23 is extremely difficult. The Council's ability to offset any reduction in its funding through growth, and thereby new homes bonus and additional council tax, is limited. However, the council performs well compared to peers in respect of the level of council tax per head, having taken advantage of the flexibility to increase council tax year on year.

The changes to the funding regime anticipated as part of the Fair Funding review and Business Rates Reform aren't likely to hit the Council's finances as hard as may be the case for some authorities, but we still expect our modest business rates funding to reduce in the future when these reviews are implemented. As a result, we expect the council will be worse off over the coming five year period to 2026/27.

Currently the Medium-Term Financial Plan is looked at annually alongside the forthcoming years' budget, having just been reviewed for 2022/23.

Since the latest version of the plan was produced, UK inflation has risen significantly and the Cost-of-Living crises has drawn national attention. At the time of writing this report, a revised plan is under development alongside a new five-year Medium Term Financial Strategy that will be presented to Council in September 2022 for approval.

Our Housing Revenue Account 5-year projections

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation of 1,191 homes provided by the Council.

The HRA is a ring-fenced account, meaning that HRA funds are maintained separately from other council finances and must only be spent on the council's housing stock and tenants' services. Its primary source of income is from collecting just under £5 million of rent from properties let at either social rental rates.

The Council's current projections with the HRA MTFP show a stable five-year financial position when considering the level of reserves available to balance projected deficit years.



1. The council's financial performance in 2021/22

General Fund

The General Fund the position is that the financial outturn was more favourable than predicted in the 2021/22 budget that was approved by Council in February 2021 and as was predicted throughout the year. The main reasons for this are in relation to a prudent approach in managing costs arising on the Covid-19 response. While there was an overspend of £770K on Net Service Expenditure, this results from £1.34M of COVID-related grants funded from reserves created in 20/21 from unspent grant. Discounting these results in an underspend of £570K on Net Service Expenditure. Of this underspend, £194K of budgets related to the Local Plan and Economic Development were carried forward into 22/23, as were £100K of grants not spent before the end of the year.

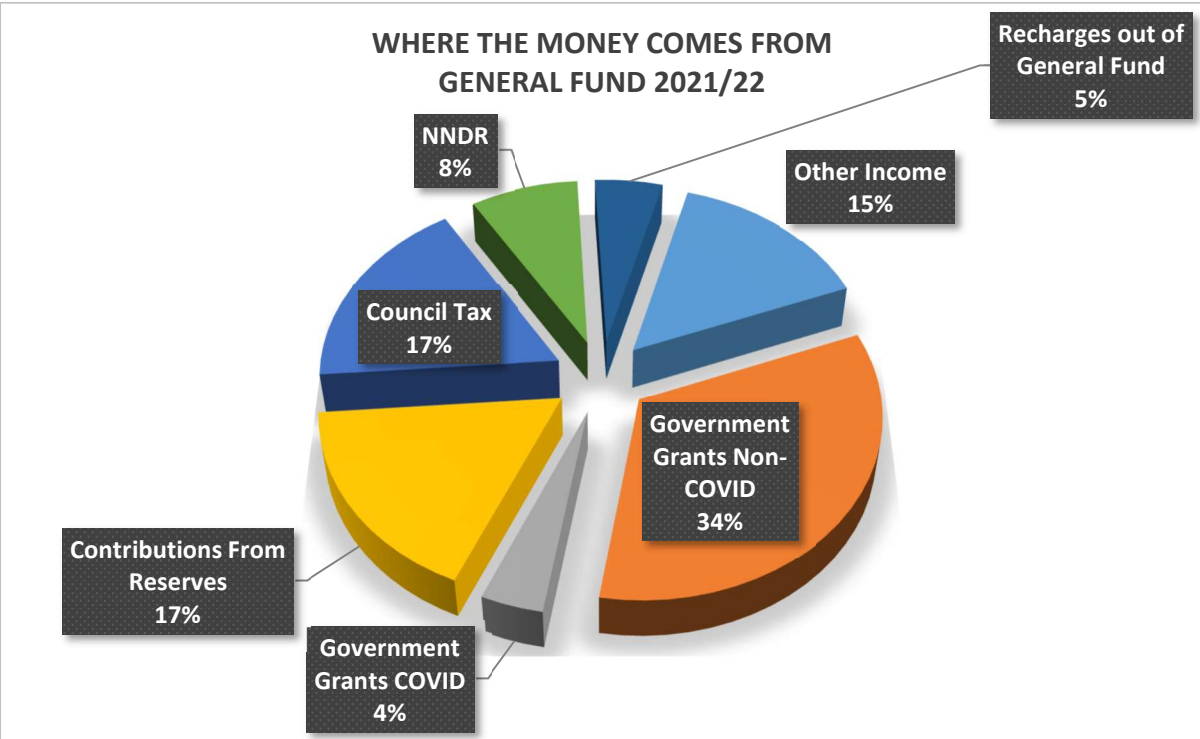
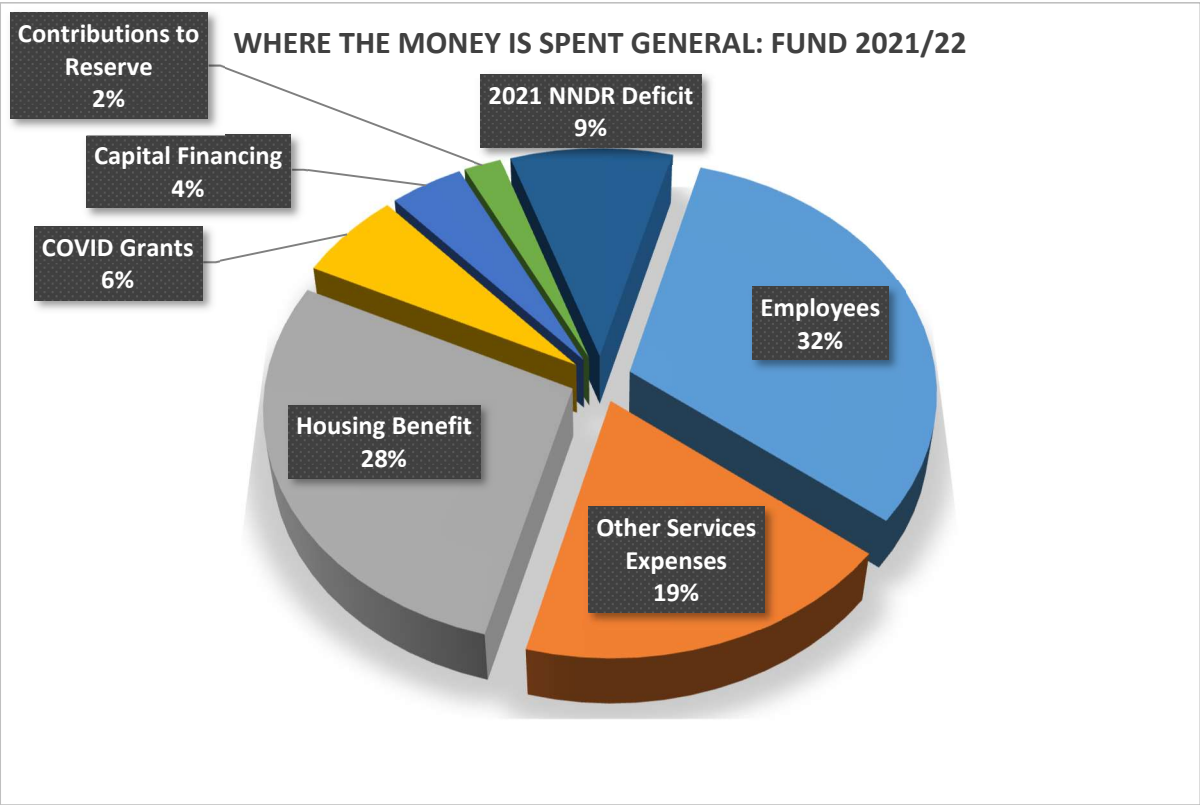
The Council budget for 2021/22 included a budget of £500k for potential additional covid related costs. This amount was set aside as the amount of Covid grant receivable was not known at the time of preparing the budget. Throughout the year the Council used £114k of this budget leaving £386k unused. In total, the Council has received £921k of grant and income which has offset £921k of additional council expenditure in 2021/22.

Service	Original Budget 2021/22	Revised Budget 2021/22	Actual Spent 2021/22	Variance Under / (Over) Spend 2021/22
	£000	£000	£000	£000
Customer Services & Business Transformation	1,272	1,343	1,408	65
Senior Leadership Team	632	472	237	(234)
Community & Wellbeing	941	941	1,280	339

Law & Governance	165	165	336	171
The Built Environment	967	967	751	(216)
Finance & Resources	2,060	2,140	1,569	(571)
COVID-19	0	0	1,217	1,217
Net Service Expenditure	6,029	6,029	6,798	770
Capital Financing	1,053	1,053	993	(60)
Total Net Expenditure	7,082	7,082	7,791	709
Transfer to/(from) Reserves	(580)	(580)	(3,980)	(3,400)
Net Expenditure	6,502	6,502	4,094	(2,408)
Financing	(6,502)	(6,502)	(4,149)	2,353
Transfer (from)/to Balances	0	0	55	(55)

A summary of the major variances on the 2022/23 year are detailed in the table below.

Major Variances	£'000	£'000
Adverse		
Reprofiling of income due on property licensing scheme	302	
Reduction in Council Tax and Business Rates due to impact of COVID-19	237	
Non-achievement of parking income due to delayed implementation of new car parking charges system	109	
Agency staff covering roles in Planning Control / Building Control / Economic Development due to national shortage in planning recruitment	106	
Favourable		
COVID contingency budget unused	(386)	
Underspend on SLT salaries due to vacant director posts	(234)	
Increased income from garden waste permits	(119)	
Salary savings on Recreation & Leisure due to external funding of posts	(101)	
Other Variance under £100K	317	
Total		



Housing Revenue Account (HRA)

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation of over 1,191 homes provided by the Council.

The HRA is a ring-fenced account, meaning that HRA funds are maintained separately from other council finances and must only be spent on the council's housing stock and tenants' services.

The Housing Revenue Account opening balance as at 1st April 2021 on its main reserve was £1.332m. In 2021/22 the account has a budget deficit of £177K leaving an estimated HRA Reserve balance of £1.155m at 31st March 2022.

The position on the account as the end of year is set out in the table below.

Service	Original Budget 2021/22	Committed to Date 31 March 22	Variance
	£000	£000	£000
Housing Revenue Account	(3,524)	(3,239)	285
Supervision and Management	1,769	1,638	(131)
Repairs & Maintenance	1,039	1,275	236
Net Cost of Services	(716)	(326)	390
Capital Charges	625	503	(122)
Appropriations	91	0	(91)
Year End Adjustments	0	0	0
(Surplus) / Deficit	0	177	177
Reserve Balance B/Fwd	(1,139)	(1,332)	
(Surplus) / Deficit for Year	0	177	
Reserve Balance C/Fwd	(1,139)	(1,155)	

Reserves and Balances

The following table sets out the resources available to the Council to meet its capital expenditure plans and other financial commitments as at 31 March 2022.

	2021/22	2020/21
	£000's	£000's
Revenue Reserves		
General Fund	1,182	1,127
Housing Revenue Account	1,155	1,332
Other Resources		
Useable Capital Receipts	1,468	1,180
Earmarked Reserves Non-COVID	2,852	3,043
Earmarked Reserves COVID	364	3,832

The earmarked reserves are inflated in 2021/22 by unspent COVID-related business support grants, and uncommitted S31 Business Rate Relief grants. These balances will either be used for their specified purpose or returned to central government in 2022/23, and do not constitute useable resources for general council expenditure.

Our Assets and Liabilities

Pension Liabilities

£22.009m

This is the value of what the council owes across future years offset by the value of assets invested in the pension fund. The council made a contribution of £1.45m to the scheme in 2021/22 and recognised a total charge of £2.8m for the year. However, an £8.6m remeasurement due to changes in financial assumptions resulted in a total actuarial gain for the year of £5.8m.

The pension fund, which is a Local Government Pension Scheme, is revalued every three years to set the future contribution rates. The last valuation took place in March 2019 which set our additional contribution rate at 18.4% plus £566K for the 2021/22 financial year. This rate means we pay additional amounts into the pension fund to offset the predicted liability on the scheme.

Provisions

The council sets aside provision for business rate appeals against rateable valuations. Business ratepayers who have appealed against their assessment are still required to pay the rates demanded but should their appeal be successful then any sums overpaid will be refunded.

	2020/21	2021/22
Business Rates Appeals Provision	£1.89m	£1.13m

Borrowing

As at 31st March 2022 the council has total external borrowing of £19.155m of long-term borrowing. This relates to loans from the Public Loans and Works Board (PWLB), which were either taken out in 2012 in order to fund HRA self-financing (£14.084m), or in 2016, to fund the leisure centre project (£4.571m), with the remainder being general fund borrowing (£500k). Additionally, there is another £19.5m of temporary borrowing, both for cash flow purposes, and in lieu of long-term debt. All of our borrowing was within our Prudential Code limit of £56m for the year.

Cash flow

The Council's cash flow shows an increase of £9.865m in its cash and cash equivalents from the previous year. This may be attributed to COVID grants unspent at year end, the receipt of the £150 council tax rebate grant in advance, and short-term investments offsetting short-term borrowing, and is expected to fall to more normal balances in 2022/23. Interest payable and receivable were generally similar compared to 2021/22.

Financial Position

We have maintained a strong financial position despite the financial challenges we face, with net assets increasing by £13.093m between 2020/21 and 2021/22.

	2020/21	2021/22
Non-Current Assets (property and long-term investments)	97,417	105,615
Net Current Assets (debtors, stock and cash less creditors and liabilities)	(8,211)	(11,583)
Long-term Liabilities and Provisions	(50,469)	(42,202)
Net Assets	38,737	51,830
Funded by:		
Usable Reserves	(10,541)	(7,048)
Unusable Reserves	(28,196)	(44,782)

Capital

The 2021/22 Capital Programme was set at Full Council in February 2021 and amended in December 2021. **Table 3** shows a summary of the 2021/22 capital programme.

Some key features of the capital programme for 2021/22 include:

- £280k on purchase of former HRA properties, utilising receipts retained under the government's right to buy and one-for-one replacement programme
- £1.06m in undertaking Decent homes standard related works for council homes
- £120k on the provision of 16 new electric charging points across the Borough

Table 3 - Capital Programme Summary

Fund	Revised Budget 2021/22	Spend To Date	Variance to Budget
	£'000	£'000	£'000
General Fund	4,841	1,517	(3,324)
Housing Revenue Account	2,449	1,935	(514)
Total	7,290	3,452	(3,838)

In Quarter 3, the Modular Homes Development (£3.8M) and Oadby Pool (£6.415M projects were removed from the programme due to concerns regarding the affordability of the Councils overall capital programme, before the LGA Financial Health Check that was undertaken in 2021. New schemes updated in the Capital Programme in-year include the New Council Offices (£1.8M), ICT Transition (£750K), and Housing Development (£500K), and Pay & Display (£95K).

4. Risk Management

We have a Risk Management Policy in place which was approved in July 2021. The overall objective of the Council's risk management strategy is the identification, analysis, management and financial control of those risks which can most impact on the Council's ability to pursue its approved delivery plan.

A Strategic Risk Register is in place and is approved by both the Senior Leadership Team and Elected Members via the Audit Committee. The Strategic Risk Register is a live document constantly under review to ascertain progress on managed risks and new risks that could impact on the Council.

Set out below are the key risks from the council's corporate risk register.

Risk	Impact	Mitigation
Decreasing Financial resources / Increasing Financial Pressures	<ul style="list-style-type: none"> Cuts in services Political and customer expectations not met Quality of service Reputation damage Knock on impact on the local community and economy e.g. spiral effect Legal challenge, Reduction in rent/monies owed to the council through the introduction of UC, increased homelessness adding stresses to council finances and the local economy. 	<ul style="list-style-type: none"> Review of Financial Regulations Training on Contract Procedure Rules; enhance budget monitoring Creating a new MTFS Cost of Living impact assessment
Key Supplier Failure	<ul style="list-style-type: none"> Cost implications Business Continuity Loss of revenue Service failure TUPE issues Potential court action Increased complaints Reputation issues 	<ul style="list-style-type: none"> Incorporate service contract register and plans for managing contracts into Service Plans

Risk	Impact	Mitigation
	Political damage Delays	
Failure to work effectively with other public sector partner organisations (PSOs)	Loss of public confidence in Community Safety Partnership Loss of funding for LLR Sports Alliance partnership Impact on service delivery of poor ICT service May not realise potential economies of scale Impact on staff morale	
Hard to reach demographics feel disenfranchised through lack of specific communication and engagement.	Reputational damage Lack of support for community initiatives Missed opportunity to impact on equalities agenda and HWB of residents Citizens panel not representative of demographic. Services may not meet the needs of this demographic	Customer Experience Strategy will pick up engagement
Political Dynamics	Change in priorities Change in member/officer engagement Breakdown in communication Inability to meet expectations Reputation issues (organisational and political) Reactive decision making (rather than planned) Failure to follow legislative requirements e.g. equalities Further strain on council finances	Personal training/action plans Customer Service training - June 2022 Political awareness training for officers June 2022
Reputation Damage	Intervention Loss of public confidence Ombudsman findings Court costs Quality of service affected Breakdown in a partnership Adverse publicity Lower public satisfaction level	Implement standardised project appraisal and affordability approach as per Corporate Peer Review Action Plan

Risk	Impact	Mitigation
	Time spent mitigating damage/rectifying the situation Low Morale Difficulties to recruit/staff retention Inadequate budget provision, inappropriate financial decisions made	
Effective utilisation of Assets/Buildings	Loss of investment opportunities Loss of income Loss of capital Higher revenue costs Costs Death or injury Higher insurance premiums Reputation damage Public liability Personal liability for corporate team e.g. corporate manslaughter	Revision of Asset Management Policy and Capital Expenditure Plan Accommodation review Holistic Asset Management database/system purchased and timetabled for implementation Production of a Health and Safety Action Plan
Regulatory Governance	Substantial fines e.g. Data Protection Judicial review Reputation Code of conduct Financial loss Cost orders Personal liability	
Failure to respond to a significant incident	Insurance – higher premiums Loss of essential services Adverse publicity Reputation damage Loss of public confidence Loss of income Financial damage Death and injury Litigation risks	Business Continuity training exercise and refresh BC Plans refresh and incorporation into service plans

Risk	Impact	Mitigation
	<ul style="list-style-type: none"> Insurance – higher premiums Loss of essential services Adverse publicity Reputation damage Loss of public confidence Loss of income Financial damage Death and injury Litigation risks Staff unavailable after major incident Large proportion of staff becoming ill 	
<p>Organisational/Transformational Change</p>	<ul style="list-style-type: none"> Redundancy Staff morale Staff retention Change in working practices Impact on quality of service Legal implications HR implications Reputation damage/perception Financial loss Possible litigation Increased fraud 	<p>Developing a People Strategy - to include resilience and succession planning as a key consideration</p>
<p>Economy/Regeneration</p>	<ul style="list-style-type: none"> Relocation (Business and Domestic) Lack of inward investment Increased demand for certain services e.g. benefits Loss of value in public assets Need to continually adapt/change Conflicting pressures - decreased funding – increased demand Spiral effect Short term decision making – uncertainty Increased autonomy leads to greater risk 	<ul style="list-style-type: none"> Continue to review the opportunity to maximise funding sources (as per Corporate Peer Review Action Plan) Bids being prepared to UK Social Prosperity Fund and Levelling Up Fund to develop projects that will support local businesses, bring investment into the Borough and regenerate key sites Sub-committees established to provide a focus on key regeneration projects Specialist support procured to advise on the deliverability of regeneration projects

Risk	Impact	Mitigation
Increased Fraud	Decrease in collection levels Homelessness, poverty and social deprivation Financial loss Resources of the authority to investigate fraud issues Reputation impact Litigation	Bribery Act Risk Assessment Fraud Awareness Training
Cyber Threat/Security, Cyber security is seen as an ICT risk and not a corporate risk that needs to be managed and monitored by senior management.	Financial loss Resources of the authority to investigate fraud issues Reputation impact Litigation, Loss of data, breaches of GDPR, SMT lack of oversight	BCP is currently being reviewed by IT Security Manager. Consider Cyber Threat training and awareness raising via internal exercises. Ensure access to secure email is provided where needed across organisation.
Coronavirus (SARS coronavirus-2 (SARS-CoV-2)) locally results in significant loss of staff at any one time and/or wider national measures designed to slow the spread of COVID-19 cause significant impacts on service delivery and the wider city	Council is unable to deliver any services including essential/critical services, or only deliver to a significantly reduced extent. Significant risk to the health, safety and welfare of vulnerable services users. Significant impacts on the local economy causing resulting impacts financially on the Council from reduced revenue including loss of income for commercially traded services. Reputational damage should the Council not be able to respond adequately	
Staff lone working including out of hours	Staff could suffer physical and emotional harm, which could lead to long periods of sick leave.	Include in induction and also carry out training awareness exercise for all current staff Need to review utilisation and cost of equipment

2. Basis of preparation

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

The Authority's responsibilities

- Manage 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 authority, that officer is the Section 151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Section 151 Officer's responsibilities:

The Section 151 Officer is responsible for the preparation of the Authority'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 Section 151 Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Complied with the Code.
- Kept proper accounting records which are up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.
- Assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future, and
- Maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Certification of the Accounts

I certify that the unaudited statement of accounts gives a true and fair view of the financial position of Oadby and Wigston Borough Council as at the 31 March 2022 and the Council's income and expenditure for the year ended 31 March 2022.



Tracy Bingham FCCA

Date: 09/08/22

Strategic Director – S151 Officer

Approval of the Accounts

I certify that the unaudited Financial Statements have been approved by the Section 151 Officer in accordance with the Accounts and Audit (England) Regulations 2015 and are authorised for issue.

Councilor M Charlesworth

Chair, Policy Finance and Development Committee

Date:

Anne Court

Chief Executive

Date:

THE MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'useable reserves' (i.e. those that 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, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to/from Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to/from Earmarked Reserves undertaken by the Council.

During 20/21, the (surplus/deficit) on Business Rates Section 31 grants included £4,993K of grant received by the council to compensate for the loss of Business Rates income as a result of the extended retail relief given to retail hospitality and leisure businesses, and nursery providers to support them through the Covid-19 pandemic. The legislation that governs the Collection Fund accounting means the related deficit as a result of the loss Business Rate income in – year was not charged to the council's General Fund until 2021/22. As a result, £2,115K was transferred to the Collection Fund Reserve in 20/21, and withdrawn from the reserve in 21/22 to offset the collection fund deficit. The remaining £2,878K was recognised as a creditor, to be repaid in 22/23.

THE MOVEMENT IN RESERVES STATEMENT

Movement in Reserves 2021/22	Note	General Fund Balance £000's	Deferred Capital Receipts £000's	Housing Revenue Account £000's	Earmarked Reserves £000's	Major Repairs Reserve £000's	COVID-19 Grant Reserve £000's	Collection Fund Reserve £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied £000's	Total Usable Reserves £000's	Total Unusable Reserves £000's	Total Authority Reserves £000's
Balance at 1 April 2021		1,127	3	1,332	2,631	412	1,717	2,115	1,180	24	10,541	28,196	38,737
<u>Movement in Reserves during 2021/22</u>													
Deficit on the provision of services		(3,189)	0	1,471	0	0	0	0	0	0	(1,718)	0	(1,718)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	0	0	14,811	14,811
Total Comprehensive Income and Expenditure		(3,189)	0	1,471	0	0	0	0	0	0	(1,718)	14,811	13,093
Adjustments between accounting basis & funding basis under regulations	4	(452)	0	(1,648)	0	38	0	0	287	0	(1,775)	1,775	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(3,641)	0	(177)	0	38	0	0	287	0	(3,493)	16,586	13,093
Transfers (to)/from Earmarked Reserves	5	3,696	0	0	(229)	0	(1,353)	(2,115)		0	0	0	0
Increase/(Decrease) in 2021/22		55	0	(177)	(229)	38	(1,353)	(2,115)	287	0	(3,493)	16,586	13,093
Balance at 31 March 22 carried forward		1,182	3	1,155	2,402	450	364	0	1,467	24	7,048	44,782	51,830

THE MOVEMENT IN RESERVES STATEMENT

Movement in Reserves 2020/21	Note	General Fund Balance £000's	Deferred Capital Receipts £000's	Housing Revenue Account £000's	Earmarked Reserves £000's	Major Repairs Reserve £000's	COVID-19 Grant Reserve £000's	Collection Fund Reserve £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied £000's	Total Usable Reserves £000's	Total Unusable Reserves £000's	Total Authority Reserves £000's
Balance at 1 April 2020		1,015	3	1,140	2,178	10	0	0	1,022	24	5,392	34,059	39,451
<u>Movement in Reserves during 2020/21</u>													
Deficit on the provision of services		611	0	945	0	0	0	0	0	0	1,556	0	1,556
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	0	0	(2,270)	(2,270)
Total Comprehensive Income and Expenditure		611	0	945	0	0	0	0	0	0	1,556	(2,270)	(714)
Adjustments between accounting basis & funding basis under regulations	4	3,786	0	(753)	0	402	0	0	158	0	3,593	(3,593)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		4,397	0	192	0	402	0	0	158	0	5,149	(5,863)	(714)
Transfers (to)/from Earmarked Reserves	5	(4,285)	0	0	453	0	1,717	2,115	0	0	0	0	0
Increase/(Decrease) in 2020/21		112	0	192	453	402	1,717	2,115	158	0	5,149	(5,863)	(714)
Balance at 31 March 21 carried forward		1,127	3	1,332	2,631	412	1,717	2,115	1,180	24	10,541	28,196	38,737

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This Statement (The Comprehensive Income and Expenditure (CIES)) shows the accounting cost in the year of providing services in accordance with Generally Accepted Accounting Practice, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost.

The taxation position is shown in the Movement in Reserves (MIR) Statement.

		2021/22			2020/21	
	Gross	Gross	Net	Gross	Gross	Net
	Expend	Income	Expend	Expend	Income	Expend
Note	£000's	£000's	£000's	£000's	£000's	£000's
EXPENDITURE ON SERVICES						
Customer Services & Business Transformation	1,948	(120)	1,828	1,388	(101)	1,287
Senior Leadership Team	264	0	264	437	0	437
Community & Wellbeing	2,904	(1,306)	1,598	3,222	(1,418)	1,804
Law & Governance	1,007	(602)	405	743	(621)	122
The Built Environment	2,150	(1,278)	872	1,845	(1,157)	688
Finance & Resources	11,920	(8,727)	3,193	12,504	(8,611)	3,893
COVID-19 Council Costs	2,224	(974)	1,250	2,610	(4,561)	(1,951)
Housing Revenue Account	2,124	(5,200)	(3,076)	2,030	(5,040)	(3,010)
Net Cost of Services	24,541	(18,207)	6,334	24,779	(21,509)	3,270
Other Operating Expenditure	7		79			411
Financing and Investment Income	8		1,230			1,277
Taxation and Non-specific Grant Income and Expenditure	9		(5,925)			(6,515)
(Surplus) or Deficit on Provision of Services			1,718			(1,557)
(Surplus)/Deficit arising on Revaluation of Plant, Property and Equipment Assets	24		(6,237)			(3,969)
Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities	25		(8,574)			6,240
Other Comprehensive Income and Expenditure			(14,811)			2,271
Total Comprehensive Income and Expenditure			(13,093)			714

COVID-19 support grants paid to business and individuals. Where the Council is acting as Principal, i.e. the Council determines the eligibility criteria, these payments, and the income that funds them, are included in the Comprehensive Income & Expenditure Statement. Where the Council acts as an Agent of Central Government, i.e. where Central Government determines the eligibility criteria, they are excluded.

THE BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council (31 March 2022). The net assets of the Council (**assets less liabilities**) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

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

	Note	As At 31/03/2022 £000's	As At 31/03/2021 £000's
Property, Plant & Equipment	10	104,759	96,489
Heritage Assets	11	78	69
Investment Property	12	398	374
Intangible Assets	13	288	398
Long Term Debtors	14	92	86
Long Term Investments	15	0	0
Long Term Assets		105,615	97,416
Short Term Debtors	14	4,779	8,331
Short Term Investments	15	5,003	5,001
Inventories	17	35	33
Cash and Cash Equivalents	18	13,219	3,354
Current Assets		23,036	16,719
Short Term Borrowing	43	(19,549)	(14,545)
Bank Overdrawn	18	1	1
Short Term Creditors	19	(13,892)	(8,393)
Short Term Provisions	20	(1,179)	(1,993)
Current Liabilities		(34,619)	(24,930)
Long Term Creditors	43	(7)	(22)
Long Term Borrowing	43	(19,155)	(20,245)
Other Long Term Liabilities	37	(22,009)	(29,256)
Capital Grants Receipts in Advance	21	(1,031)	(945)
Long Term Liabilities		(42,202)	(50,468)
Net Assets		51,830	38,737

THE BALANCE SHEET

	Note	As At 31/03/2022 £000's	As At 31/03/2021 £000's
Usable Reserves	22	(7,048)	(10,541)
Unusable Reserves			
Capital Adjustment Account	23	(48,052)	(45,635)
Revaluation Reserve	24	(19,805)	(14,537)
Pension Fund Reserve	25	22,009	29,256
Financial Instrument Adjustment Account	22	7	7
Collection Fund Adjustment Account	22	1,010	2,610
Accumulated Staff Absences Reserve	22	49	103
Total Reserves		<u>(51,830)</u>	<u>(38,737)</u>

THE CASH FLOW STATEMENT

The Cash Flow Statement shows the change in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as **operating, investing and financing activities**. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (*i.e. borrowing*) to the authority.

	2021/22	2020/21
Note	£000's	£000's
Net (Surplus) or Deficit on the Provision of Services	1,718	(1,557)
Adjustments to the Net Surplus or Deficit of the Provision of Services for Non Cash Movement		
Depreciation and Impairment of Non-current Assets	(870)	(2,072)
Bad Debts Written Off in Year	6	(46)
Increase/(Decrease) in Inventories	2	20
Increase/(Decrease) in Debtors	(4,202)	4,528
(Increase)/Decrease in Creditors	(2,931)	(2,188)
Net Charges made for Retirement Benefits	(1,327)	(546)
Carrying Amount of Non Current Assets Sold	(483)	(189)
Carrying Amount of Non Current Assets De-recognised	(163)	(382)
Increase/(Decrease) in Provisions	814	(1,162)
Movement in the Value of Investment Properties	24	(45)
Other Cash and Non Cash Movements	85	0
	<u>(9,045)</u>	<u>(2,082)</u>
Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	1,875	(2,636)
Interest Received in Year	(6)	(14)
Interest Paid in Year	666	736
Net Cashflows from Operating Activities	(4,792)	(5,553)
Investing Activities	26	6,599
Financing Activities	27	(503)
Net Increase or (Decrease) in Cash or Cash Equivalents	(9,865)	543
Cash or Cash Equivalents at the Beginning of the Reporting Period	(3,354)	(3,897)
Cash or Cash Equivalents at the End of the Reporting Period	18 (13,219)	(3,354)
Movement in Cash and Cash Equivalents	(9,865)	543

1. Accounting Standards Issued but not 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 which has been issued but is yet to be adopted by the 2021/22 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2022/23 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These changes are not expected to have a material impact on the Council's financial statements

2. Events after the Reporting Period

There were no adjusting events after the reporting period.

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

The Statement of Accounting Policies describes 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 2022 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Property, Plant and Equipment</p>	<p>Depreciation and Amortisation are provided for Property, Plant and Equipment and Intangible assets respectively. This enables the assets to be written down over their estimated useful lives and show an appropriate cost of the asset in the Comprehensive Income and Expenditure Statement. Management judgement based on independent external advice is used to determine the useful economic lives of the Council's property.</p> <p>Property Plant and Equipment are reviewed for both economic and price impairment on an annual basis. As at 31st March each year the Council's valuers carry out a valuation review of the Council's assets. In addition, a year end impairment review is also undertaken. The recoverable amount is then estimated having regard to the application of the concept of materiality.</p> <p>The Council's external valuers provided valuations as at 31 March 2022.</p> <p>The Outbreak of Covid-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement.</p> <p>Valuations are therefore reported on the basis of 'material valuation uncertainty'</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £86k on General Fund Property and £42k on Housing Revenue Account property for every year that the useful life is reduced. If an asset is impaired the carrying amount of the asset is reduced.</p>

NOTES TO THE CORE FINANCIAL STATEMENTS

	<p>as per the RIC Red Book Global.</p> <p>Consequently, less certainty and a higher degree of caution should be attached to the valuation. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19 on the assumption that values Will be restored when the real estate market becomes more fluid.</p>	
<p>Pensions Liability</p>	<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 Council has engaged Hymans Robertson to provide expert advice about the assumptions applied. The ongoing impact of the Covid19 pandemic has created uncertainty around liquid asset values such as Real Estate within the pension asset portfolio.</p> <p>The pension fund auditor as part of their report stated that they are anticipating including Emphasis of Matter paragraph in their opinion in respect of the valuation of the Pension Fund's Pooled Property Unit Trust Investment Assets, where the associated</p>	<p>The effect on net pensions of changes in individual assumptions can be measured. For instance:</p> <ul style="list-style-type: none"> • A decrease in the discount rate assumption would result in an increase in the pension liability of £1.216M • A one year increase in member life expectancy would result in an increase in the pension liability of £2.675M • An increase in the pension increase rate would result in an increase in the pension liability of £1.130M

NOTES TO THE CORE FINANCIAL STATEMENTS

	valuation report includes a material uncertainty disclosure as a result of the impact of Covid-19 on the market at 31 March 2020.	
Arrears	At 31st March 2022, the Council had a balance of £0.671m for sundry debtors. A review of balances suggested that no impairment of doubtful debts of was necessary.	If collection rates were to deteriorate and sundry debt increased with the same debt profile, an additional contribution would be required to be set aside as an allowance.

NOTES TO THE CORE FINANCIAL STATEMENTS

4. Adjustments between Accounting and Funding Basis under Regulation

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2021/22	Usable Reserves							Movement in Unusable Reserves	
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	COVID-19 Grant Reserve	Collection Fund Reserve	Earmarked Reserves	Capital Receipts Reserve		Capital Grants Unapplied
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Adjustment primarily involving the Capital Adjustment Account:									
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>									
Depreciation and impairment of non-current Assets	700	0	27	0	0	0	0	0	(727)
Movement in Market Value of Investment Properties	(24)	0	0	0	0	0	0	0	24
Amortisation of Intangible Assets	117	0	26	0	0	0	0	0	(143)
Revenue Expenditure Funded from Capital Under Statute	4	0	0	0	0	0	0	0	(4)
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	0	646	0	0	0	0	0	(646)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>									
Statutory provision for the financing of capital investment	(833)	0	0	0	0	0	0	0	833

NOTES TO THE CORE FINANCIAL STATEMENTS

2021/22	Usable Reserves								Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	COVID-19 Grant Reserve	Collection Fund Reserve	Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Adjustments primarily involving the Capital Grants Unapplied Account:									
Application of grants to capital financing transferred to Capital Adjustment Account	(176)	0	0	0	0	0	0	0	176
Adjustments primarily involving the Capital Receipts Reserve:									
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(5)	0	(756)	0	0	0	761	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0	0	(280)	0	280
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposal	3	0	0	0	0	0	(3)	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	191	0	0	0	0	0	(191)	0	0
Adjustments involving the Major Repairs Reserve:									
Reversal of Major Repairs Allowance credited to the HRA	0	0	(1,693)	0	0	1,693	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0	0	(1,654)	0	0	1,654

NOTES TO THE CORE FINANCIAL STATEMENTS

2021/22	Usable Reserves							Movement in Unusable Reserves	
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	COVID-19 Grant Reserve	Collection Fund Reserve	Earmarked Reserves	Capital Receipts Reserve		Capital Grants Unapplied
	£000's	£000's	£000's	£000's	£000's	£000's	£000's		£000's
Adjustments involving the Pensions Reserve:									
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,550	0	222	0	0	0	0	0	(2,772)
Employer's pension contributions and direct payments to pensioners payable in the year	(1,330)	0	(116)	0	0	0	0	0	1,446
Adjustments involving the Collection Fund Adjustment Account:									
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,600)	0	0	0	0	0	0	0	1,600
Adjustments involving the Accumulated Absences Account:									
Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirement	(49)	0	(4)	0	0	0	0	0	53
Total Adjustments	(452)	0	(1,648)	0	0	38	287	0	(1,775)

NOTES TO THE CORE FINANCIAL STATEMENTS

2020/21	Usable Reserves							Movement in Unusable Reserves	
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	COVID-19 Grant Reserve	Collection Fund Reserve	Earmarked Reserves	Capital Receipts Reserve		Capital Grants Unapplied
	£000's	£000's	£000's	£000's	£000's	£000's	£000's		£000's
Adjustment primarily involving the Capital Adjustment Account:									
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>									
Depreciation and impairment of non-current Assets	1,512	0	415	0	0	0	0	0	(1,927)
Movement in Market Value of Investment Properties	45	0	0	0	0	0	0	0	(45)
Amortisation of Intangible Assets	118	0	27	0	0	0	0	0	(145)
Revenue expenditure funded from capital under statute	90	0	0	0	0	0	0	0	(90)
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	0	570	0	0	0	0	0	(570)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>									
Statutory provision for the financing of capital investment	(805)	0	0	0	0	0	0	0	805
Capital Expenditure charged against General Fund and HRA Balances	0	0	0	0	0	0	0	0	0
Capital Expenditure charged against Earmarked Reserves	0	0	0	0	0	0	0	0	0

NOTES TO THE CORE FINANCIAL STATEMENTS

2020/21	Usable Reserves								Movement in Unusable Reserves £000's
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	COVID-19 Grant Reserve	Collection Fund Reserve	Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Adjustments primarily involving the Capital Grants Unapplied Account:									
Application of grants to capital financing transferred to Capital Adjustment Account	(163)	0	0	0	0	0	0	0	163
Adjustments primarily involving the Capital Receipts Reserve:									
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	(276)	0	0	0	689	0	(413)
Use of the Capital Receipts Reserve to finance new capital expenditure							(822)	0	822
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposal	3	0	0	0	0	0	(3)	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	114	0	0	0	0	0	(167)	0	53
Adjustments involving the Major Repairs Reserve:									
Reversal of Major Repairs Allowance credited to the HRA	0	0	(1,534)	0	0	(1,534)	0	0	3,068
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0	0	(1,132)	0	0	1,132

NOTES TO THE CORE FINANCIAL STATEMENTS

2020/21	Usable Reserves							Movement in Unusable Reserves	
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	COVID-19 Grant Reserve	Collection Fund Reserve	Earmarked Reserves	Capital Receipts Reserve		Capital Grants Unapplied
	£000's	£000's	£000's	£000's	£000's	£000's	£000's		£000's
Adjustments involving the Pensions Reserve:									
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,691	0	147	0	0	0	0	0	(1,838)
Employer's pension contributions and direct payments to pensioners payable in the year	(1,189)	0	(103)	0	0	0	0	0	1,292
Adjustments involving the Collection Fund Adjustment Account:									
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	2,360	0	0	0	0	0	0	0	(2,360)
Adjustments involving the Accumulated Absences Account:									
Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirement	10	0	1	0	0	0	0	0	(11)
Total Adjustments	3,786	0	(753)	0	0	402	158	0	3,593

NOTES TO THE CORE FINANCIAL STATEMENTS

5. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account (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 2021/22

	2021/22			2020/21			
	Balance 31 March 2022 £000's	Transfer (To)/From In/(Out) Fund £000's	Other Reserves £000's	Balance 31 March 2021 £000's	Transfer (To)/From In/(Out) Fund £000's	Other Reserves £000's	Balance 31 March 2020 £000's
General Fund Earmarked							
Budget Carried Forward	94	94		0			0
Homelessness	50	-50		100			100
Wellbeing	80	-58		138			138
Capital	0			0			0
Service Improvement	0	-12		12			12
Council Priority	112			112			112
Welfare Reform	0	-72		72			72
Troubled Families	0			0			0
Disabled Facilities	22			22			22
ERDF Schemes	16			16			16
Greening the Borough	120			120			120
Active Assesment Management	0	-300		300			300
Cointingency	43			43			43
Budget Equilibrium	29	-3		32			32
Income Profiling	0	-47		47			47
Land Valuation	17			17			17
Land Charges	0	-22		22			22
Borough Events	6			6			6
Collection Fund	0	-2,116		2,116	2,116		0
COVID-19	364	-1,353		1,717	1,717		0
Local Elections Reserve	50			50	50		0
Retained Rates Reserve	350			350	350		0
Total General Fund	1,353	-3,939	0	5,292	4,233	0	1,059

NOTES TO THE CORE FINANCIAL STATEMENTS

	2021/22			2020/21			
	Balance 31 March 2022 £000's	Transfer In/(Out) Fund £000's	(To)/From Other Reserves £000's	Balance 31 March 2021 £000's	Transfer In/(Out) Fund £000's	(To)/From Other Reserves £000's	Balance 31 March 2020 £000's
General Fund Grants							
Grounds Maintenance	291	50		241	(35)	0	276
Local Plan Reserve	270	90		180	88	0	92
Earmarked Grants	123	101		22	0	0	22
Total General Fund Grants	684	241	0	443	53	0	390
Total General Fund	2,037	(3,697)	0	5,734	4,285	0	1,449
HRA							
Regeneration Reserve	361			361	0	0	361
Major Repairs Reserve	450	38		412	402	0	10
Housing Voids Levy Reserve	220			220	0	0	220
Universal Credit Reserve	140			140	0	0	140
Budget Carried Forward	8			8	0	0	8
Total HRA	1,179	38	0	1,141	402	0	739
Grand Total	3,216	(3,659)	0	6,875	4,687	0	2,188

Purpose of Reserves

Details of the purpose of reserves not given elsewhere in either the Notes to the Core Financial Statements or the Statement of Accounting Policies are shown below.

Local Plan Reserve Formerly Housing and Planning Delivery Grant Reserve and will be used to fund the development of the Local Plan in future years.

Earmarked Revenue Grants and Contributions Reserves containing the proceeds of revenue grants and other external contributions that are Yet to be used.

Budget Carried Forward Contains authorised budget carry forwards from this year, to be used in the next financial year.

Homelessness Fund to mitigate the increased incidence of homelessness within the borough.

NOTES TO THE CORE FINANCIAL STATEMENTS

Health & Wellbeing	Fund to promote the physical and mental health and wellbeing of residence of the borough through sport and light recreation.
Capital	Monies put aside specifically for use to fund capital projects.
Service Improvement Reserve	Used to fund improvements in Council services to improve performance after corporate restructure and reductions in commensurate budgets
Council Priority Reserve	Funding to be used to fund the improvement of areas which are specific to Council priorities and allocated through the Local Forums.
Grounds Maintenance Reserve	This reserve holds a commuted lump sum received from a developer earmarked for the maintenance of a specific green space.
Major Repairs Reserve	Resources available to meet capital investment in council housing.
Welfare Reform	Monies set aside to cover the additional costs of administration and recovery following the introduction of the local Council Tax Benefit scheme and Universal Credit.
Troubled Families	Used to fund investment in the Leicestershire Troubled Families programme.
Disabled Facilities	Monies put aside specifically to fund Disabled Facilities Grants.
ERDF	Monies put aside specifically to provide matched funding for European Regional Development Fund schemes.
Greening the Borough	Resources available to improve the environment Of the Borough and well-being of residents.
Active Asset Management	Funding for developing Business Enterprise Centres in the Borough.
Regeneration Reserve	Additional reserve set aside for regeneration and new build of council housing.
Contingency Reserve	To safeguard against budget risk and for one off Priming initiatives.

NOTES TO THE CORE FINANCIAL STATEMENTS

Income Profiling Reserve	To safeguard against the volatility of planning income in future years
Budget Equilibrium Reserve	To safeguard against changes in Council funding.
Land Valuation Reserve	To allow the Council to value land within the Borough with a view to selling.
Land Charges Reserve	To fund improvements in the land charges service
Borough Events Reserve	To fund commemorative events held in the borough by the Council or other grant assisted groups.
Housing Voids Levy Reserve	To mitigate the impact of any levy imposed by the Government in relation to the sale of high value void dwellings.
Universal Credit Reserve	To fund if necessary the impact of Universal Credit on the level of rent arrears and therefore income to the HRA.
COVID-19 Grant Reserve	To hold unspent grant funding received from central government for the financing of COVID-19 business support grants. This is a temporary reserve, with the expectation that all funding will either be granted or reclaimed by central government in 2021/22.
Collection Fund Reserve	To hold the surplus of Section 31 grant received from central government in-year over and above the applicable deficit on business rate for the year. This will be released to the collection fund to offset the expected deficit on businesses rates arising from COVID-19.
Elections Reserve	To balance the budget for the four-yearly borough election cycle. Contributions of one quarter of the anticipated cost of the election are appropriated into the reserve in each of years 1-3, and then the balance is appropriated out in the year of the election.
Business Rates Retention Reserve	To hold the amounts required to fund the anticipated deficit on business rates collection over the following three financial years.

NOTES TO THE CORE FINANCIAL STATEMENTS

6. Material Items of Income and Expenditure

For 2021/22 the Council has the following material items of income and expenditure for both capital and revenue:

The Council paid out £4.662 million in housing benefits during 2021/22 and a further £1.927 million in rent rebates. The Government subsidy that provides the funding for these items is not listed here, but is included in Note 38 to the core statements. The Council also paid out £1.441 million of COVID-19 business grants as a Principal, and £1.952 million as an Agent, though the latter do not appear in the financial statements (see Note 47). The funding for this is also included in Note 38.

The Council also carried out £1.653 million of major refurbishment work on the Council's housing stock.

7. Other Operating Expenditure

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
(Gain)/Loss on Disposal of Non-Current Assets	(278)	(88)
Loss on De-Recognition of Fixed Assets *	163	382
Contribution to Housing Pooled Capital Receipts	194	117
	<u>79</u>	<u>411</u>

* De-recognition relates to components of various housing assets which have been replaced and therefore de-recognised in year.

8. Financing and Investment Income and Expenditure

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Interest Payable and Similar Charges	670	729
(Gains)/Loss on Revaluation of Investment Properties	(24)	45
Interest and Investment Income	(8)	(14)
Pension Interest Costs and Expected Return on Pension Assets	592	517
Total	<u>1,230</u>	<u>1,277</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

9. Taxation and Non Specific Grant Income and Expenditure

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
General Government Grants	(67)	(117)
Tax Income Compensation Scheme Grant Income	(123)	0
Council Tax Income	(4,149)	(4,001)
Collection Fund (Surplus)/Deficit - Council Tax	35	(13)
Non Domestic Rates Income	(6,002)	(2,521)
Non Domestic Rates Tariff Payment	3,761	3,761
Non Domestic Rates Levy	206	168
Collection Fund (Surplus)/Deficit - NNDR	2,179	20
S31 Small Business Rate Relief	(1,392)	(3,508)
Capital Grants and Contributions	(176)	(163)
New Homes Bonus	(197)	(141)
Total	<u>(5,925)</u>	<u>(6,515)</u>

The general government grants, contributions in the form of Revenue Support Grant, NDR redistribution, other non-ringfenced government grants are disclosed within the Taxation, non-specific grant, income and expenditure (Note 9).

Revenue grants, contributions that are not considered as general grants are credited to service revenue accounts, support services, trading accounts and the Housing Revenue Account (HRA).

NOTES TO THE CORE FINANCIAL STATEMENTS

10. Property, Plant and Equipment

Cost or Valuation

Restated	Council Dwellings	Other Land & Buildings	Community Assets	Vehicles, plant etc.	Assets Under Construction	Total Assets
	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2020	62,789	24,907	2,609	7,875	0	98,180
Additions	1,132	33	46	230	293	1,734
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	2,243	91	78	0	0	2,412
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	406	(167)	(33)	0	0	206
Derecognition - Disposals (Sales)	(189)	0	0	0	0	(189)
Derecognition - Disposals (Component Disposal)	(381)	0	0	0	0	(381)
Derecognition - Disposals (Other)	0	0	0	0	0	0
Assets Reclassified (to)/from Non-Operational Assets	0	0	0	0	0	0
Other Movements in Cost or Valuation	0	0	0	0	0	0
Balance at 31 March 2021	66,000	24,864	2,700	8,105	293	101,962
Adjustments between Cost/Value and Depreciation/Impairment						0
Balance at 1 April 2021	66,000	24,864	2,700	8,105	293	101,962
Additions	1,935	134	9	960	377	3,415
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	3,807	524	41	0	0	4,372
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	1,025	863	(5)	0	0	1,883
Derecognition - Disposals (Sales)	(484)	0	0	(15)	0	(499)
Derecognition - Disposals (Component Disposal)	(162)	0	0	0	0	(162)
Balance at 31 March 2022	72,121	26,385	2,745	9,050	670	110,971

NOTES TO THE CORE FINANCIAL STATEMENTS

Depreciation and Impairment

Restated	Council	Other	Community	Vehicles,	Assets Under	Total
	Dwellings	Land & Buildings	Assets	plant etc.	Construction	Assets
	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2020	0	0	0	(4,878)	0	(4,878)
Depreciation Charge	(1,352)	(1,034)	(9)	(595)	0	(2,990)
Depreciation Written out to the Revaluation Reserve	666	873	0	0	0	1,539
Depreciation & Impairment Written Out to the Surplus/Deficit on the Provision of Services	686	161	9	0	0	856
Derecognition - Sales						0
Balance at 31 March 2021	0	0	0	(5,473)	0	(5,473)
Balance at 1 April 2021	0	0	0	(5,473)	0	(5,473)
Depreciation Charge	(1,457)	(1,176)	(10)	(754)	0	(3,397)
Depreciation Written out to the Revaluation Reserve	831	1,014	0	0	0	1,845
Depreciation & Impairment Written Out to the Surplus/Deficit on the Provision of Services	626	162	10	0	0	798
Derecognition - Sales	0	0	0	15	0	15
Balance at 31 March 2022	0	0	0	(6,212)	0	(6,212)

	2021/22			2020/21		
	Net Book Value	Nature of Asset Holding	Owned	Net Book Value	Nature of Asset Holding	Owned
	£000's	Finance Lease	£000's	£000's	Finance Lease	£000's
Council Dwellings	72,121	0	72,121	66,000	0	66,000
Other Land & Buildings	26,385	0	26,385	24,865	0	24,865
Community Assets	2,745	0	2,745	2,700	0	2,700
Vehicles, Plant etc	2,837	16	2,821	2,631	41	2,590
Incomplete Assets	671	0	671	293	0	293
Total	104,759	16	104,743	96,489	41	96,448

Depreciation

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

- i) Council Dwellings - 45 to 50 Years
- ii) Other land and buildings - 5 to 40 years
- iii) Vehicle Plant and Equipment - 5 to 10 years

NOTES TO THE CORE FINANCIAL STATEMENTS

11. Heritage Assets

Heritage assets 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.

	2021/22	2020/21
	£000's	£000's
Balance at 1 April	69	50
Additions	0	0
Revaluation	9	19
Balance at 31 March	78	69

12. Investment Properties

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

	2021/22	2020/21
	£000's	£000's
Rental Income from Investment Property	(16)	(13)
Net Gain/(Loss)	(16)	(13)

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

2021/22 has seen a net increase of £24,000 in the value of the Council's investment properties due to revaluation gains

The current investment property balance consists of £138,000 of retail property let out, and £260,000 of property awaiting development.

	2021/22	2020/21
	£000's	£000's
Balance at 1 April	374	419
Disposals	0	0
Revaluation Gain Recognised in the Surplus/Deficit on the Provision of Services	24	(45)
Reclassification of asset	0	0
Balance at 31 March	398	374

NOTES TO THE CORE FINANCIAL STATEMENTS

13. Intangible Assets

The Council accounts for its software and licenses as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is 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 all the major software suites used by the Council is 5 years.

Amortisation of the assets is charged to the ICT support service and then recharged to services on an appropriate basis under Net Cost of Services within the Comprehensive Income and Expenditure Statement.

Cost or Valuation of Software

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Balance at 1 April	1,288	980
Additions	34	308
Disposals	0	0
Balance at 31 March	<u>1,322</u>	<u>1,288</u>

Depreciation and Impairment of Software

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Balance at 1 April	891	746
Amortisation for the Year	143	145
Disposals	0	0
Balance at 31 March	<u>1,034</u>	<u>891</u>

Net Book Value

	<u>Balance as at 31 March 2022</u>	<u>Balance as at 31 March 2021</u>
	£000's	£000's
Software	<u>288</u>	<u>397</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

14. Debtors

Amounts falling due in less than one year are:

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Central Government Bodies	1,419	3,960
Other Local Authorities	1,292	2,442
Other Entities and Individuals	2,068	1,930
Total	<u>4,779</u>	<u>8,332</u>

Amounts falling due after one year are:

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Voluntary Organisation Loans	2	2
Bushloe Developments Loan	73	73
Car Loans to Employees	16	11
Other Long Term Debtors	0	0
	<u>91</u>	<u>86</u>

15. Investments

The Council had £5 Million (Thurrock Borough Council) of short-term investments outstanding 31 March 2022.

The Council has accrued £2,520 of income relating to these investment.

No Council Long Term Investments reported for 2021/22 (2020/21 £0)

16. Assets Held for Sale

In 2021/22 no assets were held for sale (2020/21 £0)

NOTES TO THE CORE FINANCIAL STATEMENTS

17. Inventories

	Stores		Materials		Total	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
	£000's	£000's	£000's	£000's	£000's	£000's
Balance Outstanding at Start of Year	12	8	20	5	32	13
Purchases	154	141	14	17	168	158
Recognised as an Expense in the Year	(157)	(137)	(8)	(1)	(165)	(138)
Written Off Balances	0	0	0	0	0	0
Balance Outstanding at End of Year	9	12	26	21	35	33

18. Cash and Cash Equivalent and Bank Overdrawn

Cash and Cash Equivalents	31 March 2022	31 March 2021
	£000's	£000's
Short Term Deposits	12,871	2,773
Bank and Overdrafts	31 March 2022	31 March 2021
Cash held by the Authority		
Bank Current Accounts	348	581
Total	13,219	3,354

Cash and cash equivalents consist of short-term bank deposits and money market funds.

Short-term bank deposits consist primarily of money market deposits, which can be readily converted to cash at short notice. The effective interest rate on short-term bank deposits at 31st March 2022 was 0.01% (0.01% as at 31st March 2021).

The maximum exposure to credit risk for cash and cash equivalents is equal to the carrying value.

NOTES TO THE CORE FINANCIAL STATEMENTS

19. Short Term Creditors

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Central Government Bodies	(11,169)	(5,748)
Other Local Authorities	0	(168)
Other Entities and Individuals	(2,723)	(2,477)
Total	(13,892)	(8,393)

20. Short Term Provisions

	<u>Accumulated Absence 2021/22</u>	<u>NNDR Appeals 2021/22</u>	<u>Total 2021/22</u>
	£000's	£000's	£000's
Balance B/Fwd	(102)	(1,891)	(1,993)
Arising during the year	(49)	(356)	(405)
Used during the year	102	1,117	1,219
Balance C/Fwd	(49)	(1,130)	(1,179)
Current Provision	(49)	(1,130)	(1,179)
	(49)	(1,130)	(1,179)
Expected Timing of Cash Flows:			
To 31 March 2022	(49)	(1,130)	(1,179)
Total	(49)	(1,130)	(1,179)

	<u>Accumulated Absence 2020/21</u>	<u>NNDR Appeals 2020/21</u>	<u>Total 2020/21</u>
	£000's	£000's	£000's
Balance B/Fwd	(92)	(739)	(831)
Arising during the year	(102)	(1,338)	(1,440)
Used during the year	92	186	278
Balance C/Fwd	(102)	(1,891)	(1,993)
Current Provision	(102)	(1,891)	(1,993)
	(102)	(1,891)	(1,993)
Expected Timing of Cash Flows:			
To 31 March 2021	(102)	(1,891)	(1,993)

NOTES TO THE CORE FINANCIAL STATEMENTS

An accumulated absence provision was made for the best estimate of the unavoidable cost associated with holiday pay. This provision is expected to be used by the end of next period as no holiday pay can be carried forward for more than one year.

A provision has been set up to fund appeals against rateable values for business within the Borough. This will be utilised as appeals are settled.

21. Capital Grants and Contributions - Receipts in Advance

	<u>2021/22</u>	<u>2020/21</u>
	£ 000's	£ 000's
Grants and Contributions		
Big Lottery Grant - Toy library	(5)	(5)
Big Lottery Grant - Mobile library	(1)	(1)
Section 106 South Wigston Regeneration	(10)	(10)
South Wigston Regeneration - Interest	(111)	(152)
Section 106 - Open Space	(738)	(685)
Green Roof Bus Shelter	(6)	(6)
Brocks Hill Alarm	(1)	(1)
DECC Grant	(5)	(5)
LCC BRP Highways Improvements	(50)	(50)
LCC BRP Kirby Bridge	(10)	(30)
Treescape Grant	(6)	0
Local Authority Delivery 2	(88)	0
Total	<u>(1,031)</u>	<u>(945)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

22. Movements on Reserves (MIR)

	Balance At 31st March 2022 £000's	Net Movement in Year £000's	Balance At 31st March 2021 £000's	Net Movement in Year £000's	Balance At 31st March 2020 £000's
Earmarked Reserves (Note 5)	(3,216)	3,659	(6,875)	(4,687)	(2,188)
Other Usable Reserves					
Usable Capital Receipts Reserve	(1,468)	(288)	(1,180)	(158)	(1,022)
Capital Grants Unapplied Reserve	(24)	0	(24)	0	(24)
Deferred Capital Receipts - General Fund	(3)	0	(3)	0	(3)
General Fund	(1,182)	(55)	(1,127)	(112)	(1,015)
Housing Revenue Account	(1,155)	177	(1,332)	(193)	(1,139)
	<u>(7,048)</u>	<u>3,493</u>	<u>(10,541)</u>	<u>(5,150)</u>	<u>(5,391)</u>
Unusable Reserves					
Collection Fund Adjustment Account	1,010	(1,600)	2,610	2,360	250
Pensions Reserve	22,009	(7,247)	29,256	6,786	22,470
Revaluation Reserve	(19,806)	(5,269)	(14,537)	(3,226)	(11,311)
Capital Adjustment Account	(48,052)	(2,417)	(45,635)	(67)	(45,568)
Financial Instruments Adjustment Account	7		7		7
Accumulated Absences Reserve	50	(53)	103	11	92
	<u>(44,782)</u>	<u>(16,586)</u>	<u>(28,196)</u>	<u>5,864</u>	<u>(34,060)</u>
Total	<u>(51,830)</u>	<u>(13,093)</u>	<u>(38,737)</u>	<u>714</u>	<u>(39,451)</u>

Purpose of Reserves

Details for the purpose of reserves not given elsewhere in either the Notes to the Core Financial Statements or the Statement of Accounting Policies are shown below.

Usable Capital Receipts Proceeds of fixed asset sales available to meet future capital investment

Capital Grants Unapplied Reserve contains capital grants for which all conditions of use have been fulfilled, but have yet to be used for funding.

Deferred Capital Receipts Proceeds of fixed asset sales which are not Receivable immediately on sale.

NOTES TO THE CORE FINANCIAL STATEMENTS

General Fund	Resources available to meet future running costs of non-housing services.
Housing Revenue Account	Resources available to meet future running costs of council houses.
Financial Instruments Adjustment Account	Accounts for the timing differences in the different methods of accounting for Financial Instruments.
Accumulated Staff Absence	The authority's obligation to staff for leave earned but not taken at the end of the financial year.
Useable Revenue Reserves	<p>31 March 2021 government has changed how authorities are compensated through the S31 grants for administering their Covid-19 support programmes. Primarily in the form of Business Rate Reliefs and Business Grants. Districts in particular are seeing a larger than expected temporary increase in reported reserves.</p> <p>Due to timing the payments were not considered within the NNDR 1 set business rates share for 2020/21. They were paid to the General Fund in the year and the reliefs sit in Earmarked Reserves at the year end. (Revised Note has been compiled to reflect the movements and changes as per reporting requirements).</p>

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

NOTES TO THE CORE FINANCIAL STATEMENTS

	<u>2021/22</u> £000's	<u>2020/21</u> £000's
Balance as at 1 April 2021	(45,635)	(45,569)
Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and impairment of non-current assets	727	1,927
Amortisation of intangible assets	143	145
Revenue expenditure funded from capital under statute	4	90
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	<u>645</u>	<u>570</u>
	1,519	2,732
Adjusting amounts written out of the Revaluation Reserve	<u>(969)</u>	<u>(743)</u>
Net Written Out Amount of the Cost of Non-current Assets Consumed in the Year	551	1,989
Capital financing applied in the year		
Use of Capital Receipts Reserve to finance new capital expenditure	(280)	0
Use of Major Repairs Reserve to finance new capital expenditure	(1,655)	(1,132)
Capital Grants & Contributions Credited to the Comprehensive Income & Expenditure Statement That Have Been Applied to to Capital Financing	(176)	(163)
Application of grants to capital financing from the Capital Grants Unapplied Account	0	0
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(833)	(805)
Capital expenditure charged against the General Fund and HRA balances	<u>0</u>	<u>0</u>
	(2,944)	(2,100)
Movements in the Market Value of Investment Property Debited or Credited to the Comprehensive Income & Expenditure Statement	(24)	45
Balance as at 31 March 2022	<u>(48,052)</u>	<u>(45,635)</u>

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

24. Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets.

The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

NOTES TO THE CORE FINANCIAL STATEMENTS

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2021/22	2020/21
	£000's	£000's
Balance at 1 April 2021	(14,537)	(11,311)
Upward Revaluation of Assets	(7,282)	(4,404)
Downwards Revaluation of Assets & Impairment Losses not Charged to the Surplus/Deficit on the Provision of Services	1,045	435
Surplus or Deficit on Revaluation of Non-Current Assets not Posted to the Surplus or Deficit on the Provision of Services	(6,237)	(3,969)
Difference Between Fair Value Depreciation & Historical Cost Depreciation	(969)	(743)
Accumulated Gains on Assets Sold or Scrapped	(969)	743
Amount Written off to the Capital Adjustment Account	(19,805)	(14,537)
Balance at 31 March 2022	(19,805)	(14,537)

25. Pensions Fund Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employers contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2021/22	2020/21
	£000's	£000's
Balance as at 1 April 2021	29,256	22,470
Transfer to Pension Reserve	15	5
Remeasurements of the net defined benefit liability/(asset)	(8,589)	6,235
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.	2,772	1,838
Employer's Pension Contributions and direct payments to the pensioners payable in the year.	(1,445)	(1,292)
Balance as at 31 March 2022	22,009	29,256

NOTES TO THE CORE FINANCIAL STATEMENTS

26. Cash Flow Statement - Investing Activities

	2021/22	2020/21
	£000's	£000's
Purchase of Property, Plant and Equipment	3,447	2,043
Proceed of the Sale of Property, Plant and Equipment	(761)	(276)
Other Receipts from Investing Activities	(346)	(168)
Net Change in Investments	0	5,000
Total Investing Activities	2,340	6,599

27. Cash Flow Statement - Financing Activities

	2021/22	2020/21
	£000's	£000's
Cash Receipts from Long and Short Term Borrowing	(5,000)	(3,000)
Repayments of Short Term and Long Term Borrowing	1,090	1,088
Appropriation to/from the Collection Fund Adjustment Account	(1,600)	2,360
Other Payments for Financing Activities	(1,903)	(951)
Total Financing Activities	(7,413)	(503)

28. Net Movement in Liquid Resources

The Council seeks to maximise return on short term cash surpluses by the use of money market deposits.

	As at 31st March 2022	As at 31st March 2021	Increase/ (Decrease) in Year
	£000's	£000's	£000's
Money Market	17,871	7,773	10,098
Short Term Deposits	17,871	7,773	10,098

The Council collects Council Tax and Non Domestic Rates on behalf of its Precepting Authorities and the Government. At the end of the year the difference between money collected and paid over is shown as an increase or decrease in liquid resources.

	As At 31/03/2022	As At 31/03/2021
	£000's	£000's
Net Movement in other Liquid Resources	(1,903)	(950)

NOTES TO THE CORE FINANCIAL STATEMENTS

29. Operating and Finance Leases

Operating Leases

During the year the Council made payments on operating leases as detailed below.

2021/22			2020/21
Vehicles £000's	Other Equipment £000's	Total £000's	Total £000's
1	2	3	6

At 31 March 2022 the Council had commitments in respect of operating leases for future years as shown below.

As at 31st March 2022

	Vehicles £000's	Other Equipment £000's	Total £000's
Less than 1 year	0	2	2
Between 1 and 5 years	0	0	0
Total	0	2	2

As at 31st March 2021

	Vehicles £000's	Other Equipment £000's	Total £000's
Less than 1 year	1	0	1
Between 1 and 5 years	0	0	0
Total	1	0	1

Finance Leases

During 2021/22 the Council held photocopying equipment under a finance lease. This is carried as Property, Plant and Equipment in the Balance Sheet at a net amount of £15,659 at 31 March 2022 (£41,213) at 31 March 2021).

The Council is committed to making minimum lease payments as shown below:

NOTES TO THE CORE FINANCIAL STATEMENTS

Minimum Lease Payments	2021/22	2020/21
	£000's	£000's
Amounts Payable under Finance Leases		
Within One Year	19	31
Between One and Five Years	8	27
Less Future Finance Charges	(4)	(9)
Present Value of Minimum Lease Payments	<u>23</u>	<u>49</u>
Included in:		
Current Liabilities	16	27
Non-current Liabilities	7	22
Total	<u>23</u>	<u>49</u>

The total future minimum lease payments amount to £26,678 (2020-21 £57,399) which includes a future rental cost of £22,353 at 31 March 2022 (2020-21 £47,906).

30. Note to The Expenditure and Funding Analysis

The Expenditure and Funding Analysis

2021/22	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement £000's
Customer Services & Business Transformation	1,405	423	1,828
Senior Leadership Team	236	28	264
Community & Wellbeing	1,262	337	1,599
Law & Governance	329	76	405
The Built Environment	745	126	871
Finance & Resources	2,131	1,063	3,194
COVID-19 Council Costs	1,217	33	1,250
Housing Revenue Account	(3,192)	115	(3,077)
Net Cost of Services	<u>4,133</u>	<u>2,201</u>	<u>6,334</u>
Total - Other Operating Expenditure	0	79	79
Total - Financing & Investment Income & Expen	3,834	(2,604)	1,230
Total - Taxation & Non Specific Grant Income	(4,149)	(1,776)	(5,925)
(Surplus)/Deficit on Provision of Services	<u>3,818</u>	<u>(2,100)</u>	<u>1,718</u>
Opening General Fund & HRA Balance at 1st April	(2,459)		
Less Deficit/(Surplus) on General Fund and HRA Balance in Year	122		
Closing General Fund & HRA Balance at 31st March	<u>(2,337)</u>		

* See Movement in Reserves Statement for the split of General Fund and HRA balances.

NOTES TO THE CORE FINANCIAL STATEMENTS

2020/21	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000's	£000's	£000's
Customer Services	1,131	157	1,288
Senior Leadership Team	435	2	437
Community & Wellbeing	913	891	1,804
Law & Governance	109	12	121
Planning, Development & Regeneration	563	126	689
Finance & Resources	2,822	1,069	3,891
COVID-19 Council Costs	(1,953)	2	(1,951)
Housing Revenue Account	(3,454)	445	(3,009)
Net Cost of Services	566	2,704	3,270
Total - Other Operating Expenditure	0	411	411
Total - Financing & Investment Income & Expenditure	3,558	(2,281)	1,277
Total - Taxation & Non Specific Grant Income	(8,712)	2,197	(6,515)
(Surplus)/Deficit on Provision of Services	(4,588)	3,031	(1,557)
Opening General Fund & HRA Balance at 1st April	(2,154)		
Less Deficit/(Surplus) on General Fund and HRA Balance in Year	(305)		
Closing General Fund & HRA Balance as 31st March 2020	(2,459)		

* See Movement in Reserves Statement for the split of General Fund and HRA balances.

The Expenditure and Funding Analysis above shows how annual expenditure is used and funded from resources (government grants, rents, Council Tax and Business Rates) by local authorities, in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

It also shows how this expenditure is allocated for decision making purposes, between the Council's directorates/ services/ departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

NOTES TO THE CORE FINANCIAL STATEMENTS

2021/22 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments between Funding and Accounting Basis			
	Adjustments for Capital Purposes	Net change for the		Total Adjustments
		Pensions Adjustments	Other Differences	
		(Note 1) £000's	(Note 2) £000's	
Customer Serv. & Bus. Transformation	323	100	0	423
Senior Leadership Team	0	28	0	28
Community & Wellbeing	126	211	0	337
Law & Governance	13	63	0	76
The Built Environment	38	88	0	126
Finance & Resources	321	742	0	1,063
COVID-19 Council Costs	0	33	0	33
Housing Revenue Account	53	62	0	115
Net Cost of Services	874	1,327	0	2,201
Other Income and Expenditure from the Expenditure and Funding Analysis	(2,647)	0	(1,654)	(4,301)
Difference between General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(1,773)	1,327	(1,654)	(2,100)

2020/21 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments between Funding and Accounting Basis			
	Adjustments for Capital Purposes	Net change for the		Total Adjustments
		Pensions Adjustments	Other Differences	
		(Note 1) £000's	(Note 2) £000's	
Customer Services	153	4	0	157
Senior Leadership Team	0	2	0	2
Community & Wellbeing	883	8	0	891
Law & Governance	10	2	0	12
Planning, Development & Regeneration	122	4	0	126
Finance & Resources	551	518	0	1,069
COVID-19 Council Costs	0	2	0	2
Housing Revenue Account	442	3	0	445
Net Cost of Services	2,161	543	0	2,704
Other Income and Expenditure from the Expenditure and Funding Analysis	(2,046)	3	2,370	327
Difference between General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	115	546	2,370	3,031

Note 1 - Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing, i.e. Minimum Revenue Provision, and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2 – Net Change for the Pensions Adjustments

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

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

Note 3 – Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement, and amounts payable/receivable to be recognised under statute:

- **For Financing and investment income and expenditure** – the other differences column recognises adjustments to the General Fund for the timing differences of premiums and discounts.
- **Taxation and non-specific grant income and expenditure** – this charge represents the difference between, what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year, and the income recognised under generally accepted

NOTES TO THE CORE FINANCIAL STATEMENTS

accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Segmental Income

Income received on a segmental basis is analysed below:

	<u>2021/22</u>	<u>2020/21</u>
	Income from Services £000's	Income from Services £000's
Customer Services & Business Transformation	(120)	(101)
Senior Leadership Team	0	0
Community & Wellbeing	(1,306)	(1,418)
Law & Governance	(602)	(621)
The Built Environment	(1,278)	(1,157)
Finance & Resources	(8,727)	(8,611)
COVID-19 Council Costs	(974)	(4,561)
Housing Revenue Account	(5,200)	(5,040)
Total Income analysed on a Segmental Basis	(18,207)	(21,509)

31. Expenditure and Income Analysed By Nature

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

	<u>2021/22</u>	<u>2020/21</u>
	£000's	Restated £000's
Expenditure / Income :		
Expenditure		
Employee benefits expenses	8,583	7,141
Other services expenses	13,642	14,372
COVID Grants	1,441	1,088
Depreciation, amortisation, impairment	874	2,177
Interest payments	2,067	1,990
Precepts and levies	579	2,380
Payments to Housing Capital Receipts Pool	194	117
Gain on the disposal of assets	-138	339
Total Expenditure	27,242	29,604
Income		
Fees, charges and other service income	(9,849)	(8,831)
Interest and investment income	(813)	(758)
Income from council tax, non-domestic rates and district rate income	(4,549)	(4,966)
Government grants and contributions Non-COVID	(9,406)	(11,559)
Government grants and contributions COVID	(907)	(5,047)
Total Income	(25,524)	(31,161)
Surplus or (Deficit) on the Provision of Services	(1,718)	1,557

NOTES TO THE CORE FINANCIAL STATEMENTS

32. Members Allowances

As a result of the pandemic a review of the Members Allowance scheme was not undertaken and the 2020/21 scheme was carried forward into 2021/22.

In 2021/22, the Council paid allowances to members totalling £170,596 (2020/21 £170,496).

33. Audit Costs

In 2021/22 Oadby and Wigston Borough Council incurred the following fees relating to external audit and inspection:

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Fees payable to the Council's auditors for external audit services carried out by the appointed auditor.	79	62
Fees payable to the Council's auditors for the certification of grant claims and returns.	10	10
Fees payable in respect of other services.	1	3
	<u>90</u>	<u>75</u>

A significant increase in audit fees was levied for 21/22 due to the impact of the COVID-19 pandemic, both on the Council, and upon the audit process.

34. Related Party Transactions

The aim of this note is to demonstrate that any material transactions between the Council and those in a position to influence decisions are properly disclosed.

Any material transactions between related parties must be disclosed in the Statement of Accounts. The purpose of this is to highlight the possibility that the reported position and results may have been affected by the existence of the related parties and by any material transactions with them.

As Members and Chief Officers are considered to be related party, a Register of Interest is used to record and monitor related party transactions. Disclosure forms were also completed by both Members and Chief Officers.

Any declarations made by members are listed below. Leicestershire County Council, Leicestershire Police and the Leicestershire Local Government Pension Scheme are considered to be related party transactions, their year end balances being:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2021/22	2020/21
	Payments	Payments
	£000's	£000's
Leicestershire County Council		
Leicestershire County Council, Pension Fund	1,045	1,333
Leicestershire County Council - Year End Debtor	1,068	1,103
Leicestershire County Council - Year End Creditor	0	760
Leicestershire Police Authority	159	192
	2,272	3,388
	Precepts	Precepts
	£000's	£000's
Leicestershire County Council	24,620	23,543
Leicestershire Police	4,332	4,086
Leicestershire and Rutland Fire Authority	1,217	1,195
	30,169	28,824
Total	32,441	32,212

In 2021/22 the Council received a number of Government grants. These have been listed in notes 9 and 38 in the accounts.

Entities controlled or significantly influenced by the Council:

The following grants were given to external organisations in year. Whilst these amounts may not be material to the Council they may be material to and indicate control of the awarded bodies.

	2021/22	2020/21
	Receipts	Receipts
	£000's	£000's
Leicestershire County Council		
Household Support Fund	88	0
Smarter Travel Grant	5	0
Lockdown Support Grant	0	25
Winter Grant Scheme	0	93
	93	118
	2021/22	2020/21
	Payments	Payments
Community/Youth Grants		
South and West Leicestershire CAB	14	28
Age UK – Oadby & Wigston	0	6
Helping Hands	41	28
Total	55	62

NOTES TO THE CORE FINANCIAL STATEMENTS

35. Remuneration of Senior Staff

The Council is required to disclose payments made to senior employees, by post, whose remuneration is in excess of £50,000 per annum. The situation for 2020/21 is as follows:

Senior Officers' Salary - £50,000 to £150,000

2021/22

Post holder information	Salary (Inc fees & allowances)	Expense Allowances	Compensation for loss of office	Total remuneration excluding pension contributions	Total Pension contributions	Total remuneration including pension contributions
Chief Executive	109	0	0	109	19	128
Strategic Director - Section 151 Officer	14	0	0	14	3	17
Head of Finance & Acting Section 151 Officer	82	0	0	82	10	92
Head of Legal	76	0	0	76	13	89
Head of Customer Services & Business Transformation	62	0	0	62	11	73
Head of Community & Wellbeing	39	0	0	39	7	46
Head of The Built Environment	62	0	0	62	11	73
	444	0	0	444	74	518

2020/21

Post holder information	Salary (Inc fees & allowances)	Expense Allowances	Compensation for loss of office	Total remuneration excluding pension contributions	Total Pension contributions	Total remuneration including pension contributions
Chief Executive	106	0	0	106	21	127
Deputy Chief Executive & Section 151 Officer	90	0	0	90	18	108
Head of Legal	61	0	0	61	12	73
Head of Customer Services & Business Transformation	53	0	0	53	10	63
Head of Community & Wellbeing	55	0	0	55	11	66
Head of The Built Environment	55	0	0	55	11	66

NOTES TO THE CORE FINANCIAL STATEMENTS

The Head of Finance acted up as Section 151 Officer throughout most of 2021/22, with the position Of Strategic Director and Section 151 Officer being filled on a permanent basis from February.

Officers Salary Exceeding £50,000

The Council's other employees receiving more than £50,000 remuneration for the year 2021/22 were paid in the following bands:

Salary Bands	Number of Employees	
	2021/22	2020/21
£50,000 - £55,000	0	3
£55,000 - £60,000	1	1
£60,000 - £65,000	2	1
£65,000 - £70,000	0	0
£70,000 - £75,000	0	0
£75,000 - £80,000	2	0
£80,000 - £85,000	0	0
£85,000 - £90,000	0	0
£90,000 - £95,000	0	1
£95,000 - £100,000	0	0
£100,000 - £105,000	0	0
£105,000 - £110,000	1	1
£110,000 - £115,000	0	0
	6	7

Remuneration for these purposes includes all sums paid to or receivable by an employee, sums due by way of expense allowances and the money value of any other benefits received other than in cash, but excludes pension contributions payable by either the employee or the Council.

Exit Packages

The numbers of exit packages with the total cost per band and total cost of the redundancies are set out in the table below:

Exit Package Cost Band	Number of Compulsory Redundancies	2021/22 Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band
				£000's
£0 - £20,000	2	0	2	35
£20,001 - £40,000	2	0	2	71
Total	4	0	4	106

NOTES TO THE CORE FINANCIAL STATEMENTS

Exit Package Cost Band	Number of Compulsory Redundancies	2020/21 Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band
				£000's
£0 - £20,000	1	0	1	10
Total	1	0	1	10

36. Termination Benefits

The Council has terminated the contract of four employees in the year through redundancy. The cost of this movement was £105,644 (2020/21 £10,094) - see note 35 for the number of exit packages and total cost by band.

The Cost of termination benefits has been met by a combination of earmarked reserves, balance sheet provisions and revenue. All capital costs associated with early retirement have been funded by a combination of the Leicestershire County Pension Fund, earmarked reserves, balance sheet provisions and revenue.

37. Defined Benefit Pension Schemes

The Council participates in the Local Government Scheme administered by Leicestershire County Council. This is a defined benefit funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level estimated to balance the pension liabilities with investment assets.

In 2021/22 the Council paid an employer's contribution of £1,365,673 (2020/21 £1,286,855) into the Leicestershire County Council Superannuation Fund, representing 31.946% (2020/21 32.496%) of Pensionable Pay.

In addition, the Council made payment into the Leicestershire County Council Superannuation Fund relating to added years benefits of £38,253 (2020/21 £41,317), representing 0.894% (2019/20 0.965%) of Pensionable Pay.

The annual report of the Leicestershire County Council Pension Fund is available from County Hall, Glenfield, and Leicester.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the change we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is

NOTES TO THE CORE FINANCIAL STATEMENTS

reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and General Fund Balance via the Movement in Reserve Statement during the year:

Comprehensive Income and Expenditure Statement

	2021/22	2020/21
	£000's	£000's
<u>Cost of Services</u>		
Service Cost comprising		
Current Service Cost	2,159	1,319
Past Service Costs	21	2
(Gain)/Loss from Settlements		
Financial and Investment Income and Expenditure		
Net interest expense	592	517
Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services	2,772	1,838
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement.		
Remeasurement of the net defined benefit liability comprising		
Return on plan assets (excluding the amount included in the net interest expense)	(3,873)	(7,337)
Actuarial gains and losses arising on changes in demographic assumptions	(372)	770
Actuarial gains and losses arising on changes in financial assumptions	(4,441)	13,428
Other	97	(626)
Transfer to Pension Reserve for Post Year Actuaries Adjustment		
Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement.	(8,589)	6,235
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code.	(793)	(32)
Actual amount charged against the General Fund Balance for pension in the year		
Employers contribution payable to scheme	1,394	1,247
Retirement benefits payable to pensioners	36	40

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plan is as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2021/22	2020/21
	£000's	£000's
Present Value of the Defined Benefit Obligation	66,874	69,622
Fair Value of the plan assets	<u>(44,865)</u>	<u>(40,366)</u>
Net liability arising from Defined Benefit Obligation	<u>22,009</u>	<u>29,256</u>

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

	2021/22	2020/21
	£000's	£000's
Opening fair value of scheme assets	<u>40,366</u>	<u>32,441</u>
Interest Income	805	744
Remeasurement gain/ (loss)		
The return on plan assets, excluding the amount included in the net interest expense	3,873	7,337
Contributions from employer	1,394	1,247
Contribution from employees into the scheme	279	269
Losses/(gains) on curtailment (where relevant)	0	0
Benefits paid	<u>(1,852)</u>	<u>(1,672)</u>
Closing fair value of scheme assets	<u>44,865</u>	<u>40,366</u>

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

	2021/22	2020/21
	£000's	£000's
Opening balance	<u>69,622</u>	<u>54,911</u>
Current Service Costs	2,159	1,319
Interest cost	1,397	1,261
Contributions from scheme participants	279	269
Remeasurement (gain) and loss		
Actuarial gain/loss arising from changes in demographic assumptions	(372)	770
Actuarial gain/loss arising from changes in financial assumptions	(4,441)	13,428
Other	97	(626)
Past Service Costs	21	2
Losses/(gains) on curtailment (where relevant)	0	0
Benefits Paid	<u>(1,888)</u>	<u>(1,712)</u>
Closing balance	<u>66,874</u>	<u>69,622</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

Local Government Pension Scheme assets comprised

Fair Value of Scheme Assets	Fixed Value of Scheme Assets	
	2021/22 £000's	2020/21 £000's
Cash and cash equivalents	2,265	1,209
Equity Securities	374	703
Debt Securities	2,336	3,941
Private Equity	3,000	1,861
Real Estate	3,452	3,017
	<u>11,428</u>	<u>10,731</u>
Investment Funds and Unit Trusts:		
Equities	20,657	16,212
Bonds	0	1,706
Hedge Funds	0	3
Commodities	1,126	1,428
Infrastructure	2,346	2,123
Other	9,215	8,214
	<u>33,344</u>	<u>29,686</u>
Derivatives: Foreign Exchange	93	(51)
Total Assets	<u><u>44,865</u></u>	<u><u>40,366</u></u>

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as at 31st March 2019.

NOTES TO THE CORE FINANCIAL STATEMENTS

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	<u>2021/22</u>	<u>2020/21</u>
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	21.5	21.7
Women	24.0	24.2
Longevity at 65 for future pensioners		
Men	22.4	22.6
Women	25.7	25.9
Rate of Inflation		
Rate of increase in salaries	3.2%	3.5%
Rate of increase in pensions	3.7%	2.9%
Rate for discounting scheme liabilities	2.7%	2.0%

Impact on the Defined Benefit Obligation in the Scheme

	<u>Increase in Employer's Liability</u>	<u>Appropriate Monetary Amount</u>
	%	£000's
Change in Assumptions at 31st March 2021		
0.5% decrease in Real Discount Rate	2%	1,216
1 Year increase in member life expectancy	4%	2,675
0.5% increase in the Salary Increase Rate	0%	77
0.5% increase in the Pensions Increase Rate	2%	1,130

NOTES TO THE CORE FINANCIAL STATEMENTS

38. Revenue and Capital Grants

The Council has credited the following grants and contributions to the Comprehensive Income and Expenditure Statement (CIES) during 2020/21:

	<u>2021/22</u> £000's	<u>2020/21</u> £000's
Revenue:		
Rent Allowance	4,365	4,545
Benefit Administration	131	137
Rent Rebates	1,960	2,150
Housing Benefit Hardship	69	103
Council Tax Support Grant	137	0
Council Tax Hardship Fund	0	274
Universal Credit Grant	0	4
Housing Benefit New Burdens Grants	0	21
Verify Earnings & Pensions Grant	16	0
Business Rates New Burdens	0	19
Council Tax Family Annexe Discount	2	2
New Business Inspection Grant	2	0
Food Information Grant	2	0
Local Authority Delivery 2	33	0
Smarter Travel Grant	5	0
Domestic Abuse Grant	32	0
Physical Activity Development Grants	101	83
Rough Sleeping Grant	5	2
Cold Weather/ Protect Plus Fund Grant	11	0
Protect & Vaccinate Grant	10	0
Bin-frastructure Grant Scheme	22	0
Additional Audit Costs Grant	17	0
Youth Engagement Grant	10	0
Transparency Code	8	8
Local Authority Data Sharing	6	8
Local Elections Funding	15	0
Biodiversity Net Gain Grant	10	0
Taxi License New Burdens	1	1
Pavement Licensing New Burdens Grant	12	0
Blue Prescribing Contribution	18	0
Mobile Homes Fit & Proper Testing Grant	0	1
Letting Agent Transparency & Redress Scheme	0	1
Next Steps Accommodation Program Grant	0	28
Leisure Recovery Grant	0	92
Council Tax Data Supply Grant	0	1
COVID-19 Emergency Funding Grants	242	770
Local Tax Loss Grant	56	0
COVID-19 Test, Track and Contain Grants	212	250
COVID-19 Resident Support Schemes Grants	2	314
COVID-19 Business Grant Administration Grants	131	59
COVID-19 Loss of Income Grants	152	516
COVID-19 Community Champions Grant	0	86
COVID-19 Business Support Grants	88	2,710
COVID-19 Self-Isolation Grants	24	177
	<u>7,907</u>	<u>12,362</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

	2021/22	2020/21
	£000's	£000's
Capital:		
Local Authority Delivery 2	92	0
Improvement Grants	349	415
	441	415
Total	9,334	12,777

39. Capital Expenditure

The Council's in year capital expenditure was financed as follows:

	2021/22	2020/21
	£000's	£000's
Opening Capital Financing Requirement	37,107	37,059
Capital Investment		
Property, Plant, Equipment and Intangible Assets	3,447	2,044
Revenue Expenditure Funded from Capital under Statute - Other	4	105
Sources of Finance		
Capital Receipts	(280)	0
Government Grants and Other Contributions	(176)	(163)
Revenue Contribution	(1,655)	(1,132)
Revenue Provision	(833)	(806)
Closing Capital Financing Requirement	37,614	37,107
Explanation of Movement in Year		
Increase/Decrease in underlying need for supported Borrowing	0	0
Increase/Decrease in underlying need for unsupported Borrowing	507	48
	507	48

General Fund capital expenditure in 2021/22 resulted in a net increase in the underlying need for unsupported borrowing of £507,536 (2020/21 £48,081 increase).

40. Minimum Revenue Provision (MRP)

Under the Capital Finance Regulations, this Council has a duty to set aside a Minimum Revenue Provision (MRP) for the repayment of external debt that it considers "prudent".

For this financial year in respect of debt that is supported by the Revenue Support Grant the method chosen is the Capital Financing Requirement (CFR) method. The CFR method calculates MRP as 4% of the non-housing CFR at the end of the preceding financial year.

NOTES TO THE CORE FINANCIAL STATEMENTS

In the case of new borrowing for which no government support has been given and is therefore self-financed, the Asset Life method has been used. This method requires MRP to be made in equal annual instalments over the estimated life of the asset for which the unsupported borrowing is undertaken.

The annuity asset life method requires that the MRP for each year be the amount presumed to be the principal element of the equal amounts that would be payable each year in respect of a loan at a specified rate of interest that would reduce the outstanding principal amount to zero at the end of the estimated useful life of the asset. This results in an MRP charge that rises over time. This is deemed to be particularly appropriate for assets which generate increasing revenues over time. This has been chosen for the leisure facilities project.

	2021/22	2020/21
	£000's	£000's
General Fund Charge	833	805
HRA Charge	0	0
Minimum Revenue Provision	833	805

The provisions for depreciation and impairment should be regarded as part of the minimum revenue provision with the balance being treated as a transfer to or from the Capital Adjustment Account.

	2021/22	2020/21
	£000's	£000's
Minimum Revenue Provision	851	805
Amount Charged as Depreciation	(1,846)	(1,601)
Amount Charged as Impairment	1,029	(29)
Additional Charge to/from the General Fund Balance	34	(825)

41. Analysis of Net Assets Employed

	31st March 2022 £000's	31st March 2021 £000's
General Fund	1,169	(7,653)
Housing Revenue Account	50,661	46,390
	51,830	38,737

NOTES TO THE CORE FINANCIAL STATEMENTS

42. Information on Assets Held

Fixed assets owned by the Council include the following;

	No. as at 31st March 2022	No. as at 31st March 2021
	<u> </u>	<u> </u>
Operational Buildings :		
Allotment Sites	4	4
Car Parks	11	11
Cemeteries	2	2
Cemetery Buildings	4	4
Council Offices	1	1
Community / Day Centres	2	2
Depots & Garage	1	1
Garages	179	179
Garage Spaces	54	54
Homelessness Shelter	1	1
Pavilions	7	7
Public Conveniences	4	4
Sports Centre	2	2
Swimming Pools	0	0
Sports Grounds & Parks	17	17
Vehicle Workshop	1	1
Brocks Hill Visitor Centre	1	1
Brocks Hill Country Park	1	1
Investment Property: Shops	3	3
 Council Dwellings	 1,191	 1,199
 Total	 <u>1,486</u>	 <u>1,494</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

43. Financial Instruments Balances

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

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

The council's financial liabilities held during the year are measured at fair value and carried at their amortised cost and comprised of long-term loans from the Public Works Loans board and inter-Local Authority lending, trade payables for goods and services received

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

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

- Amortised Cost - cash flows are solely payments of principal and interest and the business model is to collect the cash flows only
- Cash in hand
- Bank current and deposit accounts
- Fixed term deposits
- Loans to other local authorities
- Trade receivables for goods and services provided Fair value through Profit and Loss

NOTES TO THE CORE FINANCIAL STATEMENTS

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

Financial Assets	Non-Current				Current				Total	
	Investments		Debtors		Investments		Debtors		Total	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Fair value through profit & loss	0	0	0	0	0	0	0	0	0	0
Amortised cost	73	73	19	14	18,219	8,354	2,154	2,232	20,465	10,673
Fair value through comprehensive income - designated equity instruments	0	0	0	0	0	0	0	0	0	0
Fair value though other comprehensive income	0	0	0	0	0	0	0	0	0	0
Total Financial Assets	73	73	19	14	18,219	8,354	2,154	2,232	20,465	10,673
Non Financial Assets									0	0
Total	73	73	19	14	18,219	8,354	2,154	2,232	20,465	10,673

Financial Liabilities	Non-Current				Current				Total	
	Borrowings		Creditors		Borrowings		Creditors		Total	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Fair value through profit & loss	0	0	0	0	0	0	0	0	0	0
Amortised cost	19,155	20,245	7	22	19,549	14,545	2,025	2,073	40,736	36,885
Total Financial Liabilities	19,155	20,245	7	22	19,549	14,545	2,025	2,073	40,736	36,885
Non Financial Liabilities	0	0	0	0	0	0	0	0	0	0
Total	19,155	20,245	7	22	19,549	14,545	2,025	2,073	40,736	36,885

NOTES TO THE CORE FINANCIAL STATEMENTS

44. 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:

	Financial Assets	
	Loans and Receivables	
	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Interest Expense	670	729
Interest Income	(8)	(14)
Net (Gain)/Loss for the Year	<u>662</u>	<u>715</u>

45. Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Estimated interest rates at 31 March 2022 for loans and investments, including those loans from the Public Works Loan Board, are based on a rate equivalent to that of the outstanding period of each loan or investment.
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values calculated are as follows:

Financial liabilities	<u>31st March 2022</u>		<u>31st March 2021</u>	
	Carrying	Fair	Carrying	Fair
	amount	value	amount	value
	£000's	£000's	£000's	£000's
Financial liabilities held at amortised cost -				
Public Works Loans	(40,279)	(43,674)	(36,863)	(41,680)
Long term creditors	0	0	0	0
PFI & finance lease liabilities	(7)	(6)	(22)	(20)
Total	<u>(40,286)</u>	<u>(43,680)</u>	<u>(36,885)</u>	<u>(41,700)</u>

The fair value is more 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

NOTES TO THE CORE FINANCIAL STATEMENTS

than the rates available for similar loans at the balance sheet date. This commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

Financial assets

	31st March 2022		31st March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000's	£000's	£000's	£000's
Financial assets held at amortised cost	20,446	20,446	10,659	10,659
Long term Debtors	19	19	14	14
Total	20,465	20,465	10,673	10,673

The fair value is represented by the carrying amount as the Council has no material long-term investments.

46. Nature and Extent of Risks Arising from Financial Instruments

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** – 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.

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimize these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice 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 Code of Practice;
- By approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing;
 - The maximum and minimum exposures to fixed and variable rates;
 - The maximum and minimum exposures to the maturity structure of its debt;

NOTES TO THE CORE FINANCIAL STATEMENTS

- The 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 the 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 Strategy and Plan which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported at least annually to Members.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with UK banks and "top 20" building societies with a minimum long-term rating of 'A' and a short-term rating of F1. In addition, investments in money market funds may be made, provided that such funds have a long-term rating of 'AAA'. Top 20 is defined as building societies with a minimum asset base of £1 billion. The Council has a policy of not lending more than £1.5 million of its surplus balances to one institution.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions. For sundry debtors, other debtors and housing rents the historical experience of default is based on the provision for bad and doubtful debts according to generally accepted accounting practice. This is adjusted to reflect current market conditions.

(IFRS 7) Financial Instruments; Due to the Covid-19 Pandemic 31 March 2021 has had an impact of financial pressures relating to the liquidity and credit risks. Covid-19 impacting on the local authorities financial sustainability.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Amount at 31st March 2022	Historical Experience of Default	Market Conditions at 31st March 2022	Maximum Exposure to Default and Uncollectibility
	£000's	%	%	£000's
	A	B	C	(A x C)
Deposits with banks and financial Institutions				
Local Authorities	0	0.00	0.00	0.00
A'AA' Rated Counterparties	0	0.00	0.00	0.00
'AA' Rated Counterparties	0	0.00	0.01	0.00
'A' Rated Counterparties	0	0.01	0.05	0.00
BBB' Rated Counterparties	0	0.00	0.20	0.00
Sundry Debtors *	1,283	0.04	0.04	51.32
Other Debtors	604	0.04	0.04	24.16
Housing Rents	381	0.02	0.02	7.62
				83.10

* **Sundry debtors** includes the overpayment of housing benefits, building control fees and charges, licensing fees and other service fees and charges.

Whilst the current credit crisis in international markets has raised the overall possibility of default, the Council maintains strict credit criteria for investment counterparties. As a result of these high credit criteria, we have maintained historical default rates as a good indicator under these current conditions.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

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

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Less than three months	513	111
Three to six months	16	22
Six months to one year	55	102
More than one year*	699	719
	<u>1,283</u>	<u>954</u>

* **The majority of debt that has been outstanding for more than one year relates to the overpayment of housing benefit where instalment payments have been set up.**

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 Strategy and Plan and Investment Strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the Public Works Loan Board (PWLB) provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose action is unlawful).

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.

Refinancing and Maturity Risk

The Council maintains a significant 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.

The approved prudential 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 approved the Treasury Strategy and Plan and Investment Strategy to address the main risks, and the central treasury team addresses the operational risks within the approved parameters.

This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- 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 to provide stability of maturities and returns in relation to the longer term cash flow needs.

NOTES TO THE CORE FINANCIAL STATEMENTS

The maturity analysis of financial liabilities is as follows:

	2021/22	2020/21
	£000's	£000's
Less than one year	21,460	16,618
Between one and two years	1,013	1,029
Between two and five years	3,019	3,019
More than five years	15,130	16,219
	40,622	36,885
Short Term Creditors*	(1,911)	(2,073)
Short Term Borrowing	(19,549)	(14,545)
Long Term Creditors	(19,155)	(22)
Long Term Borrowing	(7)	(20,245)
	(40,622)	(36,885)

All trade and other payables are due to be paid in less than one year.

***Amounts owing to and from central government and other local government agencies** are not deemed financial instruments, as they represent statutory obligations, rather than tradable instruments. Consequently, the short-term creditors figure here is lower than the Balance Sheet figure.

Market Risk

Interest Rate Risk

Movements in interest rates have a complex impact on the Council. For instance, a rise in 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 liabilities borrowings will fall
- **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

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. Movement in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance.

NOTES TO THE CORE FINANCIAL STATEMENTS

The Council has a number of strategies for managing interest rate risk. The policy is to have no more than 25% of its borrowings in variable rate loans. The risk of loss is ameliorated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out should be fixed or variable.

According to this assessment strategy, at 31 March 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would have been:

	£000's	£000's
Increased return on money market investments	(47)	(42)
Impact on Income and Expenditure Account	<u>(47)</u>	<u>(42)</u>
Share of Overall Impact Credited to the HRA	<u>(20)</u>	<u>(11)</u>

The current Bank of England Base Rate is 1%. While there is scope for a rate cut, in the current inflationary environment, the probability is so small that the Council does not regard the risk to be material.

- **Price Risk**

The Council is not exposed to price risk as it does not invest in equity shares.

- **Foreign Exchange Risk**

The Council has no financial assets or liabilities denominated in foreign currencies and thus no exposure to loss arising from movements in exchange rates.

47. Agency Services

The Council does not normally act as an agent for other entities, beyond its role as a billing authority, collecting Council Tax and Non-Domestic Rates on behalf of Central Government and local precepting authorities. These transactions are reflected in the Collection Fund, details of which are disclosed later on in these financial statements.

However, during 2021/22, the Council was obliged to act on behalf of Central Government, for the administration and distribution of various monies related to relief payments to local people and businesses, to alleviate the economic effects of the various Covid-19 lockdowns.

While the Council was given discretion over the distribution of certain funds, the majority of the relief grant funding received in 2021/22 was distributed in accordance

NOTES TO THE CORE FINANCIAL STATEMENTS

with criteria determined by Central Government. As such, while the former are deemed *Principal* transitions, and are included as expenditure and income of the Council in-year, the latter are deemed *Agency* transactions, and are excluded from the primary financial statements.

Below is a table listing the grant schemes and the volume and amount paid out by the Council in 2021/22.

	<u>Number</u>	<u>Value</u> <u>£000s</u>
Restart Grants	213	1,458
Local Restrictions Support Grant Closed	51	84
Closed Business Lockdown Payment	12	62
Omicron Hospitality & Leisure Grant	87	239
Test and Trace Support Payments Main Scheme	219	110
Total Processed as Agent	<u>582</u>	<u>1,953</u>
Additional Restrictions Grant	365	1,283
Additional Restrictions Taxi Grant	35	35
ARG Contribution to LLEP	1	8
Omicron Top-Up Grant	52	52
Test and Trace Support Payments Discretionary	128	64
Total Processed as Principal	<u>581</u>	<u>1,442</u>
Grant Total	<u><u>1,163</u></u>	<u><u>3,395</u></u>

48. Contingent Liabilities

Municipal Mutual Insurance

The Scheme of Arrangement was enacted in 2012/13. The impact upon the Council as a scheme creditor is not clear, nor is the consequential impact on future funding for unknown claims incurred but not reported between 1974 and 1992. Whilst the Council has so far fulfilled its obligations to the scheme, the total liability going forward is uncertain, and there thus remains the possibility of future demands on Council funds.

Litigation

In May 2017, the Council demolished the property located at 6 Long Street, Wigston, on the advice of a structural engineer that the property was dangerous and posed a risk of further collapse. The appropriate notices were served. The owner failed to clear the site, and following further issues with ASB and arson, the Council cleared the debris, following the service of a further Notice.

NOTES TO THE CORE FINANCIAL STATEMENTS

The costs are recoverable under the Building Act 1984 as a local land charge, and the council has the power of sale as if it were a mortgagee in possession. Proceedings were commenced to assume possession of the property in the absence of any response from the owner.

Upon commencement of the proceedings, the owner eventually responded by defending the claim on the basis that the property was not dangerous, and the council shouldn't have demolished it.

The matter was listed for a 2-day trial which has now been delayed as a 3-day hearing will be required.

The agreed costs limit set by the court was that the Council's legal fees were not to exceed £45k, recoverable in the event that the Council succeeds; payable along with the defendant's costs in the event that the Council loses.

49. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

There are no prior period adjustments which relate to the 2020/21 Accounts.

**THE HOUSING REVENUE ACCOUNT
INCOME AND EXPENDITURE STATEMENT**

This account summarises the resources that have been generated and consumed in providing services and managing the Council's Housing Revenue Account (HRA) during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

	<u>2021/22</u>	<u>2020/21</u>
Note	£000's	£000's
Expenditure		
Repairs and maintenance	1,302	849
Supervision and management	571	649
Rents, rates, taxes and other charges	49	12
Depreciation and impairment of non-current assets	6, 7 53	442
Debt management charges	9	6
Increase/(decrease) in bad debt provision	35	72
Total Expenditure	<u>2,019</u>	<u>2,030</u>
Income		
Dwellings rent	(4,924)	(4,873)
Non dwellings rent	(73)	(72)
Charges for services and facilities	(98)	(95)
Total Income	<u>(5,095)</u>	<u>(5,040)</u>
Net Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement		
	(3,076)	(3,010)
HRA services share of Corporate and Democratic Core	1,162	1,195
HRA Share of other amounts included in whole authority net expenditure of continuing operations not allocated to specific services	2	4
Net Income of HRA Services	<u>(1,912)</u>	<u>(1,811)</u>
HRA share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement :		
(Gain)/Loss on the Sale of HRA non-current assets	(272)	(87)
De-recognition of Non-Current Assets	163	381
Interest and investment income	(3)	(3)
Interest payable and similar charges	506	533
Pensions interest cost and expected return on pension assets	47	41
(Surplus) / Deficit for the Year on HRA Services	<u>(1,471)</u>	<u>(946)</u>

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

This reconciliation statement summarises the differences between the outturn on the HRA Income and Expenditure Account and the HRA Balance.

	<u>2021/22</u>	<u>2020/21</u>
Note	£000's	£000's
Balance on the HRA at the end of the previous reporting period	(1,332)	(1,139)
(Surplus) / Deficit for the year on the HRA Income and Expenditure Statement	(1,471)	(946)
Adjustments made between Accounting Basis and funding basis under statute	1,648	753
Net (increase) or decrease before transfers to or from reserves	177	(193)
Transfers to or (from) Reserves	0	0
(Increase) or decrease in year on the HRA	177	(193)
Balance on the HRA at the end of the current reporting period	<u>(1,155)</u>	<u>(1,332)</u>

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Adjustment Between Accounting Basis and Funding Basis Under Statute

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Impairment of non-current assets	1,640	1,092
(Gain) / loss on the sale of non-current assets	272	87
Accumulating compensating absences	4	(1)
De-recognition of non-current assets	(163)	(381)
Net charges made for retirement benefits in accordance with IAS 19	(221)	(147)
Transfer (to) / from major repairs reserve	0	0
Revenue contribution to capital	0	0
Employers contribution payable to the Leicestershire Pension Fund and retirement benefits payable direct to pensioners	116	103
Adjustments made between Accounting Basis and Funding Basis under Statute	<u>1,648</u>	<u>753</u>

2. Balance Sheet Value of Authority's Housing Stock

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Operational Assets		
Dwellings	72,121	66,000
Other Land and Buildings	1,279	1,186
	<u>73,400</u>	<u>67,186</u>
Non Operational Assets		
Investment Property	138	129
Total	<u>73,538</u>	<u>67,315</u>

The vacant possession value of dwellings on 31 March 2022 was £172,994,888 (2020/21 £158,328,350), against a balance sheet value of £72,120,547 (2020/21 £65,999,703) at the same point in time.

The difference reflects the fact that social housing rents generate a lower income stream than could be obtained in the open market. The value placed on assets in a commercial environment will reflect the required economic rate of return in relation to income streams that the assets might be expected to generate throughout their economic life. To the extent that income streams are constrained to serve a wider social purpose, the value of capital assets employed for council housing will be reduced.

NOTES TO THE HOUSING REVENUE ACCOUNT

3. Housing Stock

The Council was responsible for managing on average 1195 dwellings during 2021/22. The stock at year end was as follows;

	<u>2021/22</u>	<u>2020/21</u>
	Number	Number
Houses / Bungalows	661	665
Flats / Maisonettes	530	534
Total Stock	<u>1,191</u>	<u>1,199</u>

The change in stock can be summarised as follows;

	<u>2021/22</u>	<u>2020/21</u>
	Number	Number
Stock at 1 April	1,199	1,202
Sales	(10)	(3)
Additions	2	0
Stock at 31 March	<u>1,191</u>	<u>1,199</u>

4. Major Repairs Reserve

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Balance at 1 April	412	10
Amounts Transferred In	1,693	1,534
Transfers to/(from) HRA		
Used for Capital Expenditure	(1,655)	(1,132)
Balance at 31 March	<u>450</u>	<u>412</u>

5. Funding of HRA Stock

A total of £1,919,855 was spent on the Authority's housing stock in 2021/22 (£1,236,832 in 2020/21).

This was funded as follows:

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Major Repairs Reserve	1,643	1,237
Capital Receipts	277	0
Unsupported Borrowing	0	0
Balance at 31 March	<u>1,920</u>	<u>1,237</u>

NOTES TO THE HOUSING REVENUE ACCOUNT

HRA Capital Receipts retained by the Authority for 2021/22 totalled £567,283 (2020/21 £158,494). These were entirely attributable to the sale of council houses under the Right to Buy Scheme.

6. Depreciation and Amortisation

The total charge for non-current assets within the Authority's HRA during the financial year 2021/22 is £1,692,938.79 (2020/21 £1,533,680)

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Dwellings	1,457	1,352
Other Land & Buildings	208	153
Plant, Equipment & Vehicles	2	2
Intangibles (Computer Software)	26	27
Total	<u>1,693</u>	<u>1,534</u>

7. Impairment of HRA Assets

Due to Central Government changes in valuation guidelines, there was no net impairment charge made to the HRA for 2021/22. Instead, there was a considerable reversal of impairment charged in previous years.

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Dwellings	<u>(1,659)</u>	<u>(1,092)</u>
Total	<u>(1,659)</u>	<u>(1,092)</u>

8. Rent Arrears

During the year rent arrears have increased by £36,000.

	<u>2021/22</u>	<u>2020/21</u>
	£000's	£000's
Arrears at 31 March	349	313

A bad debt provision has been made in the accounts in respect of potentially uncollectible rent arrears. The value of the provision on 31 March 2022 is £264,171 (31 March 2020 £236,223).

9. HRA Share of Contribution To or From the Pension Fund

To Comply with IAS 19 the current service costs for the HRA are incorporated into Supervision and Management and Repairs and Maintenance costs shown.

These Items are then reversed by the net effect of the following items:

- (i) **Net Charges Made for Retirement Benefits** in Accordance with IAS 19. This amounted to £221,760 in 2021/22 (£147,040 in 2020/21).
- (ii) **Employers Contributions** to Leicestershire County Council pension fund and retirement benefits paid direct to pensioners. This amounted to £115,613 in 2021/22 (£103,354 in 2020/21).

Explanatory Foreword

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and the Government.

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates. The administrative cost associated with the collection process is charged to the General Fund.

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Oadby and Wigston, the Council Tax precepting bodies are the Leicestershire County Council (LCC), the Police and Crime Commissioner for Leicestershire (PCCL) and the Leicester, Leicestershire and Rutland Combined Fire Authority (LLRCFA).

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give councils a greater incentive to grow businesses in the borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The scheme allows the Council to retain a proportion of the total NNDR received. The Oadby and Wigston share is 40% with the remainder paid to precepting bodies. For Oadby and Wigston the NNDR precepting bodies are Central Government (50% share), County Council (9%) and Fire Authority (1% share).

NNDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

The Accounts include an Explanatory Forward, a Statement of Accounting Policies and an Income and Expenditure Account, together with supporting notes.

COLLECTION FUND

Accounting Policies

1. Income and Expenditure

The accounts have been prepared on an accruals basis. This means sums due to or from the Collection Fund, are included whether or not the cash has actually been received or paid in the year.

The above policy is not followed when dealing with the apportionment of the surplus or deficit on the fund to precepting authorities.

2. Council Tax/NNDR Bad Debt Provision and NNDR Provision for Valuation Appeals

A provision is created when a sum of money is set aside to meet future specific expenses which are likely or certain to be incurred, but the amount of which cannot yet be determined accurately.

The Collection Fund provides for bad debts on arrears on the basis of prior year experience and the current year's collection rates.

3. Collection Fund updates for 31 March 2022 includes the following: (see Statement of Accounting policies – Note 30)

- Council Tax Collection Fund surplus/deficits.
- Transfer between the General Fund and the Collection adjustment Account.
- Covid-19 Pandemic /Grants schemes not Collection Fund Transactions.
- 75% Tax Income Guarantee Compensation.
- Covid-19 Council Tax Hardship Fund.
- NNDR – National Non- Domestic Rates Deficits/Surplus.

THE COLLECTION FUND ACCOUNT

2020/21			2021/22			
Business Rates £000's	Council Tax £000's	Total £000's	Note	Business Rates £000's	Council Tax £000's	Total £000's
Income						
0	32,754	32,754		0	34,875	34,875
Council Tax Payers						
Transfers from General Fund -						
0	249	249		0	(136)	(136)
Council Tax Benefits						
6,369	0	6,369	3	10,723		10,723
Business Ratepayers						
Apportionment of Previous Year Deficit -						
83	0	83		2,781	0	2,781
Central Government						
20	0	20		2,179	35	2,214
Oadby & Wigston Borough Council						
0	0	0		416	152	568
Leicestershire County Council						
Police and Crime Commissioner for						
Leicestershire						
0	0	0		0	26	26
Leicester, Leicestershire & Rutland						
0	0	0		54	8	62
Combined Fire Authority						
6,472	33,003	39,475		16,153	34,960	51,113
Total Income						
Expenditure						
12,742	32,841	45,583	4	13,007	34,464	47,471
Precepts and Demands						
55	0	55		55	0	55
Costs of Collection						
(2)	0	(2)		0	0	0
Court Costs						
Bad and Doubtful Debts -						
192	75	267		(739)	0	(739)
Write Offs						
14	142	156		360	256	616
Provisions						
(466)	0	(466)		0	0	0
Appeals						
Apportionment of Previous Year Surplus -						
0	0	0		0	0	0
Central Government						
0	13	13		0	0	0
Oadby and Wigston Borough Council						
69	74	143		0	0	0
Leicestershire County Council						
Leicester, Leicestershire & Rutland						
0	13	13		0	0	0
Combined Fire Authority						
Police and Crime Commissioner for						
Leicestershire						
0	4	4		0	0	0
Disregarded Amounts - Renewable						
8	0	8		8	0	8
Energy						
95	0	95		(11)	0	(11)
Transitional Relief						
12,707	33,162	45,774		12,680	34,720	47,400
Total Expenditure						
6,235	159	6,394		(3,473)	(240)	(3,713)
Movement on Fund						
(230)	51	(179)		6,005	210	6,215
Balance at Beginning of Year						
6,005	210	6,215		2,532	(30)	2,502
(Surplus)/Deficit on Fund at End of Year						
Allocated to -						
3,003	0	3,003		1,266	0	1,266
Central Government						
2,402	26	2,428		1,013	(3)	1,010
Oadby and Wigston Borough Council						
540	150	690		228	(21)	207
Leicestershire County Council						
Leicester, Leicestershire & Rutland						
60	8	68		25	(2)	23
Combined Fire Authority						
Police and Crime Commissioner for						
Leicestershire						
0	26	26		0	(4)	(4)
Leicestershire						
6,005	210	6,215		2,532	(30)	2,502

NOTES TO THE COLLECTION FUND ACCOUNT

1. Council Tax Balance and Transactions at Year End

For the purpose of the Balance Sheet, it is considered that this authority acts as an agent, collecting Council Tax on behalf of the major preceptors and itself. Council Tax transactions and balances are therefore allocated between this authority and the other major preceptors.

Shown below are the allocations to all preceptors as at 31st March 2022.

<u>Authority</u>	<u>Arrears</u> £000's	<u>Bad Debt</u> <u>Provision</u> £000's	<u>Over & Pre</u> <u>payments</u> £000's	<u>(Surplus)</u> <u>/Deficit</u> £000's	<u>Balance</u> <u>Payable</u> £000's	<u>Balance</u> 2020/21 £000's
Leicestershire County Council	2,226	(826)	(480)	(21)	899	1,101
Leicestershire PCCO	396	(147)	(85)	(4)	160	191
Combined Fire Authority	114	(42)	(25)	(2)	45	56
Total Other Major Preceptors	2,736	(1,015)	(590)	(27)	1,104	1,348
Oadby & Wigston Borough Council	367	(136)	(79)	(3)	149	328
Total All Preceptors	3,103	(1,151)	(669)	(30)	1,253	1,676

2. Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A-H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

The Council Tax base for 2021/22 has increased to £17,558.70 (£17,520.50 in 2020/21).

<u>Band</u>	<u>Estimated No. of</u> <u>Taxable Properties</u> <u>after Effect of</u> <u>Discounts</u>	<u>Ratio</u>	<u>No. of Band</u> <u>D</u> <u>Equivalent</u> <u>Dwellings</u>
Z	5.64	5/9	3.10
A	2620.30	6/9	1,746.90
B	5003.25	7/9	3,891.40
C	6125.03	8/9	5,444.50
D	2810.35	9/9	2,810.40
E	1800.08	11/9	2,200.10
F	479.71	13/9	692.90
G	435.72	15/9	726.20
H	68.20	18/9	136.40
Total	19,348.28		17,651.90
Add Adjustment**			174.20
Deduct Allowance for Losses in Collection			(267.40)
Council Tax Base			17,558.70

** Adjustment

NOTES TO THE COLLECTION FUND ACCOUNT

The adjustment relates to anticipated changes during the year for successful appeals against valuation bandings, new properties, demolitions, disabled persons relief, exempt properties, and crown contributions.

3. Income from Business Ratepayers (Non – Domestic Rates or NDR)

In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of Oadby and Wigston the local share is 40%. The remainder is distributed to preceptors and in the case of Oadby and Wigston these are Central Government 50%, Leicestershire County Council (LCC) 9% and 1% to the Leicester, Leicestershire and Rutland Combined Fire Authority (CFA).

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Oadby and Wigston paid a tariff in 2021/22 to the value of £3,761,260 (£0 in 2020/21) (see Note 9, Notes to the Core Financial Statements).

In addition to the top up, a 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of Business Rates income. For Oadby and Wigston the value of safety net figure is £205,632 in 2020/21 (£167,673 in 2020/21). The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief (announced in the Autumn Statement 2014) not allowed for when the safety net was set.

A further Safety Net or Levy system acts to ensure that any local authority is protected from a net localised business rate yield of less than 92.5% of its Baseline Funding. A Safety Net grant is paid if the authority's yield falls below this with a Levy being imposed if it is greater. In 2021/22, the Council was in a Levy position of £0 (Levy of £0 for 2020/21).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency, and hence business rates outstanding as at 31 March 2021. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares.

The total provision charged to the collection fund for 2021/22 has been calculated at £386,801 (£601,638 2020/21).

NOTES TO THE COLLECTION FUND ACCOUNT

The total non-domestic rateable value at 31 March 2022 was £34,282,351 (£34,674,409 31 March 2020). The national non-domestic multipliers for the year were:

Full	0.512 (0.504 for 2020/21)
Small Business	0.499 (0.491 for 2020/21)

Shown below are the allocations to all preceptors as at 31 March 2022.

<u>Authority</u>	<u>Arrears</u> £000's	<u>Bad Debt</u> <u>Provision</u> £000's	<u>Appeals</u> <u>Provision</u> £000's	<u>Over & Pre</u> <u>payments</u> £000's	<u>(Surplus)</u> <u>/Deficit</u> £000's	Balance Payable £000's	<u>Balance</u> <u>2020/21</u> £000's
Central Government	784	(191)	(483)	(431)	1,266	945	2,527
Leicestershire County Council	141	(34)	(87)	(78)	228	170	454
Combined Fire Authority	16	(4)	(10)	(8)	25	19	51
Total Other Major Preceptors	941	(229)	(580)	(517)	1,519	1,134	3,032
Oadby & Wigston Borough Council	587	(153)	(387)	(345)	996	698	2,020
Total All Preceptors	1,528	(382)	(967)	(862)	2,515	1,832	5,052

4. Precepts and Demands

<u>2020/21</u>				<u>2021/22</u>		
<u>Business</u> <u>Rates</u> £000's	<u>Council</u> <u>Tax</u> £000's	<u>Total</u> £000's		<u>Business</u> <u>Rates</u> £000's	<u>Council</u> <u>Tax</u> £000's	<u>Total</u> £000's
1,147	23,542	24,689	Leicestershire County Council	1,171	24,771	25,942
0	4,085	4,085	Leicestershire Police Authority	0	4,359	4,359
127	1,193	1,320	Combined Fire Authority	130	1,217	1,347
6,371	0	6,371	Central Government	6,503	0	6,503
5,097	4,021	9,118	Oadby and Wigston Borough Council	5,203	4,117	9,320
12,742	32,841	45,583	Total	13,007	34,464	47,471

Notes to the Accounts

Accounting Policies

1. General

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

The Statement of Accounts summarises the council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which requires the statement to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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

The council's accounting policies are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance, The Service Reporting Code of Practice

(SeRCOP) or any other change in statute, guidance or framework impacting on the council's accounts.

The council's accounting policies as far as possible have been developed to ensure that the accounts are understandable, relevant, free from material error or misstatement, reliable and comparable, and are applied consistently.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are discussed at the end of this section in note 26.

2. Accruals of Income and Expenditure

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

In particular:

- **Fees**, charges, and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- **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 inventory on the Balance Sheet.
- **Works** are charged as expenditure when they are completed before which they are carried as works in progress 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** has been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Exceptions to this are:

- **Telephone accounts** are being charged to that year which has most of the quarter to which the rental or the charge relates as appropriate. This is rather than apportioning them between the financial years and as this policy is consistently applied each year it does not have a material effect on the year's accounts.
- **Insurance premiums** are due on the 30 September each year and are charged to the year that the payment is made and not adjusted between the years.
- **Rentals and maintenance** agreements are consistently charged to the year where the period starts and are not apportioned between the years.

Exceptions to the accrual's principle are consistently applied each year, and therefore do not have a material effect on the year's accounts.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in [specified period, no more than three months] or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the authority's cash management.

4. Exceptional Items

Exceptional items are material items which derive from individual events that fall within the ordinary activities of the Council and are identified as exceptional items by virtue of their size, nature, or incidence. When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the council's financial performance

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by

the change and do not give rise to a prior period adjustment.

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

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

6. Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following charges to record the real 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 and other losses where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- **Amortisation** of intangible fixed assets attributable to the services.

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue (known

as the Minimum Revenue Provision - MRP) to contribute towards the reduction in its overall borrowing requirement. For this year, in respect of debt that is supported by Revenue Support Grant (RSG), the provision is calculated using the Capital Financing Requirement (CFR) method. For new borrowing for which no Government support has been given and is therefore self-financed, the asset life method has been used for the 2021/22 accounts.

The CFR method calculates the provision as 4% of the non-housing supported CFR at the end of the preceding financial year (4% of the capital expenditure funded by supported borrowing).

The asset life method requires MRP to be made in equal annual instalments over the estimated life of the asset for which the unsupported borrowing is undertaken.

The annuity asset life method requires that the MRP for each year be the amount presumed to be the principal element of the equal amounts that would be payable each year in respect of a loan at a specified rate of interest that would reduce the outstanding principal amount to zero at the end of the estimated useful life of the asset. This results in an MRP charge that rises over time. This is deemed to be particularly appropriate for assets which generate increasing revenues over time.

Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

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

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

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

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

8. 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 flexitime earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Un-useable Reserve – Accumulated Absence Account in the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

Post-employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by Leicestershire County Council.

The Local Government Scheme is accounted for as a defined benefits scheme: -

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of

the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of future earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 2.8% and 2.9% dependent on the duration of the liability. (A Corporate Bond yield curve is constructed based on the constituents of the iBoxx Corporates AA bond index and using the UBS delta curve fitting methodology. The discount is set based on the employer's own weighted average duration).
- The assets of pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value

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

- Service Cost comprising;
 - Current service cost** - the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
 - Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service

earned in earlier years – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.

Net Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.

- Remeasurements comprising;
The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Comprehensive Income and Expenditure Statement.
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 in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations 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 any amounts payable to the fund but unpaid at the year end.

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

9. Events after the Reporting Period

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

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

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

10. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the council

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

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

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Council holds financial assets measured at:

- amortised cost, and
- fair value through profit or loss (FVPL)
- [also refer to financial assets at fair value through other comprehensive income (FVOCI) and/or financial assets

designated at FVOCI, where the authority holds or has designated such financial instruments].

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of a basic debt instrument) [tailor as appropriate where the business model for any financial assets is not to hold investments solely to collect cash flows].

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made several loans to employees as part of its assisted car purchase scheme at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement 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 at a marginally higher effective rate of interest than the rate receivable from employees, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement on the General Fund Balance.

Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains or losses that arise on de-recognition of the asset are credited or debited to the Comprehensive Income and Expenditure Statement.

11. Government Grants and Contributions

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

- The Council will comply with the conditions attached to the payments, and
- The grants or contribution 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 acquired using the grant or contribution, are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

Covid-19 Grants

As part of the Covid-19 pandemic the government provided a range of grant schemes to support businesses that

has been administered by the Council (Small Business Grant Fund, Retail, Hospitality and Leisure Grant Fund, multiple Local Restrictions grant (open/closed sectors). The Council is responsible for paying over the grants to the businesses and are then reimbursed by the government using a grant under section 31 of the Local Government Act 2003 (S31). Some of the schemes are fully reimbursed, others are a set allocation.

The Council is required to use their Business Rates system to identify the properties that meet the eligibility criteria. These grants are not Collection Fund transactions.

12. Heritage Assets

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

Heritage assets are recognised where they meet these criteria and are valued in excess of the de-minimus threshold of £3,000. Heritage assets are measured in the Balance Sheet at insurance value which is based on market value. An impairment review is carried out each year to assess any physical depletion of the assets. All heritage assets held by the Council are deemed to have indefinite lives and are therefore not depreciated. Any disposal of assets will be treated in the same manner as other Property, Plant and Equipment.

13. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the

Council (e.g., software licences) is capitalised when it will bring benefits to the Council for more than one financial year.

Intangible assets are measured initially at cost. Amounts are carried at amortised costs and the depreciable amount of the intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired –any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

14. Inventories and Work in Progress

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works

15. Investment Properties

An investment property is one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property.

Investment properties are measured at fair value, with gains and losses recognised in surplus or deficit within the Comprehensive Income and Expenditure Statement rather than through the Revaluation Reserve. Investment properties held at fair value are not depreciated.

Fair value is to be interpreted as the amount that would be paid for the asset in its highest and best use which is market value. The fair value of investment property held under a lease is the lease interest.

16. Leases

The Council accounts for leases as finance leases where the terms of the lease transfer substantially all the risks and rewards relating to the leased property to the Council. All other leases are classed as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as lessee.

Finance Leases

Where a lease is classified as a finance lease, then the substance of the transaction is considered to be the same as if the authority had purchased the asset and financed it through taking out a loan.

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (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).

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 CIPFA LAS AAC Local Authority Code Board defer the implementation of IFRS 16 Leases in the Code of practice on local Authority Accounts. In the UK (the code) until the 2022/23 financial year.

This aligns with the decisions at the governments financial reporting Advisory Board to establish a new effective date of 1st April 2022 for the implementation of IFRS 16.

Operating Leases

If a lease meets the Code's definition of an operating lease, the property in question is not required to be recognised as an asset in the authority's Balance Sheet and the payments under the lease will be a charge to revenue.

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to 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 Council as lessor

Finance Lease

If the authority is the lessor in an operating lease, it will retain the property either as an item of property, plant and equipment or as an investment property on the Balance Sheet and credit rentals to income as they become payable, subject to any

requirement to smooth the payments and/or the lease incentives.

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).

Operating Leases

If the authority is the lessor in an operating lease, it will retain the property either as an item of property, plant and equipment or as an investment property on the Balance

Sheet and credit rentals to income as they become payable, subject to any requirement to smooth the payments and/or the lease incentives.

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 the other operating expenditure line 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.

17. Overheads and Support Services

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

The cost of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2021/22 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, except for:

- **Corporate and Democratic Core** – costs relating to the Council's status

as a multi-functional, democratic organisation.

- **Non-Distributed Costs** – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Cost of Services.

An appropriate charge has been made from the General Fund to the Housing Revenue Account for Corporate and Democratic Core costs. This has been based on the proportion of committee time spent on Housing Revenue Account business.

Segmental Reporting

The Council's operating segments are organised into seven service areas. These were determined to give both members and the general public a clear picture of the services the Council provides and will assist the making of decisions about allocating resources and assessing performance. For the purposes of the 2021 financial statements, an eighth segment was added to separate out the extraordinary income and expenditure related to the Council's activities in respect of the COVID-19 pandemic. The eight segments are

- Customer Services & Business Transformation
- Senior Leadership Team
- Community & Wellbeing
- Law & Governance
- The Built Environment

- Finance & Resources
- Housing Revenue Account
- Covid 19 Council Costs

Measurement of segmental income and expenses is in accordance with the Council's accounting policies. Shared costs are included in segments based on the actual recharges made.

The Council does not report on segmental asset and liability internally, therefore it is not required to report segmental information on assets and liabilities.

18. Property, Plant and Equipment

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

Recognition

Expenditure equal to or in excess of £3,000 (De Minimis level) on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it yields benefits to the Council for more than one financial year. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g., repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising the purchase price and any expenditure that is directly attributable

to bringing the asset into working condition for its intended use.

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

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

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

- Assets are then carried in the Balance Sheet using the following measurement bases:
- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- All other assets – current value, determined as the amount that would

be paid for the asset in its existing use (existing use value EUV).

Assets included in the Balance Sheet at current value are revalued each year by either a desktop revaluation or by the major revaluation exercise which occurs every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

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

Depreciation

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

Depreciation is calculated on the following bases:

- **Council dwellings and other buildings** – straight-line allocation over the useful life of the property as estimated by the valuer. Generally, a prudent view has been taken on the life of the Council's **operational buildings** and as such they have been depreciated over a period of between 5 and 20 years. However, it is recognised that the Leisure Centres which are a new build, therefore the expected life is greater, and these have been depreciated over 40 years.

- **Vehicles, plant, furniture, and equipment** – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. Council currently is using the straight-line allocation method over the useful life of the asset. The useful life of the plant, equipment and vehicles has fallen into a range of between 5 and 10 years.

Newly acquired or operational assets are depreciated for a full year in the first year, although assets during construction are not depreciated until they are brought into use

No depreciation is provided on assets in the year of disposal

Depreciation is not charged on freehold land, investment properties or assets held for sale.

Where an asset has major components with different estimated useful lives, these are depreciated separately.

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

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the

gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account

Amounts received for a disposal more than £10,000 are categorised as capital receipts. A proportion of capital receipts relating to Housing Revenue Account disposals (75% for dwellings, 50% for land and other assets, net of deductions and allowances) is payable into a government pool. The Council also retains an amount relating to the building of new houses in the One-for-One replacement agreement the Council has signed up to as well as Council House Buy-Back should these occur.

The balance of receipts received from disposals are credited to the Useable Capital Receipts Reserve, which can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the reserve from the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Movement in Reserves Statement.

Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account

for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- **Instruments** with quoted market prices – the market price.
- **Other instruments** with fixed and determinable payments – discounted cash flow analysis.
- **Equity shares** with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Comprehensive Income and Expenditure Statement. Where impairment losses have been incurred – these are also debited to the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains or losses that arise on de-recognition of the asset are credited or debited to the Comprehensive Income and Expenditure Statement, along with

any accumulated gains or losses previously recognised.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Componentisation

A component is a part of a larger asset that must be separately identified and depreciated, for the purposes of assisting more accurate financial reporting and asset management.

A component must have the following factors:

- A significantly different useful life from the parent asset
- A significantly different value to the parent asset
- Provide an economic or service benefit to the Council, which is materially different to the rest of the asset.

The Council will recognise significant components of an item of property, plant and equipment where the asset's value is greater than £1,000,000 or where the component is more than 25% of the total asset's value.

Componentisation takes place at valuation, acquisition, and enhancement of the parent asset.

The following assets have been componentised (as per 2021/22)

- Wigston Swimming Pool
- Brocks Hill Visitor Centre
- Blaby Road Park
- Parklands Leisure Centre

Council Dwellings are not componentised, other than the separations of the land value, as the

internal components, individually, do not form a significant enough part of the value to be material. However, where components are replaced, the Council derecognises the replaced components in the accounts.

19. Provisions, contingent liabilities, and contingent assets

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate revenue account when the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the relevant service revenue account.

Where some or all the payment required to settle a provision is expected to be met by another party (e.g., from an insurance claim), this is only recognised as income in the relevant revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

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

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

20. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement on Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Comprehensive Income and

Expenditure Statement. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

21. Revenue Expenditure Funded from Capital under Statute

Revenue expenditure funded from capital under statute results from expenditure of a capital nature where no fixed asset is created for the Council. They include private sector renewal grants and advances to other parties to finance capital investments.

This also includes exceptional revenue expenditure for which a capitalisation direction can be granted to allow this expenditure to be funded from capital. Capitalisation direction gives the Council the flexibility to treat specified revenue expenditure as capital expenditure, the Council must meet strict criteria and should only be sought for costs which are due largely to factors beyond the control of the Council and are unavoidable.

The Council generally writes off revenue expenditure funded from capital under statute to revenue in the year in which it is created.

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 then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax.

22. Value Added Tax (VAT)

Income and expenditure exclude any amounts related to VAT, as all VAT

collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

24. Revenue Recognition

Revenue (excluding non-exchangeable transactions) represents the amount receivable in respect of services provided to customers. The diagram showing the recognition principles for the main types of income in the Code is used to determine how the income is accounted for in the Council's accounts.

Revenue is recognised only when payment is probable.

Revenue from services is recognised as the services are provided.

The total consideration on arrangements with multiple revenue generating activities is allocated to those components that can operate independently based on the estimated fair value of the components. When the fair value of components cannot be assessed, the revenue is spread over the term of the service.

Revenue arising from the provision of other services is recognised evenly over the periods in which the service is provided.

25. Related Party Transactions

Are circumstances where an authority might have the potential either to be controlled/influenced or to exert control/influence, the following specific related parties can be identified.

- Pension fund
- Assisted organisations
- Controlled companies
- Associated companies and joint venture partners.

Material related party relationships and transactions, outstanding balances between the Council and its related parties are disclosed within notes to the Statement of Accounts.

26. Critical Judgements in Applying Accounting Policies

In applying the above 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:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision.
- The Code gives strict criteria for assets held as Investment Properties. For the Council, investment properties are classified as those assets which are held for rental.

- All leases held by the Council have been reviewed in detail using the finance lease flowchart, to determine whether they should be classified as finance or an operating lease. The results of this exercise have been reviewed to establish the substance of the transaction and its appropriate treatment.
- When the Local Government Pension Scheme (LGPS) benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age allowing them certain protections against the changes in the new scheme. In December 2018 the Court of Appeal upheld a ruling in the McCloud/Sargeant cases that these protections were unlawful on the grounds of age discrimination and that these protections should apply to all members regardless of age. In June 2019 the Government were denied leave to appeal to the Supreme Court. Although the ruling in the McCloud/Sargeant case related to the Judges and Firefighter pension schemes it is widely expected to apply to the LGPS also. In the light of this the Council requested that its actuaries, Hymans Robertson LLP, review its pension liability and have taken the view that it would be both prudent and correct to adjust the accounts for this ruling. The increase liability for this adjustment is £0.305m.

27. 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 which has been issued but is yet to be adopted by the 2021/22 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2022/23 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS

16 in the 2022/23 year).

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of

acquired subsidiaries transitioning to IFRS

- IAS 37 (Onerous contracts) – clarifies the intention of the standard

- IFRS 16 (Leases) – amendment removes a misleading example that is not

referenced in the Code material

- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to

apply to local authorities in limited circumstances.

These changes are not expected to have a material impact on the Council's financial statements

GLOSSARY OF TERMS

For the purposes of the Code of Practice the following definitions have been adopted:

ACCOUNTING POLICIES

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

- (i) Recognising
- (ii) Selecting measurement bases for, and
- (iii) Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised; the basis on which it is to be measured; and where in the Revenue account or Balance Sheet it is to be presented.

ACQUIRED OPERATIONS

Operations comprise services and divisions of service as defined in the Best Value Accounting Code of Practice. Acquired operations are those operations of the local authority that are acquired in the period.

ACTUARIAL GAINS AND LOSSES

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 for the last valuation (experience gains and losses), or
- (b) The actuarial assumptions have changed.

ASSETS HELD FOR SALE

Assets which are being marketed for sale in their current condition.

***BUSINESS RATE RELIEF S31 GRANT (2020-21)**

This is the compensation from the government paid to the billing authorities and major preceptors for the cost of reliefs announced by government for 2020/21.

CAPITAL EXPENDITURE

GLOSSARY OF TERMS

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

CLASS OF NON CURRENT ASSETS

The classes of non-current assets required to be included in the accounting statements are:

Operational assets

- Council dwellings
- Other land and buildings
- Vehicles, plant, furniture and equipment
- Community assets
- Intangible assets

Non-operational assets

- Investment properties
- Heritage Assets
- Assets under construction
- Assets held for sale

Further analysis of any of these items should be given if it is necessary to ensure fair presentation.

COMMUNITY ASSETS

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

CONSISTENCY

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

CONSTRUCTIVE OBLIGATION

An obligation that derives from an authority's actions where:

- (a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the authority has indicated to other parties that it will accept certain responsibilities; and

GLOSSARY OF TERMS

- (b) as a result, the authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

CONTINGENT ASSET

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

CONTINGENT LIABILITY

A contingent liability is either:

- (a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control; or
- (b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

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

***COVID-19 HARDSHIP FUND (2020-21)**

The Budget announced during 11 March 2020 by the government to provide local authorities with new grant funding to support economically vulnerable people and households in their local areas.

Where billing authorities to receive this allocation for 2020/21 under S31 of the Local Government Act 2003.

CURRENT SERVICE COST (PENSIONS)

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

CURTAILMENT

GLOSSARY OF TERMS

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. **Curtailments include:**

- (a) termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- (b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEFINED BENEFIT SCHEME

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

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

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

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

DISCONTINUED OPERATIONS

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all of the following conditions are met:

- (a) the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- (b) the activities related to the operation have ceased permanently;
- (c) the termination of the operation has a material effect on the nature and focus of the local authority's operations and represents a material reduction in its provision of services resulting either from its withdrawal from a particular activity

GLOSSARY OF TERMS

(whether a service or division of service or its provision in a specific geographical area) or from a material reduction in net expenditure in the local authority's continuing operations;

- (d) the assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes.

Operations not satisfying all these conditions are classified as continuing.

DISCRETIONARY BENEFITS

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the authority's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996, the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998, or The Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

ESTIMATION TECHNIQUES

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

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

Estimation techniques include, for example:

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

EVENTS AFTER THE BALANCE SHEET DATE

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

EXCEPTIONAL ITEMS

GLOSSARY OF TERMS

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

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

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

FAIR VALUE

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

FINANCE LEASE

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

GENERAL FUND

The main revenue account of the Council covering all services apart from housing landlord functions.

GOING CONCERN

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

GOVERNMENT GRANTS

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

HERITAGE ASSETS

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. Examples of heritage assets are historical buildings, civic regalia, and antiques.

IMPAIRMENT

GLOSSARY OF TERMS

A reduction in the fair value of a fixed asset below its carrying amount on the Balance Sheet. Destruction or damage to fixed assets will result in an impairment.

INTANGIBLE ASSETS

Assets that have no physical substance, primarily intellectual property. The most common examples for local authority purposes are computer software licenses.

INTEREST COST (PENSIONS)

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Accounting Standards now applicable to local authorities from 2010/11 onwards, replacing the UK GAAP regime.

INVESTMENT PROPERTIES

Interest in land and/or buildings:

- (a) in respect of which construction work and development have been completed; and
- (b) which is held for its investment potential, any rental income being negotiated at arm's length.

INVESTMENTS (PENSIONS FUND)

The investment of the pensions fund will be accounted for in the statements of that fund. However authorities are also required to disclose, as part of the disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

LIQUID RESOURCES

Current asset investments that are readily disposable by the authority without disrupting its business and are either; readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

***LOCAL AUTHORITY DISCRETIONARY GRANTS FUND (2020-21)**

For small and micro businesses who are not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.

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The local authorities will be responsible for delivering grants to eligible businesses. Section 1 of the Localism Act 2011 provides all local authorities with the vires to make these payments.

***LOCAL RESTRICTIONS SUPPORT GRANTS (LRSG), RESTART GRANT AND ADDITIONAL RESTRICTIONS GRANT (ARG) (2020-21)**

The Local Authorities pay grants to support businesses during national lockdown periods and periods of local restrictions.

Eligibility for support is determined by the government and authority payments are reimbursed by government through S31 grant.

***LOCAL COUNCIL TAX SUPPORT GRANT (2020-21)**

New grant funding for local council for council tax support. Allocations based on each billing authority's mean average working age local council tax support caseload over the first two quarters 2020/21. Along with the average per dwelling compared to UK overall average.

***LOCAL TAX INCOME GUARANTEE (2020-21)**

Government compensates local authorities for 75% of irrecoverable losses in council tax and business rates for 2020/21.

LONG-TERM CONTRACTS

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

NET BOOK VALUE

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

NET CURRENT REPLACEMENT COST

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

NET DEBT

The authority's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

GLOSSARY OF TERMS

NET REALISABLE VALUE

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

NON CURRENT ASSETS

Non-current assets that yield benefits to the local authority and the service it provides for a period of more than one year.

NON-OPERATIONAL ASSETS

Fixed assets held by a local authority but not used or consumed in the delivery of services or for the service or strategic objectives of the authority. Examples of non-operational assets include; investment properties and assets that are surplus to requirements, pending their sale. It should be noted that the incident of rental income does not necessarily mean that the asset is an investment property, it would be deemed an investment property only if the asset is held solely for investment purposes and does not support the service or strategic objectives of the authority and the rental income is negotiated at arm's length.

OPERATING LEASES

In a finance lease agreement, ownership of the property is transferred to the lessee at the end of the lease term. But, in operating lease agreement, the **ownership of the property is retained during and after the lease term** by the lessor under an operating lease, the lessee does not have this option.

OPERATIONAL ASSETS

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

PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in the prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PRIOR PERIOD ADJUSTMENTS

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

PROJECTED UNIT METHOD

GLOSSARY OF TERMS

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- (a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and
- (b) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

RELATED PARTIES

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

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

Examples of related parties of an authority include:

- (i) central government;
- (ii) local authorities and other bodies precepting or levying demands on the council tax;
- (iii) its subsidiary and associated companies;
- (iv) its joint ventures and joint venture partners;
- (v) its members;
- (vi) its chief officers; and
- (vii) its pension fund.

Examples of related parties of a pension fund include its:

GLOSSARY OF TERMS

- (I) administering authority and its related parties;
- (ii) scheduled bodies and their related parties; and
- (iii) trustees and advisers.

These lists are not intended to be comprehensive.

For individuals identified as related parties, the following are also presumed to be related parties:

- (i) members of the close family, or the same household; and
- (ii) partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

RELATED PARTY TRANSACTION

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

- (i) the purchase, sale, lease, rental or hire of assets between related parties;
- (ii) the provision by a pension fund to a related party of assets or loans, irrespective of any direct economic benefit to the pension fund;
- (iii) the provision of a guarantee to a third party in relation to a liability or obligation of a related party;
- (iv) the provision of services to a related party, including the provision of pension fund administration services;
- (v) transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as council tax, rents and payments of benefits.

This list is not intended to be comprehensive

The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

***Related Rent Concessions – (Covid-19) (2020-21)**

Forgiveness of a portion of or all lease payments for an agreed period (temporary rent reduction or rent holiday). Due to Covid-19 pandemic conditions have to be met where lessees recognise any changes in lease payments rising from rent concessions over the periods where the changes in the lease payments is intended to be compensated.

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Conditions;

Where changes in the lease payments lead to revised considerations for the lease that is less than the consideration for the lease immediately preceding the change.

If there are any reductions in the lease payments affecting the original payments due before applying the Concessions.

No significant change to the other terms and conditions of the lease.

REMUNERATION

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

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

***SALES, FEES, CHARGES SCHEME EXTENSION (2020-21)**

Compensation given to local authorities for irrecoverable, unavoidable losses from sales, fees and charges income generated in the delivery of service in the financial year 2020/21. The Government have extended this scheme into the first three months of 2021/22.

SCHEME LIABILITIES

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

SETTLEMENT

GLOSSARY OF TERMS

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:

- (a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pensions benefits
- (b) the purchase of an irrevocable annuity contract sufficient to cover vested benefits, and
- (c) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme

***SMALL BUSINESS GRANT FUND AND RETAIL; HOSPITALITY AND LEISURE GRANT FUND (2020-21)**

The two grant funding schemes in the Financial Year 2020/21 (Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund).

In line with the eligibility the government sets out specific criteria/guidance; reimburse Local Authorities that pay grants to eligible businesses.

STOCKS

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

- (a) goods or other assets purchased for resale;
- (b) consumable stores;
- (c) raw materials & components purchased for incorporation into products for sale;
- (d) products and services in intermediate states of completion;
- (e) long-term contract balances; and
- (f) finished goods.

USEFUL LIFE

GLOSSARY OF TERMS

The period over which the local authority will derive benefits from the use of fixed assets.

VESTED RIGHTS

In relation to a defined benefit scheme, these are:

- (a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme;
- (b) for deferred pensioners, their preserved benefits;
- (c) for pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependants.



Oadby & Wigston

BOROUGH COUNCIL

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Annual Governance Statement 2021/22

Unaudited draft version
July 2022

1. Background and Scope of Responsibility

Oadby & Wigston Council (the Council) is responsible for ensuring that its business is conducted in accordance with legislation, regulation, government guidance and that proper standards of stewardship, conduct, probity and professional competence are set and abided to by all those representing, working for and working with the Council. 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 the Council must make proper arrangements for the governance of its affairs and for facilitating the effective exercise of its functions including the management of risk.

The Council has previously approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE framework 'Delivering Good Governance in Local Government'. This statement shows how the Council has complied with the code and also meets the requirements of The Accounts and Audit Regulations 2015, regulation 6(1)(b), which requires each English local authority to conduct a review, at least once a year, of the

effectiveness of its systems of internal control and approve an annual governance statement (AGS).

2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It reflects activities through which the Council meets the needs of the community. It includes arrangements 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 at a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and therefore can 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. Evaluation of the likelihood and potential impact of those risks being realised and how to manage them efficiently, effectively and economically are key parts of the Council's Medium Term Financial Strategy and its Corporate Plan.

This AGS confirms that the governance framework has been in place for the financial year ended 31st March 2022 and up to the date of the approval of the Annual Report and the Statement of Accounts.

The AGS is a summarised account of how the Council's management arrangements are set up to meet the principles of good governance and how we as a Council assure ourselves that these are effective and appropriate. The main goal of an AGS is to provide the reader with confidence that the Council has an effective system of internal control that is able to manage risks to reasonable levels. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance of effectiveness.

The CIPFA Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector and how they relate to each other and are defined as:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including its leadership and the individuals within it.

- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit, to deliver effective accountability.

The governance framework at Oadby and Wigston Borough Council comprises the systems and processes, culture and values which the Council has adopted in order to deliver on the above principles.

3. The Governance Framework

Current Governance Structure

Oadby & Wigston Borough Council has retained a committee system. The majority of UK local authorities now operate using a cabinet system where a group of members have been given the power to make the majority of decisions on behalf of their Council.

The benefits of retaining the committee system are that all members are able to sit on a range of decision making committees and every member has a vote that counts. This is the cornerstone of the Council's governance – members are not marginalised in decision making. All decisions are debated and made during open committee in full public view. Closed sessions, for instance where commercially sensitive matters need to be discussed, are kept to an absolute minimum. Only the most urgent decisions are delegated to the Chair/Vice Chair of

committees, and these must be reported back to the main committee as soon as possible. In addition to the statutory committees that deal with development control and with licensing, the Council has three main committees:

- The Policy, Finance and Development Committee, which has overall responsibility for setting the long term aims of the Council and moving it forward in line with these objectives.
- The Service Delivery Committee, which has direct responsibility for the day-to-day operation of all services.
- The Audit Committee, which is responsible for Internal and External Audit and Risk Management.

Visions and Priorities

The Council's current Corporate Plan was approved in March 2019, covering the period 2019 - 2024 and updated in March 2021, along with the updated MTFs (Feb 2021) reflects the Plan's priorities:

“A Stronger Borough Together, Improving the Lives of Our Communities”

This is supported by three new corporate objectives which aim to serve our residents, communities, businesses and partners to the highest standards, improving our borough as a place to live, work and visit.

Corporate Objective One:

Building, Protecting and Empowering Communities

“Be Proud of your borough as a place to live”

This objective looks to not only build suitable accommodation to meet the needs of the community, delivering housing, attract people to our borough to live, reducing homelessness and the causes of homelessness, but to also build upon our strong communities, engaging with them and building greater community cohesion.

We also want to protect our communities, not just working with the Police to tackle crime, antisocial behaviour and enforcement, but to address health needs across the borough. We will work with health partners, including the Fire Service, to improve health equality, meaning nobody should feel excluded and reducing loneliness created by the modern world.

We will empower our communities, generating positive involvement, not only through the work of Councillors within their wards and neighbourhood forums, but to engage a greater proportion of our borough, engaging with those who often feel disenfranchised. We will increase our volunteering opportunities and encourage our communities to get more involved, taking greater responsibility for where they live, work and play.

Corporate Objective Two:

Growing the Borough Economically

“Realise the aspirations of the borough, benefiting those who live and work here”

This objective aims for our borough to be the best it can be, economically. We will work with businesses – from local sole traders to multinational corporations as to how we can help businesses develop and grow within our borough whilst attracting new organisations to the borough. This will not only provide greater opportunities for employment for our residents and regeneration opportunities, but helps our local students with opportunities to stay within the borough whereas they may be forced to look further afield for such opportunities.

The borough has a rich array of attractions that should attract people to the borough, but sadly we are not maximising these. We will market the borough as a place that is worth visiting, working with partners to create a “joined-up” approach. We will also identify what areas of demand we are lacking and look to plug those gaps – increasing the reasons to visit the borough. We will also look at our entertainment and night-time economy and look to create a sustainable and enjoyable environment where people can enjoy the borough through a host of opportunities in the evenings.

The Council will look to be more commercial in regards to generating income that can protect frontline services and not have to cut them. We will look to maximise the value our assets can provide and look at ventures that could generate commercial income rather than increase taxes on our communities.

Corporate Objective Three:

Providing Excellent Services

“Delivering those services needed to the highest standard whilst providing value for money”

This objective for our borough is to put the customer first – getting things right first time and providing services to the highest standards. The Council has always aspired to provide excellent services for all of our customers, be they Residents, Businesses, Partner Organisations or internally, meaning that we need to understand their needs. The Council has already shifted to focussing on outcome delivery, and we will ensure that we will get things right at the first opportunity we have.

The Council will aim to achieve the prestigious and nationally recognised “Customer Service Excellence Award” to demonstrate that we are achieving what we have set out to do. The award is a quality-mark award that rates how the services received by residents are delivered by the Council. We will use this award as a driver

of continuous improvement and enable our staff to improve their skills which will enable further improvements in the delivery of services.

We will also be utilising technology to make life safer for our residents or the implementation of smart technology in the homes of the vulnerable to allow them instant access to services, alongside the utilisation of technologies to improve our effectiveness in delivering our services.

The Council’s financial plans are outlined in its Medium Term Financial Strategy – the latest update to the Strategy was agreed by Council in February 2021. The document outlines the financial objectives which the Council looks to achieve in order to meet continuing pressure on available resources, and also how the Medium Term Financial Strategy is now a “living” document, regularly updated during the year. In addition, the Council has agreed its Housing Revenue Account business plan which sets out how housing services will be maintained and financed over the long term.

Quality of Services

Service plan targets and key performance indicators are set for each department within the annual service delivery and development plans. Progress against targets is monitored monthly by the management team and reported regularly to relevant committees. The Council’s financial position is reported against budget to every meeting of the Policy, Finance and Development Committee. Detailed budget information is provided to budget holders each month and

dedicated project teams provide financial information for large projects or capital schemes.

The Council ensures that its key priorities determine the allocation of resources to deliver its agreed activities. A robust corporate business planning programme is used to identify projects against agreed criteria, including the Council's policies, its priorities, the outcome of public consultations, demonstration of continuous improvements, and responding to legislative change. The Council has a Project Management Board, who reviews the progress of all major projects. The Board in 2021/22 consisted of the Senior Leadership Team who report back to the Performance, Finance and Development Committee on a quarterly basis.

Achievement of the Council's priorities has been monitored throughout the financial year 2021/22 by the Council's Senior Leadership Team (SLT) and reports to the relevant committees. The monitoring of delivery against agreed priorities ensures the Council's capacity to deliver projects within agreed costs, time and resources.

Financial Management

The financial elements of the Council's corporate business planning process are included in the Medium Term Financial Strategy, which has a detailed one year budget and high levels for the forthcoming years given the complete lack of clarity from

central government regarding future funding for local authorities. The Council has a good track record of financial management and internal control, but resources are necessarily limited and significant net savings year-on-year continue to be required, and are met without the need to identify significant in-year savings.

The Council continues to ensure that the accounts are compliant with the Local Authority Accounting Code of Practice. Performance against budget is reported at committee meetings and managed by SLT and through the corporate business planning process. The Council ensures that the levels of reserves it holds are sustainable over the medium term. The MTFS takes account of the current economic climate and changes to funding for local government.

The Council has a Treasury Management Strategy that is reviewed each year and monitored on a regular basis. This ensures the Council has sound processes and controls over its treasury function to minimise risk exposure.

Decision Making, Scrutiny and Governance

The Council, the Policy, Finance and Development Committee and the Service Delivery Committee take decisions on service and management matters in line with terms of reference set out in the constitution. The committees meet four

times each municipal year. Financial performance is monitored and scrutinised by the Policy, Finance and Development Committee on a quarterly basis the Service Delivery Committee reviews non-financial performance. Scrutiny and challenge is managed within these core committees and further challenge is provided by elected members through meetings with Committee Chairmen, Resident Forums and Member Workshops.

The Council has a separate audit committee which came into existence in the autumn of 2019. The Committee receives reports from the Internal Audit service and can require service heads to attend to answer questions as required. Reports from the External Audit service are also received at these meetings.

The Audit Committee provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The Committee also meets quarterly and oversees internal audit and external audit arrangements, the annual accounts and ensures adequate internal controls are in place".

Elected members are responsible for ensuring that effective policy making, scrutiny and monitoring activities occur. A clear committee structure assists such responsibilities to be effectively carried out. Member expertise and involvement is further enhanced by on-going training and development opportunities.

Internal Audit Arrangements

The Council's internal audit function is currently delivered by an external provider, CW Audit Services. The annual risk-based audit plan contributes to the review of the Council's key internal control systems, risk management processes and corporate governance arrangements. CW Audit supports the design and effectiveness of the governance framework. Each internal audit review is given an assurance level. The definition of each of these assurance levels is provided in the table below:

Definition of Assurance Levels

- Full - No significant risk issues identified;
- Significant - Exposure to levels of risk that may only impair the effectiveness of the system or process under review;
- Moderate - Exposure to levels of risk that render some elements of the system's control environment undeliverable;
- Limited - Exposure to unacceptable level of risk that could have a serious impact upon the system or process under review;
- None - Exposure to unacceptable levels of risk that could have a serious impact upon the organisation as a whole.

Regular meetings are held between CW Audit Services and the Section 151 Officer.

This ensures the high standard of internal audit support is maintained. The annual audit plan is reviewed on a frequent basis to identify any amendments needed to reflect changing priorities, emerging risks or resourcing challenges. Regular reports are taken on a quarterly basis to the Audit Committee on the progress of internal audits and an annual report is also provided each year.

External Audit Arrangements

The Audit Committee receives regular reports from the Council's External Auditors Grant Thornton LLP and Internal Audit (CW Audit). The Section 151 Officer has direct access to this committee as well as to the External Auditors. Likewise, Audit Committee members have direct access to the External Auditor.

All members of the Audit Committee receive training in risk management to allow them to appreciate the nature of risks presented to the Council through its activities and on the general function of the Audit Committee itself. The latest training session was held in June 2022.

Financial Management Arrangements

Underpinning the Council's financial management arrangements is a regularity framework comprising Financial Regulations, Contract Procedure Rules, annual audits of key financial systems and audits of other systems undertaken on a

risk-based basis. Other processes and procedures such as the Procurement Strategy and Risk Management Strategy are monitored on a regular basis.

From April 2021, the Council adopted the CIPFA Financial Management Code. A recent self-assessment has been undertaken identifying areas where action is required in order to comply in full with the code and these are detailed in the governance assessment as part of this report.

Role of Statutory Officers

There are governance arrangements in place to ensure that members and officers work together to achieve a common purpose with clearly defined functions and roles. The Council's constitution includes a scheme of delegation and terms of reference for each committee. Responsibilities are set out to make clear how the Council and its committees operate within the organisation. The scheme of delegation also defines the powers granted to the Chief Executive (the Head of Paid Service) and other chief officers within the areas of their service responsibility. The constitution reflects all relevant legislation impacting on decision making in local government and is published on the Council's website.

The Council has a statutory responsibility to have a Section 151 Officer and a Monitoring Officer. The Council's financial arrangements fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Section 151 Officer is a key member of the

Senior Leadership Team. The Section 151 Officer is responsible for the proper administration of the Council's financial arrangements and led a fully resourced and suitably qualified finance function. The Section 151 Officer was actively involved in and able to bring influence to bear on all material business decisions to ensure immediate and long term implications, opportunities and risks, were fully considered and in alignment with the Medium Term Financial Strategy.

The Monitoring Officer role is fulfilled by the Council's Head of Law and Democracy, who acts as guardian of the Council's constitution to ensure lawfulness, probity and fairness in Council decision making. The Monitoring Officer has processes for the review of legislative changes which feed into the annual review of the constitution.

Consultation meetings and other forms of communication between the Monitoring Officer and senior managers as appropriate ensures that managers can contribute to revisions to the constitution including the scheme of delegation. The annual review includes the constitution's terms of reference.

The Senior Leadership Team

Officer decision making at a strategic level is led by the Senior Leadership Team, comprising the Chief Executive, the Strategic Director and Section 151 Officer, Strategic Director, Head of Finance (Deputy S151

Officer/Acting S151 Officer from March 2021 – January 2022) the Monitoring Officer, the Head of Built Environment and the Head of Customer Service and Transformation. The Team meets formally on a weekly basis and standing items of business include finance, policy, governance, human resources, performance management and the delivery of the Council's priorities.

Standards of Conduct

Officers of the Council are expected to maintain high standards of conduct. The Council has a staff code of conduct that is published on the intranet along with other policies and procedures.

There is an agreed protocol between members and officers to ensure that a constructive working relationship exists and this Annual Governance Statement also promotes and demonstrates the values of good governance through upholding high standards of conduct and behaviour.

In addition, Policy, Finance and Development committee fulfils the functions of the Standards Committee and operates to ensure that councillors and any co-opted members of the Council behave in a way that exemplifies high standards of conduct and effective governance and has regard to the member code of conduct.

Regular records of advice and code issues are kept by the Monitoring Officer.

Declaring interests under the code of conduct is a standard item on the agenda at every committee meeting and Council and declarations are minuted by the clerk. A legal advisor attends all Council and committee meetings to advise on the application of the code and other issues where this is requested or otherwise considered appropriate. A planning code of conduct is in place and is adhered to by members who sit on the Development Control Committee.

Members and officers comply with the Council's gift and hospitality policy.

The Council's website explains how complaints can be made against elected members by either downloading a complaint form or making a complaint on-line. The web page also has links to the code of conduct and the constitution.

A register of the Council's contracts is published on the Council's website. In addition, details of the Council's spend on individual items over £250 is published on a quarterly basis.

Compliance

The Council's policies and procedures are drawn up and regularly reviewed to ensure compliance with current legislation and regulations. Legal Services assist with updating and amending policies and advice on legal implications including legislative impacts on recommendations included in committee reports.

Equalities implications are also considered as part of committee reports.

Whistle Blowing

Concerns regarding non-compliance with policies, procedures, laws and regulations can be raised through the Council's anti-fraud and confidential reporting policies. Concerns raised are always investigated and acted upon following clearly defined guidelines.

The Whistle Blowing Policy is published on the Council's intranet and internet to raise awareness and outline procedures in place to staff, contractors and the public. It features in the induction of new staff.

The Monitoring Officer, after consultation with the Chief Executive and Section 151 Officer, has statutory powers to report to Council in relation to any function, proposal, decision or omission that s/he considers would give rise to unlawfulness or any decision or omission that might give rise to maladministration. Such a report would have the effect of stopping the proposal or decision being implemented until the report has been considered.

Officer and Member Development

The Council's staff appraisal process assesses performance and delivery of Council objectives and also identifies any skills gaps that need addressing. Each officer has an agreed annual personal development plan. Progress against these plans is reviewed regularly through one-to-one discussions with line managers. The

process ensures that the Council continually keeps under review the levels of skills required to carry out functions with due regard to law, policy and regulation.

As part of the Council's business planning process each service plan includes learning and development needs linked to specific actions. This ensures that the skills sets required delivering the key priorities and actions for the Council are identified and provided.

Training programmes and other development opportunities are circulated and shared more broadly using the Council's internal communication mechanisms. The Council also supports the training and development of members.

Consultation

Engaging with local people and other stakeholders to ensure robust public accountability is a key element of the governance framework. The Council takes every opportunity to consult with relevant stakeholders before taking any decisions likely to impact on the level and quality of services. In addition, the Council's business planning process includes an annual timetable of formal consultation events ensuring statutory, voluntary and business partners have the opportunity to comment on budget proposals under consideration.

The Council has given delegated authority on budget provision to three Resident

Forums who can make recommendations to the Policy, Finance & Development Committee on how funds could be allocated to various projects within their geographic area. The Forums' membership is open to people who live in the three areas and this approach has been found to be a very good source of two-way communication and consultation around the Council's policy initiatives.

The Council also implemented a "Citizens Panel" in 2019/20, comprised of a wider-representative group than would normally interact with the Council to improve our understanding of residents opinions.

Reviewing the Effectiveness of the Governance Framework

The Council has responsibility for conducting at least annually a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment. The annual report from the Council's Internal Audit service (CW Audit Services) is a key document in assessing the effectiveness of the Council's governance arrangements. Comments from External Auditors Grant Thornton LLP and other agencies and inspectorates such as the Local Government Association are also important.

The Senior Management Team, chaired by the Chief Executive, reviews the Council's governance framework and control environment

and is responsible for the preparation of the Annual Governance Statement. Appropriate managers are responsible for producing their own service assurance statements and developing an improvement plan to rectify any identified governance weaknesses within their service areas. The Policy, Finance & Development Committee reviews the Annual Governance Statement and evaluates the strength of the underlying assurance statements and evidence.

External Audit

The Council's external auditors are Grant Thornton.

Each year the external auditors review the Council's arrangements for:

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Preparing accounts and compliance with statutory and other relevant requirements.

- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice.
- Managing performance to secure economy, efficiency and effectiveness in the use of resources.

In September 2019 Grant Thornton issued their Annual Audit Letter, covering the audit of the Council's 2018/19 financial statements and Value for Money conclusion, providing an unqualified opinion on the accounts and an unqualified conclusion on

the Council's arrangements for Value for Money.

There were no recommendations included in the Letter and no significant governance issues were identified.

Internal Audit

The Council's Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the Council's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below. The Head of Internal Audit's role reflects best practice as set out in the CIPFA Guidance on the Role of the Head of Internal Audit.

For 2021/22, the auditor's opinion was that significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. The Head of Internal Audit presented their report to the Audit Committee on 22 June 2022.

However, some weakness in the design and/or inconsistent application of controls

put the achievement of particular objectives at risk. No significant governance issues were identified by the auditor.

Basis of the Auditors opinion formed:

- An initial assessment of the design and operation of the underpinning risk management framework and supporting processes;
- An assessment of the range of individual opinions arising from risk-based audit assignment containing within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses;
- Any reliance that is being placed upon third party assurances.

Risk Management

During 2021/22 the Council's Strategic Risk Register was monitored by the Senior Leadership Team and initially the Policy, Finance & Development Committee. The register identified major risks and commented on their likelihood and impact on the Council's objectives. Each risk is allocated a responsible officer for identifying an action plan and provides an update. Risk management is embedded in processes such as appraisal of new capital investment and service development plans.

The Role of the Chief Financial Officer (CFO)

The CFO conforms to the governance requirements and core responsibilities of two CIPFA Statements on the Role of the Chief Financial Officer; in Local Government (2016) and in the Local Government Pension Scheme (2014). The CFO is a key member of the Corporate Management Team and is able to bring influence to bear on all material business decisions, ensuring that immediate and long term implications, opportunities and risks, are fully considered and in alignment with the MTFs and other corporate strategies. The CFO is aware of, and committed to, the five key principles that underpin the role of the CFO, and has completed an assurance statement that provides evidence against core activities which strengthen governance and financial management across the Council.

The Role of the Monitoring Officer (MO)

The Monitoring Officer has responsibility for ensuring that decisions taken comply with all necessary statutory requirements and are lawful. Where in the opinion of the Monitoring Officer any decision or proposal is likely to be unlawful and lead to maladministration, he/she shall advise the Council.

The MO is also bound to ensure that decisions taken are in accordance with the Council's budget and its Policy Framework, and provides advice on the scope of powers and authority to take decisions.

In discharging this role the Monitoring Officer is supported by officers within the Legal and Democratic Services Teams.

Local Government Ombudsman

The number of references to the Local Government Ombudsman amounted to 2 complaints for the 2021/22 year and both have been resolved with no finding of maladministration

Constitutional Matters

The key roles and responsibilities of Council committees, elected members, the Chief Executive, Monitoring Officer and Section 151 Officer are set out in the Council's constitution scheme of delegation.

These three officers are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. No report can be presented to Council or a committee for approval without first being reviewed by these officers or their delegated representative(s). These officers are also responsible for ensuring that legislation and policy relating to health and safety are implemented in practice.

The constitution includes the Contract Procedure Rules and Financial Regulations which detail the processes and improvements required for various levels of purchase and the internal control procedures required for managing the risk across the Council.

The Council adopted a revised Constitution on 16 April 2019 which came into force on 13 May 2019. The Constitution remains under continuous review and a further amendment was made in December 2021.

Code of Conduct

The standards of behaviour expected from members and officers are set out in the Member/Officer Codes of Conduct. The Council adopted the LGA Model Code of Conduct with local amendments, in December 2021. A register of members' interests is maintained and the records of interest are declared at Council and committee meetings. All members are required to complete Related Party Declarations at the end of the financial year in support of the statutory financial statements. Members' allowances are examined on an annual basis and a review of the allowance scheme was last undertaken in 2018/19 by an independent remuneration panel and came into force on 13 May 2019 for the 2019/20 municipal year. Following the Borough Elections in May 2019

The Monitoring Officer received 1 complaint in 2021/22 which was resolved informally without the need to conduct an investigation.

4. Effectiveness

Review of Effectiveness

The Council has responsibility for conducting at least annually, a review of its governance framework including the system of internal control.

The review is informed by the Internal Audit Annual Report, the work of the Audit and Governance Committee, the comments of external auditors and other review agencies and inspectorates, and the work of the Corporate Leadership Team who have responsibility for the development and maintenance of the internal control environment.

The review considers evidence identified to support where the Council meets the

CIPFA/SOLACE guidance and sets this out in the Assurance Review and Evidence document. Governance areas are given an assessment scoring as follows:

- Good – Good governance exists and there are no improvements required
- Fair – Satisfactory governance exists but improvements are required to meet good governance
- Poor – Significant issues with governance exist which needs addressing.

Areas identified as fair or poor are reported within the annual governance statement and remedial actions are also outlined. The Audit and Governance Committee review on a quarterly basis the progress of remedial actions.

Prior Year – 2020/21

During the 2020/21 financial year, no significant governance issues were identified that would lead to internal control issues.

A number of minor weaknesses in control limited assurance in the following areas:

- Debtors
- Contract Register
- Website Management
- Payroll and Expenses
- Agency Workers

Recommendations received to resolve these minor weaknesses have been implemented.

2021/22 Review of Effectiveness and Areas of improvement identified during 2021/22

No significant governance issues have been identified in the annual assurance review for 2021/22. However, there are 11 improvements identified and these are included in Table 1 below.

Full details of the review can be found in the Assurance Review document for 2021/22 which is published alongside this Annual Governance Statement and can be found on pages 14 - 46 of this document.

Table 1 below is an extract summary from the Assurance Review and includes details of the improvement areas identified. Based on learning around the timescales associated with implementing improvements, the table has been modified to show the likely timescale for implementation.

2021/22 Review of Financial Management arrangements in line with the CIPFA Financial Management Code

Additionally, a further 17 improvements have been identified through an assessment of the Council's financial management arrangements against the CIPFA Financial Management Code, that all Local Authorities were required to adopt from April 2021. These can be found in Table 2 below.

Table 1 – Areas of improvement identified during 2021/22

Ref	Improvement	Owner	Target Completion
AGS1	Develop approach to tenant engagement and establishment of Tenant Scrutiny Panel, in line with regulatory standards as per (e.g. Residents STAR survey).	Head of Built Environment	March 2023
AGS2	Review and enhance participation at resident forums	Head of Law and Democracy	March 2023
AGS3	Wider engagement on the budget consultation for forthcoming year to be captured	Head of Finance	February 2023
AGS4	Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan and projects established; and a Sustainability Plan for closing budget gaps	Strategic Director and Section 151 Officer	November 2022 *
AGS5	Implement Corporate Peer Review Action to undertake comprehensive customer demographic profiling exercise and use results to inform desired service offering	Head of Customer Service and Transformation	May 2023 *
AGS6	Implement recommendations in the Corporate Peer Review Action Plan associated with the development of a standardised project appraisal and affordability approach	Strategic Director and Section 151 Officer	December 2023
AGS7	Review service and financial planning timetable for 2023/24	Head of Finance	October 2022
AGS7	Revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation.	Head of Law and Democracy	June 2023
AGS8	Organisational approach to benchmarking to be reviewed and requirements determined.	Strategic Director	March 2023
AGS9	Develop People Strategy	Strategic Director	December 2022
AGS10	Review staff performance appraisal approach	Strategic Director	December 2022
AGS11	Develop and implement anti-fraud awareness raising programme	Strategic Director/S151 Officer	October 2022

* Please refer to Corporate Peer Review Action Plan where progress will be monitored

Table 2 – Areas of improvement identified in adopting the CIPFA Financial Management Code

Ref	Improvement	Owner	Target Completion
FMC1	Progress the vision for finance at OWBC and progress all actions arising from the CIPFA Financial Management Code self-assessment exercise.	Strategic Director/S151 Officer Head of Finance	July 2023
FMC2	Skills and competency assessment and ongoing training programme for CMT and SLT to be developed and included in the Corporate Peer Challenge Action Plan Training and Development programme. To include training around capability for appraising and managing projects, as outline in the Corporate Peer Challenge Action Plan. Member training to be captured as part of Corporate Peer Challenge Action Plan.	Strategic Director and S151 Officer	December 2022
FMC3	Undertake training needs analysis identify where skills gaps exist and find appropriate training solutions, in line with key competencies for local government finance teams.	Head of Finance and Deputy S151 Officer	December 2022
FMC4	Schedule additional report to Audit Committee to track the progress against recommendations made by the external auditor.	Head of Finance and Deputy S151 Officer	December 2022
FMC5	Update FPR's and implement Internal Audit findings (from the Financial Systems audit. Set out actions in stand-alone document to draw together all actions relating to Financial Accountability framework improvements to ensure understanding and visibility and link with Vision for Finance (as above).	Strategic Director and Section 151 Officer	July 2023
FMC6	Extension of MTFP to include scenario assessments of service demand and costs.	Strategic Director and Section 151 Officer.	September 2023
FMC7	Embed use of financial benchmarking via the CIPFA Financial Resilience Tool and other benchmarking services.	Strategic Director and Section 151 Officer.	March 2023
FMC8	A single, consolidated living document that tracks and evidences saving plans currently in development. This will be monitored by SLT and will be presented to members in due course.	Head of Finance and Section 151 Officer	September 2022
FMC9	Review stakeholder engagement approach in developing annual budget.	Head of Finance	October 2022
FMC10	Determine the approach to reviewing accounting treatment of material decisions.	Head of Finance	March 2023
FMC11	Embed approach to analyse performance against plans of previous year as part of budget setting.	Finance Manager	March 2023

FMC12	Review of profiled budgets. Scope and implement financial reporting improvements.	Finance Manager	March 2023
FMC13	Ensure the name of the budget holder responsible for the information presented.	Finance Manager	July 2022
FMC14	Further developmental work required on Monthly management review.	Finance Manager	March 2023
FMC15	Project Management arrangements require some refinement in respect of financial monitoring - review to be undertaken to identify improvements. Pattern of capital spend slippage present which also requires review and improvement. Link with action to review and reset the annual financial cycle including protocol for managing standard and project budgets, as set out in Corporate Peer Review Action Plan.	Finance Manager Strategic Director and Section 151 Officer	December 2022
FMC16	Review and identification of appropriate improvements to management accounts to be undertaken.	Finance Manager	March 2023
FMC17	Q4 outturn at service level to be reviewed with service areas as part of Q1 clinics with a view to capturing proposed changes for the forthcoming year.	Finance Manager	July 2023

5. Overall opinion and conclusion

Conclusion

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements, in particular by addressing the issues identified in undertaking the annual review. The Council will continue to seek to enhance and strengthen governance arrangements within these areas for improvement and monitor progress made as part of our next annual review.

6. Statement of Leader and Chief Executive

We have been advised on the implications of the result of the review of the effectiveness of the governance framework carried out by members of the Corporate Leadership Team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed



Councillor John Boyce

Leader of the Council

XXXXXXXX

Signed



Anne Court

Chief Executive

XXXXXXXX



Oadby & Wigston
BOROUGH COUNCIL

Annual Governance Statement Assurance Review

July 2022

Assurance and evidence in support of the Council's annual governance statement

Assessment Score:

Good – Good governance exists and there are no improvements required

Fair – Satisfactory governance exists but improvements are required to meet good governance

Poor – Significant issues with governance exist which needs addressing

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Supporting Principle 1: Behaving with Integrity

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.	Good.	Constitution (incl. statutory officers, scheme of delegation, financial and procurement procedure rules) Council, Committee Chairs, Committees. Service policies Complaints procedure Head of Paid Service, Monitoring Officer and s151 Officer HR policies and procedures Fraud policy in place. Induction training for new members and staff. Codes of conduct Staff values - ARTIC Standards and Ethics report taken to Audit Committee quarterly Senior Leadership Team and extended Corporate management Team. External Audit reports. Internal Audit reports.	None.	None.	
2. Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven	Good.	Corporate Plan Council's values	None.	None.	

Principles of Public Life (the Nolan Principles)					
3. Leading by example and using these standard operating principles or values as a framework for decision making and other actions	Good.	Council leadership (Leader of the Council, Committee Chairs and Vice Chairs, Mayor and Deputy Mayor) Declarations of interest noted. Up-to-date register of gifts and hospitality.	None.	None.	
4. Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	Good.	Anti-fraud and corruption policy in place. Register of interests and annual declaration of related parties. Whistle blowing policy. . Complaints policy well established and continually reviewed, improved and reported on. Members and officers code of conduct refers to a requirement to declare interests Minutes show declarations of interest were sought and appropriate declarations made.	None.	None.	

Supporting Principle 2: Demonstrating strong commitment to ethical values

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Seeking to establish, monitor and maintain the organisation's ethical standards and performance	Good.	Values developed with staff and embedded into induction process for officers and members and appraisals for staff. Standards and Ethics report taken to Audit and Committee quarterly.	None.	None.	
2. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	Good.	Values embedded into induction process for officers and members and appraisals for staff.	None.	None.	
3. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	Good.	Appraisal process built upon values of the Council. Equality and Diversity Policy in place and under review Equality impact assessments part of our standard approach and taken forward where appropriate or required.	None.	None.	
4. Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	Good.	Key partnerships have mechanisms in place to define role and scope of partners. Procurement exercises, where appropriate, include assessment criteria around social value which is incorporate into contracts and subsequently monitored. E.g. encouragement of real living wage.	None.	None.	

Supporting Principle 3: Respecting the rule of law

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Good.	Constitution is adhered to and reviewed regularly. Statutory provisions are adhered to. Head of Paid Service, Monitoring Officer and s151 Officer in place.	None.	None.	
2. Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	Good.	Job descriptions and roles of statutory officers are well defined and understood by the organisation. Structure of SLT ensures statutory officers are included in decision making. The Head of Finance and S151 role complies with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016). Statutory Officers meet separately to the Senior Leadership Team on a monthly basis.	None.	None.	
3. Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	Good.	Arrangements in place for legal advice and recording of advice. All reports requiring a decision are considered by Finance and Legal before being considered by the relevant decision making committee/Council.	None.	None.	
4. Dealing with breaches of legal and regulatory provisions effectively	Good.	Proper arrangements in place for legal advice and recording of advice, Monitoring Officer referenced to give advice and ensure Council's operates within the law at all times. Monitoring Officer authorised to investigate all breaches and refer to appropriate regulatory bodies.	None.	None.	

5. Ensuring corruption and misuse of power are dealt with effectively	Good.	Whistleblowing policy, anti-fraud and corruption policy in place. Segregation of duties on key financial processes.	None.	None.	
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Core Principle B: Ensuring openness and comprehensive stakeholder engagement

Supporting Principle 1: Openness

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	Good.	Corporate Plan and Annual Report. FOI requests actively responded to, website, online publishing of expenditure.	None.	None.	
~ Page 201 ~ 2. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	Good.	Record of decision making and supporting materials. Standard report format used. The Council's governance framework aims to ensure it sets and meets its objectives and responsibilities in a lawful, timely, open, inclusive and honest manner; and that its use of public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.	None.	None.	
3. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	Good.	Decisions well documented with supporting information and advice included. Forward Plan detailing report publication on a timely basis. Calendar of dates for submitting, publishing and distributing timely reports is adhered to Council and Committee meetings are normally open to the public unless information is of a commercially sensitive nature.	None.	None.	

		The conduct of business is defined by formal procedures and rules that are set out in the Constitution.			
4. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action	Fair.	<p>Customer and staff satisfaction surveys carried out regularly.</p> <p>Resident Forums in place for key towns in the borough (Oadby, Wigston and South Wigston) although participation not yet back at pre-pandemic levels.</p> <p>We follow statutory requirements for consultation and very often go above that in terms of community engagement.</p> <p>Ad-hoc approach to informal consultation in place and utilised.</p> <p>The council has recently developed a communications strategy following feedback received from the Corporate Peer Challenge in January 2022.</p>	None.	<p>Develop approach to tenant engagement and establishment of Tenant Scrutiny Panel, in line with regulatory standards as per Review and enhance participation at resident forums.</p> <p>Wider engagement on the budget consultation for forthcoming year to be captured</p>	<p>Head of Built Environment</p> <p>Head of Law and Democracy</p> <p>Head of Finance</p>

Supporting Principle 2: Engaging comprehensively with institutional stakeholders

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	Good.	Formal and informal partnerships in place. Regular diarised meetings with appropriate senior officers and partners (including SLM, Helping Hands).	None.	None.	
2. Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Good.	Partnership working across the authority is strong for example the recently formed Building Control partnership. Approach to consideration of shared services embedded as part of alternative service delivery model reviews. Service Level Agreements. Partnership agreements exist. The organisation has a range of partnerships and collaborative relationships. They have appropriate legal agreements and governance commensurate with the nature of the partnership, depending on factors such as legal status, membership, risk, subject matter.	None.	None.	
3. Ensuring that partnerships are based on: trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit	Good.	As above.	None.	None.	

Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Supporting Principle 1: Defining outcomes

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions	Good.	The Corporate Plan defines the vision for the Council, including values and priorities. Service Plans are developed based on the Corporate Plan. The quarterly monitoring report and End of Year report details performance against the performance indicators.	None.	None.	
2. Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	Good.	Intended impacts set out in Corporate Plan and None Team Business Plans.	None.	None.	
3. Delivering defined outcomes on a sustainable basis within the resources that will be available	Good.	Team Business Plans developed for each service area. Monthly performance and finance reports monitored by SLT; Quarterly reports monitored by SLT, Service Delivery and Performance, Finance	None.	None.	

		and Development Committees.			
4. Identifying and managing risks to the achievement of outcomes	Good.	Quarterly review of risk with SLT. Audit Committee review of risk on a quarterly basis.	None.	None.	
5. Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available	Good.	Performance Indicators within Team Business Plans and Corporate Plan include agreed set of quality standard measures.	None.	None.	

Supporting Principle 2: Sustainable economic, social and environmental benefits

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	Good.	We actively consider the social and economic impact of policies in decisions. An example of this is social value considerations in procurement exercises. Risk management plays an active part in considering and balancing impacts.	None.	None.	
2. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term	Fair.	Record of decision making and supporting materials made available publicly on website. Improvements required around medium term impact of decision on financial position of council in the form of MTFS. Work ongoing in this area in response to Corporate Peer Challenge.	None.	Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan	Strategic Director and Section 151 Officer

factors such as the political cycle or financial constraints				and projects established; and a Sustainability Plan for closing budget gaps.	
3. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs		<p>We follow statutory requirements for consultation and as part of very often go above that in terms of community engagement.</p> <p>Ad-hoc approach to informal consultation in place and utilised. Elected members act in public interest. Record of decisions made available to public via website.</p> <p>Consultations on key projects with key groups.</p> <p>Members abide by the code of conduct and all committee reports are prepared to reflect all the relevant options, risks and benefits – so members have all the relevant information in front of them when they make a decision.</p> <p>The Council is transparent in decision making.</p> <p>We publish all our agendas and minutes.</p>	None.		
4. Ensuring fair access to services	Fair.	<p>Nominated Equalities lead. All new policies presented for approval require Equalities Impact Assessment to be completed and regularly reviewed as part of ensuring fair access.</p> <p>Equality and Diversity Policy in place.</p> <p>Process in place for equalities impact assessments and action included in</p>	None.	Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan	Head of Customer Service and Transformation

	<p>Equalities and Diversity Action Plan to assess current processes.</p> <p>Feedback from Corporate Peer Challenge around need to ensure all residents can access the services and information they need.</p>	and projects established; and a Sustainability Plan for closing budget gaps.
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Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Supporting Principle 1: Determining interventions

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
<p>1. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided</p>	Fair.	All reports details options appraisals and risks associated with decisions.	None.	Implement recommendations in the Corporate Peer Review Action Plan associated with the development of a standardised project appraisal and affordability approach.	Strategic Director and Section 151 Officer
<p>2. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</p>	Fair.	Statutory consultation on budget undertaken annually, could be widened to obtain views of service users. We follow statutory requirements for consultation and very often go above that in terms of community engagement. Ad-hoc approach to informal consultation in place and utilised.	None.	Wider engagement on the budget consultation for forthcoming year to be captured (as per B.1.)	Head of Finance

Supporting Principle 2: Planning interventions

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Good.	<p>Calendar dates for all Council meetings agreed in advance, reports published in a timely manner ensuring a robust planning cycle.</p> <p>Quarterly performance and finance reports monitored by SLT and Service Delivery and Policy, Finance and Development Committees.</p>	None.	None.	
2. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	Fair.	<p>Resident Forums in existence for each major town in the borough.</p> <p>We regularly consult where changes to policies are made, over and above statutory requirements.</p> <p>Recognising there isn't currently a Tenant Scrutiny Panel or strong embedded approach to engaging tenants in service related decisions, action to be taken forward to establish one in line with Social</p>	None.	Develop approach to tenant engagement and establishment of Tenant Scrutiny Panel, in line with regulatory standards as per b.1 above)	Head of Built Environment

		Housing Regulatory Standards.			
3. Considering and monitoring risks facing each partner when working collaboratively including shared risks	Good	Strong partnerships exist. Partnership agreements exist where necessary for financial/legal/governance/risk reasons (e.g. Shared Building Control) formal agreements are put in place.	None	None	
4. Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	Good.	Delegated responsibility in some areas. Constitution is flexible. Delegated decision making can be amended to facilitate urgent decision making.	None.	None.	
5. Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	Good.	KPIs established and approved for each service and included in Service Plans. Quarterly Performance Reports are considered by Service Delivery Committee.	None.	None.	
6. Ensuring capacity exists to generate the information required to review service quality regularly	Good.	Performance is included to give context for decisions to be made where necessary. Resource dedicated to Transformation which works across the organisation to make customer, process and financial improvements.	None.	None.	
7. Preparing budgets in accordance with organisational	Fair.	Corporate Peer Review identified the need to Align and maintain MTFP to the	None.	Review service and financial planning timetable for 2023/24	Head of Finance

<p>objectives, strategies and the medium-term financial plan</p>		<p>Corporate Plan and projects to ensure resources are in place to deliver them.</p> <p>Strategic and Financial Planning timetable to be reviewed and aligned for 2023/24 planning, enabling a more integrated approach.</p> <p>Identified need to ensure effective alignment of team and council corporate planning with budget.</p>			
<p>8. Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy</p>	<p>Fair.</p>	<p>Corporate Peer Review identified the need to Align and maintain MTFP to the Corporate Plan and projects to ensure resources are in place to deliver them.</p>	<p>None.</p>	<p>Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan and projects established; and a Sustainability Plan for closing budget gaps</p>	<p>Strategic Director/S151 Officer</p>

Supporting Principle 3: Optimising achievement of intended outcomes

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	Fair.	Corporate Peer Review identified the need to Align and maintain MTFP to the Corporate Plan and projects to ensure resources are in place to deliver them. New Medium Term Financial Strategy under development which will set out how Council will manage its finances, how it will close projected MTFP budget gaps through the delivery of savings and income generation and how it will bolster its reserves.	None.	Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan and projects established; and a Sustainability Plan for closing budget gaps	Strategic Director/S151
2. Ensuring the budgeting process is all inclusive, taking into account the full cost of operations over the medium and longer term	Good.	5 year Capital budget planning. Revenue currently only planned 1 year at a time. MTFP focuses on 5 year medium term.	None.	None.	
3. Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may	Fair.	Current MTFS consolidated with annual budget report and work ongoing to create new stand-alone strategy that will	None.	Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year	Strategic Director/S151

arise during the budgetary period in order for outcomes to be achieved while optimising resource usage		guide financial planning over the medium-term.		Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan and projects established; and a Sustainability Plan for closing budget gaps	
4. Ensuring the achievement of 'social value' through service planning and commissioning.	Good	Social value considered through procurement processes..	None	None	

Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Supporting Principle 1: Developing the entity's capacity

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness	Fair.	Reviews of structures, ways of working and performance carried out as necessary. Acquisitions and Disposals Policies. Existing mitigating risk action to revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and	None.	Revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation.	Head of Law and Democracy

		timetabled for implementation.			
2. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently	Fair.	Organisational approach to benchmarking to be reviewed and requirements determined.	None.	Organisational approach to benchmarking to be reviewed and requirements determined.	Strategic Director
3. Recognising the benefits of partnerships and collaborative working where added value can be achieved	Good.	Strong partnership working across the Council.	None.	None.	
4. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	Fair.	Existing Strategic Risk Register Action to develop People Strategy – linked to key risk for the Council around resource planning.	None.	Develop People Strategy.	Strategic Director

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Supporting Principle 2: Developing the capability of the entity's leadership and other individuals

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	Good.	Regular meetings between Leader and Chief Executive. Committee Chairs supported by designated SLT leads. Robust member induction programme, with specific and	None.	None.	

		significant training planned. Code of Conduct for all members.			
2. Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	Good.	Regular review of delegation and financial regulations. Constitution.	None.	None.	
3. Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	Good.	Clear roles and responsibilities with CE's objectives set and monitored by Members.	None.	None.	
4. Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and 	Good.	Members trained as and when required. Formal induction process for new administration and new members. Robust member induction programme, with specific and significant training planned. Code of Conduct for all members.	None.	None.	

<p>organisational requirements is available and encouraged</p> <ul style="list-style-type: none"> • Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis • Ensuring personal, organisational and system- wide development through shared learning, including lessons learnt from governance weaknesses both internal and external 					
<p>5. Ensuring that there are structures in place to encourage public participation</p>	<p>Good.</p>	<p>Resident Forums, customer feedback.</p>	<p>None.</p>	<p>None.</p>	
<p>6. Taking steps to consider the leadership’s own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</p>	<p>Good.</p>	<p>LGA Financial Health Check Summer 2021. LGA Corporate Peer Review January 2022.</p>	<p>None.</p>	<p>None.</p>	
<p>7. Holding staff to account through regular performance reviews which 8. take account of training or development needs</p>	<p>Fair.</p>	<p>Staff development plans linked to appraisals. Plans to review appraisal approach underway.</p>	<p>None.</p>	<p>Review staff performance appraisal approach.</p>	<p>Strategic Director</p>
<p>9. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining</p>	<p>Good.</p>	<p>Discount on leisure facilities for staff. Employee advice line, 24 hours service providing advice and counselling service</p>	<p>None.</p>	<p>None.</p>	

their own physical and mental wellbeing

around family, personal, debt, workplace, home and health issues. Coaching and mentoring available. Health and Wellbeing team to develop and implement the employer Workplace health and benefits offer. New Health and Wellbeing Hub on Teams for staff to access. Participation in Survey with Leicestershire and Rutland Sport Workplace Health Needs Assessment to determine health of workforce. Sickness management ongoing.

Core Principle F: Managing risks and performance through robust internal control and strong public financial management

Supporting Principle 1: Managing risk

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	Good.	Risk Management system in place with regular monitoring at Manager/HoS level and SLT and Audit Committee. New cross-service and role Risk Management Group established to monitor risk. Policy timetabled for review Summer 2022.	None.	None.	
2. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	Good.	Risk management policy formally approved and adopted. Due for review Summer 2022. Existing action in place via Strategic Risk Register to	None.	None.	

		produce a Health and Safety Action Plan.			
3. Ensuring that responsibilities for managing individual risks are clearly allocated	Good.	Risk Management system in place with regular monitoring. Recent changes mean each risk has an owner responsible (rather than collect SLT).	None.		

Supporting Principle 2: Managing Performance

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	Good.	Monitoring of service delivery currently completed through service plans. Agreed performance targets reported monthly. SLAs for all service areas, reviewed annually.	None.	None.	
2. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the	Fair.	Existing action identified in response to Corporate Peer Review to Implement a standardised	None.	Implement recommendations in the Corporate Peer Review Action Plan associated with	Strategic Director/S151 Officer.

<p>organisation's financial, social and environmental position and outlook</p>		<p>project appraisal and affordability approach.</p>		<p>the development of a standardised project appraisal and affordability approach.</p>	
<p>3. Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making</p>	<p>Good.</p>	<p>Committee system enables all members to contribute towards ensuring policies are effective and objectives are delivered.</p>	<p>None.</p>	<p>None.</p>	
<p>4. Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p>	<p>Good.</p>	<p>Regular quarterly reports to SLT and Service Delivery Committee.</p>	<p>None.</p>	<p>None.</p>	
<p>5. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)</p>	<p>Good.</p>	<p>Standing orders in place. Approval reports separate from financial updates.</p>	<p>None.</p>	<p>None.</p>	

Supporting Principle 3: Robust internal control

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Aligning the risk management strategy and policies on internal control with achieving the objectives	Good.	Risk management policy audit plan and regular audit reports.	None.		
2. Evaluating and monitoring the authority's risk management and internal control on a regular basis	Good.	Risk management policy with risks reviewed regularly by Risk Management Group, SLT and Audit Committee.	None.		
3. Ensuring effective counter fraud and anti- corruption arrangements are in place	Fair.	Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014). Anti-fraud and anti-corruption policies in place. Existing action via Strategic Risk Register to develop and implement anti-fraud awareness raising programme.	None.	Develop and implement anti-fraud awareness raising programme.	Strategic Director/S151 Officer
4. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and	Good.	Annual governance statement, internal audit arrangements adequate with internal	None.	None.	

control is provided by the internal auditor		audit actively involved in service improvement.			
5. Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon.	Good.	Audit committee complies with best practice. See Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2018). Terms of Reference in place for Committee. Training for committee members provided June 2022, included session to enable committee members to approve the financial statements undertaken in 2018.	None.	None.	

Supporting Principle 4: Managing Data

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.	Good.	Policies in place for data management and data protection. Designated data protection officer.	None.	None.	
2. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.	Good.	Data sharing agreements in place and data processing agreements where necessary.	None.	None.	

3. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.	Good.	Regular internal audits carried out.	None.	None.	
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Supporting Principle 5: Strong public financial management

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	Fair.	<p>Corporate Peer Challenge January 2022 identified improvements in respect of medium-term financial planning and ensuring financial plans align with the corporate plan and projects to ensure that are sufficient resources in place to deliver.</p> <p>Additionally, work is currently underway to develop the finance business partnering model and core monitoring cycle and processes. Development actions include designing new monitoring processes and meeting protocol and training budget holders in respect of managing budgets.</p> <p>Work undertaken to adopt the CIPFA Financial Management Code has identified a range of areas where the Council does not currently achieve the Code requirements but is instead starting to meet or currently meets but enhancements are required.</p> <p>There are a range of actions to address these areas arising from the review and all actions will be taken forward and consolidated, along with</p>	None.	<p>Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan and projects established; and a Sustainability Plan for closing budget gaps.</p> <p>Progress the vision for finance at OWBC and programme all actions arising from the CIPFA Financial Management Code self-assessment exercise.</p>	S/D and S151

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		other important actions around financial governance and system improvements into a single action plan. This plan will also set out the vision for finance at OWBC.			
2. Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Fair.	Budget monitoring reports and regular reviews, however greater engagement required between finance and services. Finance system upgrade required and more automation of reporting required. As above, areas where the Council does not currently meet the requirements of the CIPFA financial management code have been identified and actions scoped to progress improvements in these areas.		Progress the vision for finance at OWBC and programme all actions arising from the CIPFA Financial Management Code self-assessment exercise.	S/D and S151

Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principle 1: Implementing good practice in transparency

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	Good.	Website user friendly, annual report, reports written in 'plain English'.	None.	None.	
2. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	Good.	Website user friendly, annual report, reports written in 'plain English'. Annual Report produced in accessible format, including translation tool.	None.	None.	

Supporting Principle 2: Implementing good practices in reporting

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Reporting at least annually on performance, value for money and the stewardship of its resources	Good.	Council Annual report, Statement of Accounts, End of Year report. Regular customer satisfaction surveys with results published in Annual reports.	None.	None.	
2. Ensuring members and senior management own the results	Good.	Members and SLT receive and approve reports.	None.	None.	
3. Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	Good.	Annual governance statement.	None.	None.	
4. Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Good.	Annual governance statement.	None.	None.	
5. Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	Good.	Format follows best practice.	None.	None.	

Supporting Principle 3: Assurance and effective accountability

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring that recommendations for corrective action made by external audit are acted upon	Good.	Recommendations from external audit acted upon. Regular communication between S151 Officer and External Auditor.	None.	None.	
2. Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	Good.	Internal Audit report directly to Audit Committee. Recommendations from internal audit acted upon. Compliance of Internal Audit arrangements with Public Sector Internal Audit Standards. Regular communication between S151 Officer and Internal Auditor.	None.	None.	
3. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Good.	Corporate Peer Challenge undertaken January 2022. A number of recommendations were made and accepted by Council which are now timetable for implementation during 2022/23.	None.	None.	



Agenda Item 9



Audit Committee	Wednesday, 25 January 2023	Matter for Information and Decision
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Report Title: **Letter of Management Representation (2021/22)**

Report Author(s): **Bev Bull (Head of Finance / Deputy Section 151 Officer)**

Purpose of Report:	To present the Letter of Management Representation relating to the external audit of the Statements of Accounts 2021/22 and to seek approval of the Audit Committee for the Section 151 Officer to sign the Letter of Management Representation.
Report Summary:	The Letter of Management Representation is a letter written by a the external auditors. The letter attests to the accuracy of Statement of Accounts 2021/22 which the Council has submitted to the auditors for their review. The letter is required to be signed by the Section 151 Officer.
Recommendation(s):	That the Committee: review the Letter of Management Representation and give approval for the Section 151 Officer to sign the letter.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Tracy Bingham (Strategic Director / Section 151 Officer) (0116) 257 2690 tracy.bingham@oadby-wigston.gov.uk</p> <p>Bev Bull (Head of Finance / Deputy Section 151 Officer) (0116) 257 2649 bev.bull@oadby-wigston.gov.uk</p> <p>Rashpal Sohal (Finance Manager) (0116) 257 2705 rashpal.sohal@oadby-wigston.gov.uk</p>
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.
Human Rights:	There are no implications arising from this report.

Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	1. OWBC Letter of Representation – To Follow

1. Introduction and Background

- 1.1 The Letter of Management Representation is a letter written by the external auditors. The letter is required to be signed by the Section 151 Officer confirming that they have the responsibility for the proper administration of the financial affairs of the authority and the duties this entails have been undertaken. It also evidences that the Auditors have been provided with all relevant and accurate information in relation to the Statement of Accounts 2021/22.
- 1.2 At the time of writing this report, the draft letter is not yet available. This letter, in the form of Appendix 1, will be issued as soon as it is received and will be presented at this meeting by Grant Thornton.



Audit Committee	Wednesday, 25 January 2023	Matter for Information
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Report Title: **Internal Audit Progress Report (January 2023)**

Report Author(s): **Tracy Bingham (Strategic Director / Section 151 Officer)**

Purpose of Report:	To give an update on Internal Audit's progress on delivering the 2022/23 audit plan.
Report Summary:	Significant assurance opinion provided for audits of risk management, counter fraud & corruption, safeguarding and homelessness. Moderate assurance opinion provided for project & programme management. Summary of recommendation tracking results.
Recommendation(s):	That the progress made in delivering the 2022/23 Audit Plan be noted.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Tracy Bingham (Strategic Director / Section 151 Officer) 07881 967049 tracy.bingham@oadby-wigston.gov.uk Mark Watkins (Head of Internal Audit) 07926 252619 mark.watkins@cwaudit.org.uk
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Key Supplier / Partnership Failure (CR2) Reputation Damage (CR4) Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Increased Fraud (CR10)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.

Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	1. OWBC IA Progress Report – January 2023

1. Information

- 1.1 The Internal Audit Progress Report attached at **Appendix 1** provides an overall summary of the work undertaken to date relating to the audit plan.
- 1.2 The activities to be reviewed throughout the financial year are listed in Table 4 of the Progress Report. The quarter in which the work is to be started is shown along with the current progress status. Internal Audit then provides an opinion on the level of assurance that is given once the work has been completed.
- 1.3 Internal Audit progress reports are presented to every meeting of the Audit Committee so Members can be kept up to date with Internal Audit work and findings.
- 1.4 Under the Local Government Act 1972, Section 151 and the Accounts and Audit (England) Regulations 2011(as amended), the Council has a responsibility to maintain an adequate and effective Internal Audit function. At Oadby and Wigston Borough Council this responsibility is delivered by CW Audit Services.
- 1.5 In responding to this requirement, the Internal Audit service works to best practice as set out in the Public Sector Internal Audit Standards (2017), which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Oadby & Wigston Borough Council

Internal Audit Progress Report

January 2023



cw audit
internal audit services

Bringing public value to life

1. Introduction

This report summarises internal audit activity to the end of December 2022 on delivering the 2022/23 Audit Plan. Good progress has been made and we do not anticipate any difficulties in delivering our full programme of work. Section 4 provides a summary of the current status of all audits included on the 2022/23 plan.

2. 2022/23 Reviews completed

Review	Key issues	Level of assurance				
Risk Management	<ul style="list-style-type: none"> No key issues – two low level recommendations made 	Significant				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
Risk management roles and responsibilities have been clearly defined.			✓			
There is a robust Risk Management Strategy and Policy that have been effectively communicated throughout the Council.		✓				
Risk management is embedded throughout the organisation.		✓				

Review	Key issues	Level of assurance				
Counter Fraud & Corruption	<ul style="list-style-type: none"> Undertake a specific fraud risk assessment. Develop an annual Counter Fraud Plan that outlines what proactive measures will be taken each year to combat fraud and corruption. Submit an annual report each year on delivery of actions in the Counter Fraud Plan to the Audit Committee. 	Significant				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
There are effective governance and reporting arrangements to regulate the Authority's approach to counter fraud and corruption.				✓		
The Authority acknowledges and understands fraud risks and commits support and resource to tackling fraud in order to maintain a robust anti-fraud response.			✓			
The Authority prevents, detects and protects against more fraud by making better use of information and technology, enhancing fraud controls and processes and by developing a more effective anti-fraud culture.			✓			
The Authority punishes fraudsters and recovers losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a collaborative and supportive law enforcement response.			✓			

Review	Key issues	Level of assurance				
Project & Programme Management	<ul style="list-style-type: none"> Revise and enhance procedure documentation describing and providing guidance on the Council's project management methodology; Ensure that the project management process is appropriately resourced, particularly for projects that would benefit from some external project management support; Re-introduce meetings of the Corporate Project Board to ensure that project delivery is being regularly monitored. 	Moderate				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
The Council's project management methodology provides a basis for consistent and appropriate management of projects through the application of controls commensurate with each project's scope and complexity.				✓		
The Council's project management methodology is being consistently applied in practice which ensures that all risks identified above are being effectively minimised.				✓		
Appropriate monitoring arrangements are in place over project delivery, enabling actions to be taken where necessary to ensure projects are implemented on schedule.				✓		

Review	Key issues	Level of assurance				
Safeguarding	<ul style="list-style-type: none"> Obtain feedback in Section 11 Audit actions and confirm whether any local actions are required. Ensure that all staff complete mandatory safeguarding training. Ensure that organisations that are in receipt of grants from the Council have appropriate safeguarding arrangements in place. Ensure that feedback is received from Social Care on outcomes. 	Significant				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
The Council plays an appropriate role along with other relevant partners in the safeguarding of children and vulnerable adults.		✓				
There are comprehensive policies and procedures in place to deal with safeguarding issues and these are consistently applied across the Council.			✓			
Suspected cases of abuse are reported appropriately and follow up action is taken as necessary.			✓			
Staff are appropriately trained to identify and report suspected cases of abuse.			✓			
There are effective governance controls in place to provide assurance to management and councillors on the robustness of safeguarding arrangements.		✓				

Review	Key issues	Level of assurance				
Homelessness	<ul style="list-style-type: none"> • Develop an action plan to implement the Homelessness Strategy. • Introduce case file reviews on a sample basis. • Review access controls to the homelessness system. 	Significant				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
There is a detailed Homelessness Strategy in place that demonstrates how the Council meets the requirements of all relevant legislation.			✓			
Processes and procedures are in place and are properly implemented to deliver the Homelessness Strategy and meet the requirements of homelessness legislation.			✓			
The IT system used to implement the Council's Homelessness strategy is fit for purpose and utilised effectively.			✓			
There are sufficient, trained staff resources to implement all aspects of homelessness legislation.			✓			

3. Recommendation tracking

We provide a system for tracking the implementation of agreed Internal Audit recommendations as a management assurance tool for the Council and this Committee. Managers are responsible for updating actions taken and other key information directly on the system. The first table below represents the status of agreed actions due to be implemented by 30th November 2022 for all recommendations raised since 1st April 2020. The second table outlines the age of the outstanding recommendations (based on the original date due for implementation). The status shown is as advised by the relevant manager/Head of Service and does not imply that Internal Audit has verified the status in all cases.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due by 30/11/22	-	23	94	45	162
Implemented / Closed	-	23	87	41	151
Still to be completed	-	0	7	4	11

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	0	2	1	3
3 – 6 months	-	0	2	1	3
Greater than 6 months	-	0	3	2	5
Total	-	0	7	4	11

The number of recommendations that remain unimplemented by their original target date continues to be relatively low and has reduced from the 20 that were reported to the September 2022 Audit Committee meeting. The table below provides more detail on the medium risk recommendations that have been outstanding for more than six months.

'Medium risk' recommendations overdue for more than six months from original implementation date

Review	Recommendation	Risk	Original target date	Revised target date	Current status
Housing Allocations	Develop written procedures covering Choice Based Lettings and housing allocations.	3	30 Sept 21	30 April 23	CBL procedures are drafted. Once Allocation Policy has been agreed at Finance, Development and Policy committee during Q4 this can then be implemented.
Housing Allocations	Review and update Housing Allocation Policy.	3	31 March 22	30 April 23	Allocation Policy has been drafted and been out to consultation in October 2022. Will be reported to Finance, Development and Policy committee in Q4 for approval.
Performance Management	Develop Data Quality Policy	3	30 April 22	31 March 23	A performance handbook is in development, this will include a Data Quality element. This will be rolled out in the new financial year.

4. 2022/23 Internal audit plan

Review	Scheduled	Status	Level of assurance
Human Resources – Staff Development	Quarter 4	Scope agreed	
Risk Management	Quarter 3	Final report	Significant
Counter Fraud & Corruption	Quarter 1 / 2	Final report	Significant
National Fraud Initiative	Throughout year	Ongoing	N/A
Financial Management & Reporting	Quarter 4	Scope agreed	
Creditors	Quarter 4	Scope agreed	
Income & Debtors	Quarter 4	Scope agreed	
Treasury Management	Quarter 4	Scope agreed	
Grounds Maintenance & Street Cleaning	Quarter 3 / 4	In progress	
IT Governance Healthcheck	Quarter 1	Complete	N/A - advisory
Capital Programme & Project Management	Quarter 2 / 3	Final	Moderate
Alcohol & Entertainment Licensing	Quarter 3 / 4	In progress	
Benefits / Council Tax Support	Quarter 4		
Safeguarding	Quarter 2 / 3	Final report	Significant
Car Park Income	Quarter 2	Final report	Full
Housing Rents	Quarter 2 / 3	Draft report	
Homelessness	Quarter 2	Final report	Significant
Development Control	Quarter 3 / 4	Fieldwork complete	
Test & Trace Grant Certification	Quarter 1	Certification provided	N/A
COMF Certification	Quarter 1	Certification provided	N/A

Agenda Item 11



Audit Committee	Wednesday, 25 January 2023	Matter for Information
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Report Title: **Strategic Risk Update (2022/23)**
Report Author(s): **Tracy Bingham (Strategic Director – Section 151 Officer)**

Purpose of Report:	To present the Strategic Risk Register to Committee for information.
Report Summary:	In accordance with the requirements of the Council’s Opportunity and Risk Management Policy, this report presents the Strategic Risk Register for the Committee’s consideration. The register is updated on a regular basis through discussions with the internal Risk Management Group and members of the Senior Leadership Team.
Recommendation(s):	That the report and Strategic Risk Register (as set out at Appendix 1) be considered.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Tracy Bingham (Strategic Director / Section 151 Officer) (0116) 257 2845 tracy.bingham@oadby-wigston.gov.uk Bev Bull (Head of Finance / Deputy Section 151 Officer) (0116) 257 2608 bev.bull@oadby-wigston.gov.uk Rashpal Sohal (Finance Manager) (0116) 257 2705 Rashpal.Sohal@Oadby-Wigston.gov.uk
Corporate Objectives:	Building, Protecting and Empowering Communities (CO1) Growing the Borough Economically (CO2) Providing Excellent Services (CO3)
Vision and Values:	“A Stronger Borough Together” (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Key Supplier / Partnership Failure (CR2) Political Dynamics (CR3) Reputation Damage (CR4)

	Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Failure to Respond to a Significant Incident (CR7) Organisational / Transformational Change (CR8) Economy / Regeneration (CR9) Increased Fraud (CR10) Cyber Threat / Security (CR11)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	<ul style="list-style-type: none"> • Risk Management Group • Senior Leadership Team
Background Papers:	None.
Appendices:	Appendix 1 Strategic Risk Register

1. Background

- 1.1 In line with the Opportunity and Risk Management Policy which was approved by the Audit Committee at its meeting in July 2021 and the revised policy due for approval on this meeting agenda, this report presents the Strategic Risk Register at Appendix 1.
- 1.2 The 'Risk Management Group' has met and reviewed and updated the risk register which has then been reviewed and approved by the Senior Leadership Team (SLT).
- 1.3 Operational risks continue to be monitored and managed by the organisation, with the Operational Risk Registers managed within service areas, with Heads of Service maintaining ultimate responsibility.
- 1.4 This paper presents a summary of the profile of risks contained within the register and highlights key movements in scores from the position reported in June 2022.

2. External Auditor Recommendation in respect of Risk Management

2.1 In their annual auditors report for 2020/21 and 2021/22, the Council's external auditors, Grant Thornton, acknowledged that risk management arrangements had been reviewed and improved recently.

2.2 Building on this, the auditors made one recommendation in relation to risk, which is as follows:

Improve the format of the Strategic Risk Register by identifying each risk against a primary corporate objective, summarise the sources of assurance and include a graphical representation the direction of travel of the mitigated risk score.

2.3 These changes have been agreed by management and the recommendations implemented as part of the risk review.

3. Strategic Risk Register

3.1 The Strategic Risk Register contains a total of 15 risks and there have been no additional risks added or any removed since the last Audit Committee update.

3.2 Several changes have been made which are detailed in the 'Review Commentary' column of the Risk Register. The Corporate Objective for all risks has been updated to reflect the relevant objective. This is in line with a recommendation made by the external auditor, who acknowledged that the previous version of the register listed all objectives for each risk.

3.3 Similarly, and in line with the recommendation of the external auditor, each risk now has a graphical representation of the "Direction of Travel of mitigated risk score".

3.4 Other individual changes are set out below:

- CR1 (financial resources) – existing controls updated to reflect current position.
- CR3 (working with partners) – existing controls updated.
- CR4 (demographic engagement) – Action on Customer Experience Strategy updated to reflect acknowledgement that further work to reach hard to reach groups will be needed post approval of the strategy.
- CR5 (political dynamics) – Risk scoring increased. New action recorded to capture officer training requirement.
- CR7 (asset utilisation) – Existing control updated in respect of Sustainability Programme and work progressing in this area under the Asset Management theme/project.
- CR9 (failure to respond) – Updated with existing controls following completion of previous register actions.
- CR10 (Change/Transformation) – Update to target date for approval and implementation of People Strategy. Some changes made to risk scoring to correct a previous error (no change to risk profile/direction of travel).




- CR11 (Economy/Regeneration) – Updated existing controls.
- CR12 (Increased Fraud) – Target date for implementation updated to reflect timetable and officer capacity. Some changes made to risk scoring to correct a previous error (no change to risk profile/direction of travel)
- CR13 (Cyber Threat/Security) – Existing control updated.

IMPACT		
Level	Score	Description
Insignificant	1	<ul style="list-style-type: none"> no impact on service no impact on reputation complaint unlikely litigation risk remote
Minor	2	<ul style="list-style-type: none"> slight impact on service slight impact on reputation complaint possible litigation possible
Moderate	3	<ul style="list-style-type: none"> some service disruption potential for adverse publicity - avoidable with careful complaint probable litigation probable
Major	4	<ul style="list-style-type: none"> service disrupted adverse publicity not avoidable (local media) complaint probable litigation probable
Extreme / Catastrophic	5	<ul style="list-style-type: none"> service interrupted for significant time major adverse publicity not avoidable (national media) major litigation expected resignation of senior management and board loss of beneficiary confidence




		Impact				
		1	2	3	4	5
Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5

Risks that are red require mitigating action to reduce to amber or white

LIKELIHOOD		
Level	Score	Description
Remote	1	<ul style="list-style-type: none"> may only occur in exceptional circumstances
Unlikely	2	<ul style="list-style-type: none"> expected to occur in a few circumstances
Possible	3	<ul style="list-style-type: none"> expected to occur in some circumstances
Probable	4	<ul style="list-style-type: none"> expected to occur in many circumstances
Highly probable	5	<ul style="list-style-type: none"> expected to occur frequently and in most circumstances

Strategic Risk Register																					
Ref	Risk Definition What is the headline risk/issue?	2019-2024	Root Cause: What is the root cause of problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls (sources of assurance)			Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/	Risk Owner	Review Date	Review Commentary	Direction of Travel of mitigated risk score	
					Likelihood	Impact	Overall risk rating				Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating			
CR1	Decreasing Financial resources / Increasing Financial Pressures	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <input type="checkbox"/> Increase demand for services e.g. benefits <input type="checkbox"/> Continuing Austerity <input type="checkbox"/> Political promises <input type="checkbox"/> Change in priorities <input type="checkbox"/> Reduction in recycling value <input type="checkbox"/> Deflated housing market <input type="checkbox"/> Lack of business growth <input type="checkbox"/> Further changes in legislation <input type="checkbox"/> Pooling/Unpooling of NNDR <input type="checkbox"/> Universal Credit <input type="checkbox"/> Inefficient running costs of Bushloe House <input type="checkbox"/> Political hesitancy in decision making for fundamental service reform. <input type="checkbox"/> Cost-of-living crises <input type="checkbox"/> Supplier price variations as a result of inflation 	<ul style="list-style-type: none"> <input type="checkbox"/> Cuts in services <input type="checkbox"/> Political and customer expectations not met <input type="checkbox"/> Quality of service <input type="checkbox"/> Reputation damage <input type="checkbox"/> Knock on impact on the local community and economy e.g. spiral effect <input type="checkbox"/> Legal challenge. <input type="checkbox"/> Reduction in rent/monies owed to the council through the introduction of UC. <input type="checkbox"/> Increased homelessness adding stresses to council finances and the local economy. <input type="checkbox"/> Supplier price variations significant. 	5	4	20	<ul style="list-style-type: none"> <input type="checkbox"/> Budgetary Control processes and committee reporting <input type="checkbox"/> Medium Term Financial Strategy and HRA Business Plan - including scenario planning <input type="checkbox"/> Setting and monitoring of savings and efficiency targets <input type="checkbox"/> Annual Fees and Charges review <input type="checkbox"/> Disclosure of expenditure over £250 <input type="checkbox"/> Review of reserves and balances <input type="checkbox"/> Treasury Management and Investment Strategy <input type="checkbox"/> Prudential Indicators <input type="checkbox"/> Revised Financial Regulations <input type="checkbox"/> Business Rates Pooling <input type="checkbox"/> New Procurement Policy. <input type="checkbox"/> Homelessness team increased <input type="checkbox"/> Assessment of viability of capital projects. <input type="checkbox"/> Members have approved move out of Bushloe House to Brocks Hill. <input type="checkbox"/> Financial Inclusion Officer in post. <input type="checkbox"/> Scenario planning for budgets <input type="checkbox"/> Transformation Programme across the council to improve service <input type="checkbox"/> Cost of Living impact assessment undertaken and action plan now in place (presented to Service Delivery Committee 6 Sept). <input type="checkbox"/> Cost of Living focus group meeting fortnightly to monitor actions of action plan <input type="checkbox"/> Q1 financial assessment of inflationary impacts to in-year budget undertaken. <input type="checkbox"/> Ongoing impacts of inflation captured in medium term financial plan. <input type="checkbox"/> Updates to members on cost of living and inflation in members bulletin <input type="checkbox"/> New MTF5 approved September 2022 	4	4	16	<ul style="list-style-type: none"> <input type="checkbox"/> Review of Financial Regulations <input type="checkbox"/> Training on Contract Procedure Rules; <input type="checkbox"/> enhance budget monitoring <input type="checkbox"/> Mobilisation of Sustainability Programme to deliver savings across the medium-term 	<ul style="list-style-type: none"> <input type="checkbox"/> September 2023 <input type="checkbox"/> March 2023 <input type="checkbox"/> March 2023 	3	3	9	Chief Financial Officer	Jan-23	Updated corporate objective. Updated to reflect current position with provisional settlement having been received.		
CR2	Key Supplier Failure	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <input type="checkbox"/> Change in circumstances <input type="checkbox"/> Capacity and competency <input type="checkbox"/> Further decline of the Economy <input type="checkbox"/> Relationship breakdown <input type="checkbox"/> Changes in legislation <input type="checkbox"/> Changes in personnel <input type="checkbox"/> Liability issues <input type="checkbox"/> Economic conditions - inflation and interest rates 	<ul style="list-style-type: none"> <input type="checkbox"/> Cost implications <input type="checkbox"/> Business Continuity <input type="checkbox"/> Loss of revenue <input type="checkbox"/> Service failure <input type="checkbox"/> TUPE issues <input type="checkbox"/> Potential court action <input type="checkbox"/> Increased complaints <input type="checkbox"/> Reputation issues <input type="checkbox"/> Political damage <input type="checkbox"/> Delays 	5	4	20	<ul style="list-style-type: none"> <input type="checkbox"/> Formal contracts and agreements including realistic notice periods <input type="checkbox"/> Tender arrangements and pre qualification financial assessments <input type="checkbox"/> provisional local government finance settlement received <input type="checkbox"/> Qualified internal officers to provide legal advice <input type="checkbox"/> Use of external counsel <input type="checkbox"/> Performance management of contracts, Comprehensive Contract Register, Partnership working with Local Authority Partners <input type="checkbox"/> Welland Procurement also providing support. <input type="checkbox"/> Part of management Board to oversee delegated services such as Lightbulb and Building Control. <input type="checkbox"/> Creation of Project and Procurement Team <input type="checkbox"/> Partnership and contract risk registers <input type="checkbox"/> Contract term renegotiation with key providers as necessary <input type="checkbox"/> Contract Management review will be undertaken as part of the Sustainability Programme 	4	3	12	<ul style="list-style-type: none"> <input type="checkbox"/> Incorporate service contract register and plans for managing contracts into Service Plans 	Mar-23	2	2	4	Head of Law and Democracy /Monitoring Officer	Jan-23	Updated corporate objective.		
CR3	Failure to work effectively with other public sector partner organisations (PSOs) and 3rd sector organisations	Building, Protecting and Empowering Communities (CO1); Growing the Borough Economically (CO2)	<ul style="list-style-type: none"> <input type="checkbox"/> Poor service delivery from PSOs the Council has agreements with <input type="checkbox"/> Lack of engagement from partner PSOs <input type="checkbox"/> Governance arrangements which foster effective relationships may be inadequate leading to relationship breakdown <input type="checkbox"/> Failure of relationships at strategic level in County & across members 	<ul style="list-style-type: none"> <input type="checkbox"/> Loss of public confidence in Community Safety Partnership <input type="checkbox"/> Loss of funding for LLR Sports Alliance partnership <input type="checkbox"/> Impact on service delivery of poor ICT service <input type="checkbox"/> May not realise potential economies of scale <input type="checkbox"/> Impact on staff morale 	4	3	12	<ul style="list-style-type: none"> <input type="checkbox"/> Formal agreements with public sector partners which clearly identify roles & responsibilities <input type="checkbox"/> Governance arrangements which manage performance against agreements <input type="checkbox"/> Lead officer arrangements/contract manager <input type="checkbox"/> Financial controls ensuring payments are only authorised where service being delivered by partner organisation is received and is of appropriate quality <input type="checkbox"/> Strategic Planning Group - governance arrangements are in place for this. Member Advisory Group also in place Southern Alliance (OWBC, HDC, Blaby & Hinckley working together) <input type="checkbox"/> Performance of these arrangements is formally reviewed and changes are made if necessary. <input type="checkbox"/> Regular account meetings with contracted 3rd sector organisations. <input type="checkbox"/> Service Level Agreements in place where necessary. <input type="checkbox"/> Cost of Living support programme has funded 3rd sector organisations and support for warm hubs. 	3	3	9			3	3	9	Chief Executive	Jan-23	Updated corporate objective. Minor update on existing controls ref warm hub support.		

Strategic Risk Register

Ref	Risk Definition What is the headline risk/issue?	2019-2024	Root Cause: What is the root cause of problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls (sources of assurance)	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/			Risk Owner	Review Date	Review Commentary	Direction of Travel of mitigated risk score
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating				
CR4	Hard to reach demographics feel disenfranchised through lack of specific communication and engagement.	Building, Protecting and Empowering Communities (CO1)	<input type="checkbox"/> Staff capacity could impact on engagement <input type="checkbox"/> hard to reach communities <input type="checkbox"/> some resident groups not digitally connected <input type="checkbox"/> change in political power could result in non-statutory service being stopped <input type="checkbox"/> Failure to consult when appropriate to do so <input type="checkbox"/> Funding changes impacting on roles <input type="checkbox"/> Digital exclusion as a result of cost of living crises	<input type="checkbox"/> Reputational damage <input type="checkbox"/> lack of support for community initiatives <input type="checkbox"/> missed opportunity to impact on equalities agenda and HWB of residents <input type="checkbox"/> Citizens panel not representative of demographic. <input type="checkbox"/> Services may not meet the needs of this demographic	4	4	16	<input type="checkbox"/> Public consultation surveys to obtain feedback for influencing strategy/policy through Citizens Panel and other communication channels, compliant with the Code of Practice on Consultations <input type="checkbox"/> Refreshed Communications Strategy launch due June 2022 <input type="checkbox"/> Gov.Delivery digital e-mail system – targeted delivery on specific topics e.g. tenants newsletter – launch June 2022 <input type="checkbox"/> Two new Community Health Improvement Officers <input type="checkbox"/> Financial Inclusion Officer <input type="checkbox"/> Volunteer community champion Digital Newsletter - specifically relating to health and wellbeing targeting socially vulnerable <input type="checkbox"/> Events programme run by Community Health Improvement Officers to target vulnerable and hard to reach residents/communities. <input type="checkbox"/> Statement of community involvement in place <input type="checkbox"/> Residents Forums reinstated <input type="checkbox"/> Sports and physical activity commission plan to target hard to reach <input type="checkbox"/> Customer Experience Strategy consultation outcome due to be reviewed by members in March.	4	3	12	<input type="checkbox"/> Customer Experience Strategy will pick up elements of engagement and demographic profiling (it is expected further actions needed in this area and these are being formulated as part of this strategy) <input type="checkbox"/> Incorporation of the Housing Regulators new Tenant Satisfaction Measures that all social housing landlords will need to adopt from April 2023.	01/03/2023 01/04/2023	3	2	6	Head of Customer Service and Transformation/Head of Law and Democracy	Jan-23	Updated corporate objective. Update to action ref Customer Experience Strategy to reflect that further work is needed in respect of hard to reach groups	
CR5	Political Dynamics	Providing Excellent Services (CO3)	<input type="checkbox"/> Change in political power <input type="checkbox"/> Change in leader <input type="checkbox"/> New members <input type="checkbox"/> Public perception changes	<input type="checkbox"/> Change in priorities <input type="checkbox"/> Change in member/officer engagement <input type="checkbox"/> Breakdown in communication <input type="checkbox"/> Inability to meet expectations <input type="checkbox"/> Reputation issues (organisational and political) <input type="checkbox"/> Reactive decision making (rather than planned) <input type="checkbox"/> Failure to follow legislative requirements e.g. equalities <input type="checkbox"/> Further strain on council finances	3	4	12	<input type="checkbox"/> Member development programmes <input type="checkbox"/> New Code of Conduct has been adopted which comes into force on 1/4/22, with training planned to familiarise members with its content <input type="checkbox"/> Policies e.g. Safeguarding/Equalities and DBS checks <input type="checkbox"/> Provision of chairing skills training <input type="checkbox"/> Constitution, which is in the process of being reviewed to reflect new management structure <input type="checkbox"/> Public consultation, <input type="checkbox"/> Development of member enquiry system <input type="checkbox"/> Training for members covering a range of areas including IT and Planning <input type="checkbox"/> Budding system <input type="checkbox"/> Members bulletin <input type="checkbox"/> Customer Service training - June 2022 <input type="checkbox"/> Political awareness training for officers June 2022 <input type="checkbox"/> Member and officer training undertaken with Centre for Governance and Scrutiny November 2022	3	3	9	<input type="checkbox"/> Personal training/action plans for members elected May 2023 <input type="checkbox"/> Political change awareness training for CMT and SLT	Jul-23 Jul-23	2	3	6	Head of Law and Democracy /Monitoring Officer	Jan-23	Updated corporate objective. New action recognised to prepare officers for political changes	
CR6	Reputation Damage	Providing Excellent Services (CO3)	<input type="checkbox"/> Litigation <input type="checkbox"/> Breakdown in a partnership <input type="checkbox"/> Failure to have regard to officers advice <input type="checkbox"/> Whistle blowing <input type="checkbox"/> Freedom of Information (FoI) <input type="checkbox"/> Inconsistent decision making <input type="checkbox"/> Poor Media Relations <input type="checkbox"/> Poor communication <input type="checkbox"/> Failure to provide or reduce services <input type="checkbox"/> Poor performance <input type="checkbox"/> Poor business planning and consideration of financial implications	<input type="checkbox"/> Intervention <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Ombudsman findings <input type="checkbox"/> Court costs <input type="checkbox"/> Quality of service affected <input type="checkbox"/> Breakdown in a partnership <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Lower public satisfaction level <input type="checkbox"/> Time spent mitigating damage/rectifying the situation <input type="checkbox"/> Low Morale <input type="checkbox"/> Difficulties to recruit/staff retention <input type="checkbox"/> Inadequate budget provision, inappropriate financial decisions made	4	4	16	<input type="checkbox"/> Review of external communication by Heads of Service <input type="checkbox"/> Use of modern.gov <input type="checkbox"/> Whistle blowing and Anti Fraud and Corruption policies <input type="checkbox"/> Freedom of Information log <input type="checkbox"/> Qualified in house legal team <input type="checkbox"/> Officer complaints training & new complaints process <input type="checkbox"/> Performance reporting and Key Performance Indicators <input type="checkbox"/> Public and media consultation <input type="checkbox"/> Achieved accreditation for customer service excellence award <input type="checkbox"/> Communications Policy and Communications Plan in place <input type="checkbox"/> Online customer care training in place for all new staff and a separate module also in place for managers. <input type="checkbox"/> Partnership working eg Lightbulb & Local Plan <input type="checkbox"/> Marketing & Communications Manager <input type="checkbox"/> Social Media Policy <input type="checkbox"/> Service Standards <input type="checkbox"/> Performance Review Plans <input type="checkbox"/> Standardised project appraisal and affordability approach as per Corporate Peer Review Action Plan built into new MTFS <input type="checkbox"/> Complaints handling and investigation training for all managers undertaken November 2022	2	2	4			2	2	4	Chief Executive	Jan-23	Updated corporate objective.	

Strategic Risk Register

Ref	Risk Definition What is the headline risk/issue?	2019-2024	Root Cause: What is the root cause of problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls (sources of assurance)	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/			Risk Owner	Review Date	Review Commentary	Direction of Travel of mitigated risk score
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating				
CR7	Effective utilisation of Assets/Buildings	Building, Protecting and Empowering Communities (CO1); Providing Excellent Services (CO3)	<input type="checkbox"/> Failure to follow Health and Safety <input type="checkbox"/> Insurance/Public Liability <input type="checkbox"/> Financial investment <input type="checkbox"/> Contractor going into liquidation <input type="checkbox"/> Political will <input type="checkbox"/> Facility Management <input type="checkbox"/> Depreciation	<input type="checkbox"/> Loss of investment opportunities <input type="checkbox"/> Loss of income <input type="checkbox"/> Loss of capital <input type="checkbox"/> Higher revenue costs <input type="checkbox"/> Costs <input type="checkbox"/> Death or injury <input type="checkbox"/> Higher insurance premiums <input type="checkbox"/> Reputation damage <input type="checkbox"/> Public liability <input type="checkbox"/> Personal liability for corporate team e.g. corporate manslaughter	4	3	12	<input type="checkbox"/> Physical controls (e.g. Door Codes, fire alarms) <input type="checkbox"/> Designated first aiders <input type="checkbox"/> Capital Programme and HRA Business Plan - annual reiteration and regular monitoring <input type="checkbox"/> Fixed Asset Register <input type="checkbox"/> Annual valuation of property by external valuer <input type="checkbox"/> Designated Health and Safety Officer <input type="checkbox"/> Implementation of controls within Health and Safety Executive review <input type="checkbox"/> Health and Safety risk assessments <input type="checkbox"/> Designated Facilities Manager <input type="checkbox"/> Accommodation Reviewed <input type="checkbox"/> Health and safety assessments carried out on all buildings <input type="checkbox"/> In the process of moving from Bushloe House to Brocks Hill <input type="checkbox"/> Repurposing of public toilets business case currently in development with member engagement underway via PFD. <input type="checkbox"/> Asset Management a theme as part of the Sustainability Programme <input type="checkbox"/> Project Board structure in	3	3	9	<input type="checkbox"/> Revision of Asset Management Policy and Capital Expenditure Plan <input type="checkbox"/> Asset review <input type="checkbox"/> Holistic Asset Management database/system purchased and timetabled for implementation <input type="checkbox"/> Production of a Health and Safety Action Plan	<input type="checkbox"/> March 2023 <input type="checkbox"/> March 2023 <input type="checkbox"/> January 2023	2	2	4	Head of Law and Democracy /Monitoring Officer	Jan-23	Updated corporate objective. Existing controls updated to reflect Sustainability Programme.	
CR8	Regulatory Governance	Providing Excellent Services (CO3)	<input type="checkbox"/> New or changes to legislation <input type="checkbox"/> Resources (staff) <input type="checkbox"/> Failure to identify new legislation	<input type="checkbox"/> Substantial fines e.g. Data Protection <input type="checkbox"/> Judicial review <input type="checkbox"/> Reputation <input type="checkbox"/> Code of conduct <input type="checkbox"/> Financial loss <input type="checkbox"/> Cost orders <input type="checkbox"/> Personal liability	3	4	12	<input type="checkbox"/> Data Protection Policy and log <input type="checkbox"/> Freedom of Information log <input type="checkbox"/> Code of Conduct and training <input type="checkbox"/> HR Induction <input type="checkbox"/> Statutory Monitoring Officer <input type="checkbox"/> Subscriptions (e.g. legal journals and LGA) and CPD of legal officers <input type="checkbox"/> Prosecution Policy <input type="checkbox"/> Dedicated Policy, Compliance and Data Protection Officer	1	1	1		1	1	1	Head of Law and Democracy /Monitoring Officer	Jan-23	Updated corporate objective.		
CR9	Failure to respond to a significant incident	Providing Excellent Services (CO3)	<input type="checkbox"/> Loss of staff <input type="checkbox"/> Loss of ICT <input type="checkbox"/> Loss of Building <input type="checkbox"/> Loss of Key supplier <input type="checkbox"/> Loss of facilities <input type="checkbox"/> Loss of systems <input type="checkbox"/> Act of God <input type="checkbox"/> Adverse Weather <input type="checkbox"/> Pandemic <input type="checkbox"/> Adverse staff impact as a result of cost of living	<input type="checkbox"/> Insurance – higher premiums <input type="checkbox"/> Loss of essential services <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Reputation damage <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Loss of income <input type="checkbox"/> Financial damage <input type="checkbox"/> Death and injury <input type="checkbox"/> Litigation risks <input type="checkbox"/> Insurance – higher premiums <input type="checkbox"/> Loss of essential services <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Financial damage <input type="checkbox"/> Death and injury <input type="checkbox"/> Litigation risks <input type="checkbox"/> Staff unavailable after major incident <input type="checkbox"/> large proportion of staff becoming ill	4	4	16	<input type="checkbox"/> Insurance policies and annual review <input type="checkbox"/> Use of Zurich Risk Management Service <input type="checkbox"/> Risk Management policies and procedures <input type="checkbox"/> Membership of Local Resilience Forum <input type="checkbox"/> Standby rota <input type="checkbox"/> IT backup, Business Continuity Plans in place <input type="checkbox"/> Community Engagement with Health professionals <input type="checkbox"/> Agile Working Policy <input type="checkbox"/> Coordination of Out of Hours Service <input type="checkbox"/> Paperless office and increased scanning through ERDMS <input type="checkbox"/> Additional training from Leicestershire Resilience Partnership underway (incl power loss scenario) <input type="checkbox"/> Business Continuity training exercise and refresh undertaken December 2022 <input type="checkbox"/> BC Plans refresh and incorporation into service plans Dec 2022 <input type="checkbox"/> SLT and CMT additional training scheduled with LRF	3	3	9		3	1	3	Head of Law and Democracy /Monitoring Officer	Jan-23	Updated corporate objective. Updated existing controls with actions undertaken December 2022 and other training now scheduled.		

Strategic Risk Register

Ref	Risk Definition What is the headline risk/issue?	2019-2024	Root Cause: What is the root cause of problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls (sources of assurance)	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/			Risk Owner	Review Date	Review Commentary	Direction of Travel of mitigated risk score
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating				
CR10	Organisational/Transformational Change	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> Restructure Transformational change Transferable skills Reduction in funding Change in personnel Change in the way the council delivers services Redundancy Less controls in place due to limited resources Change in office location 	<ul style="list-style-type: none"> Redundancy Staff morale Staff retention Change in working practices Impact on quality of service Legal implications HR implications Reputation damage/perception Financial loss Possible litigation Increased fraud 	3	3	9	<ul style="list-style-type: none"> Organisation review policy Recruitment and selection policies and procedures Union and staff consultation Staff Wellbeing Group and Wellbeing Teams Staff Health and Wellbeing Action Plan Internal Audit Staff newsletters Monitoring and supervision of management/1.1's Training and professional qualification support Performance appraisal process Formal induction programme Staff engagement (Brooks Hill staff engagement day) Comms plans for key projects - i.e. Brooks Hill, includes PR, Public, Staff and member and other stakeholder comms plans Staff engagement on organisational culture and values as part of People Strategy underway 	3	2	6	<ul style="list-style-type: none"> Developing a People Strategy - to include resilience and succession planning as a key consideration 	Jun-23	2	2	4	Strategic Director	Jan-23	Updated corporate objective. Target implementation date updated to reflect revised timetable, updated existing controls. Target score has been adjusted as residual risk around transformation and change was originally 1 which means remote and insignificant - update reflects the residual risk is around the minor and unlikely levels.	↔
CR11	Economy/Regeneration	Growing the Borough Economically (CO2)	<ul style="list-style-type: none"> Further decline in the economy BREXIT COVID Ukraine/Russia conflict and also energy costs crisis (uncertainty of cost impact) Pooling/Unpooling of NNDR Cost of living 	<ul style="list-style-type: none"> Relocation (Business and Domestic) Lack of inward investment Increased demand for certain services e.g. benefits Loss of value in public assets Need to continually adapt/change Conflicting pressures - decreased funding – increased demand Spiral effect Short term decision making – uncertainty Increased autonomy leads to greater risk Decrease in collection levels 	5	4	20	<ul style="list-style-type: none"> Demand management of services that come under pressure as a result of decline in economy Debt Recovery Policy in place Local Council Tax and Business Rate Retention scheme in place Contract monitoring of bailiffs Paying out business grants to support local businesses during pandemic Regular programme of business webinars to provide information and support to businesses Monthly newsletter issued to businesses Economic Regeneration Team increased to include 2 Project Managers who have been recruited to focus on bringing forward some revenue generating projects. Helping Hands - energy champion Business microsite being developed with an aim to go live late summer 2022. Economic Regeneration Team restructured to maximise opportunities to bring forward regeneration and revenue generating projects UKSPF Investment Plan submitted. Levelling Up bid submitted Sub-committees established to provide a focus on key regeneration projects Specialist support procured to advise on the deliverability of regeneration projects (Qadby Pool) as per Corporate Peer Review Action Plan, approach to maximising funding set out Cost of Living report to members sets our proposal to review discretionary rates relief which may provide additional relief to businesses. UKSPF funding announced 	4	3	12	<ul style="list-style-type: none"> Designing Economic Development team offer Starting develop tourism offer for the Borough Local Partnership Groups (LPGs) for managing UKSPF to be mobilised 	<ul style="list-style-type: none"> March 2023 July 2023 July 2023 	4	2	8	Head of Built Environment	Jan-23	Updated corporate objective. Update to existing controls to include UKSPF.	↔
CR12	Increased Fraud	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> Dilution of internal controls due to less staff Increase in unemployment Reduction in benefits Inflation Debt Opportunity March 16 Sub-letting of Council properties 	<ul style="list-style-type: none"> Homelessness, poverty and social deprivation Financial loss Resources of the authority to investigate fraud issues Reputation impact Litigation 	3	3	9	<ul style="list-style-type: none"> Internal and External Audit Financial Regulations Segregation of Duties Supervision and Management Investigation and disciplinary procedures Litigation UPDATED Anti Fraud and Corruption Policy Whistle blowing process Tone from the top - no tolerance Budgetary Control Participation in National Fraud Initiative Transaction review (e.g. invoices/mileage) All related Policies to be reviewed and an annual rolling training programme to be implemented. 	2	3	6	<ul style="list-style-type: none"> Bribery Act Risk Assessment Fraud Awareness Training Implement internal audit recommendations 	<ul style="list-style-type: none"> March 2023 March 2023 July 2023 	2	2	4	Chief Financial Officer	Jan-23	Updated corporate objective. Target date for implementation for first two actions updated to reflect timetable and capacity of officers. Risk scoring updated to reflect perceived error in judgement of risk originally.	↔

Strategic Risk Register

Ref	Risk Definition What is the headline risk/issue?	2019-2024	Root Cause: What is the root cause of problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls (sources of assurance)	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/			Risk Owner	Review Date	Review Commentary	Direction of Travel of mitigated risk score
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating				
CR13	Cyber Threat/Security Cyber security is seen as an ICT risk and not a corporate risk that needs to be managed and monitored by senior management.	Providing Excellent Services (CO3)	Cyber threats are increasing on a worldwide basis, with criminals known to target public sector organisations in an attempt to obtain personal data on a significant scale. The Council is thus at high risk of being attacked.	<input type="checkbox"/> Financial loss <input type="checkbox"/> Resources of the authority to investigate fraud issues <input type="checkbox"/> Reputation impact <input type="checkbox"/> Litigation, Loss of data, breaches of GDPR, SMT lack of oversight	4	5	20	<input type="checkbox"/> As part of the new ICT Team, there is a dedicated IT Security Manager and cyber threats and security fall within his remit. <input type="checkbox"/> A range of IT Security Policies are in place and will be reviewed and approved by SLT. <input type="checkbox"/> Also part of Leicestershire Resilience Forum and have access to their specialisation if a breach occurs. In addition as partner their role is to act as 'check and balance' on policies. They also provide training events on cyber security matters. <input type="checkbox"/> Increased cyber threat security technology implementation underway	2	3	6	BCP is currently being reviewed by IT Security Manager. Consider Cyber Threat training and awareness raising via internal exercises.	01/03/23	1	3	3	Head of Customer Service and Transformation	Jan-23	Updated corporate objective and target date for actions to reflect officer capacity. Existing control updated	
CR14	18. Coronavirus (SARS-CoV-2) locally results in significant loss of staff at any one time and/or wider national measures designed to slow the spread of COVID-19 cause significant impacts on service delivery and the wider city	Building, Protecting and Empowering Communities (CO1)	Major world pandemic identified by the WHO. This has spread to UK. The virus could spread to a large proportion of the population causing widespread illness and, in some severe cases, death.	Council is unable to deliver any services including essential/critical services, or only deliver to a significantly reduced extent. Significant risk to the health, safety and welfare of vulnerable services users. Significant impacts on the local economy causing resulting impacts financially on the Council from reduced revenue including loss of income for commercially traded services. Reputational damage should the Council not be able to respond adequately	3	3	9	All legal Covid-19 restrictions have now been lifted by the Government and focus has shifted away from contributing to the management of prevalence of the virus in the community. The Council continues, however, to ensure that prevalence among staff is kept to a minimum. Staff who test positive for Covid-19 are still being asked to isolate for at least 5 days. Additionally, staff working in Bushloe House will still be required to wear a face covering when moving round the building and agile working continues to be promoted, with staff being encouraged to find agile working patterns which include home working that work for them and their team.	2	2	4		2	2	4	Strategic Director	Jan-23	Updated corporate objective.		
CR15	19. Staff lone working including out of hours	Providing Excellent Services (CO3)	Increased risk of staff harm from violence & aggression from service users.	Staff could suffer physical and emotional harm, which could lead to long periods of sick leave.	4	5	20	<input type="checkbox"/> Council has Lone Worker Policy & Procedure <input type="checkbox"/> Equipment is available such as panic alarms & body cameras <input type="checkbox"/> Records are maintained of challenging residents which are reviewed prior to visits taking place <input type="checkbox"/> Relationship with local Police, who will attend visits where there is a potential for aggression & violence <input type="checkbox"/> DBS checks undertaken for relevant staff <input type="checkbox"/> Training session undertaken for lone working staff on (pick Protect) system	2	3	6	Include in induction and also carry out training awareness exercise for all current staff Need to review utilisation and cost of equipment	Mar-23	2	3	6	Head of Law and Democracy /Monitoring Officer	Jan-23	Updated corporate objective.	

Corporate Objective s:	Building, Protecting and Empowerin g Communiti es (CO1) Growing the Borough Economical ly (CO2) Providing Excellent Services (CO3)
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Audit Committee	Wednesday, 25 January 2023	Matter for Decision
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Report Title:

Risk Management Policy

Report Author(s):

Tracy Bingham (Strategic Director / Section 151 Officer)

Purpose of Report:	To present the revised Risk Management Policy for approval by the Audit Committee.
Report Summary:	The Risk Management Policy (Appendix 1) is presented for approval to reaffirm formal arrangements the Council has in place for identifying, documenting and managing risks to the achievement of its Corporate Objectives.
Recommendation(s):	That the Risk Management Policy (as set out at Appendix 1) be approved.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Tracy Bingham (Strategic Director / Section 151 Officer) (0116) 257 2845 tracy.bingham@oadby-wigston.gov.uk</p> <p>Bev Bull (Head of Finance / Deputy Section 151 Officer) (0116) 257 2608 bev.bull@oadby-wigston.gov.uk</p> <p>Rashpal Sohal (Finance Manager) (0116) 257 2705 Rashpal.Sohal@Oadby-Wigston.gov.uk</p>
Corporate Objectives:	<p>Building, Protecting and Empowering Communities (CO1) Growing the Borough Economically (CO2) Providing Excellent Services (CO3)</p>
Vision and Values:	<p>"A Stronger Borough Together" (Vision) Accountability (V1) Innovation (V4)</p>
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	<p>Decreasing Financial Resources / Increasing Financial Pressures (CR1) Key Supplier / Partnership Failure (CR2) Political Dynamics (CR3) Reputation Damage (CR4) Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Failure to Respond to a Significant Incident (CR7) Organisational / Transformational Change (CR8) Economy / Regeneration (CR9) Increased Fraud (CR10)</p>

	Cyber Threat / Security (CR11)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	<ul style="list-style-type: none"> • Risk Management Group • Senior Leadership Team
Background Papers:	Opportunity Risk Management Policy, Audit Committee, July 2021
Appendices:	Appendix 1 – Risk Management policy

1. Background

- 1.1 The Audit Committee previously approved the Opportunity Risk Management Strategy at its meeting on 28 July 2021. The Committee committed to reviewing this policy in July 2022.
- 1.2 The attached updated Risk Management policy (Appendix 1) is proposed to supersede the former policy.
- 1.3 Oversight of risk management is the responsibility of the Strategic Director and Section 151 Officer. Until April 2022, management and coordination of risk management was outsourced to the council's appointed internal auditors.

2. Updates proposed

- 2.1 A number of changes have been made to the revised policy to reflect the standardised risk management practices that have been embedded at the Council and further improvements to the risk management approach and these are set out below.
- 2.2 The 2021 policy included a new "opportunity" risk management process that sought to support the council to identify new opportunities to deliver Corporate Objectives more effectively and efficiently and subsequently implement these opportunities. This area of the policy has neither progressed or become embedded and as such, it is proposed to be removed from the policy to focus the efforts of officers more effectively on core risk management practices.
- 2.3 The Strategic Director and Section 151 Officer chairs the cross-organisational officer Risk Management Group which was established in April 2022. This group review strategic risks on a quarterly basis and recommend any changes through the Senior Leadership Team. The policy has been updated to reflect this approach.

- 2.4 In response to recommendation from the council's external auditors to better summarise sources of assurance and include graphical presentation of the direction of travel of mitigated risks, changes have been made to the format of the Strategic Risk Register (see Appendix A within the policy at Appendix 1).
- 2.5 Updates have been made to better reflect the processes for managing operation risks, including the responsibility of Heads of Service for reviewing and holding accountable relevant officers.
- 2.6 Finally, a number of minor wording changes have been made throughout the policy to better reflect the risk management approach.

OADBY & WIGSTON BOROUGH COUNCIL

**RISK
MANAGEMENT POLICY**



Policy Version Number: 2.0
Policy Author: Strategic Director – S151
Officer Approval By: Audit Committee
Date of Policy Review: January 2023



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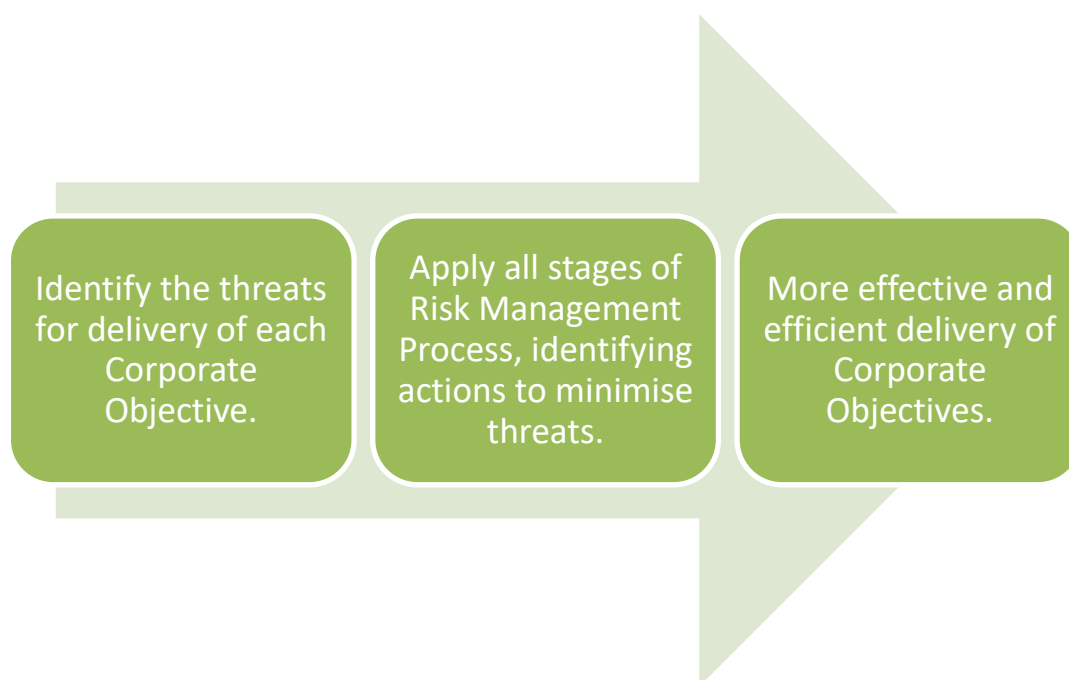
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1.0 Introduction

- 1.1 For the Council to effectively deliver it is necessary to proactively identify, understand and manage the risks inherent in our services and associated within our plans and strategies, so as to encourage responsible, informed risk taking.
- 1.2 Risk management is all about understanding, assessing and managing the Council's threats and opportunities. The Council accepts the need to take proportionate risk to achieve its strategic obligations, but expects these to be appropriately identified, assessed and managed. Through managing risks and opportunities in a structured manner, the Council will be in a stronger position to ensure that we are able to deliver our objectives.
- 1.3 This Risk Management Policy sets out the governance structures and processes the Council has put in place to ensure that risks are appropriately managed and are realised.

2.0 What is Risk Management?

- 2.1 Traditionally, risk management has been defined as any action taken by an organisation to minimise a threat to the achievement of its objectives. In order to achieve this, threats – or risks – must be identified & assessed and control measures implemented to reduce the impact and/or likelihood of the risk being realised (occurring). Risk management is what the Council is doing every day as it delivers services to the residents of Oadby & Wigston, as every control in every process has in some way been implemented to ensure required services meet the needs of communities, businesses and individuals to the fullest extent possible within current resources. It is such a fundamental principle of operation that the Society of Local Authority Chief Executives (SOLACE) has stated that ‘If a council doesn’t have effective risk management, then it doesn’t have effective management.’
- 2.2 The risk management approach is vital to ensure that all elements of the organisation are challenged including decision making processes, working with partners, consultation, existing policies and procedures and also the effective use of assets – both staff and physical assets.
- 2.3 The risks facing the Council will change over time, some changing continually, so this is not a one off process. Instead the approach to risk management should be continual and the risks and the approach to managing them should be reviewed regularly.



3.0 Policy Statement

3.1 Risk Management is successfully achieved where there is an appropriate level of control in place providing sufficient protection from risks, without stifling opportunities for development. In the current financial climate, this is a challenging task which requires the Council to create a culture which encourages innovation whilst empowering officers to take risk based decisions on controls to minimise risks to the achievement of objectives within available resources. To support staff in their risk management roles, this Policy includes a number of commitments in respect of the Risk Management process. The Council will:

- Ensure that statutory obligations and legislative requirements are met;
- Safeguard its employees, clients or service users, members, pupils, tenants and all other stakeholders to whom the Council has a duty of care;
- Actively work with its stakeholders and partners to manage risks to improve service delivery;
- Promote a culture of innovation in which its employees are encouraged to identify new and better ways of delivering services;
- Establish a Risk Appetite, supported by Risk Tolerance & Risk Acceptance levels, which supports management to take risks when necessary in the decision making process; &
- Provide Service Managers with the resources required, within the context of meeting financial obligations, to enable its Corporate Objectives to be achieved.

4.0 Risk Management Policy Aims & Objectives

4.1 Risk Management Aims

The aims of the Council's Risk Management Policy are to:

- Integrate Risk Management into the culture of the Council;
- Encourage innovation and identification of new ways to deliver objectives;
- Support risk-informed decision making at all levels;
- Raise awareness of the need for the management of risks by all those connected with the delivery of services (including partners and stakeholders);
- Enable the Council to anticipate and respond to changing circumstances;
- Minimise injury, damage, loss and inconvenience to residents, staff, service users, assets etc. arising from or connected with the delivery of Council services;
- Implement an effective Risk Management Framework, as described in Section 7;
- Minimise the total cost of risk; &
- Increase the ability to respond to emergency situations and manage business interruptions.

4.2 Risk Management Objectives

The objectives of the Risk Management Policy are to:

- Support delivery of the Council's three Corporate Objectives as set out within the 2019-2024 Corporate Plan or its replacement Corporate Plan/Strategy;
- Ensure risk management is incorporated into strategic and local partnership working; as well as business planning processes and the implementation of service redesign projects;
- Broaden the organisations understanding of risk management by engaging with officers from across the Council, at all levels, on risk matters at both operational and strategic level
- Provide assurance through reporting of risk management arrangements to the Audit Committee;
- Provide a Risk Management training and awareness programme;
- Manage risk in accordance with best practice and ensure compliance with statutory requirements; &
- Review and monitor our partnerships and other stakeholders' management of risk.

5.0 Risk Appetite Statement

- 5.1 Oadby & Wigston Borough Council is a risk embracing organisation which understands the importance of risk taking and accepts that there is an element of risk in most of the activities it undertakes. Whilst not being able to eliminate all risk, the Council will seek to manage risk to a level that it is prepared to tolerate.
- 5.2 To support officers in their assessment and management of risk, the Council has formally defined a Risk Tolerance and Risk Acceptance levels as a guide in determining the level of effort and resource which should be applied to identified risks (see 5.5 below). When combined with the target score for the risk (calculated as part of the risk assessment process; see 7.2 below), these provide a framework enabling decisions to be made regarding the application of resources required to manage each identified risk.
- 5.3 Risks which have a residual score of 10 or more (i.e. the risk's score after the current control framework has been applied) are above the Risk Tolerance Level and therefore require additional actions to be implemented to reduce their score further. Where risks remain above the Risk Tolerance level despite the implementation of additional actions, this will be reported to the SLT and Audit Committee. For example, the risk of 'Increasing Financial Pressures' has an inherent score of 20. After the current control framework has been evaluated the residual score has reduced to 12. This is still above the risk tolerance level so further actions to further reduce the score will be need to be identified and implemented.
- 5.4 The Risk Acceptance Level has been set at a risk score of 3 or below. Where the control framework in place has reduced the inherent risk to this level there is no obligation to identify additional actions to further reduce the risk. Officers may nevertheless wish to introduce more measures in managing such risks but it is not expected that this would involve the application of significant additional resources.
- 5.5 Risk Tolerance and Acceptance Levels have been agreed by the SLT as follows:

Risk Tolerance Level: Where residual risks score above this level, action must be identified & implemented to reduce the overall score. All risks in the red area are recorded in risk registers

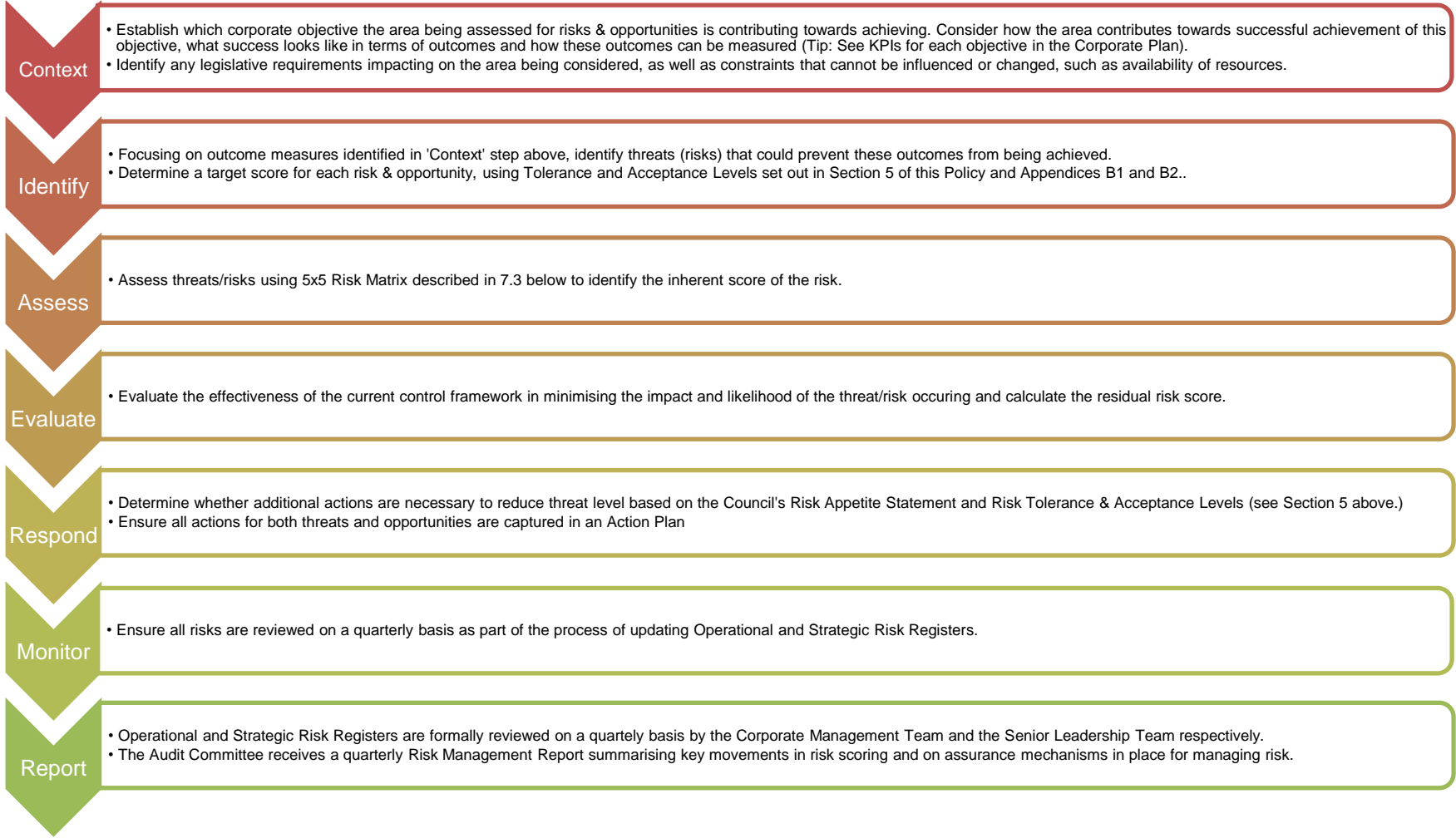
		Impact				
		1	2	3	4	5
Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5

Risks in the amber area should continue to be monitored through inclusion on risk registers, with actions being identified as necessary to reduce their score to their target level, as calculated during the risk identification process

Risk Acceptance Level: Risks scoring lower than this level attract minimal effort and resources. Risks in the green area may be removed from risk registers at the discretion of the SLT (for strategic risks) or CMT (for operational risks).

6.0 Risk Management Process Map

The graphic below provides a summary of the tasks involved in the Risk Management process. Further detail on each step is provided in Section 7 below.



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7.0 The Risk Management Process

7.1 Establishing the Context of Risks

The first stage in the Risk Management Process is to establish the context within the function being assessed for risks. All processes operating in the Council are contributing towards the delivery of one of the Corporate Objectives and it is important to understand how the area being reviewed is doing this. For example, each year, Service Managers, responsible for establishing the plans for their service areas for the forthcoming year will be required to assess service-level and operational risk. Likewise, a Project Manager will want to assess project specific risks. In contrast, the organisation needs to manage its strategic risk, in its capacity as a council.

As such, it is necessary to identify outcome measures that demonstrate achievement of the objective relative to the area being assessed. To do this, consideration should be given to which key objective within the Council's Corporate Plan, the risk identified relates to.

7.2 Identifying & Documenting Risks

The second stage of the Risk Management process is to identify risks which may prevent service/project/organisational delivery.

For service related and project risk, this is best undertaken by engaging staff working in the area as possible to ensure that all potential risks are captured for assessment. Such risks will be recorded in the Operational Risk Register, if relating to business-as-usual activities within services, or within a newly created and dedicated project risk register. Each Service within the Council will maintain its own Operational Risk Register, which is subject to review by relevant Heads of Service (see Appendix B) and all corporate projects will maintain a project risk register.

Organisational risks will be recorded on the Strategic Risk Register (see Appendix A). This register is monitored and reviewed by the Risk Management Group (RMG). The Senior Leadership Team maintain overall responsibility for this register and review the recommendations of the RMG on a quarterly basis.

Responsibility for managing risks are allocated to specific risk managers to provide accountability.

7.3 Assessing Risks

The Council utilises a 5x5 risk matrix to assess the impact and likelihood of risks in accordance with internationally recognised methods of risk assessment. Appendix C provides further detail on how impact and likelihood scores are defined and scored for risks.

All risks are assessed twice. The first assessment involves a calculation of an overall inherent score, essentially evaluating the risk before controls in place to either minimise the threat are applied. The second assessment takes place after the control environment has been evaluated and is referred to in 7.4 below.

The direction of travel of the mitigated risk will be recorded to show whether the risk trend is increasing, decreasing or remaining the same.

7.4 Evaluating the Control Environment

After the inherent risk score has been calculated the control environment in place in the area being assessed is evaluated to determine the extent to which risk scores are reduced by controls in place.

The calculated residual score is then compared to the Risk Tolerance level to determine whether any further action is required to reduce the score (see 7.5 below).

7.5 Responding to Risks

In preparing its Risk Appetite statement the Council has established Risk Tolerance and Risk Acceptance Levels to assist management in making decisions about actions necessary to minimise risk. Where the residual score of risks is above the Risk Tolerance Level, further action will need to be identified and detailed within an Action Plan for subsequent implementation and monitoring. Once the residual risk score is reduced to a level that is below the Tolerance Level no further additional actions are necessary.

Where residual risk scores are determined to be below the Risk Acceptance level, those responsible for assessing the risk, may (in agreement with their Head of Service) remove it from their Operational Risk Register.

7.6 Monitoring Management of Risks

All Risk Registers are reviewed by responsible officers on a monthly and quarterly basis to determine whether any amendments are required in risk scores as a result of changes in circumstances and/or implementation of actions.

7.7 Reporting Arrangements

Operational Risk Registers are reviewed on a monthly and quarterly basis by Heads of Service for their relevant service areas and as part of reviewing service performance. All risks with a residual score of 10 or above will be escalated to the Risk Management Group for review and consideration in respect of whether they should be added to the Strategic Risk Register.

The Strategic Risk Register is reviewed on a quarterly basis by the Risk Management Group (RMG) who then report their recommendations to the Senior Leadership Team who make the final decision. Following this review, a Risk Management Quarterly Report is prepared and submitted to the Audit Committee. The Audit Committee will escalate any risks it considers appropriate to the full Council.

8.0 Roles & Responsibilities

	Role/ Responsibility
Audit Committee	<ul style="list-style-type: none"> • Agree the Risk Management Policy and review its effectiveness. • Receives and reviews the Strategic Risk Register on a quarterly basis; • Seeks assurance that the Council is managing its risks in line with Policy; and • Reviews the Annual Governance Statement to ensure it properly reflects the risks faced by the Council.
Risk Management Group (cross-organisational officer group)	<ul style="list-style-type: none"> • On behalf of the Senior Leadership Team: <ul style="list-style-type: none"> - Maintains and reviews the Strategic Risk Register for review and sign off by SLT; - Makes recommendations for the assessment of risk and timing and nature of mitigating actions; - Challenges specific officers responsible for taking action to manage risks. •
Senior Leadership Team	<ul style="list-style-type: none"> • Has overall responsibility for maintaining & reviewing the Strategic Risk Register; • Challenges (and holds accountable) specific officers responsible for taking action to manage risks; • Ensures Partnership and Programme Boards make appropriate provision for risk management in their respective areas of control; and • Makes sure reports to members seeking approval for decisions include appropriate reference to relevant risk management arrangements. • Reviews Operational Risk Registers for their relevant service areas
Service Managers (Corporate Management Team Level)	<ul style="list-style-type: none"> • Has overall responsibility for maintaining & reviewing the Operational Risk Register and risk registers for projects within their service areas for which they are project manager
Members	<ul style="list-style-type: none"> • Understand the strategic risks faced by the Council. • Oversee the effective management of these risks by officers. • Ensure that risks have been considered in decision-making.
Project and Programme, and partnership boards	<ul style="list-style-type: none"> • Identify and manage key risks to programme/project or shared partnership objectives; & • Obtain assurances that these risks are being effectively managed.

Risk Management Lead Role	<ul style="list-style-type: none"> • Co-ordinates updates to the Operational and Strategic Risk Registers; • Reports on risk management arrangements to the Senior Leadership Team; and • Provides training on risk management.
Internal Audit	<ul style="list-style-type: none"> • Provides independent assurance on the adequacy and effectiveness of arrangements for managing risk.
Health & Safety	<ul style="list-style-type: none"> • Ensures the Council has appropriate arrangements in place to manage health and safety risk.
Data Protection Officer	<ul style="list-style-type: none"> • Assists in the identification of areas of information risk; and • Co-ordinates all information management activity
All Employees	<ul style="list-style-type: none"> • Identify and manage risks in their role and report risks to their manager.


9.0 Risk Management Training

- 9.1 For the benefits of Risk Management to be realised, it is necessary for the process to be embedded in the culture and operations of the Council. To facilitate this, regular training will be included in the council's workforce development plans to ensure staff have the necessary knowledge and skills to effectively manage risk. Initial emphasis will be placed on the provision of training to the Senior Leadership and Corporate Management Teams, with further training to be rolled out where this is considered necessary.

10.0 Validity of this Policy

- 10.1 This Policy will be reviewed on an annual basis by the Risk Management Group and SLT.

APPENDIX A: STRATEGIC RISK REGISTER FORMAT

Ref	Risk What is the headline risk/issue?	2019-2024	Root Cause: What is the root cause or problem? What could go wrong?	Consequence Effect: What could occur as a result, how much of a problem	Inherent Risk (no controls)			Mitigated Risk (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions!			Risk Owner	Review Date	Review Commentary	Direction of Travel of mitigated risk score
					Likelihood	Impact	Overall risk rating	Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating				
Unique reference beginning with CR	Identify risk/issue with a few key words	Specify the Corporate Objectives that would be impacted if risk is not managed appropriately. Risks can impact more than one objective	Include detail on the circumstances that could cause the risk to become an issue	Identify impact on desired outcomes if risk is not managed effectively.	Score between 1 - 5 using risk matrix	Score between 1 - 5 using risk matrix	Calculate score by multiplying likelihood and risk	Score between 1 - 5 using risk matrix	Score between 1 - 5 using risk matrix	Calculate score by multiplying likelihood and risk	Where the residual risk score is higher than the target risk score, identify additional actions that will be implemented to further reduce the residual risk	Identify a target date for the implementation of targets	Score between 1 - 5 using risk matrix	Score between 1 - 5 using risk matrix	Calculate score by multiplying likelihood and risk	Identify relevant SLT member	Specify date of review	Summarise outcome of review and updates	Insert graphical representation of direction of travel of mitigated risk 

APPENDIX B: OPERATIONAL AND PROJECT RISK REGISTER FORMAT

Risk No.	Major Heading	Risk	Brief Description	Likelihood	Impact	Score	Mitigating action	Update	Risk Owner	Action Completion by	Likelihood	Impact	Score	Likelihood	Impact	Score	Date Updated (mm/dd/yy)	Update By:	Days since last review
Reference to indicate service area or relevant project	Determine the underlying risk - e.g. financial, operational, reputational, compliance	Identify risk/issue with a few key words	Provide a brief description	Score between 1 - 5 using risk matrix	Score between 1 - 5 using risk matrix	Calculate score by multiplying likelihood and risk	Summarise the mitigations currently in place which are managing this risk	Provide a status update	Determine relevant manager	Target date	Score between 1 - 5 using risk matrix	Score between 1 - 5 using risk matrix	Calculate score by multiplying likelihood and risk	Score between 1 - 5 using risk matrix	Score between 1 - 5 using risk matrix	Calculate score by multiplying likelihood and risk	date of review	Name of reviewer	Days since last review

APPENDIX C: RISK IMPACT & LIKELIHOOD DEFINITIONS

Likelihood	Score	Risk Likelihood Definition
Rare	1	Risk may occur in exceptional circumstances.
Possible	2	Risk may occur within the next three financial years.
Likely	3	Risk is likely to occur within this financial year.
Almost Certain	4	Indication of imminent occurrence.
Certain	5	Risk has occurred and will continue to do so without immediate action being taken.

Impact	Score	Risk Impact Definition
Negligible	1	<ul style="list-style-type: none"> • Negligible loss, delay or interruption to services. • Can be easily and quickly remedied. • No financial loss.
Minor	2	<ul style="list-style-type: none"> • Minor loss, delay or interruption to services. • Short term impact on operational efficiency and performance. • Low level financial loss. • Failure to meet internal standards. • Affects only one group of stakeholders. • No external interest. • Isolated complaints.
Significant	3	<ul style="list-style-type: none"> • Significant loss, delay or interruption to services. • Medium term impact on operational efficiency and performance. • Significant financial loss. • Failure to meet recommended best practice. • Affects more than one group of stakeholders. • May attract short-term attention of legislative or regulatory bodies. • Significant complaints

Major	4	<ul style="list-style-type: none"> • Major loss, delay or interruption to services. • One off events which could de-stabilise the Council. • Widespread medium to long term impact on operational efficiency, performance and reputation. • Major financial loss. • Breach of legal or contractual obligation. • Affects more than one group of stakeholders.
Catastrophic	5	<ul style="list-style-type: none"> • Total sustained loss or disruption to critical services. • Long term impact on operational efficiency, performance and reputation. • Critical financial loss. • Serious breach of legal or contractual obligation. • Affects all groups of stakeholders • National impact with rapid intervention of legislative or regulatory bodies. • Extensive adverse media interest. • Loss of credibility

AUDIT COMMITTEE – COMMITTEE WORK PLAN (AS AT 17/01/23)

Issue	Report Author	Meeting at which will be reported
Accounting Policies and Materiality	Rashpal Sohal	12 April 2023
Strategic Risk Update	Tracy Bingham	12 April 2023
Internal Audit Progress Report 2022/23	Bev Bull Internal Auditor	12 April 2023