



Oadby and Wigston Borough Council

TO COUNCILLOR:

G S Atwal
E R Barr
L A Bentley
G A Boulter
J W Boyce

M L Darr
B Dave
Mrs L Eaton
R E Fahey
D A Gamble (Vice-Chair)

J Kaufman
K J Loydall
Mrs S B Morris (Chair)
R E R Morris

Dear Councillor et al

I hereby summon you to attend a meeting of the **POLICY, FINANCE AND DEVELOPMENT COMMITTEE** to be held at the **COUNCIL OFFICES, STATION ROAD, WIGSTON** on **TUESDAY, 20 SEPTEMBER 2016** at **7.00 PM** for the transaction of the business set out in the Agenda below.

Yours faithfully

Council Offices
Wigston
12 September 2016

Mark Hall
Chief Executive

AGENDA

PAGE NO'S

1. **Apologies for Absence**
2. **Appointment of Substitutes**
To appoint substitute Members in accordance with Rule 4 of Part 4 of the Constitution.
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 held on 19 July 2016** 1 - 11
To read, confirm and sign the minutes of the previous meeting in accordance with Rule 17 of Part 4 of the Constitution.
5. **Action List Arising from the Meeting held on 19 July 2016** 12 - 13
6. **Petitions and Deputations**
To receive any Petitions and, or, Deputations in accordance with Rule 24 of Part 4 of the Constitution.
7. **ISA 260 Annual Governance Report 2015/16**

Members are advised that the ISA 260 Annual Governance Report 2015/16 shall be received in a Supplementary Agenda Update issued ahead of the meeting of the Committee in due course.

8. Annual Governance Statement 2015/16	14 - 35
9. Budget Strategy 2017/18 - 2018/19	36 - 53
10. Treasury Management Annual Report 2015/16	54 - 66
11. Statement of Accounts 2015/16	67 - 197
12. Economic Regeneration Strategy 2015-2020	198 - 233
13. North West Leicestershire Local Plan - Publication Version	234 - 235
14. Christmas and Festive Lights	236 - 248

**MINUTES OF A MEETING OF THE POLICY, FINANCE AND DEVELOPMENT COMMITTEE
HELD AT THE COUNCIL OFFICES, STATION ROAD, WIGSTON ON TUESDAY, 19 JULY
2016 COMMENCING AT 7.00 PM**

<u>IN ATTENDANCE:</u>		
Chair - Councillor Mrs S B Morris Vice-Chair - Councillor Mrs L Eaton		
COUNCILLORS (8):		
G S Atwal E Barr L A Bentley	G A Boulter J W Boyce M L Darr	J Kaufman K J Loydall
OFFICERS IN ATTENDANCE (4):		
S J Ball Mrs A E Court	M Hone D Lingard	
OTHERS IN ATTENDANCE (3):		
A Persaud	Ms Y Geen	T Railton

Min Ref.	Narrative	Officer Resp.
1.	<p><u>APOLOGIES FOR ABSENCE</u></p> <p>An apology for absence was received from Councillors R Fahey, D A Gamble and R E R Morris.</p>	
2.	<p><u>APPOINTMENT OF SUBSTITUTES</u></p> <p>RESOLVED THAT:</p> <p>Councillor Mrs L Eaton substitute for Councillor D A Gamble as Vice Chair for the duration of this meeting.</p>	
3.	<p><u>DECLARATIONS OF INTEREST</u></p> <p>None.</p>	
4.	<p><u>MINUTES OF THE PREVIOUS MEETING HELD ON 29 MARCH 2016</u></p> <p>RESOLVED THAT:</p> <p>The minutes of the previous meeting of the Committee held on 29 March 2016 be taken as read, confirmed and signed.</p>	
5.	<p><u>ACTION LIST ARISING FROM THE MEETING HELD ON 29 MARCH 2016</u></p> <p>RESOLVED THAT:</p> <p>The Action List be noted by Members.</p>	
6.	<p><u>PETITIONS AND DEPUTATIONS</u></p>	

	<p>None.</p> <p>In accordance with Rule 7.3 of Part 4 of the Constitution, the Chair moved for the order of business to be altered and taken in the order as reflected in the minutes.</p> <p>RESOLVED THAT:</p> <p>The order of business be altered, accordingly.</p>	
7.	<p><u>CONTAMINATION LAND INCIDENT (BY ASBESTOS CONTAINING MATERIALS) - PART I</u></p> <p>The Committee gave consideration to the report (at pages 182 - 183) as delivered and summarised by the Community Safety and Environment Manager which should be read together with these minutes as a composite document.</p> <p>The Chair moved and amended the substantive recommendation at paragraph 2 of the report (at page 182) substituting 'the Chair of this Committee' with '<i>the Vice-Chair of this Committee</i>' (emphasis added).</p> <p>Councillor J W Boyce seconded the recommendation as amended.</p> <p>Councillor J W Boyce enquired as to whether: (i) the legal basis in paragraphs 3.2 and 3.3 of the report (at pages 182 - 183) were correct; (ii) any delay in action taken had compounded the situation; (iii) the associated-costs in respect of assessing the impact to the privately-owned residential properties were to be recovered; (iv) if Severn Trent Water and Network Rail had been duly informed about the potential of land contamination; (v) if the value of the land carriages had been ascertained to ensure the viability of any land charges subsisting against the land; (vi) if the re-sealing of the roof formed part of the clear-up process.</p> <p>The Community Safety and Environment Manager advised that: (i) the correct legal basis had been identified upon expert advice for a potential prosecution on a full cost-recovery basis; (ii) that rain water in the interim period may have dispersed and, or, washed away the asbestos containing material (ACM) crystallites; (iii) the Council was working closely with the polluter, Public Health England (PHE), The Environment Agency (EA) and the Health and Safety Executive (HSE) to ensure all necessary action is/was being and to be taken; (iv) costs could not be recovered in respect of the assessment; (v) the land carriages were deemed viable and the polluter was considered to be solvent; and (vi) the re-sealing of the roof has been completed.</p> <p>Councillor L A Bentley enquired as to whether there is/was a sufficient quantity of ACM pollutant in a crystallite air-borne form to pose a risk to public health and, therefore, to justify the allocation and spending of the proposed budget.</p> <p>The Director of Services/Monitoring Officer and Community Safety and Environment Manager jointly-advised that PHE and the EA had agreed that a health risk did exist to the affected residential properties and that essential testing of the soil was to be undertaken imminently and the land returned to its former position. They advised that the costs were wholly contingent on a full return of the assessment and that the polluter was, at law, responsible</p>	

	<p>for the clear-up and costs thereof. It was said that the recommendation contained in the report sought to put the Council in a position to mitigate and, or take over the clear-up should the polluter be unwilling or unable to do so as is the incumbent responsibility upon local authorities for land contaminations.</p> <p>The Chair enquired as to whether the land to the rear of the incident site has been assessed.</p> <p>The Community Safety and Environment Manager advised that the land in question had been assessed and identified as a potentially contaminated site, accordingly.</p> <p>RESOLVED THAT:</p> <p>Members delegate authority to the Community Safety and Environment Manager in conjunction with the Chief Finance Officer and Vice-Chair of this Committee to appoint a licensing specialist asbestos removal expert to undertake clear-up operations to contaminated land to an agreed budget of not more than £100,000 (one-hundred thousand pounds) should this be necessary.</p> <p>Votes For 9 Votes Against 0 Abstentions 1</p>	
8.	<p><u>EXCLUSION OF THE PRESS AND PUBLIC</u></p> <p>RESOLVED THAT:</p> <p>The press and public be excluded in accordance with section 100(A)(4) of the Local Government Act 1972 (Exempt Information) during consideration of the item below on the grounds that it involved the likely disclosure of exempt information, as defined in the respective paragraph(s) 1, 2, 3 and 7 of Part 1 of Schedule 12A of the Act and that in all the circumstances, the public interest in maintaining the exempt item outweighed the public interest in disclosing the information.</p>	
9.	<p><u>CONTAMINATION LAND INCIDENT (BY ASBESTOS CONTAINING MATERIALS) - PART II (EXEMPT)</u></p> <p>The Committee gave consideration to the exempt report (at pages 184 - 185) as delivered and summarised by the Community Safety and Environment Manager.</p> <p>Members had an <i>in camera</i> discussion regarding the contents of the exempt report.</p> <p>RESOLVED THAT:</p> <p>The information provided within the report be noted by Members.</p>	
10.	<p><u>OVERALL PROVISIONAL BUDGET OUTTURN REPORT 2015/16</u></p> <p>The Committee gave consideration to the report and appendices (at pages 11 - 18) as delivered and summarised by the Interim Chief Finance Officer (Section 151 Officer) which should be read together with these minutes as a</p>	

	<p>composite document.</p> <p>The Interim Chief Finance Officer added that the overall Council position was within budget denoting a strong performance in terms of service delivery and a realisation of overarching Council objectives in line with the current Medium-Term Financial Strategy (MTFS).</p> <p>The Chair moved the recommendations <i>en bloc</i> as set out at paragraphs 2.1 and 2.2 of the report (at page 11).</p> <p>Councillor J W Boyce seconded the recommendations.</p> <p>Councillor J W Boyce opined that a net deficit of £18,000 within a total General Fund Budget of £6.5m was considered acceptable. He stated that the Council had not yet discussed the finer implications of the Government's 4-year settlement which, in consultation with the Chair of this Committee, he hoped could be brought forward in time for October with any regulatory governance issues to be brought back to a subsequent meeting of this Committee.</p> <p>The Interim Chief Finance Officer stated that he had not yet had sight of the settlement's format but this would amount to a concise document demonstrating a robust revised MTFS that could be completed within a short turnaround time.</p> <p>Councillor J Kaufman enquired as to whether any impact assessments had been undertaken in view of the recent referendum upon the United Kingdom's membership of the European Union.</p> <p>The Interim Chief Financial Officer stated that large components of the Budget Outturn (viz. salaries) were unaffected and that all treasury management was regulated and completed in pound sterling (GBP). He advised that the costs of services and suppliers may well increase beyond that currently envisaged by the MTFS and that impact of withdrawal from the European Union was to be revisited at the next meeting of this Committee.</p> <p>RESOLVED THAT:</p> <p>(i) The report and overall provisional outturn positions for both the General Fund (Appendix 1) and the Housing Revenue Account 2015/16 (Appendix 2) be noted by Members; and</p> <p>(ii) The requested revenue and capital carry forwards for both the General Fund and Housing Revenue Account (as set out in Appendix 3) be approved.</p> <p>Votes For 9 Votes Against 0 Abstentions 1</p>	<p>MHo CR</p>
<p>11.</p>	<p><u>PROVISIONAL COMMITTEE OUTTURN 2015/16</u></p> <p>The Committee gave consideration to the report and appendices (at pages 19 - 23) as delivered and summarised by the Interim Chief Finance Officer (Section 151 Officer) which should be read together with these minutes as a composite document.</p> <p>The Interim Chief Finance Officer added that the staffing costs variances</p>	

	<p>were to be addressed at a meeting of the Change Management Committee on Thursday 21 July 2016 and that real progress was being made in respect of driving down costs this financial year without damaging essential service delivery.</p> <p>With reference to the 'Public Realm' Scheme in Appendix 3 (at page 23), Councillor G A Boulter stated that, to his understanding, the works under this Scheme had been completed.</p> <p>The Interim Chief Financial Officer advised that clarification upon the same would be provided to Members outside the meeting in due course.</p> <p>RESOLVED THAT:</p> <p>The information provided within the report be noted by Members.</p>	<p>MHo CR</p>
<p>12.</p>	<p><u>RESIDENT FORUM OUTTURN BUDGET POSITION AND ALLOCATION REQUESTS</u></p> <p>The Committee gave consideration to the report and appendices (at pages 24 - 28) as delivered and summarised by the Interim Chief Finance Officer (Section 151 Officer) which should be read together with these minutes as a composite document.</p> <p>The Interim Chief Finance Officer added that, since the writing of the report, two allocation requests were awarded at the Wigston Residents' Forum meeting on Tuesday 12 July 2016, namely: (i) the installation of a litterbin at Horsewell Lane, Wigston (£400) and; (ii) the refurbishment of Marrome Square, Wigston (Max. £5,000). In respect of the later request, it was said that quotes were to be gathered.</p> <p>Councillor J W Boyce moved the recommendations <i>en bloc</i> as set out at paragraphs 2.1 to 2.3 of the report (at page 24).</p> <p>The Chair seconded the recommendations.</p> <p>The Chair requested that the allocation request from 'St Thomas' Church' be amended to the 'Step-Out Project' at paragraph 3.2(ii) of the report (at page 24).</p> <p>Councillor G A Boulter stated that the aforementioned grant was provided on the condition that the sum could not be funded through the Housing Revenue Account.</p> <p>Councillor J W Boyce requested that the allocation requests system be reviewed and regularised to distinguish between capital and project-based schemes and that the budgets be revised to take account of the renewed financial position from the start of the Council's lifecycle.</p> <p>RESOLVED THAT:</p> <p>(i) The position of the Forums' budget be noted by Members;</p> <p>(ii) The allocation requested by the Forums (as set out in the report and foregoing minutes as a verbal update) be approved; and</p> <p>(iii) Any ongoing Forum scheme's budgets carried forward for completion in 2016/17 be approved.</p>	<p>MHo CR</p> <p>MHo CR</p>

	<p>Votes For 9 Votes Against 0 Abstentions 1</p>	
13.	<p><u>REVIEW OF THE COUNCIL'S FINANCIAL REGULATIONS</u></p> <p>The Committee gave consideration to the report and appendix (at pages 29 - 61) as delivered and summarised by the Interim Chief Finance Officer (Section 151 Officer) which should be read together with these minutes as a composite document.</p> <p>Councillor J W Boyce requested that 'Opportunity Risk' be added to the Strategic Risk Register and the options to maximise the use of deposit monies, including borrowings and investments, be investigated to provide a more balanced portfolio.</p> <p>With reference to 'Virement Authorisation Limits' at paragraph 6.3 of the Appendix (at page 40), Councillor G S Atwal questioned the omission of the figures from '(a) within a cost centre'.</p> <p>The Interim Chief Finance Officer advised that no figures were required any proposed re-allocations operated from within the same budget area.</p> <p>RESOLVED THAT:</p> <p>The draft Financial Regulations (as set out in the Appendix) be considered and recommended to Council that they be adopted.</p> <p>Votes For 9 Votes Against 0 Abstentions 1</p>	MHo CR
14.	<p><u>COLLECTION AND WRITE-OFF OF MISCELLANEOUS DEBTORS</u></p> <p>The Committee gave consideration to the report (at pages 62 - 63) as delivered and summarised by the Interim Chief Finance Officer (Section 151 Officer) which should be read together with these minutes as a composite document.</p> <p>The Chair moved the recommendations <i>en bloc</i> as set out at paragraphs 2.1 and 2.2 of the report (at page 62).</p> <p>Councillor J W Boyce seconded the recommendations.</p> <p>Councillor J W Boyce stated that it was not acceptable to write-off invoices from the same offending supplier (i.e. paper recycling company) and sought assurances that same procedure would not be followed in the future that had resulted in both a loss of income and a debt. The Member further raised concerns regarding risk assessments undertaken in respect of unpaid invoices and the efficiency of the debt-recovery process. He further invited Officers to consult the Register of Electors to ascertain the re-emergence of any debtors within the Borough following the recent referendum.</p> <p>The Interim Chief Finance Officer reported that initial assurances were given by the supplier in question as to a "minor cash flow" issue and that the amount represented a four-month period which was being actively pursued, with the first unpaid invoice being passed over for legal recourse. He stated</p>	

	<p>that when awarding contracts, due diligence is/was exercised to ensure that suppliers were solvent, reputable and <i>bona fide</i> and that the same rigour was to be applied in the future for similar contracts awarded: it was said that had the supplier in this instance accepted, and informed the Council of, its poor financial standing, the situation may well have been mitigated.</p> <p>The Chair requested that the feasibility of escrow arrangements be investigated.</p> <p>UNANIMOUSLY RESOLVED THAT:</p> <p>(i) The contents of the report be noted by Members; and (ii) The write off of sundry debts (as listed in section 3.3 of the report) be approved.</p>	MHo CR
15.	<p><u>DRAFT ANNUAL GOVERNANCE STATEMENT 2015/16</u></p> <p>The Committee gave consideration to the report and appendix (at pages 64 - 85) as delivered and summarised by the Interim Chief Finance Officer (Section 151 Officer) which should be read together with these minutes as a composite document.</p> <p>Councillor J W Boyce moved the recommendation as set out at paragraph 2 of the report (at page 64).</p> <p>The Chair seconded the recommendation.</p> <p>Councillor G A Boulter commended the finding of no cases of maladministration against the Council by the Local Government Ombudsman during 2015-16 (at page 79).</p> <p>Councillor J W Boyce stated that the report demonstrated this Council's dealing of an issue in the most open and transparent way possible, as reflected in the Annual Governance Statement, which was shared with the external auditors at the earliest opportunity together with Members being continually updated upon the same.</p> <p>RESOLVED THAT:</p> <p>The Annual Governance Statement 2015/16 (as set out in Appendix 1) be approved and referred to the Leader of the Council and Chief Executive for formal certification.</p> <p>Votes For 9 Votes Against 0 Abstentions 1</p>	
16.	<p><u>INTERNAL AUDIT ANNUAL REPORT 2015/16</u></p> <p>The Committee gave consideration to the report and appendix (at pages 86 - 100) as jointly-delivered and summarised by the Interim Chief Finance Officer (Section 151 Officer) and Audit Manager at CW Audit Services, Mr Anand Persaud, which should be read together with these minutes as a composite document.</p> <p>The Audit Manager reported that overall significant levels of assurance had been awarded to most individual audit assignments for 2015-2016 for which</p>	

	<p>work had been finalised and that affirmative action was otherwise being taken to address the outstanding assignment areas in an open and transparent manner.</p> <p>With reference to ‘Individual Audit Assignments’ (at page 97), Councillor J Kaufman sought clarification as to limited level of assurance awarded to Building Control.</p> <p>The Director of Services / Monitoring Officer and Audit Manager jointly- advised that in recent years, as a result of commercial competition and the recent downturn in local building activity, the service had not been running on a cost-recovery basis. As a result, it was said that the Senior Management Team had since reviewed the basis for calculating and allocating costs within the various Building Control budgets and that a report was due to be brought before the Development Control Committee on Thursday 28 July 2016 to revise Building Control’s Scale of Fees and Charges and address the same.</p> <p>RESOLVED THAT:</p> <p>(i) The report included on the audit opinion and the adequacy and effectiveness of the Council’s arrangements for governance, risk management and internal control be noted by Members; and</p> <p>(ii) The conclusion that the Council has an effective internal audit service be supported by Members.</p> <p>Votes For 9 Votes Against 0 Abstentions 1</p> <p>Councillor K J Loydall left the Chamber at 08:33 pm.</p>	
17.	<p><u>KMPG TECHNICAL UPDATE</u></p> <p>The Committee gave consideration to the report and appendix (at pages 101 - 127) as jointly-delivered and summarised by the Interim Chief Finance Officer (Section 151 Officer) and Team Manager at KMPG, Ms Yola Geen, which should be read together with these minutes as a composite document.</p> <p>With reference to ‘Cities and Local Government Devolution Act 2016’ (at page 123) and the ‘External Audit Progress Report’ in respect of the capital expenditure on the Borough’s newly-built leisure centres (at page 106), Councillor J W Boyce sought further clarification as to the technical opinion of the Team Manager, respectively.</p> <p>In respect of the Local Government Devolution Act 2016, the Team Manager advised that the enabling legislation allowed for the the joining-up of local authorities in a geopolitical area in order to attract more money and devolved powers from the Government to deliver shared-services and provide greater resilience and economies of scales, citing the Greater Manchester Authority as a notable example of the Council-driven initiative. In respect of the capital expenditure on the Borough’s leisure centres, the Team Manager advised that the risk related to the requirement of the Council to adhere to proscribed accounting practices on the removal, de-recognition and replacement of its assets to ensure no duplication in financial records.</p>	

	<p>With reference to '2016/17 Work Programme and Scale of Fees' (at page 123), Councillor G A Boulter queried the omission of the Scale of Fees from the Appendix.</p> <p>The Team Manager advised that the Scale of Fees for 2016/17 were previously set out in a report to this Committee on Tuesday 29 March 2016. She noted that there had been a reduction of 5% in audit fees over the years and reported that all local authorities were to be given the opportunity to appoint their own external auditors from 2017/18 onwards.</p> <p>RESOLVED THAT:</p> <p>The information provided within the report be noted by Members</p>	
<p>18.</p>	<p><u>LEICESTER AND LEICESTERSHIRE STRATEGIC GROWTH PLAN - STRATEGIC GROWTH STATEMENT</u></p> <p>The Committee gave consideration to the report and appendix (at pages 128 - 170) as delivered and summarised by the Leader of the Council, Councillor J W Boyce, which should be read together with these minutes as a composite document.</p> <p>The Member stated that the Strategic Growth Statement (SGS) was the subject of a Members' Briefing Session on Tuesday 14 June 2016. It was said that the draft of the SGS was to go out to consultation and had already been agreed by the remaining seven local authorities in Leicester and Leicestershire.</p> <p>Councillor J W Boyce moved the recommendations <i>en bloc</i> as set out at paragraphs 2(a) and 2(b) of the report (at page 128).</p> <p>The Chair seconded the recommendations.</p> <p>UNANIMOUSLY RESOLVED THAT:</p> <p>(i) The Strategic Growth Statement be approved for consultation subject to the below; and</p> <p>(ii) The Chief Executive in agreement with the Leader of the Council and Chair of this Committee be authorised to make minor changes to the draft Strategic Growth Statement prior to consultation including any amendments arising from its consideration by the Member Advisory Group and partner authorities.</p>	
<p>19.</p>	<p><u>REVISION OF THE BOROUGH OF OADBY AND WIGSTON (OFF-STREET PARKING PLACES) ORDER 2015</u></p> <p>The Committee gave consideration to the report and appendix (at pages 171 - 191) as delivered and summarised by the Director of Services/Monitoring Officer which should be read together with these minutes as a composite document.</p> <p>Councillor J W Boyce moved for a monitoring period to be undertaken over the next two months (i.e. during non-term time) to ascertain the impact of the students' use of the car park on Blaby Park Road, South Wigston.</p> <p>Councillor G A Boulter seconded Councillor J W Boyce's motion.</p>	

	<p>Councillor L A Bentley opined that all reasonable action had hitherto been taken to resolve the complained-about abuse at the car park and that the process to amend the Parking Order ought to be resolved without further delay. He stated that any proposed monitoring period could be concurrently undertaken alongside the amendment process.</p> <p>Councillor J Kaufman requested that the options for an 'all-day' parking provision in the South Wigston Town Centre be investigated.</p> <p>Councillor J W Boyce stated that a monitoring period was the most prudent option to avoid any accusation of improperly revising the Parking Order on an ill-informed basis.</p> <p>RESOLVED THAT:</p> <p>A monitoring period be undertaken over the next two months to ascertain the impact of the students' use of the car park on Blaby Park Road, South Wigston.</p> <p>Votes For 6 Votes Against 2 Abstentions 1</p> <p>Councillor M L Darr left the Chamber at 08:52 pm.</p>	AC MS
<p>20.</p>	<p><u>REFURBISHMENT AND POTENTIAL SPONSORSHIP OF BOROUGH ENTRY SIGNS</u></p> <p>The Committee gave consideration to the report (at pages 179 - 181) as delivered and summarised by the Director of Services/Monitoring Officer which should be read together with these minutes as a composite document.</p> <p>Councillor J Kaufman moved and amended the substantive recommendations <i>en bloc</i> at paragraph 2 of the report (at page 179) requesting the retention of the twinning information and reference to the 'Greening of the Borough'.</p> <p>The Chair seconded the recommendations as amended.</p> <p>UNANIMOUSLY RESOLVED THAT:</p> <ul style="list-style-type: none"> (i) £2,850 be allocated from the Greening of the Borough reserves to allow Priority 1 signs to be re-furbished in year 1; (ii) No signage, other than relating to sponsorship, be attached to or stuck to the Borough entry signs in future; (iii) Box hedging be installed at appropriate locations (as detailed in the report); (iv) The twinning information and reference to the 'Greening of the Borough' be retained; (v) Sponsorship be sought, where appropriate, at a rate of £400 per year for five years; and (vi) Where appropriate, sculptures relating to local distinctiveness, be sponsored and installed adjacent to the Borough entry signs. 	

THE MEETING CLOSED AT 8.52 PM



CHAIR

TUESDAY, 20 SEPTEMBER 2016

Agenda Item 5

POLICY, FINANCE AND DEVELOPMENT COMMITTEE

ACTION LIST

ARISING FROM A MEETING HELD ON TUESDAY, 19 JULY 2016

Min Ref.	Title	Action To Be Taken	Officer	Target Date	On Target
10.	Overall Provisional Budget Outturn Report 2015/16	To report back on the impact of withdrawal from the European Union on the Council's overall Medium-Term Financial Strategy.	MHo/CR	Nov-16	-
11.	Provisional Committee Outturn 2015/16	To clarify the reference to 'Public Realm' Scheme at Appendix 3 - 'Capital Programme'	MHo/CR	Sep-16	-
12.	Resident Forum Outturn Budget Position and Allocation Requests	To amend the allocation request from 'St Thomas' Church' to the 'Step-Out Project' at paragraph 3.2(ii).	MHo/CR	Sep-16	-
12.	Resident Forum Outturn Budget Position and Allocation Requests	To review and regularise the allocation requests system to distinguish between capital and project-based schemes.	MHo/CR	Nov-16	-
12.	Resident Forum Outturn Budget Position and Allocation Requests	To revise the Budgets to take account of the renewed position from the start of the Council's new lifecycle.	MHo/CR	Nov-16	-
13.	Review of the Council's Financial Regulations	To add 'Opportunity Risk' to the Strategic Risk Register.	MHo/CR	Nov-16	-
13.	Review of the Council's Financial Regulations	To investigate the options to maximise the use of deposit monies, including borrowings and investments.	MHo/CR	Nov-16	-
14.	Collection and Write-Off of Miscellaneous Debtors	To investigate the feasibility of escrow arrangements.	MHo/CR	Nov-16	-
19.	Revision of The Borough of Oadby and Wigston (Off-	To investigate the options for an 'all-day' parking provision in the South Wigston Town Centre area.	AC/MS	Nov-16	-

	Street Parking Places) Order 2015				
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Agenda Item 8



Policy, Finance and Development Committee	Tuesday, 20 September 2016	Matter for Information and Decision
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Title: Annual Governance Statement 2015/16

Author: Martin Hone (Interim Chief Finance Officer / Section 151 Officer)

1. Introduction

The purpose of this report is to advise the Committee on the contents of the Council's Annual Governance Statement for 2015/16 following the review of the effectiveness of the Council's system of financial control.

All local authorities are required to produce an Annual governance Statement (AGS) in line with proper practice and guidance. The purpose of the AGS is to set out and evaluate the Council's corporate governance arrangements. The AGS must be approved by this Committee prior to its certification by the Leader of the Council and Chief executive, and published alongside the Council's Statement of Accounts. Good governance arrangements are also essential in ensuring that the Council gets the basics right. Good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately a good outcome for citizens and service users. The AGS articulates these arrangements and is set out in Appendix 1.

This paper provides the Committee with a draft of the Statement, prior to its scrutiny by the Council's external auditors, ahead of its formal approval in September 2016. The Accounts and Audit Regulations 2011 established the requirements that all local authorities must adhere to in relation to systems of internal control. This has implications for the Council and for the services it provides. The Regulations require the Council to have a sound system of internal control that facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

The Council is required to review at least annually the effectiveness of the system of internal controls and make a statement alongside its Statement of Accounts.

Whilst the legislation requiring this statement is placed within the Accounts and Audit Regulations, this is not just an accounting or auditing issue. The Annual Governance Statement is a key measure of the overall effectiveness of the Council.

2. Recommendations

That the Annual Governance Statement 2015/16 as set out in Appendix 1 be approved and referred to the Leader of the Council and Chief Executive for formal certification.

3. Background

The Council has a statutory requirement to produce an Annual Governance Statement (AGS) in accordance with the Local Government Framework and Guidance produced jointly by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The statutory requirement is set out in Regulation 4(3) of the Accounts and Audit Regulations 2011. In doing so the Council complies with the principles of corporate governance set out in the

CIPFA/SOLACE Good Governance Framework (2007- reviewed and revised in 2012).

All aspects of the work of the Council are affected by the corporate governance regime as well as the Council's partners in service delivery and other agencies with which the Council shares information. External bodies in particular need to have confidence in the way the Council operates and this can be achieved by demonstrating robust corporate governance arrangements that are fully embedded.

The purpose of the AGS is to report publicly on the extent to which the Council complies with its own code of governance (known as the Local Code), including how it has monitored the effectiveness of governance arrangements in year, or any planned changes in the current period. The process of preparing the AGS should itself add value to the corporate governance and the internal control framework of the Council.

The framework is a discretionary code but the Council is judged against it as part of best practice. The original framework outlines six core principles of good governance focusing on the systems and processes for the direction and control of the organisation and its activities through which it accounts to, engages with and leads the community. In July 2014, a joint report from CIPFA and the International Federation of Accountants (IFAC) was produced on the, "International Framework: good governance in the Public Sector". This report looks at governance across all public sector bodies and in reviewing the Annual Governance Statement has been referred to and used to further inform the process.

Both frameworks emphasise that good governance should be corporately owned. The degree to which the Council follows these principles should be declared in its Annual Governance Statement. The purpose of the Annual Governance Statement is to provide assurance that the Council has sound governance arrangements in place that are supported by effective systems of internal control.

The six core principles referred to in the CIPFA framework defining the principles of good governance are:

- (i)** Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
- (ii)** Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- (iii)** Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- (iv)** Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- (v)** Developing the capacity and capability of members and officers to be effective.
- (vi)** Engaging with local people and other stakeholders to ensure robust public accountability.

In compiling the Annual Governance Statement the guidance identifies it should include the following information:

- (i)** Scope of Responsibility.
- (ii)** The purpose of the governance framework.
- (iii)** A description of the governance framework and the key elements of the systems and processes that comprise the authority's governance arrangements.
- (iv)** Review of effectiveness.

- (v) Significant governance issues including an outline of the actions taken, or proposed, to deal with any significant governance issues identified.

The Annual Governance Statement is a key corporate document with the Chief Executive (CEO and Head of Paid Service) and the Leader having joint responsibility as signatories for its accuracy and completeness. It is also important that all other senior officers provide assurances to the process. The preparation of the Annual Governance Statement is overseen and approved by Senior Management Team supported by service managers as a corporate document which is owned by all senior officers and members.

In compiling the Annual Governance Statement assurance a review of the effectiveness of the Council's systems of internal controls, as required by the Accounts and Audit Regulations 2011 4(2), is conducted and information is obtained from a range of sources so that the signatories to the Statement can assure themselves that it reflects the governance framework for which they are responsible.

4. Significant Governance Issues

- 4.1. Where any significant governance issues are identified within the assurances received these must be identified in the Annual Governance Statement.

The Head of Internal Audit's Annual Report for 2015/16 identified the following significant internal control issues:

4.2 *Budgetary Control/Medium Term Financial Strategy*

The review provided 'moderate assurance' and highlighted the weakening of budget monitoring and forecasting procedures due to the increased reliance on interim managers and staff through much of 2015/16 due to the unplanned absence of several senior managers. As a result, staff in the Finance Section often had to identify reasons for service level variances and to make budget outturn forecasts in isolation. The Auditor also noted in this context that at its meeting in February 2016 the PFD Committee approved the use of reserves to ensure that the originally approved revenue budget at the start of the 2015/16 financial year was not exceeded.

4.3 *Financial Systems – Key Controls Review*

The review provided 'moderate' and 'limited' assurance in relation to Creditors and Debtors respectively. The key matters highlighted related to: Creditors – compliance and evidencing of compliance, with Contract procedure Rules, and lack of independent review to confirm that any changes to the creditors masterfile were authorised and valid; Debtors – timeliness and accuracy of invoicing, and lack of debt collection, recovery and write-off processes operated during the year.

4.4 *Building Control – Value for Money Review*

The review provided 'limited assurance' and highlighted matters mainly relating to the scheme of charges and review.

4.5 *Payroll & Expenses*

The review provided 'moderate assurance' and highlighted matters relating to the agreement with and data transfer to the payroll provider, and compliance with payroll procedures.

The Head of Internal Audit's report also noted that some planned reviews have been delayed at management request, for delivery in 2016/17, and accordingly he has not reflected an assurance opinion on these reviews.

All of the matters raised by the Head of Internal Audit are currently being addressed and improvements put in place. Progress is reported regularly to the Council's Policy, Finance & Development Committee.

4.6. Organisational issues arising from the investigation into the grievance brought by Council senior managers against the Council's Senior Management Team

In May 2015 a collective grievance raised by a number of officers against the Chief Executive, Director of Services and Director of Finance. Through the Local Government Association an Independent Investigator was appointed to look into the grievances. In the event, the Investigator found none of the grievances to be substantiated, and this was reported to the Council's Change Management Committee in April 2016.

As a by-product of this, the Council agreed two action plans – one for immediate action which is currently being delivered, and a plan for further review of key aspects of the Council's operation that cannot be addressed in the immediate short-term. The Council is being supported in this work by the Local Government Association. The project is led at an officer level by the Chief Financial Officer on behalf of the Senior Management Team, who reports regularly on progress to the Change Management Committee.

The associated risks have been identified, remain under close review and will be managed throughout the year given that they are key to ensuring the continued delivery of high quality services. Action plans and programmes of monitoring and evaluation are in place and are regularly updated to support both of these issues over the current and future years.

Background Documents:-

- CIPFA/SOLACE - Delivering good governance in Local Government
- Oadby & Wigston Borough Council - Local Code of Corporate Governance
- KPMG - Annual Audit and Inspection Letter
- Internal Audit - Annual Report 2015/16

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Implications	
Financial (MHo)	Robust scrutiny of the Council's AGS and framework applied in line with best practice will further strengthen the Council's sound base of strong financial management and assist in reducing risk.
Legal (AC)	The preparation and publication of the AGS in accordance with the CIPFA/SOLACE framework is necessary to meet the statutory requirements set out in Regulation 4(3) in the Accounts and Audit Regulations 2011. Effective corporate governance practice is essential if the Council is to demonstrate that it is acting in the best interests of the communities it serves. The Council's governance arrangements are tested through audit and other means of scrutiny.
Risk (MHo)	A strong internal control environment contributes to the overall effective

	management of the Council and will minimise the risk of the Council failing to achieve its ambitions, priorities and service improvements.
Equalities (MHo)	Ensuring the Council has arrangements in place to ensure inclusion, diversity and community cohesion forms part of the Council's governance arrangements.
	Equality Assessment:-
	<input type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input checked="" type="checkbox"/> Not Applicable

Appendix 1 – Annual Governance Statement 2015/16

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Scope of Responsibility

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

In discharging this overall responsibility 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 AGS shows how the Council has complied with the Code during 2015/16 and also meets the requirements of Regulation 4(3) of the Accounts and Audit Regulations 2011.

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 31 March 2016 and up to the date of the approval of the Statement of Accounts.

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 small 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 two 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.

Visions and Priorities

The latest Corporate Plan was agreed by Council in February 2016 and the MTFS reflects the Plan's priorities:

Protect the Borough

- a. The Council will resist any attempt by either the City or County Councils to impose their control over the Borough.
- b. The Council will work cooperatively and consensually with all the other Councils in Leicester and Leicestershire in order to form a Combined Authority and to seek the devolution of powers with the corresponding financial support from central government without the loss of its sovereignty.

Maintain Front Line Services

- a. The Council is committed to free shoppers' car parking and weekly collection of waste and recycling.
- b. No major changes would ever be made to these services without consultation.

Offering Choice when Possible

- a. The Council will offer choice whenever possible.
- b. When major decisions affecting front line services need to be considered the Council will ensure that all the options available are explained clearly and listen and respond to residents.

Save Money through Service Redesign

- a. The Council will look at all its services and redesign those that can be improved and cheaper to run.

b. The main focus of this redesign will be the better and wider use of ICT, Council assets and procurement.

Involve Residents and Partners

a. The Council is committed to continue with the town forums and to develop other community engagements systems.

b. The Council will work with and continue to support partner

Economic Development

a. The Council recognises the need to develop both housing and the town centres.

b. This will be done with the maximum of public involvement and at minimum cost to the green spaces in the Borough

Greening the Borough

a. The Council will continue to invest in and encourage activities which result in a greener Borough

b. The prioritising of the protection of trees will be a cornerstone of this commitment.

Improving the Health of Residents

a. The Council wants to ensure residents live a full and healthy life.

b. The Council will continue to develop its relationship with partners in order to develop and implement appropriate outcomes that attempt to achieve this.

Value for Money

a. The Council will always accept any council tax freeze grant offered by the Government.

b. The Council will endeavour to benchmark its services against the “most like” authorities to ensure transparency and demonstrate value for money.

These priorities were agreed with residents through the consultation process and the residents’ forums.

These priorities will:

- Focus and drive forward the Council’s strategic plans over the next four years
- Form the basis of the Council’s Medium Term Financial Strategy
- Provide the direction for the allocation of available resources
- Set the parameters for annual service delivery and development plans

The Council's financial plans are outlined in its Medium Term Financial Strategy – the latest update to the Strategy was agreed by Council in April 2016. The document outlines the financial objectives which the Council looks to achieve in order to meet continuing pressure on available resources. 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.

Achievement of the Council's priorities has been monitored throughout financial year 2015/16 by the Council's Senior Management Team 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.

As part of the budget exercise, each year a critical review is carried out of existing services and budgets to ensure that resources are properly directed towards the achievement of agreed objectives and priorities. This process helps the Council to test that it continues to provide value for money services.

Financial Management

The financial elements of the Council's corporate business planning process are included in the Medium Term Financial Strategy, which has a three year planning horizon to assist in ensuring resources are available to support priorities. 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.

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 SMT 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. The Policy, Finance and Development Committee undertake the role of the Audit Committee for the Council and provide continuous monitoring and scrutiny of financial management, performance, policy and action plans. Further challenge is provided by elected members through meetings with Committee Chairmen, Resident Forums and Member Workshops.

Scrutiny is provided at officer level through the work of the Council’s internal audit function which is currently delivered by 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:

Table – Definition of Assurance Levels

Level of Significance	Criteria
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.
No	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 Chief Financial Officer (the Council’s Section 151 Officer) and with the Director of Services. 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.

The Policy, Finance & Development Committee receives regular reports from the Council's External Auditors (KPMG) and Internal Audit (CW Audit). Where appropriate, comments are made on non-compliance with legislation that has been identified as part of a routine audit. The Chief Financial Officer has direct access to this committee as well as to the External Auditors. All members of the Policy, Finance & Development Committee receive training in risk management so as to allow them to appreciate the nature of risks presented to the Council through its activities. Details of the internal auditor's

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.

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 ongoing training and development opportunities.

The Council has a statutory responsibility to have a Section 151 Officer and a Monitoring Officer. At present the interim Chief Financial Officer is the Section 151 Officer, who has a duty to the Council's tax payers to ensure that public money is being appropriately spent and managed. The Chief Financial Officer ensures that appropriate advice is given on all financial matters and is also responsible for keeping proper financial records and maintaining an effective system of internal control.

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.

The Monitoring Officer role is fulfilled by the Council's Director of Services, 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 and is considered by the Constitutional Task Group.

The Chief Financial Officer and the Director of Services report directly to the Chief Executive.

Officer decision making at a strategic level is led by the Senior Management Team, comprising the Chief Executive, interim Chief Financial Officer and the Director of Services. The Team meets usually 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, the Standards Committee 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 Anti-Fraud and Corruption Policies are also on the intranet and internet and are given to all new members of staff as part of their induction.

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 to deliver the key priorities and actions for the Council are identified and provided.

Training programmes and other development opportunities are set out on the Council's intranet and shared more broadly using the Council's other 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.

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 (KPMG) 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. Each head of service and corporate manager, as appropriate, is responsible for producing their own service assurance statements and developing an improvement plan to rectify any identified governance weaknesses within their service areas. The Chief Financial Officer reviews all of these documents. The Policy, Finance & Development Committee reviews the Annual Governance Statement and evaluates the strength of the underlying assurance statements and evidence.

Review of Effectiveness for 2015/16

Introduction

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 the effectiveness is informed by the work of the Senior Management Team and the work of Internal and External Audit, as well as input from other review agencies and inspectorates. The sections below set out how the governance framework has been maintained and reviewed during 2015/16.

Key Matters

The following key matters were considered by the Council and its principal committees during 2015/16:

Council

- Budget proposals and budget monitoring
- Council Tax Base, Support and Setting
- Delegated reports from Forums and Committees
- Evolving Council Governance

- Equality and Diversity
- Voluntary Sector Funding
- Licensing Policy
- Members' Allowances
- Members' Code of Conduct
- Constitutional matters

Policy, Finance and Development Committee

- Individual internal audit reports and the annual report and plan
- Reports from the external auditor including the annual plan and report on the Statement of Accounts
- Budgetary control and financial updates
- Treasury management and prudential indicators
- Debt recovery
- Residents' Forums
- Welfare Reform and Council Tax Support Scheme
- Pooling of Non-Domestic Rates
- Risk management
- Procurement
- Updating of Council policies and strategies
- Medium Term Financial Strategy and Housing Business Plan
- Financial regulations

Service Delivery Committee

- Housing allocations
- Homelessness
- Disabled Facilities Grants
- Leisure Contract Performance
- Service operational updates
- Fees and charges
- Corporate enforcement
- Empty homes strategy
- Customer Services transformation and charters
- Recycling

Local Government Ombudsman

No cases of maladministration were found against the Council by the Ombudsman during 2015/16.

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.

Code of Conduct

The standards of behaviour expected from members and officers are set out in the Member/Officer Codes of Conduct. 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 undertaken in 2015/16 by an independent remuneration panel.

Standards

The Council promotes excellence, probity and transparency in public services and provides training and advice for members on governance matters. Members have to abide by the constitution and the Code of Conduct in order to ensure high standards in the way they undertake their duties. Each Council is required to put in place arrangements dealing with complaints and standards issues. Since February 2014 this function has been discharged by the Policy, Finance & Development Committee. The Council has adopted a common code in collaboration with other local authorities in Leicestershire and Rutland. The Committee monitored performance of members, senior officers and the Council's committees as part of its workplan for 2015/16.

Scrutiny

The Council operates a committee style arrangement and therefore is not required by law to have a separate scrutiny committee to support and monitor the work of other parts of the organisation. Since February 2014 each committee has scrutinised its own decisions as they are being debated and agreed in the public arena. Where necessary, a time limited member task group may be convened by the Council to deal with any specific matter.

Audit Functions

The Council does not have a separate audit committee; instead, the constitutional audit functions are discharged by the Policy, Finance & Development Committee. 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.

External Audit

The Council's external auditors are KPMG.

Each year the external auditors review the Council's arrangements for:

- 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 October 2015 KPMG issued their Annual Audit Letter, covering the audit of the Council's 2014/15 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.

Three recommendations were included in the Letter relating to bank reconciliation, and payroll systems. The Council has taken action where appropriate to respond to external audit recommendations.

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 Policy, Finance and Development Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below. The Head of Internal Audit's role is also covered by the CIPFA Guidance on the Role of the Head of Internal Audit.

For 2015/16, 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. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk. This is discussed in more detail below, in the section of the Statement headed Significant Governance Issues.

Corporate Plan

The Council's decision making practices are guided by the values and objectives set out in the 2015/16 Corporate Plan. This document simply consolidates in a focus document the Council's previously agreed priorities and governance arrangements.

The Corporate Plan was reviewed as part of the preparations for the 2016/17 municipal year.

Risk Management

During 2015/16 the Council's Strategic Risk Register was monitored by 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 on residual risk for each quarter. Risk management is embedded in processes such as appraisal of new capital investment and service development plans.

Whistle Blowing and Complaints

The Council's Whistle Blowing Policy is available to all employees and those contracting with the Council. A corporate complaints procedure is in place which includes staged levels of escalation depending on the seriousness of the complaint.

In May 2015 a collective grievance was raised by a number of officers against the Chief Executive, Director of Services and Director of Finance. An Independent Investigator was appointed to look into the grievances. In the event, the Investigator found none of the grievances to be substantiated, and this was reported to the Council's Change Management Committee in April 2016.

This is discussed in more detail below, in the section of the Statement headed Significant Governance Issues.

Member and Officer Training and Development

An induction programme was provided for all new members and officers. The member training programme is provided through the Leicestershire & Rutland Improvement Partnership. In-house training is provided for members to keep them up-to-date with changes in Council business such as new legislation. Statutory training for Licensing, Regulatory and Development Control functions was provided during 2015/16.

The skills and resources required by officers are set out in the person specification for each post. The Council's recruitment processes are designed to test that potential candidates have appropriate qualifications and experience. Development needs are identified through individual personal; development plans.

Communication and Consultation

Local people and stakeholders are engaged through the community strategy, resident forums, youth, senior citizens and multi-cultural groups. A programme of meetings and other events for these took place during 2015/16 with agenda largely being set in conjunction with residents and other stakeholders.

All meetings were held in public to support the Council's commitment to transparency in consultation and decision-making. There was a high level of interest in matters discussed at the three Resident Forums as evidenced by the high level of attendance. Minutes of these meetings were produced with action lists of issues raised.

The Council communicated to residents through the Letterbox Newsletter which was circulated to all households on a quarterly basis. Key documents such as the corporate plan, statutory accounts and budget book were published and made available on the Council's website, setting out achievements, performance and planned activity. Regular staff communications were achieved through the staff and management notice boards, 'everyone' emails, and regular briefings from the Senior Management Team.

Partnership Working

During 2015/16 the Council continued to exploit fully opportunities for partnership working to ensure joined up service delivery and efficiency savings. Key partnerships involving the Council included the Community Safety and Crime and Disorder Reduction partnerships. At County level, the Council is now part of the developing Leicester and Leicestershire Combined Authority which is aiming to construct a devolution bid to government.

From an operational point of view, the Council continued to pursue opportunities for joint work with other Councils for services such as fleet management, land charges and legal services.

Significant Governance Issues

The Head of Internal Audit's Annual Report for 2015/16 provided an overall assessment of 'significant assurance' for the Council. However, his annual report identified the following significant internal control issues:

Budgetary Control/Medium Term Financial Strategy

The review provided 'moderate assurance' and highlighted the weakening of budget monitoring and forecasting procedures due to the increased reliance on interim managers and staff through much of 2015/16 due to the unplanned absence of several senior managers. As a result, staff in the Finance Section often had to identify reasons for service level variances and to make budget outturn forecasts in isolation. The Auditor also noted in this context that at its meeting in February 2016 the PFD Committee approved the use of reserves to ensure that the originally approved revenue budget at the start of the 2015/16 financial year was not exceeded.

Financial Systems – Key controls review

The review provided 'moderate' and 'limited' assurance in relation to Creditors and Debtors respectively. The key matters highlighted related to: Creditors – compliance and evidencing of compliance, with Contract procedure Rules, and lack of independent review to confirm that any changes to the creditors masterfile were authorised and valid; Debtors – timeliness and accuracy of invoicing, and lack of debt collection, recovery and write-off processes operated during the year.

Building Control – Value for money review

The review provided 'limited assurance' and highlighted matters mainly relating to the scheme of charges and review.

Payroll & Expenses

The review provided 'moderate assurance' and highlighted matters relating to the agreement with and data transfer to the payroll provider, and compliance with payroll procedures.

The Head of Internal Audit's report also noted that some planned reviews have been delayed at management request, for delivery in 2016/17, and accordingly he has not reflected an assurance opinion on these reviews.

All of the matters raised by the Head of Internal Audit are currently being addressed and improvements put in place. Progress is reported regularly to the Council's Policy, Finance & Development Committee.

Organisational issues arising from the investigation into the grievance brought by Council senior managers against the Council's Senior Management Team

In May 2015 a collective grievance raised by a number of officers against the Chief Executive, Director of Services and Director of Finance. Through the Local Government Association an Independent Investigator was appointed to look into the grievances. In the event, the Investigator found none of the grievances to be substantiated, and this was reported to the Council's Change Management Committee in April 2016.

As a by-product of this, the Council agreed two action plans – one for immediate action which is currently being delivered, and a plan for further review of key aspects of the Council's operation that cannot be addressed in the immediate short-term. The Council is being supported in this work by the Local Government Association. The project is led at an officer level by the Chief Financial Officer on behalf of the Senior Management Team, who reports regularly on progress to the Change Management Committee.

Conclusion and Statement from the Leader of the Council and Chief Executive

We propose over the coming year to take steps to address the significant governance issues discussed above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Cllr John Boyce

Leader of the Council

Mark Hall

Chief Executive

Agenda Item 9



**Policy, Finance and
Development
Committee**

**Tuesday, 20
September 2016**

**Matter for Information
and Decision**

Title: Budget Strategy 2017/18 - 2018/19

Author: Martin Hone (Interim Chief Finance Officer / Section 151 Officer)

1. Introduction

- 1.1 This Report provides an update of the Council's projected annual financial position during 2016/17 and 2017/18. A reconciliation is provided against the position forecast in the Medium Term Financial Strategy (MTFS) approved by Council on 19 April 2016. The Report includes updated projections in the light of announcements since the MTFS Report was finalised in April 2016. The Report also outlines the initial proposals for the preparation of budgets for 2017/18 onwards.

2. Recommendations

That Members:-

- 2.1 Note the latest financial projections
- 2.2 Consider the Draft Budget Strategy set out in this report
- 2.3 Approves the principles set out in this report to form the basis of the budget strategy for the financial years 2017/18 and 2018/19.

3. Information

3.1 Updating Medium Term Financial Strategy

The Council's MTFS is the planning mechanism that ensures the Council has the financial resources to meet its major corporate priorities. The strategy's assumptions will be used as the parameters for the budget strategy which will be developed for the preparation of the 2017/18 and 2018/19 revenue and capital budgets. The MTFS projects future levels of income, other resources and expenditure over the next two years and was last approved at Council on 19 April 2016. Although approved annually, the projections within the plan are kept under constant review as circumstances change. Appendix 1 to this Report provides an updated position and extends the projections to include 2019/20.

The new Chancellor of the Exchequer's Autumn Statement is expected towards the end of November. However, in July, the Chancellor said that although he was minded to 'reset' the Government's economic policy given the decision for the UK to leave the Economic Union, he said that at present he had no plans to reverse the spending plans set out by his predecessor at the moment. Given these comments, the Council's MTFS assumes the same national targets as those set out in the Comprehensive Spending Review in 2015:

- By the end of the Parliament, local government will be able to retain 100 per cent of local taxes, including all £26 billion of revenue from business rates, to spend on local government services.
- Core grant (Revenue Support Grant) will be phased out and local government will take on new responsibilities.

- Local areas which successfully promote growth and attract businesses will keep all of the benefit from increased business rate revenues.
- The Government will also abolish the Uniform Business Rate and give local authorities the power to cut business rates to boost enterprise and economic activity in their areas.

The MTFS will be updated and reported to future Policy, Finance and Development (PFD) Committee meetings after details of the Autumn Statement are known as part of the 2017/18 Budget Report.

The MTFS projects a deficit, after allowing for use of reserves, on the General Fund Revenue Account of £862,000 for 2017/18 and a further £273,000 in 2018/19.

MTFS 2016/17 to 2019/20				
	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
	£	£	£	£
Total Expenditure	18,733	18,146	18,324	18,504
Total Income	(11,886)	(11,901)	(11,821)	(11,741)
Net Cost of Services	6,847	6,245	6,503	6,763
Capital Charges	627	891	929	960
Use of Reserves	(422)	(100)	(100)	(100)
Budget Requirement	7,052	7,036	7,332	7,623
Total Funding	(6,287)	(6,174)	(6,197)	(6,220)
Savings Provision	765	862	1,135	1,403

The projections included in the Tables are provisional and estimated based on the information which the Council has to date. The detail of this work will be incorporated in the next Budget Report. The details and overall figures are very likely to change and future reports will be provided regarding this position. Explanations of the changes are provided in the paragraphs which follow.

3.2 Revenue Support Grant (RSG)

The current MTFS reflects previous trends in reductions of this core grant. However, as has previously been mentioned, as a result of the Governments proposals to increase business rates retention it is assumed that RSG will be phased out entirely by the end of the current Parliament in 2020.

3.3 Council Tax Freeze Grant

The Freeze Grant scheme offered to Councils in previous years was At this point, it is not known whether a Council discontinued from 2016/17 and the MTFS assumes that there will be no similar offer in future years. The current MTFS assumes a 1.99% rise in the Council Tax rate for 2017/18 and subsequent years. The decision on the actual level of Council Tax for 2017/18 will be taken by Council in February 2017.

3.4 New Homes Bonus

It has been assumed for the MTFS financial projections that this scheme will continue for 2017/18 onwards. It should also be pointed out that each financial year's income only continues for 6 years. Consequently, the first years NHB for 2011/12 will cease to be received in 2017/18. This will cause a slowdown in the increase in NHB received. It has also been assumed that the whole amount of NHB is used for non-

earmarked funding of General Fund revenue. Consequently, any increase or decrease would affect the level of budgeted net expenditure possible.

3.5 Business Rates

The position regarding business rates remains unclear ahead of the Autumn Statement. In order to achieve the required cuts to achieve a budget surplus by 2019/20 (as required under the previous Chancellor's economic policy) the Government would have to both 'substitute' business rates for existing sources of income (that is, allow Council to retain rates in exchange for cutting other grants) and transfer over significant areas of new responsibilities.

The position remains that under the reforms Councils will have the power to cut but not raise rates, except in limited cases for elected mayors to raise rates following consultation with the business community in order to pay for infrastructure.

The doubling of small business rates relief has been extended to 2016/17 and it is assumed in the MTFs that this arrangement will continue in future years.

The Valuation Office (part of HMRC) has carried out a revaluation of all business properties and the draft lists will be published on 1 October, although Councils will have access to their own lists from 29 September. The impact of the revaluation will be included in the Budget report in February 2017.

3.6 2016/17 Budgetary Control

Budget monitoring is carried out on a monthly basis and meetings are held with managers every quarter. Significant efficiency targets were incorporated within the 2016/17 Council Budget totalling £765,000. Managers are continuously looking for efficiencies which will contribute to this target. The ongoing review of staffing and the conversion from agency to permanent is likely to yield around £300,000 in 2016/17

3.7 Proposed 2017/18 Budget Strategy

The proposed Budget Strategy explains the approach to setting a balanced budget for 2017/18 and Appendix 2 sets out the timeframe for this. Through the MTFs updated corporate issues have been addressed that alter the position from the budget that was approved at Council on 18 February 2016.

There is a continuing deficit position being projected to 2019/20 and to address this, options are being developed corporately to provide savings which are required to deliver a balanced budget for 2017/18 and for future years. Members will be asked to consider the range of options put forward and which are to be consulted on. These may include:

- Increase in income through reviewing existing fees & charges and exploring new revenue streams
- Reducing costs by improving service efficiency
- Reduction of costs through cutting overheads
- Alternative service delivery mechanisms and business transformation

In addition, the detailed service and capital budgets will be reviewed to ensure that these remain reasonable with reference to the 2015/16 outturn, monitoring during 2016/17 and the Heads of Services' knowledge of any changes due to take effect over the budgeting timeframe.

Committee should note that it may not be possible to achieve a balanced budget for 2017/18 despite these actions, in which case consultation on the impact on services of further

reductions in budget will be necessary, and appropriate recommendations brought back to relevant Committees and Council ahead of setting the budget in February 2017.

3.8 General Fund Services

The savings identified through the organisational review and previous corporate savings exercises have been built into the base budgets as part of the 2016/17 approved budget. The overall General Fund Service budget strategy is that:

- Budgets will be updated by Finance for known, externally driven changes to salaries, inflationary increases in contracts, capital charges and other recharges.
- All establishment changes must be treated as growth bids and forwarded to Finance at the appropriate time.
- Virements of less than £25,000 (gross) up to 30 September 2016 will be included in base budgets by Finance. No growth or savings bids will be required.
- Any virements that exceed £25,000 (gross) will need to be submitted as savings and growth bids, signed off by the Head of Service.
- Where actual spend has consistently been under budget for the previous 3 years, the base budget will be reduced to reflect this.
- Where actual spend on any code-line of the 2016/17 budget has been nil to 30 September 2016, the code-line will be reduced by 50% for 2017/18 unless the budget profiling of the scheme when originally approved anticipated that expenditure would only commence in the second half of 2016/17.
- Any capital schemes that have not commenced by 30 September 2016 will be deleted from the programme unless the budget profiling of the scheme when originally approved anticipated that expenditure would only commence in the second half of 2016/17.
- All other changes including those that are statutory or demand led, will need to be brought forward as savings and growth proposals, signed off by the Chief Financial Officer and Head of Service.

Salary budgets will be treated in the following way:

- Known incremental advances will be included.
- A 1% inflationary pay award for 2017/18 and onwards.
- A 3% reduction will be allowed for vacancies and staff turnover on all salary cost centres.
- Posts which are currently vacant will be budgeted at the bottom point of the band.
- Employers National Insurance and superannuation contribution rates will be updated appropriately.

No allowance will be made for inflation in expenditure budgets unless contractually committed or unavoidable, (e.g. energy, fuel and utility bills), the current inflation assumptions built into the base will be reviewed and updated where necessary. Future years income based budgets already have inflationary growth and any new sources of income will be built into them. Where this cannot be met or managed through reductions in expenditure, this will be identified as a growth bid.

Fees and charges need to be consistent with income budgets. This process must involve a:

- Review of 2015/16 outturn and any relevant multi-year trends.
- Review of the current 2016/17 budget position.
- Review of future years' income budgets.
- Assessment of the options for any changes to fees (structures as well as tariffs) and the impact of this on the income budget.

Growth bids will be kept to a minimum and will only be released into the budget process when a balanced budget is achieved. An element of growth is built into the MTFS figures with £191K in 2017/18 growing to £549K by 2019/20.

Reserves will be used in accordance with their agreed policies with the fundamental principle that they are not used to fund any recurring expenditure.

Capital

The approach to setting the Capital Programme will be as follows:

A longer-term view will be taken on spending needs to balance priorities and resources more evenly over the life of the capital programme. The Council will commission property advisors who will be consulted on an ongoing maintenance programme with the aim being to develop a ten year programme for recurring capital costs.

Bids for new initiatives which do not recover the investment in a five year period will be kept to a minimum. Capital bid documents will be required prior to a scheme being accepted as part of the Capital Programme. These are to be signed off by the relevant Head of Service and Chief Financial Officer and will be prioritised by the Place Shaping Working Group as part of developing the 2017/18 – 2018/19 Capital Programmes.

Schemes which attract external funding should be considered in the light of capacity to deliver these and need to be prioritised with reference to the Council's Corporate Plan.

Existing schemes within the programme will also be reviewed with reference to their progress in any external funding restrictions.

Capital receipts will only be committed once they have been received.

Although there are known sources of capital receipts (Right to Buy), future aspirations will take into account resources required to support unavoidable recurring costs.

Given the current funding gap, it may be necessary to curtail the existing capital programme and postpone any new proposals to avoid borrowing costs, until a balanced budget for 2017/18 can be achieved. If this proves to be the case then consultation on the impact on services will be necessary, and appropriate recommendations brought back to relevant Committees and Council ahead of setting the budget in February 2017.

3.9 Budget Process

The approach to the review of the current year budget based on budget monitoring will continue. The three year position will be set out as part of the process.

Regular budget reports will be provided to inform Members on the emerging issues. This will integrate information from the review of base budgets, higher level factors (such as the grant settlement) represented in the MTFS and the corporate savings process. A timetable is attached as Appendix 2.

Following approval of this proposal Heads of Services and Finance staff will work together on the preparation of budgets based on the strategy set out (ensuring consultation with the relevant Committee Chair). Work will continue to be undertaken on refining the options for reducing the deficits currently projected and inclusion in the future budget reports.

3.10 Consultation

This report provides a framework for the preparation of budgets for 2017/18 onwards and will ensure the Council directs its financial resources to delivering the priorities within the Council's Corporate Plan. Budget briefing sessions will be provided for Members. The Draft Budget and Council's Corporate Plan will be further consulted on.

3.11 Alternative Options

The proposals in this report are a practical expression of measures to ensure that 2017/18 and 2018/19 annual budgets are prepared on a sound basis within an agreed corporate framework. Alternative assumptions are possible, some of which will be worked up and brought to future committee meetings as part of the 2017/18 budget setting exercise.

3.12 Links to Council Priorities

The proposals are based on forecasts that recognise the need for resources to be identified for implementation of the approved Council commitments.

Setting a sound framework for budget preparation, assists in the delivery of all corporate outcomes. This strategy has been developed within the context of the MTFS.

The approved Council commitments are:

- Protect the borough
- Maintain front line services
- Offering choice when possible
- Save money through service re-design
- Involve residents and partners
- Economic development
- Greening the borough
- Improving the health of residents
- Value for money

Background Documents:-

- The Council's Medium Term Financial Strategy
- The Budget Proposals 2016/17 Report approved by Council on 18 February 2015
- Government Consultation Papers
- 2016/17 Local Government Finance Settlement: Technical Consultation

Appendix 1: Medium Term Financial Strategy – General Fund: October 2015

Appendix 2: Budget Process Timetable

Appendix 3: Opportunities and Risk Matrix

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Implications	
Financial (CR)	The proposals aim to safeguard the Council's financial position and ensure a balanced budget for 2017/18 and 2018/19 and an improved

	position in the years that follow.
Legal (AC)	As set out in the report.
Risk (CR)	As set out in the report.
Equalities (CR)	No significant implications.
	Equality Assessment:-
	<input type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input checked="" type="checkbox"/> Not Applicable

Medium Term Financial Strategy 2016/17 - 2019/20**General Fund Budget**

	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Employees	5,748	5,163	5,313	5,463
Premises	507	517	527	538
Transport	500	500	500	500
Supplies and Services	1,840	1,810	1,810	1,810
Third Parties	895	913	931	950
Transfer Payments	9,243	9,243	9,243	9,243
Income	(11,236)	(11,251)	(11,171)	(11,091)
Recharges to HRA	(650)	(650)	(650)	(650)
Net Costs of Services	6,847	6,245	6,503	6,763
Savings Requirement	(765)	(862)	(1,135)	(1,403)
Net Cost of Services after Savings Required	6,082	5,383	5,368	5,360
Capital Charges	627	891	929	960
Contribution from Earmarked Reserves	(294)	0	0	0
Net Expenditure Prior to Use of General Fund balance	6,415	6,274	6,297	6,320
Use of General Fund balance	(128)	(100)	(100)	(100)
Budget Requirement General Fund	6,287	6,174	6,197	6,220
Revenue Support Grant	(718)	(360)	(140)	0
Non Domestic Rates	(1,412)	(1,440)	(1,480)	(1,530)
New Homes Bonus	(446)	(507)	(602)	(602)
Collection Fund (Surplus)/Deficit	245	100	100	100
Other Grants	(455)	(360)	(360)	(360)
Total External Funding	(2,786)	(2,567)	(2,482)	(2,392)
Demand on Collection Fund	(3,501)	(3,607)	(3,715)	(3,828)
Total Funding	(6,287)	(6,174)	(6,197)	(6,220)

APPENDIX 2

Budget process timetable

The purpose of the Appendix is to set out the timescales for the 2017/18 budget process.

Date	Action	Responsible
2016		
26 August	Draft fees and charges returns sent out to budget holders.	Finance
16 September	Completed draft fees and charges returned to Finance for completion of schedules. Committee reports to be compiled. Vehicle replacement details returned to the accountant dealing with Transport.	Service Heads/Management Team Service Heads/Transport Manager
19 September	Reports on revised fees and charges for Service Delivery Committee and Policy, Finance & Development Committee submitted to Heads of Service.	Finance
23 September	Draft revenue budget papers sent out to budget holders for completion. Capital bid evaluation templates sent out to budget holders.	Finance Finance
From 3 October	Consultation with public	Management Team
7 October	Reports on revised fees and charges for Service Delivery Committee and Policy, Finance & Development Committee submitted to Management Team for approval.	Finance
11 October	Reports on revised fees and charges submitted to Service Delivery Committee for approval.	Finance
14 October	Completed capital programme bids returned to Finance. Requests for Growth and Savings returned to finance.	Service Heads/Management Team Service Heads
28 October	Compile list of capital bids for Asset Management Group.	Finance
1 November	Reports on revised fees and charges submitted to Policy, Finance & Development Committee for approval.	Management Team
3-11 November	Review revenue bid requests for budgetary growth and major current year underspends (2 sessions).	Management Team/Finance Manager
4 November	Compilation of the first draft of revenue and capital budgets.	Finance
25 November	Review capital programme.	Management Team/Finance Manager
5-9 December	Management Team to review budget with Committee Chairs.	Management Team
9 December	Council Tax Base calculation.	Welfare & Taxation

	Reports on revenue and capital budgets submitted to Heads of Service for review.	Manager/Finance Manager Finance Manager/Chief Financial Officer
16 December	Reports on revenue and capital budgets submitted to Management Team for review.	Finance Manager/Chief Financial Officer
2017		
17 January	Reports on revenue and capital budgets submitted to the Service Delivery Committee for noting (incorporating Management Team recommendations).	Finance Manager/Chief Financial Officer
19 January	Aggregate Budget, Prudential Indicators, Medium Term Financial Strategy, Treasury Strategy and Plan reports for Council submitted to Heads of Service for approval.	Finance Manager/Chief Financial Officer
30 January	Aggregate Budget, Prudential Indicators, Medium Term Financial Strategy, Treasury Strategy and Plan reports for Council submitted to Management Team for approval.	Finance Manager/Chief Financial Officer
31 January	Revenue and capital budgets submitted to Policy, Finance and Development Committee for approval (incorporating Management Team recommendations).	Finance Manager/Chief Financial Officer
21 February	Aggregate Budget report submitted to Council. Prudential Indicators and Treasury Strategy and Plan report submitted to Council. Council Tax setting report submitted to Council.	Finance Manager/Chief Financial Officer Finance Manager/Chief Financial Officer Finance Manager/Chief Financial Officer
24 March	Budgets placed on Council's F:Drive for general access.	

APPENDIX 3: Opportunities and Risk Matrix

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
Pay Inflation	Mainly not.	1% per annum.	National settlement at higher level.	Unlikely over the planning period.	A 1% pay rise equates to a £60k in the annual salary bill.	Sufficient balances exist to cover pay increases.
Price Inflation	No.	Only contractually agreed increases will be included in the 2017/18 budget.	That price rises are greater than assumed.	The retail and consumer price indices for July 2016 were 1.9% and 0.6% respectively. However, these indices are not generally reflective of local government expenditure.	Greater price inflation would put pressure on the use of balances as reserves as funding is fixed.	Budgetary control, virements, contingencies and service level adjustments.
National Economic Climate	No.	Cautious provision made.	Greater demand for services; reduced resources.	Scope and depth of current economic climate unknown.	Uncertainties require additional provisions to be set aside for unforeseen events.	Budgetary control, virements, contingencies, reserves and service level adjustments.

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
New Legislation	No.	Impacts of the Local Council Tax Support scheme, Universal Credit, local retention of NNDR, New Homes Bonus and reduction in housing rents have been included for 2017/18.	Increase in costs to ensure compliance.	Unknown.	Unknown – dependent on the impact of changes.	Constant monitoring, contingencies, reserves and service level adjustments.
Changed Council Priorities	Yes.	Budget strategy is linked to corporate plan.	Changes after budgets are set.	Low, provided budget strategy and corporate plan are aligned.	Cost of new priorities unknown at this stage.	Published plan.
Level of Government Funding	No.	Overall reduction in Revenue Support Grant assumed in budget for 2017/18. Further reductions to NIL by 2020	Lower grant level than expected.	The Treasury has set out provisional RSG reductions to 2020.	Council to be self-financing by 2020.	Increase in Council Tax, budget reductions, efficiency savings, alternative funding streams.

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
		anticipated.				
VAT Partial Exemption	Partly.	No immediate impact on budget.	Exceed 5% <i>de minimis</i> threshold and incur costs in irrecoverable VAT.	Low.	Additional cost dependent on extent to which the limit is exceeded.	Use of consultants for VAT advice, revise plans for delivery of schemes, use of reserves.
Capital/Borrowing	Yes.	Effect of prudential borrowing on revenue positions.	Impact on revenue. Political risk and Member aspirations. Balance of investment and sustainability.	Low.	Unknown.	CFO reporting to Council under statutory duties and the setting of appropriate prudential indicators.
Interest Rates	No.	Base rates of 0.25% will be used in preparing the estimates for 2017/18.	Higher rates would impact on both the General Fund and the HRA borrowing (adversely) and on investments (favourably).	Medium, given the uncertainties in the market especially because of continuing global economic and fiscal difficulties.	In the medium term the impact of a rise would be minimal as the majority of the Council's borrowing is at fixed rates.	Adjust Treasury Management Strategy and other budgetary controls based on CIPFA's best practice guide.
Investment Practice	Mostly.	Counterparty list per	Counterparty default.	Low.	Potential loss of full amount	Investment strategy, credit

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
		approved Annual Investment Strategy criteria.			invested and reduced investment income.	rating watch, use of external financial advisers.
Pension Contributions	No.	Known increases in employer's contribution and actuarial strain payments included in estimates.	Market conditions and demand on the Pension Fund including those resulting from the new automatic enrolment and workplace pension reform.	Medium.	Unknown but could be significant.	Forecast/forward strategy with Leicestershire County Council; monitoring interim evaluation results.
Changes in Consumer Expectations/Demand	No.	Budgets based on existing approved service levels.	Potential loss of income or increase in expenditure to meet demand.	Medium, but risk potentially increased due to impact of austerity.	Directly dependent on increases or reductions in demand.	Customer/resident consultation and performance monitoring.
Demographic Population Growth	No.	Service levels are based on 2012 Census report and other statistical information.	Additional demand, insufficient resources.	Low.	Unknown but could have significant effect.	Knowledge of trends in local demography, housing/planning delivery strategy, budget adjustment,

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
						Council and Business Rate income.
Interaction with Leicestershire County Council and other partners	Yes.	Financial support from LCC, central government other partners and stakeholders.	Adequacy of control and administration of partners; residual costs falling on OWBC as accountable body; budget cuts proposed by LCC for 2017/18 and beyond.	Medium.	Unknown but could have significant effect.	Financial regulations, other codes of governance, due diligence and regular monitoring.
Council Tax Level	Yes, up to a maximum increase of 2% in any year.	Increase of 1.99% assumed in 2017/18.	A high Council Tax increase would result in the triggering of a referendum. A low Council tax leads to pressure on the delivery of existing services.	Medium.	1% movement in Council Tax equates to £37,000.	Advice of S151 Officer in liaison with Members; appropriate use of reserves and balances; targeted efficiency savings.
Savings and	Yes.	Savings and	Savings and	Medium.	The extent to	Budget monitoring

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
Efficiency Targets		<p>efficiencies will be included in the budget for 2017/18 and support the Council's wider and longer term transformation plans.</p> <p>The Council will submit a 4-year efficiency plan to the DCLG in October 2017.</p>	efficiencies are not achieved or are reduced by budget pressures.		which targets are not met.	to ensure early detection of plans going off target. Use of Equilibrium Reserve.
Failure in Budgetary Control	Yes.	Income and expenditure will be as set out in the budget.	Higher expenditure. Lower income. External events outside the Council's control.	Low, given budget monitoring processes and the Council's track record on financial management.	A 1% variance in net General Fund budget is equivalent to 1.8% on the Council Tax.	Budgetary control, virement, contingency provision, use of reserves, service adjustments.

Whilst the above points may seem like a long list, inevitably the Council's financial forecasts have many inherent risks attached to them. Clearly demand led activities are subject to market pressures; other areas of spending/income generation will be influenced

by internal factors such as competing work pressures and standards of financial management. Also major capital schemes or developments bring with them financial as well as other risks that could have revenue implications. The Council's financial monitoring arrangements will ensure that these risks are contained and service performance management will provide additional support. The national economy and Government's other plans can have a marked impact on financial planning. Inevitably further changes to the financial projections will arise in producing detailed annual budget.

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Agenda Item 10



**Policy, Finance and
Development
Committee**

**Tuesday, 20
September 2016**

Matter for Information

Title: Treasury Management Annual Report 2015/16

Author: Martin Hone (Interim Chief Finance Officer / Section 151 Officer)

1. Introduction

- 1.1 This report details the actual performance and activities of the authority's treasury management function for the financial year 2015/16. Treasury management is defined in the Code of Practice as " the management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks".

2. Recommendations

- 2.1 That Members note the report

3. Information

- 3.1 Two annual reports on treasury management are produced. Firstly, a Treasury Management Strategy and Statement is approved by Council prior to the commencement of the financial year and then this report provides Members with a summary of actual activity for the year 2015/16. The report is required to comply with the "Code of Practice on Treasury Management in Local Government " and the Council's own Treasury Management Policy Statement.
- 3.2 The Code requires the Section 151 Officer to operate the treasury management function in accordance with treasury management practices adopted by Council. There are no issues of non-compliance with these practices that need be brought to Member's attention.
- 3.3 Under the Prudential Code for Capital Finance, the Council is required to prepare a number of prudential indicators against which treasury management performance is measured.
- 3.4 Details of all borrowing and investment transactions for 2015/16 together with the performance against prudential indicators are given below

3.5 Borrowing

Long Term – The Authority is able to borrow on a long term basis from the Public Works Loans Board (PWLB). At the beginning of the year the amount of loan outstanding was £19.114m. During the year, no further long-term borrowing was undertaken. This left the outstanding balance at the end of the year unchanged at £19.114m. This is £5m less than the approved borrowing strategy, and results from the decision to delay long-term borrowing until 2016-17 pending a review of prevailing interest rates and the progress of the overall capital programme.

Short Term (Less than 365 days in duration) – There was £8m of short-term borrowing undertaken during 2015/16 (2014/15 £0) in lieu of the originally planned

PWLB borrowing.

Cost of Borrowing – Interest on the outstanding loans was paid as follows

Loan £ 000's	Maturity Date	Interest Rate	Interest £ 000's
500	29/03/52	4.10	21
500	29/03/18	3.50	17
18,114	Various	2.98*	539
4,000	30/06/16	0.50	5
2,000	07/07/06	0.52	2
1,000	30/06/16	0.50	1
1,000	06/07/16	0.52	1

*Average rate for loans relating to the Housing Finance Settlement

3.6 **Investments**

During 2015/16, the Council was in a position where it often had cash surpluses to invest. When considering investments the Council must consider the following factors:

- **Security** – the Authority has a counterparty list, based on credit ratings, within its Investment Strategy that is approved prior to the commencement of the financial year. The current list and basis of approval is attached at Appendix C.
- **Liquidity** – because of cash flows there is always a need to have a mix of investments that are realisable when required.
- **Yield** – probably the least important consideration as often higher yields mean greater risks

In the current economic climate and due to the volatility and uncertainty being prevalent in financial markets security has to be the most important factor of the three listed above.

For 2015/16 surplus cash was invested in the following ways.

Special Interest Bearing Account – This account is held with National Westminster Bank plc. It can be used for deposits up to £5 million and pays interest at 0.25%

Business Direct Reserve Account – Again, this is a National Westminster Bank account which allows deposits up to £1 million and also pays interest at 0.25%.

Money Market Deposits – Used for larger amounts up to £1.5 million. The list of institutions approved for investment was agreed at committee on 24 March 2015 and is included again for reference in Appendix C. The investments fall into two categories:

- **Money on Call** – These investments run for a minimum of 7 days after which they can be recalled at any time. Interest rates are variable and can fluctuate during the life of the investment.
- **Fixed Deposits** – Investments which mature at a pre-arranged date. The interest rate is fixed for the life of the investment.

The total interest received for the year to 31 March 2015 on temporary investments amounted to £13,990 (2014/15 £58,908). A summary of the total amount invested in 2015/16 is given at Appendix A. The substantial decrease between 2014/15 and 2015/16 results from the decision to liquidate all outstanding investments in order to fund the capital programme. This however bought significant savings in the cost of borrowing.

3.7 **Prudential Indicators**

The Local Government Act 2003 requires Councils to comply with the Prudential Code for Capital Finance in Local Authorities when carrying out their budgeting and treasury management activities. Fundamental to this is the calculation of a number of prudential indicators which provide the basis for management and monitoring of borrowing and investments. These indicators were agreed by Council on 24 March 2015.

The Capital Financing Requirement (CFR) – This represents the Council’s underlying need to borrow for capital purpose based on the cumulative value of capital expenditure not fully paid for. The CFR will change year on year in accordance with the value of capital spending.

The first key control over activities is to ensure that over the medium term, net borrowing will only be for capital purposes, The Authority must ensure that net external borrowing does not, except for short periods, exceed the total of the CFR. A comparison of the estimate against the actuals is shown in the table below.

	Original Estimate £ 000's	Revised Estimate £ 000's	Actual £ 000's
Gross Borrowing	24,114	24,114	27,114
Investments	-	-	-
Net Borrowing 31st March	24,114	24,114	27,114
Total CFR 31st March	33,186	32,173	32,366

The Section 151 Officer reports that the Council complied with the requirement to keep borrowing below the relevant CFR in 2015/16 and no difficulties are foreseen for the current or future years.

Borrowing Levels – The following two indicators control the overall level of borrowing.

- The Authorised Limit – This represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.
- The Operational Boundary – This indicator is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around the boundary for short times during the year. It should act as a barometer to ensure the authorised limit is not breached.
- The actual borrowing compared to the Authorised and Operational limits agreed by Council are as follows:

	Original Limit £ 000's	Revised Limit £ 000's	Actual (Max) £ 000's
Authorised Limit	34,000	38,000	27,114
Operational Boundary	32,000	36,000	27,114

Ratio of Financing Costs to Net Revenue Stream – This indicator compares net financing costs (borrowing costs less investment income) to net revenue income from revenue support grant, business rates, housing revenue account subsidy, council tax and rent income. The purpose of the indicator is to show how the proportion of net income used to pay for financing costs is changing over time.

	2015/16 Original Estimate %	2015/16 Revised Estimate %	2015/16 Actual %
General Fund	5	4.5	4.9
HRA	10.2	10.2	10.5

The above indicator shows that within the General Fund, financing costs are equivalent to 4.9% of the net revenue income. In the case of the HRA there is net interest payable which is equivalent to 10.5% of the net revenue income.

Limits on Activity – The following indicators contain the activity of the treasury function within certain limits thereby reducing the risk of an adverse movement in interest rates impacting negatively on the Council's overall financial position.

- Upper Limits on Variable Rate Exposure – This indicator identifies a maximum limit for variable interest rates.
- Upper Limits on Fixed Rate Exposure – Similar to the previous indicator this covers a maximum limit on fixed interest rates.
- Maturity Structures of Borrowing – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.
- Total Principal Funds Invested – This limit is set to reduce the need for early sale of investments and is based on the availability of investments after each year-end.

The prudential Code requires indicators to be set for the maturity structure of fixed borrowings only.

With respect to total principal funds invested, there were no sums invested for periods longer than 364 days. The average number of days over which principal funds were invested was 67 days.

The maturity structure is shown below. The Council, in order to take advantage of the best possible interest rates for borrowing, did for a short time exceed the proportion of borrowing to be repaid within one year laid down by our treasury strategy. The Council repaid these in June/July 2016 and replaced them with long term borrowing thus rectifying the situation.

	2015/16 Original Indicators		2015/16 Revised Indicators		2015/16 Actual Maturity Structure	
	%		%		%	
Fixed Interest Rates Limit	100		100		100	
Variable Interest Rates Limit	25		25		0	
Maturity Structure of Borrowings	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 months	0	25	0	25	0	30
12 months to 2 years	0	25	0	25	0	0
2 years to 5 years	0	50	0	50	0	9
5 years to 10 years	0	75	0	75	0	19
10 years and above	0	100	0	100	0	42

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Implications	
Financial (CR)	As set out in the report.
Legal (AC)	In accordance with the regulations, the Council is obliged to provide such information at the yearend by 30 September 2016.
Risk (CR)	No significant implications.
Equalities (CR)	No significant implications.
	Equality Assessment:- <input type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input checked="" type="checkbox"/> Not Applicable

Appendix A

Total Investments Placed During the Period 1 April 2015 to 31 March 2016

	Cumulative No. Of Investments In Year	Total Value Invested in Year £ 000's
British Clearing Banks		
National Westminster Bank plc	139	51,104
Local Authorities		
Woking Borough Council	1	1,000
Thurrock Borough Council	2	3,000
Lancashire County Council	2	2,000
	144	57,104

Appendix B

Schedule of PWLB Loans (HRA Self – financing Settlement)

Principal (£)	Rate of Interest (%)	Date of Maturity
1,006,333	1.99	20/03/2020
1,006,333	2.21	20/03/2021
1,006,333	2.40	20/03/2022
1,006,333	2.56	20/03/2023
1,006,333	2.70	20/03/2024
1,006,333	2.82	20/03/2025
1,006,333	2.92	20/03/2026
1,006,333	3.01	20/03/2027
1,006,333	3.08	20/03/2028
1,006,333	3.15	20/03/2029
1,006,333	3.21	20/03/2030
1,006,333	3.26	20/03/2031
1,006,333	3.30	20/03/2032
1,006,333	3.34	20/03/2033
1,006,333	3.37	20/03/2034
1,006,333	3.40	20/03/2035
1,006,333	3.42	20/03/2036
1,006,333	3.44	20/03/2037
18,113,994	Total	

INVESTMENTS STRATEGY 2015/16 – 2017/18

1.0 Introduction

This strategy is written in accordance with guidance issued under section 15 (1) (a) of the Local Government Act 2003, the Department of Communities and Local Government (DCLG) Guidance on Local Authority Investments issued in April 2010, any revisions of that guidance, the Audit Commission's report on Icelandic investments and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (2011).

The objectives of this strategy are to:

- facilitate investment decisions which ensure that the Council's investment sums remain secure
- ensure the liquidity of investments so that the Council has sufficient cash resources available to carry out its functions at all times
- achieve the maximum return on investments after taking into account security and liquidity

2.0 Current Investments

At present the Council has no fixed investments.

Surplus funds arising from day to day operations are invested based on the most up to date forecasts of interest rates and in accordance with the Council's cash flow requirements in order to gain maximum benefit from the Council's cash position throughout the year. In the current financial climate only specified investments will be considered as set out below.

3.0 Investments

In accordance with relevant guidance, all investments will be placed for a maximum of 364 days and amounts will only be invested with counterparties included on the Council's approved list. Institutions with which specified investments will be made include:

- UK government institutions and other local authorities
- institutions which have been awarded a high credit rating by a credit rating agency

The Council's Treasury Management Practice note 1 (3) states that 'The Section 151 Officer will be responsible for preparing for the Council a list of institutions in which the Council's funds may be invested. This list will be supported by details of the criteria employed to assess the various credit standings of counterparties'. The following credit ratings will be considered:

- Long-term ratings – these range from the highest rating of AAA to the lowest rating of D. As the title suggests, this indicator reflects the long-term stability of the institution.

- Short-term ratings - These have a time horizon of less than 12 months and therefore place greater emphasis on the liquidity necessary to meet financial commitments in a timely manner. As all of the Council's investments are expected to be for less than 364 days, this is of particular importance. The ratings are F1 (highest credit quality), F2 (good credit quality), F3 (fair credit quality) and B to D (representing various levels of potential default).
- Individual ratings – These range from the highest of A to the lowest of F. This rating is only assigned to banks and attempts to assess how it would be viewed if it were entirely independent and could not rely upon external support.
- Support ratings – These range from 1 to 5 with 1 being the highest. It is a judgement on whether a bank would receive support should this become necessary. It is assumed that any such support would come from the sovereign state or institutional owners.

The Council's counterparty list needs to provide security for the amounts invested whilst containing a sufficient number of institutions with which to place funds. For the purpose of this strategy in respect of Categories 1 and 2 below, only counterparties that meet all of the following criteria will be considered for investment.

- UK banks
- Building societies with asset bases in excess of £6 billion.
- By reference to all three major credit rating agencies (Fitch, Standard and Poor's, Moody's) only those that reach the minimum standard for the lowest agency rating set out.

Category 1

The minimum ratings that will be considered for all agencies are set out below:

Term	Credit Agency		
	Fitch	Moody's	S & P
Short	F1	P1	A1
Long	AA-	AA3	AA-
Individual	C	D	
Support	3		

For any organisation that meets the above criteria, up to £1.5m may be invested at any one time for a maximum duration of 364 days.

Any building society that meets the above criteria must also have an asset base in excess of £6 billion.

Category 2

The minimum ratings that will be considered for all agencies are set out below:

Term	Credit Agency		
	Fitch	Moody's	S & P
Short	F1	P1	A1
Long	A	A2	A1
Individual	C	D	
Support	3		

For any organisation that meets the above criteria, up to £1m may be invested at any one time for a maximum duration of 6 months.

Any building society that meets the above criteria must also have an asset base in excess of £6 billion.

Other counterparties that can be used and any restrictions applicable are set out below.

Debt Management Office

Investments of a maximum duration of 6 months can be made with this Government department.

Public Authorities in England, Scotland and Wales

Investments of up to £5m at any one time with a maximum duration of 364 days can be made with these bodies. These include local government, fire and police authorities.

Money Market Funds

Investments of up to £1.5m per fund at one time can be made provided they are AAA rated.

Credit ratings are monitored on a daily basis using Sector's credit rating service by the Section 151 Officer who will determine the amendments to be made to the counterparty list when credit ratings change.

The proposed counterparty list for investments is given at Annex 3.1.

4.0 Liquidity of Investments

The period for which investments are placed will be based on the Council's cash flow forecasts and estimates of movements in interest rates. The Council does not expect to place investments for longer than 364 days although this situation will be kept under review by the Section 151 Officer. Long-term investments will only be made where it is clear that surplus cash resources are not required for the day to day financing of the Council's activities. The maximum period for any long-term investments will be the three-year planning cycle covered by this strategy.

The maximum amount which may be held in investments lasting more than 364 days will be 25% of the average annual investments.

5.0 Policy on the Use of External Service Providers

External investment managers will not be used, except to the extent that a Money Market Fund can be considered an external manager.

The Authority uses Sector as an external treasury advisor but still recognise that responsibility for treasury management decisions remains with the Council at all times. Whilst it is recognised that undue reliance should not be placed on external advisors, it is valuable to be able to access specialist skills and resources.

6.0 Scheme of Delegation

Policy, Finance and Development Committee

- Approval of annual strategy
- Approval of annual treasury outturn report
- Approval of mid year treasury management updates
- Mid year treasury management updates
- Review of treasury management policy and procedures, including making recommendations to responsible body

Overview and Scrutiny Committee

- Scrutiny of Treasury Management Strategy and Plan, Investment Strategy and Annual Outturn Report

Chief Financial Officer (Section 151 Officer)

- Day to day management of treasury management, within agreed policy
- Appointment of external advisors, within existing Council procurement procedures and standing orders.

7.0 Role of Section 151 Officer

The Section 151 Officer has day to day responsibility for running the treasury management function.

8.0 Ethical Investment Strategy

The Council aims to be aware of ethical issues within its investment strategy. Where any member of the Council becomes concerned about such issues, these matters should be reported to the Section 151 Officer. Where necessary, the Section 151 Officer will then present a response to the concerns raised to the next meeting of the Policy, Finance and Development Committee.

EXTERNAL INVESTMENT OF FUNDS - APPROVED INSTITUTIONS**Category 1**

Restrictions	
Max Amount £m	1.5
Duration	364 days
Asset Base (Building Societies Only)	£6 bn

HSBC Bank plc
(Rating Source: Sector – Feb 2014)

Long-term Rating AA-	Short-term Rating F1+
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Category 2

Restrictions	
Max Amount £m	1
Duration	6 months
Asset Base (Building Societies Only)	£6 bn

Bank of Scotland plc
Barclays Bank plc
Lloyds Bank plc
Nationwide Building Society
Royal Bank of Scotland plc
Santander UK plc
Standard Chartered Bank
(Rating Source: Sector – Feb 2014)

Long-term Rating A	Short-term Rating F1
A	F!
A	F1
A	F1
A	F1
A	F1
AA-	F1+

Debt Management Office

Restrictions	
Max Amount £m	N/A
Duration	6 months

Operated by a National Government Department

Public Authorities in England, Scotland and Wales

Restrictions	
Max Amount £m	5

Duration	364 days
-----------------	----------

All public authorities (including local government, fire and police authorities) in England, Wales and Scotland

Money Market Funds

Restrictions	
Max Amount £m	1.5
Duration	N/A

Funds must be AAA-rated and operated by a company regulated by the Financial Services Authority. The Section 151 Officer, under delegated powers, will choose the appropriate fund(s).



Policy, Finance and Development Committee	Tuesday, 20 September 2016	Matter for Information and Decision
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Title: **Statement of Accounts 2015/16**

Author: **Martin Hone (Interim Chief Finance Officer / Section 151 Officer)**

1. Introduction

1.1 Under the terms of the Accounts and Audit (England) Regulations 2015 each Local Authority is required to prepare a Statement of Accounts (the Statement) by 30 June following the end of the year to which they relate. This draft Statement is signed by the Section 151 Officer as being a “true and fair” representation of the Council’s financial performance during the year and of its financial position at the year end. This has been achieved for 2015/16 and the Statement of Accounts is attached to this report.

2. Recommendations

- 2.1 That the Committee approve the Statement of Accounts for the year 2015/16
- 2.2 That the Section 151 Officer has delegated authority to agree minor alterations to the statement as recommended by the Council’s auditor.
- 2.3 That the Committee approve the “Letter of Representation” to be signed by the Chief Finance Officer and the Chair of this Committee following this meeting.

3. Information

- 3.1 The Statement has been prepared according to the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Statements have been prepared based on International Financial Reporting Standards (IFRS).
- 3.2 The Accounts and Audit Regulations also require that the Statement is approved by members and published by 30 September each year. Between June and September the Statement is subject to external audit and the auditors findings are outlined in their “Report to Those Charged with Governance (ISA(UK&I) 260)” which is the subject of another report to this Committee.
- 3.3 The statement comprises the main financial statements as follows;
 - Statement of Movements in Reserves
 - Comprehensive Income and Expenditure Statement
 - Balance Sheet
 - Cash Flow Statement
 - Notes to the Core Financial Statements

In addition, the following supplementary statements with accompanying notes have been produced:

- Housing Revenue Account
- Collection Fund

- 3.4 The published Statement of Accounts should provide electors, those subject to locally levied taxes and charges, members and employees of the authority, as well as other stakeholders and interested parties clear information about the authority's finances. It should answer basic questions about the cost of the Authorities services in the year of account, how the these services were funded and what the Council's assets and liabilities were at the year end.
- 3.5 There have been no major amendments to the Code for 2015/16

Background Documents:-

Statement of Accounts 2015/16 and Working Papers

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Implications	
Financial (CR)	As contained in the Report and Appendix 1.
Legal (AC)	In accordance with the regulations, the Council is obliged to provide such information at the yearend by 30 September 2016.
Risk (CR)	No significant implications.
Equalities (CR)	No significant implications.
	Equality Assessment:- <input type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input checked="" type="checkbox"/> Not Applicable



Oadby and Wigston Borough Council

Financial Report

For The Year

2015/2016

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THE NARRATIVE REPORT

Introduction by the Chief Finance Officer - Martin Hone

I am pleased to present Oadby and Wigston Borough Council's Statement of Accounts for the financial year ended 31 March 2016. These accounts inform their users as to the financial performance of the Council during the year and as a result are an important element of demonstrating sound financial stewardship of the taxpayers' money.

The Council's Auditors, KPMG, commenced their audit on 4 July 2016. The audited accounts together with their recommendations were presented to the Policy, Finance and Development Committee on 20 September 2016.

Prior to approval the draft accounts were subject to a thirty day public inspection period, this must include the first ten days of July. For the 2015/16 accounts this inspection period commenced on the 1 July 2016. From that date the unaudited accounts have been available to the public on the Council's website.

The purpose of this Narrative Report is to provide an easily understandable guide to the most significant matters stated in the financial report. It provides information about Oadby and Wigston including key issues affecting the Council and its accounts.

This Statement of Accounts (the Accounts) summarises the financial position of Oadby and Wigston Borough Council for the year ended 31 March 2016. These accounts have been produced for the Council as a single entity. No group accounts are required.

The principles adopted in compiling the Statement of Accounts are those recommended by The Chartered Institute of Public Finance and Accountancy (CIPFA) namely:

- The Code of Practice on Local Authority Accounting in the United Kingdom (the Code);
- International Financial Reporting Standards (IFRS); and
- The Service Reporting Code Of Practice (SeRCOP)

The Narrative Report represents another change in reporting requirements for 2015/16, replacing and expanding on the Explanatory Foreword. It provides information about Oadby and Wigston as both a borough and organisation.

A Guide to Oadby and Wigston

The Borough is located at the south east of the city of Leicester and comprises the three town centres of Oadby, Wigston and South Wigston. Along with Leicester it shares its boundaries with the two other local authorities of Harborough District and Blaby District.

THE NARRATIVE REPORT

Geography

The Borough is primarily urban in nature consisting of 2,400 hectares in area with a population of 56,000 residents. It is situated 5 miles from both Leicester City centre and from Junction 21 of the M1 motorway.

Population

The population of the Borough is split on gender; Males 49.4% Females 51.6%

The age demographic is as follows below which shows a population that is aging when compared to both the surrounding area and the country as a whole.

Age (2011)	Oadby & Wigston	Leics County	East Midlands	England
0 – 19	24.9%	24.7%	23.7%	24.0%
20 - 64	55.7%	59.5%	59.3%	59.6%
65 - 89	18.5%	15.1%	16.3%	15.6%
90 and over	0.9%	0.7%	0.7%	0.8%

The residential population is one of the most culturally diverse in the region with the overall Black and Minority Ethnic (BME) population being 29% which is triple the Leicestershire County average and double the East Midlands regional figure. This diversity is also reflected in the religious composition of the Borough with 22% belonging to non-Christian religions compared to a national average of 9%.

Political Structure

There has been political continuity since 1991 when the Liberal Democrats achieved an overall majority for the first time. The Council currently consists of 26 members including 19 Liberal Democrats, 6 Conservatives and 1 Labour. Councillor John Boyce is the Leader of the Council while his deputy is Councillor Michael Charlesworth.

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

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

On a national level Oadby and Wigston is contained wholly within the Harborough Constituency and is represented at Westminster by Sir Edward Garnier MP of the Conservative Party.

Management Structure

THE NARRATIVE REPORT

The Management Team comprises of the Chief Executive, Director of Services and Chief Financial Officer. Its role is to lead the organisation so that the Council can fulfil its statutory responsibilities and deliver its services and local priorities. Supporting this are a team of Service Managers across all frontline and support services of the Council.

Council Priorities

The Council is committed to delivering quality services to all its residents and in order to do so have adopted the following nine underlying priorities.

1) Protect the Borough

- a. The Council will resist any attempt by either the City or County Councils to impose their control over the Borough.
- b. The Council will work cooperatively and consensually with all the other Councils in Leicester and Leicestershire in order to form a Combined Authority and to seek the devolution of powers with the corresponding financial support from central government without the loss of its sovereignty.

2) Maintain Front Line Services

- a. The Council is committed to free shoppers' car parking and weekly collection of waste and recycling.
- b. No major changes would ever be made to these services without consultation.

3) Offering Choice when Possible

- a. The Council will offer choice wherever possible.
- b. When major decisions affecting front line services need to be considered, the Council will ensure that all the options available are explained clearly and listen and respond to residents.

4) Save Money through Service Redesign

- a. The Council will look at all its services and redesign those that can be improved and cheaper to run.
- b. The main focus of this redesign will be the better and wider use of ICT, Council assets and procurement.

5) Involve Residents and Partners

- a. The Council is committed to continue with the town forums and to develop other community engagement systems.
- b. The Council will work with and continue to support partners.

6) Economic Development

THE NARRATIVE REPORT

- a. The Council recognises the need to develop both housing and the town centres.
- b. This will be done with maximum public involvement and at minimum cost to the green spaces in the Borough.

7) Greening the Borough

- a. The Council will continue to invest in and encourage activities which result in a greener Borough
- b. The prioritising of the protection of trees will be a cornerstone of this commitment.

8) Improving the Health of Residents

- a. The Council wants to ensure residents live a full and healthy life.
- b. The Council will continue to develop its relationship with partners in order to develop and implement appropriate outcomes that attempt to achieve this.

9) Value for Money

- a. The Council will always accept any council tax freeze grant offered by the Government.
- b. The Council will endeavour to benchmark its services against the “most like” authorities to ensure transparency and demonstrate value for money.

Equality

Oadby and Wigston Borough Council is committed to ensure that all people who visit, live or work in the Borough are treated justly and equally, are free from prejudice, fear, harassment and discrimination, and have equal access to learning, employment and social opportunities to enhance their quality of life.

Service Developments

There have been significant developments to services in 2015/16. A new Customer Service Centre has opened in Wigston Town Centre giving it a central location within the Borough, easily accessible to the public. Also December 2015 saw the highly anticipated opening of the new swimming pools which bring the residents two state of the art leisure facilities.

The Statutory Accounts

THE NARRATIVE REPORT

The pages which follow are the Council's Statement of Accounts for 2015/16 and comprise:-

- **Statement of Responsibilities**

This sets out the respective responsibilities of the Council and the Chief Financial Officer in respect of preparation of the Statement of Accounts.

- **Accounting Policies Statement**

This explains the basis of the figures included in the accounts. The accounts can only be properly appreciated if the policies, accounting estimates and judgements, which have been followed in dealing with material items, are explained.

- **Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Council, analysed into "Usable Reserves" (i.e. those that can be applied to fund expenditure or reduce 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. These are 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 or from Earmarked Reserves" line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves are undertaken by the Council.

- **Comprehensive Income and Expenditure Statement**

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards (IFRS), rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

- **Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example

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the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves includes 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 of Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

- **Cash Flow Statement**

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

- **The Housing Revenue Account**

This reflects a statutory obligation to separately account for housing provision. It shows the major elements of housing revenue expenditure - maintenance, administration and capital financing costs and how these are met from rents, subsidy and other income. This account is reported using two statements – the Housing Revenue Account Income and Expenditure Statement and the Movement on the Housing Revenue Account Statement.

- **The Collection Fund**

Oadby and Wigston Borough Council acts as an agent in the collection of Council Tax and non domestic rates on behalf of other precepting authorities in Leicestershire. As such the Collection Fund is an agent’s statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Council in relation to the collection from taxpayers and ratepayers and distribution to local authorities and the Government of Council Tax and non-domestic rates.

- **The Annual Governance Statement**

This statement summarises the systems and processes, cultures and values by which this Council is directed and controlled and through

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which it accounts to, engages with and where appropriate leads the community. It identifies any gaps or weaknesses and implements responding action plans.

Financial Performance and Monitoring

The 2015/16 Budget Process

Once again, reduced level of core grant funding together with the limitations on Council Tax increases effectively pre-set the amount of money available for the Council to spend on services in 2015/16. The budget was, therefore, formulated with a view to ensuring that realistic service costs were reflected whilst striving to deliver services within future funding limits. The 2015/16 budget was scrutinised by both Service Delivery and Policy Finance and Development Committees before finally being approved at Full Council in February 2015. Budget performance has been reported to members at the relevant committees during the year.

Financial Outturn 2015/16

During 2015/16 the General Fund revenue account has been subject to regular monitoring through budget monitoring processes and reporting to committees. The year end net outturn position compared to budget is set out below:

	Original Budget 2015/16	Revised Budget 2015/16	Actual 2015/16	Variance Under /(Over) Spend 2015/16
	£000's	£000's	£000's	£000's
Policy, Finance and Development	2,326	2,365	2,319	46
Service Delivery	3,584	3,797	3,622	175
Development Control	491	518	441	77
Youth	14	12	11	1
Licensing and Regulatory	5	17	72	(55)
Net Committee Expenditure	6,420	6,709	6,465	244
Capital Financing	306	312	320	(8)
Transfer to/(from) Reserves	(257)	(552)	(450)	(102)
Net Expenditure	6,469	6,469	6,335	134
Financing	6,469	6,469	6,317	152
Transfer (from)/to Balances	0	0	(18)	(18)

The actual position for the year saw a contribution from the General Fund Balance of £18k which was an increase of £18k from both the original and revised budget.

The figures given above are reported on the same basis as the management accounts. These do not consider pure accounting entries that would have

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equal contra entries such as “Non Distributed Costs” that occur at year end and are part of the Comprehensive Income and Expenditure Statement. Additionally, the above statement only applies to the General Fund position. A full reconciliation of management information to the Statement of Accounts is included in note 30 (Amounts Reported for Resource Allocation Decisions).

Major Changes in the Council’s Assets and Liabilities

During 2015/16 the Council expended £12.163m (2014/15 £6.748m) on capital projects as shown below.

	2015/16	2014/15
	£000's	£000's
Capital Expenditure		
Service Delivery (Housing Related)		
Housing Revenue Account	3,265	2,531
General Fund	415	247
	3,680	2,778
Service Delivery	8,102	3,664
Policy Finance and Development	381	306
Total	12,163	6,748
Financed By		
Capital Receipts	66	312
Government Grants	237	150
Loans	7,459	3,296
External Funding	67	130
Revenue & Reserves	3,149	663
Major Repairs Allowance	1,185	2,197
Total	12,163	6,748

The large increase in the Council’s expenditure on capital projects in 2015/16 is attributable to the major refurbishment works being carried out on the Council’s housing stock, and the reconstruction of the leisure facilities at Wigston Pool and Parklands.

In addition, the value of the Council’s assets has been assessed at year end through an external valuation. The closing value of the Revaluation Reserve as at 31 March 2016 is £13.482m (2014/15 £13.425m).

Material Charges

Any material items impacting the Comprehensive Income and Expenditure Statement and the Housing Revenue Account are disclosed separately to ensure transparency. For 2015/16 there are no material charges other than those disclosed in the Notes to the Core Financial Statements.

Pensions Liability

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The Council participates in the Local Government Pension Scheme administered by Leicestershire County Council – this is a defined benefit funded scheme, meaning the Council and employees pay contributions into a fund. Under International Accounting Standard 19 the Council is required to account for its share of the scheme's total liabilities. In this respect, the Council's liability to the fund has been included in the accounts in the sum of £18.586m as at 31 March 2016. This liability is matched by a corresponding reserve in the Balance Sheet which means it has no impact on the net worth of the Council. The value of the liability is assessed at each year end by an independent actuary, to establish any changes in the market or the membership of the scheme that may impact the balance. The total liability has decreased by £6.091m since the prior year due to these changes.

Further details on the pension schemes are set out in Note 36.

Accounting Policies

Accounting policies have been reviewed and are explained fully in the Statement of Accounting Policies which is part of the financial statements.

Statutory Functions and Planned Future Developments

There have been no changes in the statutory functions of the Council. The Council is still in the process of restructuring; however no core services have been removed during this process.

The Council has approved a net General Fund revenue budget for 2016/17 of £6.415m and a total Capital Programme of £1.761m. The Housing Revenue Account (HRA) budget is expected to be £0.151m in deficit in the forthcoming year, leaving revenue balances of around £0.442m. This is in line with its approved business plan.

Borrowing Facilities

The Council is able to raise finance for capital expenditure and operational requirements from a number of approved borrowing instruments. As part of its prudential indicators and treasury strategy, the Council sets limitations on borrowing and sets strategic objectives, including the minimisation of the value and cost of external borrowing.

The Prudential Code sets the following indicators for external debt:

- The Authorised Limit - This represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short-term, but is not sustainable. It is the expected maximum borrowing need with some head room for unexpected movements. This is the statutory limit under Section 3 (1) of the Local Government Act 2003.
- The Operational Boundary - This indicator is based on the probable external debt during the course of the year. It is not a limit and actual

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borrowing could vary around the boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.

The following table illustrates the limits and levels of borrowing as at 31 March 2016 as compared to the preceding year end.

	2015/16	2014/15
	£000's	£000's
Borrowing Limits		
Authorised	34,000	38,000
Operational	32,000	36,000
Other Resources		
Long-term	19,144	19,114
Short-term	8,010	3
Bank Overdraft	419	84
	27,573	19,201

The Council has in place an overdraft facility with its bankers in the sum of £1.0m (£1.0m 2014/15).

The Council also utilises operating leases primarily in respect of operational vehicles and finance leasing relating to photocopying equipment. Leasing obligations are shown in note 29 to the core financial statements.

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 2016.

	2015/16	2014/15
	£000's	£000's
Revenue Reserves		
General Fund	996	1,014
Housing Revenue Account	1,346	2,723
Other Resources		
Useable Capital Receipts	729	579
Earmarked Reserves	3,142	4,802

Impact of the Current Economic Climate

2015/16 saw a continuation of the Government's austerity programme and with it a reduction in central government grants to fund Council services. Interest rates remained at an all time low of 0.5% throughout the financial

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year, which once again reduced income streams from investing the Council's cash balances.

Although the economic outlook improved nationally during the year the Council failed to keep income at the same levels as 2014/15 particularly in areas such as Development Control and Recycling Disposal. Council house sales remained at broadly the same level as the previous year.

2016/17 will see a further continuation of the current government policy with further reductions in future funding planned for 2017/18.

- Interest rates continue at a low level, with the current bank base rate set to remain at 0.5% throughout 2016/17.
- If the economic outlook continues to remain positive then services that reflect this such as planning application and building control services should continue to generate good levels of income.
- Council house sales through the Right to Buy Scheme should continue at a similar level to 2015/16.
- The Council will need to be mindful of the impact that the 'leave' result of the EU Referendum will have on the borough as well as wider economy of the United Kingdom. Negotiations to leave the EU will be carried out by the UK government, however, at present the full economic impact of this is unknown (Note 2 of the Core Statements)

Receipt of Further Information

For further information about these accounts please email finance@oadby-wigston.gov.uk or write to The Chief Financial Officer, Council Offices, Station Road, Wigston, Leicestershire LE18 2DR

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council and in particular the Finance Section. I would like to express my thanks to all colleagues who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

Martin Hone CPFA
Chief Finance Officer

Date: 20 September 2016

THE STATEMENT OF ACCOUNTING POLICIES

1. General

The Statement of Accounts (the Accounts) summarise the Council's transactions for the 2015/16 financial year and its position at 31 March 2016. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code), supported by International Financial Reporting Standards (IFRS). It also complies with guidance notes issued by The Chartered Institute of Public Finance and Accountancy (CIPFA) on the application of accounting standards to local Council accounts.

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

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets, and the Statement of Accounts have been prepared with reference to the following fundamental qualitative characteristics:

- Understandability;
- Relevance;
- Materiality;
- Faithful Representation;
- Completeness;
- Neutrality;
- Free from error

These accounts are presented in GB Pounds Sterling (£) as this is the most representative currency of the Council's operations, and rounded to the nearest thousand pounds.

The preparation of accounts in accordance with the Code requires management to make judgements, estimates and assumptions that affect the application of policies, the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and other factors which are considered to be reasonable under the circumstances. They form the basis of judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a continuing basis. 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 in note 2.

THE STATEMENT OF ACCOUNTING POLICIES

2. Critical Judgements in Applying Accounting Policies

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- 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 a finance or an operating lease. The results of this exercise have been reviewed to establish the substance of the transaction and its appropriate treatment.

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

Prior period adjustments may arise as a result of a change in accounting policy 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 policy 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 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.

4. Revenue Recognition

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

Revenue from services is recognised as the services are provided.

THE STATEMENT OF ACCOUNTING POLICIES

The total consideration on arrangements with multiple revenue generating activities, is allocated to those components that are capable of operating 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.

5. Segmental Reporting

The Council's operating segments are organised into four committee areas; Service Delivery, Finance, Policy and Development, Development Control and Licensing and Children and Young Persons Services. The Council's operating segments were determined to be by committee because the chief operating decision-maker (deemed as the Management Team) primarily uses information on committees in order to make decisions about allocating resources and assessing performance.

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

6. 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.
- When 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:-

THE STATEMENT OF ACCOUNTING POLICIES

- Telephone accounts are being charged to that year which has the majority 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 accruals principle are consistently applied each year, and therefore do not have a material effect on the year's accounts.

7. Interest Income and Expenses

Interest income and expenses are accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

An interest expense on a qualifying asset is capitalised.

8. 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. These items are disclosed separately in the accounts.

9. Overheads and Support Services

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 2015/16 (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, with the exception of:

- 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.

THE STATEMENT OF ACCOUNTING POLICIES

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.

10. 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-ringfenced 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.

11. 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.

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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 has to 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.

12. Value Added Tax (VAT)

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

13. 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.

14. 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
- impairment losses attributable to the clear consumption of economic benefits on non-current assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off

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- 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 2015/16 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.

15. Intangible Fixed Assets

Expenditure on 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. The balance is amortised to the relevant revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

16. Property, Plant and Equipment

Property, Plant and Equipment are non-current assets that have physical substance and are held for use in the provision of services or for administration purposes on a continuing basis.

Recognition: Expenditure equal to or in excess of £3,000 (De minimis level) on the acquisition, creation or enhancement of Property, Plant and Equipment

THE STATEMENT OF ACCOUNTING POLICIES

is capitalised on an accruals basis, provided that it yields benefits to the Council for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Measurement: Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- Council Dwellings - Existing Use Value (Social Housing)
- Property, Plant and Equipment (Includes Other Land and Buildings, Vehicles, Plant and Equipment) – Depreciated Replacement Cost (As an approximation to Fair Value)
- Infrastructure Assets – Depreciated Historical Cost
- Community Assets – Historic Cost
- Investment Properties – Market Value (As an approximation to Fair Value)
- Assets Held for Sale – Market Value (As an approximation to Fair Value)
- Surplus Assets - Market Value (As an approximation to Fair Value)

Assets included in the balance sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the 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: the values of each category of assets and of material individual assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for as follows:

- If 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).
- If 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.

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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

A proportion of 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.

Depreciation: depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

- Council dwellings and other buildings – straight-line allocation over the life of the property as estimated by the valuer. Council dwellings are depreciated over a useful life of between 45 and 50 years.
- Vehicles, plant and equipment – straight line allocation over the life of the asset as advised by a suitably qualified officer. The useful life of the plant, equipment and vehicles has fallen into a range of between 5 and 10 years.
- Although in some cases the useful life of the Council's operational buildings is likely to be greater than 20 years, a prudent view has been adopted, depreciating the buildings over a period of between 5 and 20 years. An exception has been made in respect of the new leisure facilities, which as new construction, is expected to last 40 years, and is of material value.

THE STATEMENT OF ACCOUNTING POLICIES

- Newly acquired or operational assets are depreciated for a full year in the first year, although assets in the course of 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 or investment properties.

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.

Componentisation: A component is a part of a larger asset that has to 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 and 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

- Wigston Swimming Pool
- Oadby Swimming Pool
- Brocks Hill Visitors 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.

17. Heritage Assets

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

Heritage assets are recognised where they meet 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 will be 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.

18. 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.

19. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

20. Leases

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between:

- A charge for the acquisition of the interest in the asset (recognised as a liability in the balance sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable) and
- A finance charge (debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement as the rent becomes payable).

Assets recognised under finance leases are accounted for using the policies applied generally to Property, Plant and Equipment, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Operating Leases

THE STATEMENT OF ACCOUNTING POLICIES

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on an accruals basis.

21. 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 of 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.

22. Employee Benefits

Payable During Employment

Short-term employee benefits (those that fall wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits such as car loans for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against the service in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and flexi-time earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Unuseable Reserve – Accumulated Absence Account in the Movement in Reserves Statement.

Termination Benefits

These 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 and are charged on an accruals basis to the relevant service(s) within the Surplus or Deficit on

THE STATEMENT OF ACCOUNTING POLICIES

Provision of Services in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

23. Retirement Benefits

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

The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the 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 3.5% (A Corporate Bond yield curve is constructed based on the constituents of the iBoxx £ Corporates AA 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 pensions liability is analysed into seven components:-

THE STATEMENT OF ACCOUNTING POLICIES

- 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 whom 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.
- 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.
- Expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.
- Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- 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 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

THE STATEMENT OF ACCOUNTING POLICIES

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.

24. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to 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. For all of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

25. Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- Available-for-sale assets – assets that have a quoted market price and /or do not have fixed or determinable payments.

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 a number of 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

THE STATEMENT OF ACCOUNTING POLICIES

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 derecognition of the asset, are credited or debited to the Comprehensive Income and Expenditure 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 derecognition 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).

THE STATEMENT OF ACCOUNTING POLICIES

26. 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.

Certain reserves are kept to manage the accounting processes for Property, Plant and Equipment, retirement benefits and other items that do not represent useable resources for the Council. Full explanations are given within the Notes to the Core Financial Statements of the Capital Adjustment Account (Note 23), the Revaluation Reserve (Note 24) and the Pensions Fund Reserve (Note 25). Other than these the following unuseable reserves apply:

- Financial Instruments Adjustment Account – This account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions (Note 43)
- Deferred Capital Receipts Reserve – This holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as useable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Useable Capital Receipts Reserve.
- Collection Fund Adjustment Account – This manages the difference arising from the recognition of council tax and non domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers compared with statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
- Accumulated Absence Account – This absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year such as leave carried forward at 31 March.

27. Contingencies

Where a contingent loss can be accurately estimated and it is probable that a future event will confirm a material loss, it will be accrued in the financial statements. In the case of contingent liabilities that cannot be accurately estimated or where it is not certain that a future event will confirm a material loss, no accrual is made but details are set out in a disclosure note. In

THE STATEMENT OF ACCOUNTING POLICIES

accordance with the concept of prudence, contingent gains are not allowed in the accounting statements.

28. Related Party Transactions

Material related party relationships and transactions, outstanding balances between the Council and its related parties are disclosed within a note to the Statement of Accounts (Note 33).

29. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, which provide evidence of conditions that existed at the end of the reporting but occur between the end of the reporting period and the date when the financial statements are authorised for issue.

An adjustment is made to the Statement of Accounts where events provide evidence of conditions that existed at the end of the reporting. Where events are only indicative of conditions, no adjustment is made but a disclosure is made where the impact is deemed to be material.

30. Collection Fund

The Council acts as an agent collecting council tax on behalf of the major preceptors and itself. Consequently, council tax transactions and balances are allocated to this Council and the other major preceptors. This results in the Comprehensive Income and Expenditure Statement showing the accrued amounts payable with an adjustment in the Movement in Reserves Statement on the General Fund Balance to reflect statutory requirements. The Balance Sheet shows debtors or creditors for the amounts receivable or payable to the major preceptors and this Council.

In the case of National Non-Domestic Rates (NNDR), the Council again acts as agents collecting the income for major preceptors including Central Government. This results in the Comprehensive Income and Expenditure Statement showing the accrued amounts payable with an adjustment in the Movement in Reserves Statement on the General Fund Balance to reflect statutory requirements. The Balance Sheet shows debtors or creditors for the amounts receivable or payable to the major preceptors and this Council. "Tariff" expenditure included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued expenditure.

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.

	Note	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2015		1,014	3	2,723	4,802	579	30	9,151	16,418	25,569
Movement in Reserves during 2015/16										
Deficit on the provision of services		(6,136)	0	(1,487)	0	0	0	(7,623)	0	(7,623)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	7,966	7,966
Total Comprehensive Income and Expenditure		(6,136)	0	(1,487)	0	0	0	(7,623)	7,966	343
Adjustments between accounting basis & funding basis under regulations	4	5,697	0	432	(1,561)	150	0	4,718	(4,871)	(153)
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(439)	0	(1,055)	(1,561)	150	0	(2,905)	3,095	190
Transfers (to)/from Earmarked Reserves	5	421	0	(322)	(99)	0	0	0	0	0
Increase/(Decrease) in 2015/16		(18)	0	(1,377)	(1,660)	150	0	(2,905)	3,095	190
Balance at 31 March 2016 carried forward		996	3	1,346	3,142	729	30	6,246	19,513	25,759

The Movement in Reserves Statement

	Note	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2014		891	3	1,897	5,551	705	30	9,077	20,258	29,335
Movement in Reserves during 2014/15										
Deficit on the provision of services		(2,555)	0	(658)	0	0	0	(3,213)	0	(3,213)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	(553)	(553)
Total Comprehensive Income and Expenditure		(2,555)	0	(658)	0	0	0	(3,213)	(553)	(3,766)
Adjustments between accounting basis & funding basis under regulations	4	3,429	0	1,841	(1,857)	(126)	0	3,287	(3,287)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		874	0	1,183	(1,857)	(126)	0	74	(3,840)	(3,766)
Transfers (to)/from Earmarked Reserves	5	(751)	0	(357)	1,108	0	0	0	0	0
Increase/(Decrease) in 2014/15		123	0	826	(749)	(126)	0	74	(3,840)	(3,766)
Balance at 31 March 2015 carried forward		1,014	3	2,723	4,802	579	30	9,151	16,418	25,569

Signature



Date: 30 June 2016

Martin Hone CPFA, Chief Financial Officer

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

	Note	2015/16			2014/15		
		Gross Expend	Gross Income	Net Expend	Gross Expend	Gross Income	Net Expend
		£000's	£000's	£000's	£000's	£000's	£000's
EXPENDITURE ON SERVICES							
Central Services to the Public		1,336	(458)	878	1,113	(397)	716
Cultural and Related Services		4,862	(345)	4,517	1,951	(368)	1,583
Environmental and Regulatory Services		3,196	(616)	2,580	2,984	(968)	2,016
Planning Services		1,090	(331)	759	1,257	(272)	985
Highways and Transport Services		212	(27)	185	199	(33)	166
Other Housing Services		10,345	(9,526)	819	10,508	(9,918)	590
Local Authority Housing (HRA)		4,799	(5,189)	(390)	4,444	(5,171)	(727)
Corporate and Democratic Core		1,669	(308)	1,370	1,397	(226)	1,171
Non Distributed Costs		71	(59)	12	91	(59)	32
Net Cost of Services		27,580	(16,859)	10,730	23,944	(17,412)	6,532
Other Operating Expenditure	7			2,213			2,003
Financing and Investment Income	8			1,216			1,392
Taxation and Non-specific Grant Income and Expenditure	9			(6,535)			(6,714)
(Surplus) or Deficit on Provision of Services				7,624			3,213
(Surplus)/Deficit arising on Revaluation of Plant, Property and Equipment Assets	24			(831)			(2,837)
Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities	25			(6,982)			3,390
Other Comprehensive Income and Expenditure				(7,813)			553
Total Comprehensive Income and Expenditure				(189)			3,766

Martin Hone CPFA, Chief Financial Officer

Date 20 September 2016

THE BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the 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 Statement line "Adjustments between Accounting Basis and Funding Basis under Regulations".

		As At 31/03/2016	As At 31/03/2015
	Note	£000's	£000's
Property, Plant & Equipment	10	70,282	66,293
Heritage Assets	11	40	40
Investment Property	12	376	223
Intangible Assets	13	115	137
Long Term Debtors	14	12	27
Long Term Investments	15	0	0
Long Term Assets		70,825	66,720
Short Term Debtors	14	1,856	1,803
Short Term Investments	15	3	4,018
Inventories	17	66	76
Cash and Cash Equivalents	18	3,961	1,408
Current Assets		5,886	7,305
Short Term Borrowing		(8,010)	(3)
Bank Overdrawn	18	(419)	(84)
Short Term Creditors	19	(3,319)	(3,229)
Short Term Provisions	20	(602)	(361)
Current Liabilities		(12,350)	(3,677)
Long Term Creditors		(19)	(33)
Long Term Borrowing		(19,114)	(19,114)
Other Long Term Liabilities	36	(18,586)	(24,677)
Capital Grants Receipts in Advance	21	(883)	(955)
Long Term Liabilities		(38,602)	(44,779)
Net Assets		25,759	25,569

THE BALANCE SHEET

		As At 31/03/2016	Restated As At 31/03/2015
	Note	£000's	£000's
Usable Reserves	22	(6,245)	(9,150)
Unusable Reserves			
Capital Adjustment Account	23	(25,067)	(28,024)
Revaluation Reserve	24	(13,312)	(13,426)
Pension Fund Reserve	25	18,586	24,677
Financial Instrument Adjustment Account		7	7
Collection Fund Adjustment Account	22	241	312
Accumulated Staff Absences Reserve	22	31	35
Total Reserves		(25,759)	(25,569)

Martin Hone CPFA
Chief Financial Officer

Date: 20 September 2016

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.

		2015/16	2014/15
	Note	£000's	£000's
Net (Surplus) or Deficit on the Provision of Services		7,623	3,213
Adjustments to the Net Surplus or Deficit of the Provision of Services for Non Cash Movement			
Depreciation and Impairment of Non-current Assets		(6,176)	(3,090)
Increase/(Decrease) in Inventories		(10)	13
Increase/(Decrease) in Debtors		(4)	401
(Increase)/Decrease in Creditors		105	(1,335)
Net Charges made for Retirement Benefits		(891)	(861)
Carrying Amount of Non Current Assets Sold		(291)	(252)
Carrying Amount of Non Current Assets De-recognised		(2,096)	(1,942)
Increase/(Decrease) in Provisions		(241)	(135)
Bad Debts Written Off in Year		(22)	0
Movement in the Value of Investment Properties		153	0
Other Cash and Non Cash Movements		(12)	(3)
		(9,485)	(7,204)
Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		13	(315)
Interest Received in Year		(29)	(55)
Interest Paid in Year		583	577
Net Cashflows from Operating Activities		(1,295)	(3,784)
Investing Activities	26	7,288	3,616
Financing Activities	27	(8,211)	658
Net Increase or (Decrease) in Cash or Cash Equivalents		(2,218)	490
Cash or Cash Equivalents at the Beginning of the Reporting Period		(1,324)	(1,814)
Cash or Cash Equivalents at the End of the Reporting Period	18	(3,542)	(1,324)
Movement in Cash and Cash Equivalents		(2,218)	490

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 that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code:

IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The 'Telling the Story' review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.

Other minor changes due to Annual Improvement to IFRSs cycles, IFRS11 Joint arrangements, IAS 16 Property Plant, Equipment and IAS 38 Intangible Assets and IAS 19 Employee Benefits are minor and are not expected to have a material effect on the Council's Statement of Accounts.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

2. Events after the Reporting Period

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister, to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future, once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

The Council completed the sale of the Sports Ground on Countersthorpe Road for £200,000. This is considered a non-adjusting event as regards the Statement of Accounts.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

The items in the Council's Balance Sheet at 31st March 2016 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<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>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 £83k on General Fund Property and £30k on Housing Revenue Account property for every year that the useful life is reduced.</p> <p>If an asset is impaired the carrying amount of the asset is reduced.</p>

NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are made by actuaries appointed by Leicestershire County Council who administer the pension fund.</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 pension liability. • A one year increase in member life expectancy would result in an increase in pension liability. • An increase in the pension increase rate would result in an increase in pension liability.
Arrears	<p>At 31st March 2016, the Council had a balance of £0.37m for sundry debtors. A review of balances suggested that an impairment of doubtful debts of £0.17m was appropriate.</p>	<p>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.</p>

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.

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	
2015/16	£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	3,978		2,135				(6,113)
Movement in Market Value of Investment Properties	(153)						153
Amortisation of Intangible Assets	50		13				(63)
Revenue expenditure funded from capital under statute	244						(244)
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	1,153		1,279				(2,432)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Statutory provision for the financing of capital investment	(271)						271
Capital Expenditure charged against General Fund and HRA Balances			(1,895)				1,895
Capital Expenditure charged against Earmarked Reserves				(1,253)			1,253

NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied	
	£000's	£000's	£000's	£000's	£000's	£000's	
2015/16							
Adjustments primarily involving the Capital Grants Unapplied Account:							
Application of grants to capital financing transferred to Capital Adjustment Account	(127)						127
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	(50)		(323)		373		0
Use of the Capital Receipts Reserve to finance new capital expenditure					(66)		66
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposal	9				(9)		0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	148				(148)		0
Adjustments involving the Major Repairs Reserve:							
Reversal of Major Repairs Allowance credited to the HRA			(877)	877			0
Use of the Major Repairs Reserve to finance new capital expenditure				(1,185)			1,185

NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	
	£000's	£000's	£000's	£000's	£000's	£000's	
2015/16							
Adjustments involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,578		195				(1,773)
Employer's pension contributions and direct payments to pensioners payable in the year	(785)		(97)				882
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	(71)						71
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	(6)		2				4
Total Adjustments	6,003	0	432	(1,561)	150	0	5,024

NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	
	£000's	£000's	£000's	£000's	£000's	£000's	
2014/15 Comparative Figures							
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	848	0	2,166	0	0	0	(3,014)
Amortisation of Intangible Assets	60	0	16	0	0	0	(76)
Revenue expenditure funded from capital under statute	446	0	0	0	0	0	(446)
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	1,328	0	866	0	0	0	(2,194)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Statutory provision for the financing of capital investment	(238)	0	0	0	0	0	238
Capital expenditure charged against the General Fund and HRA balances	0	0	(174)	0	0	0	174
Capital Expenditure charged against Earmarked Reserves	0	0	0	(489)	0	0	489
Adjustments primarily involving the Capital Grants Unapplied Account:							
Application of grants to capital financing transferred to the Capital Adjustment Account	(130)	0	0	0	0	0	130

NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	
	£000's	£000's	£000's	£000's	£000's	£000's	
2014/15 Comparative Figures							
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	(312)	0	312	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(312)	0	312
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposal	5	0	0	0	(5)	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	121	0	0	0	(121)	0	0
Adjustments involving the Major Repairs Reserve:							
Reversal of Major Repairs Allowance credited to the HRA	0	0	(828)	828	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0	0	0	0
Adjustments involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0	0

NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	
	£000's	£000's	£000's	£000's	£000's	£000's	
2014/15 Comparative Figures							
Adjustments involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,482	0	221	0	0	0	(1,703)
Employer's pension contributions and direct payments to pensioners payable in the year	(733)	0	(110)	0	0	0	843
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	252	0	0	0	0	0	(252)
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	(13)	0	4	0	0	0	9
Total Adjustments	3,429	0	1,841	(1,857)	(126)	0	3,287

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 2015/16. In addition where the Council has received grants with conditions attached to them they are transferred to a specific earmarked reserve.

	31 March 2014	In/(Out) Fund	Other Reserves	31 March 2015	In/(Out) Fund	Other Reserves	31 March 2016
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
General Fund Earmarked Reserves							
Budget Carried Forward	30	76	0	106	(63)	0	43
Capital	24	12	(30)	6	16	(15)	7
Software Implementation	8	0	(2)	6	0	(6)	0
Operations	30	0	0	30	(30)	0	0
Plant and Machinery	62	0	(32)	30	0	(30)	0
Service Improvement	50	0	(26)	24	0	0	24
Council Priority	73	0	0	73	0	108	181
Welfare Reform	75	0	0	75	0	0	75
Troubled Families	24	0	0	24	(1)	0	23
Disabled Facilities	7	0	(7)	0	15	(10)	5
ERDF Schemes	150	0	(133)	17	20	(6)	31
Greening the Borough	184	(1)	0	183	(13)	0	170
Active Asset Management	350	0	(50)	300	0	0	300
Contingency	200	0	0	200	0	0	200
Management of Change	300	200	(55)	445	(322)	(65)	58
Weekly Collection Support Scheme	1,170	0	(179)	991	0	(983)	8
Budget Equilibrium	200	400	0	600	0	0	600
Income Profiling	150		0	150	(103)	0	47
Land Valuation	0	(2)	25	23	(3)	0	20
HR Recruitment	0	20	0	20	0	0	20
Land Charges	0	0	0	0	37	0	37
Borough Events	0	0	0	0	0	9	9
Total General Fund Earmarked Reserves	3,087	705	(489)	3,303	(447)	(998)	1,858

NOTES TO THE CORE FINANCIAL STATEMENTS

	2014/15			2015/16			
	Balance	Transfer	(To)/From	Balance	Transfer	(To)/From	
	31 March	In/(Out)	Other	31 March	In/(Out)	Other	
	2014	Fund	Reserves	2015	Fund	Reserves	
£000's	£000's	£000's	£000's	£000's	£000's	£000's	
General Fund Grants							
Grounds Maintenance	234	0	0	234	(24)	0	210
Housing and Planning Delivery Grant	176	36	0	212	(5)	0	207
Earmarked Grants	542	11	0	553	55	(116)	492
Total General Fund Grants	952	47	0	999	26	(116)	909
Total General Fund	4,039	752	(489)	4,302	(421)	(1,114)	2,767
HRA							
Regeneration Reserve	500	0	0	500	0	(139)	361
Major Repairs Reserve	1,012	357	(1,369)	0	308	(308)	0
Budget Carried Forward				0	0	14	14
Total HRA	1,512	357	(1,369)	500	308	(433)	375
Grand Total	5,551	1,109	(1,858)	4,802	(113)	(1,547)	3,142

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.

Housing and Planning Delivery Grant	Contains the remaining proceeds of this Central Government funding for future housing and planning projects.
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.
Capital	Monies put aside specifically for use to fund capital projects.
Software Implementation	Monies put aside specifically for funding ICT software improvements.

NOTES TO THE CORE FINANCIAL STATEMENTS

Operations Reserve	This reserve is provided as insurance against potential fluctuations in market pricing on the sale of recyclates.
Plant and Machinery	Used to fund the purchase of replacement plant and machinery.
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.
Weekly Collection Support Scheme	Funding towards the retention of weekly waste collection, recycling rewards and innovation schemes.
Regeneration Reserve	Additional reserve set aside for regeneration and new build of council housing.

NOTES TO THE CORE FINANCIAL STATEMENTS

Contingency Reserve	To safeguard against budget risk and for one off priming initiatives.
Management of Change	For future organisational development expenditure.
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.
HR Recruitment Reserve	To fund Council recruitment as required.
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.

6. Material Items of Income and Expenditure

For 2015/16 the Council has the following material items of income and expenditure for both capital and revenue.

The Council paid out £6million in Housing Benefits during 2015/16 and a further £2.9million in Rent Rebates. The Government Subsidy received to fund these is not listed here but is included in Note 37 to the core statements.

The Council also undertook two major capital schemes, spending a further £6.9million on the Leisure Facilities redevelopment project begun in 2014/15, and £2.7million on major refurbishment projects within with the Council's housing stock.

7. Other Operating Expenditure

	2015/16	2014/15
	£000's	£000's
(Gains)/Loss on Disposal of Non-current Assets	(31)	(60)
Loss on De-recognition of Fixed Assets *	2,096	1,942
Contribution to Housing Pooled Capital Receipts	148	121
Total	2,213	2,003

* De-recognition relates to components of various housing assets which have been replaced and therefore de-recognised in year, and to Oadby Swimming Pool, as its value in service is now nil.

NOTES TO THE CORE FINANCIAL STATEMENTS

8. Financing and Investment Income and Expenditure

	2015/16	2014/15
		Restated
	£000's	£000's
Interest Payable and Similar Charges	592	574
(Gains)/Loss on Revaluation of Investment Properties	(153)	0
Interest and Investment Income	(14)	(59)
Pension Interest Costs and Expected Return on Pension Assets	791	877
Total	1,216	1,392

9. Taxation and Non Specific Grant Income and Expenditure

	2015/16	2014/15
	£000's	£000's
General Government Grants	(1,175)	(1,677)
Council Tax Income	(3,369)	(3,289)
Collection Fund (Surplus)/Deficit - Council Tax	(43)	(88)
Non-Domestic Rates Income	(4,816)	(4,471)
Collection Fund (Surplus)/Deficit - NNDR	174	95
Non-Domestic Rates Tariff Payment	3,512	3,446
Non-Domestic Rates Safety Net	4	(83)
Non-Domestic Rates Levy	20	0
LLP Share of Surplus (Pool)	(24)	0
S31 Small Business Rate Relief	(353)	(274)
Capital Grants and Contributions	(147)	(130)
New Homes Bonus	(318)	(243)
Total	(6,535)	(6,714)

NOTES TO THE CORE FINANCIAL STATEMENTS

10. Property, Plant and Equipment

Cost or Valuation						
	Council Dwellings	Other Land & Buildings	Vehicles, plant etc.	Community Assets	Assets Under Construction	Total Assets
	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2014	41,067	18,184	3,474	2,677	0	65,402
Additions	2,322	1,513	544	69	1,619	6,067
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	1,732	1,021	0	66	0	2,819
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(2,041)	(663)	0	(9)	0	(2,713)
Derecognition - Disposals	(312)	(1,328)	0	0	0	(1,640)
Derecognition - Other	(614)	0	0	0	0	(614)
Balance at 31 March 2015	42,154	18,727	4,018	2,803	1,619	69,321
Balance at 1 April 2015	42,154	18,727	4,018	2,803	1,619	69,321
Additions	3,265	8,536	1,508	10	(1,619)	11,700
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	766	71	0	(5)	0	832
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(2,064)	(3,669)	0	(11)	0	(5,744)
Derecognition - Disposals	(1,038)	(1,058)	(303)	0	0	(2,399)
Derecognition - Other	(241)	0	0	0	0	(241)
Balance at 31 March 2016	42,842	22,607	5,223	2,797	0	73,469

NOTES TO THE CORE FINANCIAL STATEMENTS

	Council Dwellings	Other Land & Buildings	Vehicles, plant etc.	Community Assets	Assets Under Construction	Total Assets
	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2014	0	0	2,788	0	0	2,788
Depreciation Charge	749	601	240	9	0	1,599
Depreciation Written Out to the Revaluation Reserve	(749)	(601)	0	(9)	0	(1,359)
Derecognition - Disposals	0	0	0	0	0	0
Derecognition - Other	0	0	0	0	0	0
Balance at 31 March 2015	0	0	3,028	0	0	3,028
Balance at 1 April 2015	0	0	3,028	0	0	3,028
Depreciation Charge	793	1,098	368	9	0	2,268
Depreciation Written Out to the Capital Adjustment Account	(793)	(1,098)		(9)	0	(1,900)
Derecognition - Disposals			(208)			(208)
Balance at 31 March 2016	0	0	3,188	0	0	3,188

	2015/16			2014/15		
	Net Book Value	Nature of Asset		Net Book Value	Nature of Asset Holding	
		Finance Lease	Owned		Finance Lease	Owned
	£000's	£000's	£000's	£000's	£000's	£000's
Council Dwellings	42,842		42,842	42,154	0	42,154
Other Land & Buildings	22,607		22,607	18,727	0	18,727
Community Assets	2,798		2,798	2,803	0	2,803
Vehicles, Plant etc	2,008	27	2,035	950	40	990
Incomplete Assets	0		0	1,619	0	1,619
Total	70,255	27	70,282	66,253	40	66,293

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 20 years
- iii) Vehicle Plant and Equipment - 5 to 10 years

Capital Commitments

At the 31st of March 2016, the Council had outstanding capital commitments of £550K in relation to HRA major refurbishment works at Boulter Crescent, £210K in relation to HRA major refurbishment works at Kings Drive, and £52K in relation to HRA major refurbishment works at Queens Street.

NOTES TO THE CORE FINANCIAL STATEMENTS

Valuation of Assets

The freehold and leasehold properties which comprise the Council's property portfolio have been valued as at 31 March 2015 by an external independent valuer, Innes England, in accordance with the statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (RICS), except that not all the properties were inspected. This was neither practical nor considered by the valuer to be necessary for the purposes of the valuation. Consequently, Council Dwellings were valued using the "Beacon Principle". Inspections to determine the Beacon properties were carried out between February and April 2010.

Land and Community Assets have been valued using the depreciated replacement cost valuation method on an existing use value basis which is the amount the property would be exchanged for on the date of the valuation.

Plant and machinery directly associated with the building is generally included in the valuation of the buildings. However, where in conjunction with the valuer it is found that a building has plant of which the value forms a significant part of the building and which needs to be depreciated at a different rate from the building, then this has been dealt with as a separate item.

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

Where an impairment loss on an operational fixed asset occurs this has been recognised, if it is caused by a clear consumption of economic benefit (e.g. physical damage or deterioration in the quality of the service provided by the asset), or a significant decline in the market value of assets that is significantly greater than would be expected as a result of the passage of time or normal use.

In order to judge impairment of Council Dwellings, a rolling stock condition survey is being carried out. Any assets that are considered to have suffered any impairment are referred to the Council's independent valuer for assessment. To date no impairment relating to obsolescence has been recognised although some assets have suffered a reduction in value due to market forces.

11. Heritage Assets

These 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.

	2015/16	2014/15
	£000's	£000's
Balance at 1 April	40	40
Additions	0	0
Balance at 31 March	40	40

NOTES TO THE CORE FINANCIAL STATEMENTS

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:

	2015/16	2014/15
	£000's	£000's
Rental Income from Investment Property	(17)	(16)
Direct Operating Expenses Arising from Investment Property	0	0
Net Gain/(Loss)	(17)	(16)

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.

2015/16 has seen an increase of £153,000 in the value of the Council's investment properties.

	2015/16	2014/15
	£000's	£000's
Balance at 1 April	223	206
Revaluation Gain Recognised in the Surplus/Deficit on the Provision of Services	153	17
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0
Balance at 31 March	376	223

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

Cost or Valuation of Software	2015/16	2014/15
	£000's	£000's
Balance at 1 April	774	689
Additions	41	85
Balance at 31 March	815	774

Depreciation and Impairment of Software	2015/16	2014/15
	£000's	£000's
Balance at 1 April	637	561
Amortisation for the Year	63	76
Balance at 31 March	700	637

Net Book Value	Balance as at 31 March 2016	Balance as at 31 March 2015
	£000's	£000's
Software	115	137

14. Debtors

Amounts falling due in one year are:

	2015/16	2014/15
	£000's	£000's
Central Government Bodies	637	566
Other Local Authorities	261	262
Other Entities and Individuals	958	975
Total	1,856	1,803

Amounts falling due after one year are:

	2015/16	2014/15
	£000's	£000's
Voluntary Organisation Loans	2	3
Car Loans to Employees	10	24
Other Long Term Debtors	0	0
	12	27

NOTES TO THE CORE FINANCIAL STATEMENTS

15. Investments

The Council's investments are detailed below.

	2015/16	2014/15
	£000's	£000's
Long Term Investments (Greater than 1 year)	0	0
Short Term Investments (Less than 1 year)	3	4,018
	3	4,018

16. Assets Held for Sale

Countesthorpe Road Sports Ground was classified as an asset held for sale as at 31st March 2016. It was sold for £200,000 on 17th May 2016.

17. Inventories

	Consumable Stores		Maintenance Materials		Recyclates		Total	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance Outstanding at Start of Year	16	15	25	15	35	33	76	63
Purchases	149	185	29	32	168	297	346	514
Recognised as an Expense in the Year	(151)	(184)	(34)	(22)	(171)	(295)	(356)	(501)
Balance Outstanding at End of Year	14	16	20	25	32	35	66	76

There is no write down of Inventory as most items are consumables.

NOTES TO THE CORE FINANCIAL STATEMENTS

18. Cash and Cash Equivalent and Bank Overdrawn

Cash and Cash Equivalents	31 March 2016	31 March 2015
	£000's	£000's
Short-term Deposits	3,961	1,408
Bank Overdrawn	31 March 2016	31 March 2015
	£000's	£000's
Cash Held by the Authority	5	4
Bank Current Accounts	(424)	(88)
	(419)	(84)
Total	3,542	1,324

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 31 March 2016 was 0.25% (0.50% as at 31 March 2015).

The Council has an unsecured bank overdraft facility of £1 million.

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

19. Short Term Creditors

	2015/16	2014/15
	£000's	£000's
Central Government Bodies	(628)	(413)
Other Local Authorities	(66)	(36)
Other Entities and Individuals	(2,625)	(2,780)
Total	(3,319)	(3,229)

NOTES TO THE CORE FINANCIAL STATEMENTS

20. Provisions

	Accumulated Absence 2015/16	NNDR Appeals 2015/16	Total 2015/16
	£000's	£000's	£000's
Balance B/Fwd	(35)	(326)	(361)
Arising during the year	(31)	(245)	(276)
Used during the year	35	0	35
Balance C/Fwd	(31)	(571)	(602)
Current Provision	(31)	(571)	(602)
	(31)	(571)	(602)
Expected Timing of Cash Flows:			
To 31 March 2017	(31)	(571)	(602)
Total	(31)	(571)	(602)

	Accumulated Absence 2014/15	NNDR Appeals 2014/15	Total 2014/15
	£000's	£000's	£000's
Balance B/Fwd	(52)	(174)	(226)
Arising during the year	(35)	(194)	(229)
Used during the year	52	42	94
Balance C/Fwd	(35)	(326)	(361)
Current Provision	(35)	(326)	(361)
	(35)	(326)	(361)
Expected Timing of Cash Flows:			
To 31st March 2016	(35)	(326)	(361)
Total	(35)	(326)	(361)

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 1 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

21. Capital Grants and Contributions - Receipts in Advance

	2015/16	2014/15
	£ 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	(305)	(306)
Section 106 - Open Space	(550)	(621)
Green Roof Bus Shelter	(6)	(6)
Brocks Hill Alarm	(1)	(1)
DECC Grant	(5)	(5)
Total	(883)	(955)

22. Movements on Reserves

	Balance	Net	Balance	Net	Balance
	At	Movement	At	Movement	At
	31st March	in	31st March	in	31st March
	2014	Year	2015	Year	2016
	£000's	£000's	£000's	£000's	£000's
Earmarked Reserves (Note 5)	(5,551)	750	(4,801)	1,660	(3,141)
Other Usable Reserves					
Usable Capital Receipts Reserve	(705)	126	(579)	(150)	(729)
Capital Grants Unapplied Reserve	(30)	0	(30)	0	(30)
Deferred Capital Receipts - General Fund	(3)	0	(3)	0	(3)
General Fund	(891)	(123)	(1,014)	18	(996)
Housing Revenue Account	(1,897)	(826)	(2,723)	1,377	(1,346)
	(9,077)	(73)	(9,150)	2,905	(6,245)

NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance	Net	Balance	Net	Balance
	At	Movement	At	Movement	At
	31 March	in	31 March	in	31 March
	2014	Year	2015	Year	2016
	£000's	£000's	£000's	£000's	£000's
Unusable Reserves					
Collection Fund Adjustment Account	60	252	312	(71)	241
Pensions Reserve	20,426	4,251	24,677	(6,091)	18,586
Revaluation Reserve	(11,246)	(2,179)	(13,425)	113	(13,312)
Capital Adjustment Account	(29,557)	1,533	(28,024)	2,957	(25,067)
Financial Instruments Adjustment Account	7	0	7	0	7
Accumulated Absences Reserve	52	(17)	35	(4)	31
	(20,258)	3,840	(16,418)	(3,096)	(19,514)
Total	(29,335)	3,766	(25,569)	(190)	(25,759)

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.
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 Authorities obligation to staff for leave earned but not taken at the end of the financial year.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 (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.

	2015/16	2014/15
	£000's	£000's
Balance as at 1 April	(28,041)	(29,557)
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	6,113	3,014
Amortisation of intangible assets	63	76
Revenue expenditure funded from capital under statute	244	446
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	2,432	2,194
	8,852	5,730
Adjusting amounts written out of the Revaluation Reserve	(928)	(657)
Notional Gain on Revaluation of Investment Property	(153)	(17)
Net Written Out Amount of the Cost of Non-current Assets Consumed in the Year	(20,270)	(24,501)
Capital financing applied in the year		
Use of Capital Receipts Reserve to finance new capital expenditure	(66)	(312)
Use of Major Repairs Reserve to finance new capital expenditure	(1,185)	(2,197)
Application of grants to capital financing from the Capital Grants Unapplied Account and other Reserves	(1,380)	(619)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(271)	(238)
Capital expenditure charged against the General Fund and HRA balances	(1,895)	(174)
	(4,797)	(3,540)
Balance as at 31 March	(25,067)	(28,041)

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:

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

	2015/16	2014/15
	£000's	£000's
Balance as at 1 April	(13,409)	(11,246)
Upward revaluation of assets	(2,183)	(2,989)
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the Provision of Services	1,199	152
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(984)	(2,837)
Amount written off to the Capital Adjustment Account	928	657
Adjustment for Revaluation Gain on Investment Properties	153	17
Balance 31 March	(13,312)	(13,409)

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.

	2015/16	2014/15
	£000's	£000's
Balance at 1 April	24,677	20,426
Transfer to Pension Reserve	(5)	(4)
Remeasurements of the net defined benefit liability/(asset)	(6,977)	3,394
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.	1,773	1,704
Employer's Pension Contributions and direct payments to the pensioners payable in the year.	(882)	(843)
Balance at 31 March	18,586	24,677

NOTES TO THE CORE FINANCIAL STATEMENTS

26. Cash Flow Statement - Investing Activities

	2015/16	2014/15
	£000's	£000's
Purchase of Property Plant and Equipment	11,737	6,153
Proceed of the Sale of Property Plant and Equipment	(374)	(312)
Other Receipts from Investing Activities	(75)	(225)
Net Change in Investments	(4,000)	(2,000)
Total Investing Activities	7,288	3,616

27. Cash Flow Statement - Financing Activities

	2015/16	2014/15
	£000's	£000's
Cash Receipts from Long and Short Term Borrowing	(8,000)	0
Repayments of Short Term and Long Term Borrowing	3	12
Appropriation to/from the Collection Fund Adjustment Account.	(71)	252
Other Payments for Financing Activities	(143)	394
Total Financing Activities	(8,211)	658

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 2016	As at 31st March 2015	Increase/ (Decrease) in Year
	£000's	£000's	£000's
Money Market	3,961	5,408	(1,447)
Short Term Deposits	3,961	5,408	(1,447)

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 31/03/2016	As At 31/03/2015
	£000's	£000's
Net Movement in other Liquid Resources	(244)	394

NOTES TO THE CORE FINANCIAL STATEMENTS

29. Operating and Finance Leases

Operating Lease

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

2015/16			2014/15
Vehicles £000's	Other Equipment £000's	Total £000's	Total £000's
95	6	101	140

At 31 March 2016 the Council had commitments in respect of operating leases for future years as shown below.

As at 31st March 2016	Vehicles £000's	Other Equipment £000's	Total £000's
Less than 1 year	75	2	77
Between 1 and 5 years	47	7	54
Total	122	9	131

As at 31st March 2015	Vehicles £000's	Other Equipment £000's	Total £000's
Less than 1 year	90	5	95
Between 1 and 5 years	97	0	97
Total	187	5	192

Finance Leases

During 2015/16 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 £26,774 at 31 March 2016 (£40,160 as at 31 March 2015).

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Minimum Lease Payments	2015/16	2014/15
	£000's	£000's
Amounts Payable under Finance Leases		
Within One Year	16	16
Between One and Five Years	24	40
Less Future Finance Charges	(6)	(9)
Present Value of Minimum Lease Payments	34	47
Included in:		
Current Liabilities	14	14
Non-current Liabilities	20	33
Total	34	47

The total future minimum lease payments amount to £39,759 which includes future rental cost of £33,467 at 31 March 2016.

30. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice.

However, decisions about resource allocation are taken by the Council on the basis of budget reports analysed across committees, the operating segments. These reports are prepared on a different basis from the accounting policies used in the financial statements.

In particular:

- No charges are made for any eventual impairment or revaluation of assets as these are only realised at the end of the financial year.
- Only revenue grants matched by expenditure are included.

These reports are presented to the Council's Management Team who is defined as the chief operating decision maker on the basis that it allocates resources and assesses the performance of the operating segments.

The income and expenditure of the Council's committees recorded in the budget reports for the year is as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

2015/16	Develop- ment Control	Service Delivery	Policy, Finance & Development	Youth & Licensing	Total
	£000's	£000's	£000's	£000's	£000's
Fees, Charges & Other Income	(266)	(757)	(811)	(87)	(1,921)
Government Grants	0	(260)	(9,312)	0	(9,572)
Total Income	(266)	(1,017)	(10,123)	(87)	(11,493)
Employee Expenses	558	2,380	2,020	90	5,048
Support Service Recharges	116	165	500	59	840
Other Service Expenses	33	2,094	9,922	21	12,070
Total Expenditure	707	4,639	12,442	170	17,958
Net Expenditure	441	3,622	2,319	83	6,465

2014/15 Comparative Figures	Develop- ment Control	Service Delivery	Policy, Finance & Development	Youth & Licensing	Total
	£000's	£000's	£000's	£000's	£000's
Fees, Charges & Other Income	(246)	(6,080)	(810)	(83)	(7,219)
Government Grants	0	(203)	(9,541)	0	(9,744)
Total Income	(246)	(6,283)	(10,351)	(83)	(16,963)
Employee Expenses	489	3,085	1,681	42	5,297
Support Service Recharges	145	403	493	38	1,079
Depreciation	0	2,168	0	0	2,168
Other Service Expenses	189	3,815	10,129	15	14,148
Total Expenditure	823	9,471	12,303	95	22,692
Net Expenditure	577	3,188	1,952	12	5,729

Reconciliation of Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of committee income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2015/16	2014/15
	£000's	£000's
Net expenditure in the Committee Analysis	6,465	5,729
Amounts in the Comprehensive Income and Expenditure Statement not Reported to Management in the Analysis	4,265	803
Cost of Services in Comprehensive Income and Expenditure Statement	10,730	6,532

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of committee income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

NOTES TO THE CORE FINANCIAL STATEMENTS

2015/16	Committee Analysis	Amounts not Reported to Management for Decision Making	Cost of Services	Corporate Amounts	Total
	£000's	£000's	£000's	£000's	£000's
Fees, Charges & Other Service Income	(1,921)	0	(1,921)	0	(1,921)
Interest and Investment Income	0	0	0	(167)	(167)
Income from Collection Fund	0	0	0	(3,454)	(3,454)
Government Grants and Contributions	(9,572)	(8)	(9,580)	(3,081)	(12,661)
Total Income	(11,493)	(8)	(11,501)	(6,702)	(18,203)
Employee Expenses	5,048	0	5,048	0	5,048
Support Service Recharges	840	0	840	0	840
Non Distributed Costs		0	0	0	0
Depreciation, Amortisation and Impairment	0	4,273	4,273	0	4,273
Interest Payments	0	0	0	592	592
Payments to Housing Capital Receipts Pool	0	0	0	148	148
Other Service Expenses	12,070	0	12,070	0	12,070
Pension Interest Costs and Return on Pension Assets	0	0	0	791	791
Gain or Loss on Disposal of Fixed Assets	0	0	0	2,065	2,065
Total Expenditure	17,958	4,273	22,231	3,596	25,827
(Surplus) or Deficit on the Provision of Services	6,465	4,265	10,730	(3,106)	7,624

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15 Comparative Figures	Committee Analysis	Amounts not Reported to Management for Decision Making	Cost of Services	Corporate Amounts	Total
	£000's	£000's	£000's	£000's	£000's
Fees, Charges & Other Service Income	(7,219)	0	(7,219)	0	(7,219)
Interest and Investment Income	0	0	0	(59)	(59)
Income from Council Tax	0	0	0	(3,083)	(3,083)
Government Grants and Contributions	(9,744)	42	(9,702)	(3,631)	(13,333)
Total Income	(16,963)	42	(16,921)	(6,773)	(23,694)
Employee Expenses	5,297	0	5,297	0	5,297
Support Service Recharges	1,079	0	1,079	0	1,079
Non Distributed Costs	0	0	0	0	0
Depreciation, Amortisation and Impairment	2,168	761	2,929	0	2,929
Interest Payments	0	0	0	574	574
Payments to Housing Capital Receipts Pool	0	0	0	121	121
Other Service Expenses	14,148	0	14,148	0	14,148
Pension Interest Costs and Return on Pension Assets	0	0	0	877	877
Gain or Loss on Disposal of Fixed Assets	0	0	0	1,882	1,882
Total Expenditure	22,692	761	23,453	3,454	26,907
(Surplus) or Deficit on the Provision of Services	5,729	803	6,532	(3,319)	3,213

31. Members Allowances

In 2015/16 the Council paid allowances to Members totalling £153,441 (2014/15 £163,147). The diminution compared to the previous year reflects the end of Councillor's participation in the Local Government Pension Scheme.

32. Audit Costs

In 2015/16 Oadby and Wigston Borough Council incurred the following fees relating to external audit and inspection:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2015/16	2014/15
	£000's	£000's
Fees payable to the Council's auditors with regard to external audit services carried out by the appointed auditor	50	43
Fees payable to the Council's auditors for the certification of grant claims and returns	8	12
Fees payable in respect of other services	5	3
	63	58

33. 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 parties, a Register of Interest is used to record and monitor related party transactions. Disclosure forms were also completed by both Members and Chief Officers. There were found to be no significant transactions. Leicestershire County Council, Leicestershire Police and Leicestershire Local Government Pension Scheme are considered to be related party transactions, their year end balances being:

	2015/16	2014/15
	Payments £000's	Payments £000's
Leicestershire County Council	317	501
Leicestershire County Council, Pension Fund	882	843
Leicestershire County Council - Year End Debtor	14	3
Leicestershire County Council - Year End Creditor	177	174
Leicestershire Police Authority	4	3
	1,394	1,524
	Precepts £000's	Precepts £000's
Leicestershire County Council	19,393	18,991
Leicestershire Police	3,043	2,981
Leicestershire and Rutland Fire Authority	1,022	1,115
	23,458	23,087
Total	24,852	24,611

In 2015/16 the Council received a number of Government grants. These have been listed in notes 9 and 37 in the accounts.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

	2015/16		2014/15	
	Receipts	Payments	Receipts	Payments
	£000's	£000's	£000's	£000's
Leicestershire County Council				
Safer Communities Grant	20	0	18	0
Supporting People Grant	41	0	106	0
Council Tax Support	1	0	12	0
Community/Youth Grants				
South and West				
Leicestershire CAB	0	34	0	55
Senior Citizen's Group	0	10	0	10
Multicultural Group	0	0	0	5
SSAFA	0	0	0	3
Age UK - Wigston	0	6	0	6
Civic Orchestra	0	2	0	0
Friends of Brocks Hill	0	2	0	0
Grant of Lions	0	2	0	0
Helping Hands	0	15	0	0
Phoenix Therapies	0	3	0	0
Wigston Foodies	0	2	0	0
Pride of the Borough	0	5	0	0

Councillor Mr L Bentley is a Governor of Birkett House School which submitted a Planning Application to the Council. Councillor Mr D Carter is an executive committee member of Oadby Community Stakeholders, he is also a committee member of the Pride of the Borough, which receives an annual grant from the Council.

NOTES TO THE CORE FINANCIAL STATEMENTS

34. 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 2015/16 is as follows;

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

Post Holder		Salary, Fees & Allowances	Expense Allowances	Compensation for Loss of Office	Pension Contributions	Total
		£000's	£000's	£000's	£000's	£000's
Chief Executive	2015/16	97	0	0	24	121
	2014/15	95	0	0	22	117
Director of Service Delivery	2015/16	79	0	0	19	98
	2014/15	78	0	0	18	96
Chief Financial Officer	2015/17	4	0	0	0	4
	2014/16	0	0	0	0	0

During part of the financial year 2015/16 the Council employed the Chief Financial Officer through an agency, as a result of which salary costs for this post are not included above. The total fees paid to the agency for this role totalled are as follows £36,573 for 2015/16 (£44,440 for 2014/15).

Officers Salary Exceeding £50,000

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

Remuneration Band	2015/16	2014/15
£50,000 - £55,000	1	0
£55,000 - £60,000	0	0
£60,000 - £65,000	1	1
£65,000 - £70,000	1	1
	3	2

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:

NOTES TO THE CORE FINANCIAL STATEMENTS

2015/16				
Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band
				£
£0 - £20,000	7	4	11	59,657
Total	7	4	11	59,657

2014/15				
Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band
				£
£0 - £20,000	1	0	1	3,595
Total	1	0	1	3,595

35. Termination Benefits

The Council has terminated the contracts of eleven employees in the year through redundancy. The cost of this movement was £59,657 (2014/15 £3,595) - see note 34 for the number of exit packages and total cost by band.

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

36. 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 2015/16 the Council paid an employer's contribution of £822,931 (2014/15 £784,232) into the Leicestershire County Council Superannuation Fund, representing 25.95% (2014/15 23.24%) of pensionable pay.

In addition the Council made payments into the Leicestershire County Council Superannuation Fund relating to added years benefits of £59,119 (2014/15 £58,608), representing 1.86% (2014/15 1.74%) of pensionable pay.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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 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		
	2015/16	2014/15
	£000's	£000's
Cost of Services		
Service Cost comprising		
Current Service Cost	970	827
Past Service Costs	12	0
Financial and Investment Income and Expenditure		
Net interest expense	791	877
Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,773	1,704
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)	674	(2,788)
Actuarial gains and losses arising on changes in demographic assumptions		
Actuarial gains and losses arising on changes in financial assumptions	(6,883)	6,616
Other	(768)	(434)
Transfer to Pension Reserve for Post Year Actuaries Adjustment	(5)	(4)
Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement.	(6,982)	3,390
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.	147	43
Actual amount charged against the General Fund Balance for pension in the year		
Employers contribution payable to scheme	841	802
Retirement benefits payable to pensioners	46	45

NOTES TO THE CORE FINANCIAL STATEMENTS

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:

	2015/16	2014/15
	£000's	£000's
Present Value of the Defined Benefit Obligation	45,971	52,227
Fair Value of the plan assets	(27,385)	(27,550)
Net liability arising from Defined Benefit Obligation	18,586	24,677

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets		
	2015/16	2014/15
	£000's	£000's
Opening fair value of scheme assets	27,550	24,208
Interest Income	876	1,030
Remeasurement gain/ (loss)		
The return on plan assets, excluding the amount included in the net interest expense	(674)	2,788
Contributions from employer	841	802
Contribution from employees into the scheme	209	223
Benefits paid	(1,417)	(1,501)
Other (if applicable)	0	0
Closing fair value of scheme assets	27,385	27,550

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)		
	2015/16	2014/15
	£000's	£000's
Opening balance at 1st April	52,227	44,634
Current Service Costs	970	827
Interest cost	1,667	1,907
Contributions from scheme participants	209	223
Remeasurement (gain) and loss		
Actuarial gain/loss arising from changes in demographic assumptions	0	0
Actuarial gain/loss arising from changes in financial assumptions	(6,883)	6,616
Other	(768)	(434)
Past service cost	12	0
Benefit Paid	(1,463)	(1,546)
Adjustment for 2015/16 Actuarial report	0	0
Closing balance at 31st March	45,971	52,227

NOTES TO THE CORE FINANCIAL STATEMENTS

Local Government Pension Scheme assets comprised		
	Fixed Value of Scheme Assets	
	2015/16 £000's	2014/15 £000's
Cash and cash equivalents	548	276
Equity Securities	748	855
Debt Securities	2,573	2,644
Private Equity	1,051	1,045
Real Estate	2,789	2,611
Investment Funds and Unit Trusts:		
Equities	13,435	13,891
Bonds	2,947	2,566
Hedge Funds	1,243	1,196
Commodities	589	1,157
Infrastructure	715	650
Other	747	659
	19,676	20,119
Total Assets	27,385	27,550

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 1 April 2016.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2015/16	2014/15
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	22.2	22.2
Women	24.3	24.3
Longevity at 65 for future pensioners		
Men	24.2	24.2
Women	26.6	26.6
Rate of Inflation		
Rate of increase in salaries	3.2%	4.3%
Rate of increase in pensions	2.2%	2.4%
Rate for discounting scheme liabilities	3.5%	3.2%

NOTES TO THE CORE FINANCIAL STATEMENTS

Impact on the Defined Benefit Obligation in the Scheme

	Increase in Employer's Liability	Appropriate Monetary Amount
Change in Assumptions at 31st March 2016	%	£000's
0.5% decrease in Real Discount Rate	10	4,609
1 Year increase in member life expectancy	3	1,379
0.5% increase in the Salary Increase Rate	2	1,061
0.5% increase in the Pensions Increase Rate	8	3,511

37. Revenue and Capital Grants

The Council has credited the following grants and contributions to the Comprehensive Income and Expenditure Statement during 2015/16:

	2015/16	2014/15
	£000's	£000's
Revenue:		
Rent Allowance	6,081	6,571
Benefit Administration	202	163
Rent Rebates	2,786	2,881
Transparency Grant	0	6
Community Rights to Challenge New Burdens Grant	0	9
Assets of Community Value New Burdens Grant	0	8
Local Land Charges Court Case Grant	33	0
Housing Benefit New Burdens Grant	19	12
Council Tax Support New Burdens Grant	13	62
Local Authority Data Sharing	7	10
Individual Electoral Registration Grants	15	25
Enhanced Land Valuation Grant	5	0
Weekly Collection Support Scheme	0	128
Big Lottery Fund (Boulter Crescent)	29	38
Safer Communities	20	18
Supporting People	0	109
Physical Activity Development Grant	142	141
Youth Activities Early Help	0	47
Letting Agents Transparency	1	0
Right to Move Grant	53	0
Local Development Order Grant	45	0
NHS Community Grant Scheme	7	0
PCC Youth Diversion Grant	8	0
Food and Fuel Scheme Grant	4	0
Heritage Lottery Fund - Brocks Hill Grant	22	0
	9,492	10,228
Capital		
Improvement Grants	177	143
Transformation Challenge Award	60	0
	237	143
Total	9,729	10,371

NOTES TO THE CORE FINANCIAL STATEMENTS

38. Capital Expenditure

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

	2015/16	2014/15
	£000's	£000's
Opening Capital Financing Requirement	22,308	22,118
Capital Investment		
Property, Plant, Equipment and Intangible Assets	14,611	3,284
Revenue Expenditure Funded from Capital under Statute - Other	421	595
Sources of Finance		
Capital Receipts	(66)	(312)
Government Grants and Other Contributions	(2,742)	(2,966)
Revenue Contribution	(1,895)	(174)
Revenue Provision	(271)	(237)
Closing Capital Financing Requirement	32,366	22,308
Explanation of Movement in Year		
Increase/Decrease in underlying need for supported Borrowing	0	0
Increase/Decrease in underlying need for unsupported Borrowing	10,058	190
	10,058	190

General Fund capital expenditure in 2015/16 resulted in a net increase in the underlying need for unsupported borrowing of £10,058,057 (2014/15 £189,651).

There is a £2.872M discrepancy between the sum of the capital expenditure recorded in Note 10, Property, Plant & Equipment, and Note 13, Intangible Assets; and Note 38, Capital Expenditure. This reflects the fact that, under local government accounting regulations, for the purpose of calculating the Capital Financing Requirement, expenditure is not recognised until the asset is in operational use. Therefore, expenditure on the Leisure Facilities project in 2014-15 was not reflected in the CFR until 2015-16.

39. Minimum Revenue Provision

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.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

	2015/16	2014/15
	£000's	£000's
General Fund Charge	271	238
HRA Charge	0	0
Minimum Revenue Provision	271	238

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.

	2015/16	2014/15
	£000's	£000's
Minimum Revenue Provision	271	238
Amount Charged as Depreciation	(1,454)	(847)
Amount Charged as Impairment	(2,573)	(62)
Additional Charge to/from the General Fund Balance	(3,756)	(671)

40. Analysis of Net Assets Employed

	31st March 2016	31st March 2015
	£000's	£000's
General Fund	2,211	3,551
Housing Revenue Account	23,548	22,018
	25,759	25,569

NOTES TO THE CORE FINANCIAL STATEMENTS

41. Information on Assets Held

Fixed assets owned by the Council include the following;

	No. as at 31st March 2016	No. as at 31st March 2015
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
Pavilions	7	7
Public Conveniences	4	4
Sports Centre	1	1
Swimming Pools	1	1
Sports Grounds & Parks	17	16
Vehicle Workshop	1	1
Brocks Hill Visitor Centre	1	1
Brocks Hill Country Park	1	1
Investment Property		
Shops	3	3
Countersthorpe Road Sports Ground	1	1
Council Dwellings	1,235	1,240
Total	1,530	1,534

42. Financial Instruments Balances

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

	Long - Term		Current	
	2015/16	2014/15	2015/16	2014/15
	£000's	£000's	£000's	£000's
Financial Liabilities at Amortised Cost	(19,133)	(19,147)	(10,831)	(2,519)
Financial Liabilities at Fair Value through Profit and Loss	0	0	0	0
Total Borrowings	(19,133)	(19,147)	(10,831)	(2,519)
Loans and Receivables	12	26	5,388	4,840
Available-for-Sale Financial Assets	0	0	0	0
Total Investments	12	26	5,388	4,840

NOTES TO THE CORE FINANCIAL STATEMENTS

43. 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	
	2015/16	2014/15
	£000's	£000's
Interest Expense	579	574
Interest Income	(14)	(59)
Net (Gain)/Loss for the Year	565	515

In the past, the Council has made loans to staff under a car purchase scheme at less than market rates. As these "soft loans" now total less than £1K, it has been decided that at present interest rates any adjustment for loss on them would not be material.

44. 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 2016 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:

	31 March 2016		31 March 2015	
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
	£000's	£000's	£000's	£000's
Financial Liabilities	(29,964)	(33,208)	(21,666)	(24,792)

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 than the rates available for similar loans at the balance sheet date. This commitment

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

	31 March 2016		31 March 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000's	£000's	£000's	£000's
Loans and Receivables	5,400	5,400	4,866	4,866

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

45. 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 minimise 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;
 - 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;

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

			Historical Experience	
			Adjusted for Market	Estimated Maximum
	Amount at 31st March 2016	Historical Experience of Default	Conditions at 31st March 2015	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
'AA' Rated Counterparties	0	0.02	0.02	0.00
'A' Rated Counterparties	0	0.06	0.06	0.00
Sundry Debtors *	1,032	0.04	0.04	41.27
Other Debtors	130	0.04	0.04	5.22
Housing Rents	265	0.02	0.02	5.30
				51.79

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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:

	2015/16	2014/15
	£000's	£000's
Less than three months	145	196
Three to six months	64	144
Six months to one year	117	126
More than one year*	708	549
	1,034	1,015

* 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 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

The maturity analysis of financial liabilities is as follows:

	2015/16	2014/15
	£000's	£000's
Less than one year	(10,831)	(2,519)
Between one and two years	(513)	(13)
Between two and five years	(506)	(520)
More than five years	(18,114)	(18,614)
	(29,964)	(21,666)
Bank Overdrawn	(419)	(84)
Short Term Creditors*	(2,402)	(2,432)
Short Term Borrowing	(8,010)	(3)
Long Term Creditors	(19)	(33)
Long Term Borrowing	(19,114)	(19,114)
	(29,964)	(21,666)

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

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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.

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 2016, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	2015/16	2014/15
	£000's	£000's
Increased return on money market investments	(11)	(83)
Impact on Income and Expenditure Account	(11)	(83)
Share of Overall Impact Credited to the HRA	(8)	(28)

The current Bank of England Base Rate is 0.50%. The scope for any further decrease in prevailing interest rates for investments with a maturity of less than one year 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.

46. 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

The Council is currently involved in a lawsuit pertaining to a planning matter, which is currently before the Court of Appeal. If settled against the Council's favour, this is estimated to cost £10K.

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

There have been no adjustments to the 2015/16 Financial Statements

48. Statement of Authorisation

The Statement of Accounts was authorised for issue on the 20 September 2016 by Mr. M Hone CPFA, Interim Section 151 Officer. All financial events up to and including this date have been considered in these accounts including the amendments arising from the audit.

Mrs S.B. Morris
Chair of Policy, Finance and Development Committee

**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>2015/16</u>	<u>2014/15</u>
Note	£000's	£000's
Expenditure		
Repairs and maintenance	1,199	1,022
Supervision and management	1,378	1,168
Rents, rates, taxes and other charges	34	32
Depreciation and impairment of non-current assets	6, 7 2,147	2,180
Debt management charges	9	8
Bad debts written off	0	0
Increase in bad debt provision	32	35
Total Expenditure	<u>4,799</u>	<u>4,445</u>
Income		
Dwellings rent	(4,953)	(4,882)
Non dwellings rent	(88)	(87)
Charges for services and facilities	(148)	(203)
Total Income	<u>(5,189)</u>	<u>(5,172)</u>
Net Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement		
	(390)	(727)
HRA services share of Corporate and Democratic Core	300	201
HRA Share of other amounts included in whole authority net expenditure of continuing operations not allocated to specific services	0	0
Net Income of HRA Services	<u>(90)</u>	<u>(526)</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	(76)	(60)
De-recognition of Non-Current Assets	1,038	614
Interest and investment income	(11)	(23)
Interest payable and similar charges	539	539
Pensions interest cost and expected return on pension assets	87	114
(Surplus) / Deficit for the Year on HRA Services	<u>1,487</u>	<u>658</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.

		2015/16	2014/15
	Note	£000's	£000's
Balance on the HRA at the end of the previous reporting period		(2,723)	(1,897)
(Surplus) / Deficit for the year on the HRA Income and Expenditure Statement		1,487	658
Adjustments made between Accounting Basis and funding basis under statute	1	(130)	(1,484)
Net (increase) or decrease before transfers to or from reserves		1,357	(826)
Transfers to or (from) Reserves		20	0
(Increase) or decrease in year on the HRA		1,377	(826)
Balance on the HRA at the end of the current reporting period		(1,346)	(2,723)

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Adjustment Between Accounting Basis and Funding Basis Under Statute

	2015/16	2014/15
	£000's	£000's
Impairment of non-current assets	(1,271)	(1,353)
(Gain) / loss on the sale of non-current assets	76	60
Accumulating compensating absences	(2)	4
De-recognition of non-current assets	(1,038)	(614)
Net charges made for retirement benefits in accordance with IAS 19	(195)	(222)
Transfer (to) / from major repairs reserve	308	357
Revenue contribution to capital	1,895	174
Employers contribution payable to the Leicestershire Pension Fund and retirement benefits payable direct to pensioners	97	110
Adjustments made between Accounting Basis and Funding Basis under Statute	(130)	(1,484)

2. Balance Sheet Value of Authority's Housing Stock

	2015/16	2014/15
	£000's	£000's
Operational Assets		
Dwellings	42,842	42,154
Other Land and Buildings	1,012	892
	43,854	43,046
Non Operational Assets		
Investment Property	156	156
Total	44,010	43,202

The vacant possession value of dwellings at 31 March 2016 was £126,004,500 (31 March 2015 £123,982,800), against a balance sheet value of £42,841,530 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 1,238 dwellings during 2015/16. The stock at year end was as follows;

	2015/16	2014/15
	Number	Number
Houses / Bungalows	689	694
Flats / Maisonettes	546	546
Total Stock	1,235	1,240

The change in stock can be summarised as follows;

	2015/16	2014/15
	Number	Number
Stock at 1 April	1,240	1,247
Sales	(6)	(7)
Additions	1	0
Stock at 31 March	1,235	1,240

4. Major Repairs Reserve

	2015/16	2014/15
	£000's	£000's
Balance at 1 April	0	1,012
Amounts Transferred In	877	828
Transfers to/(from) HRA	308	357
Used for Capital Expenditure	(1,185)	(2,197)
Balance at 31 March	0	0

5. Funding of HRA Stock

A total of £3,265,082 was spent on the Authority's housing stock in 2015/16 (£2,196,821, in 2014/15).

This was funded as follows;

	2015/16	2014/15
	£000's	£000's
Major Repairs Reserve	1,185	2,197
Revenue Funding	1,895	0
Usable Capital Receipts	46	0
Regeneration Reserve	139	0
	3,265	2,197

NOTES TO THE HOUSING REVENUE ACCOUNT

HRA Capital Receipts retained by the Authority for 2015/16 totalled £317,210 (2014/15 £312,025). 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 2015/16 is £876,010

	2015/16	2014/15
	£000's	£000's
Dwellings	793	749
Other Land & Buildings	70	62
Intangibles (Computer Software)	13	16
Total	876	827

7. Impairment of HRA Assets

The total charge for impairment of Non Current Assets within the HRA during the financial year 2015/16 is £1,271,313. This was entirely due to the decrease in the housing and rental property markets.

	2015/16	2014/15
	£000's	£000's
Dwellings	1,271	1,353
Total	1,271	1,353

8. Rent Arrears

During the year rent arrears have decreased by £3,680

	2015/16	2014/15
	£000's	£000's
Arrears at 31 March	265	269

A bad debt provision has been made in the accounts in respect of potentially uncollectible rent arrears. The value of the provision at 31 March 2016 is £151,980 (31 March 2015 £120,355).

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 £195,030 in 2015/16 (£221,520 in 2014/15)

- (ii) Employers Contributions to Leicestershire County Council pension fund and retirement benefits paid direct to pensioners. This amounted to £97,025 in 2015/16 (£109,569 in 2014/15)

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 are 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.

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.

THE COLLECTION FUND ACCOUNT

2014/15				2015/16			
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	25,087	25,087	Council Tax Payers		0	25,799	25,799
			Transfers from General Fund -				
0	6	6	Council Tax Benefits		0	4	4
11,451	0	11,451	Business Ratepayers	3	12,379	0	12,379
			Apportionment of Previous Year Deficit -				
119	0	119	Central Government		217	0	217
95	0	95	Oadby & Wigston Borough Council		174	0	174
21	0	21	Leicestershire County Council		39	0	39
			Leicester, Leicestershire & Rutland				
2	0	2	Combined Fire Authority		4	0	4
11,688	25,093	36,781	Total Income		12,813	25,803	38,616
			Expenditure				
11,692	24,715	36,407	Precepts and Demands	4	11,826	25,502	37,328
56	0	56	Costs of Collection		56	0	56
4	0	4	Court Costs		5	0	5
			Bad and Doubtful Debts -				
26	6	32	Write Offs		41	32	73
45	61	106	Provisions		60	53	113
381	0	381	Appeals		612	0	612
			Apportionment of Previous Year Surplus -				
0	88	88	Oadby and Wigston Borough Council		0	43	43
0	461	461	Leicestershire County Council		0	225	225
			Leicester, Leicestershire & Rutland				
0	25	25	Combined Fire Authority		0	13	13
			Police and Crime Commissioner for				
0	75	75	Leicestershire		0	37	37
12,204	25,431	37,635	Total Expenditure		12,600	25,905	38,505
			Movement on Fund				
516	338	854			(213)	102	(111)
			Balance at Beginning of Year		896	(339)	557
896	(339)	557	(Surplus)/Deficit on Fund at End of Year		683	(237)	446
			Allocated to -				
448	0	448	Central Government		341	0	341
358	(46)	312	Oadby and Wigston Borough Council		273	(32)	241
81	(240)	(159)	Leicestershire County Council		62	(168)	(106)
			Leicester, Leicestershire & Rutland				
9	(13)	(4)	Combined Fire Authority		7	(28)	(21)
			Police and Crime Commissioner for				
0	(40)	(40)	Leicestershire		0	(9)	(9)
896	(339)	557			683	(237)	446

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 2016.

						Balance	Balance
			Bad Debt	Over & Pre	(Surplus)	Payable	2015/16
	Arrears	Provision	payments	/Deficit			
Authority	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Leicestershire County Council	818	(277)	(309)	(168)	(64)	28	
Leicestershire Police Authority	133	(45)	(50)	(28)	(10)	4	
Combined Fire Authority	45	(15)	(17)	(9)	(4)	1	
Total Other Major Preceptors	996	(337)	(376)	(205)	(78)	33	
Oadby & Wigston Borough Council	150	(51)	(57)	(32)	(10)	6	
Total All Preceptors	1,146	(388)	(433)	(237)	(88)	39	

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 2015/16 has increased to 16,698.90 (16,461.76 in 2014/15).

NOTES TO THE COLLECTION FUND ACCOUNT

Band	Estimated No. of Taxable Properties after Effect of Discounts	Ratio	No. of Band D Equivalent Dwellings
Z	7.87	5/9	4.37
A	2,429.34	6/9	1,619.56
B	4,676.62	7/9	3,637.37
C	5,967.96	8/9	5,304.85
D	2,686.13	9/9	2,686.13
E	1,704.26	11/9	2,082.98
F	451.41	13/9	652.04
G	412.13	15/9	686.88
H	61.50	18/9	123.00
Total	18,397.22		16,797.18
Add Adjustment**			155.96
Deduct Allowance for Losses in Collection			(254.24)
Council Tax Base			16,698.90

** Adjustment

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

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 2015/16 to the value of £3,511,905 (£3,446,057 in 2014/15) (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 £1,294,813 (£1,270,535 in 2014/15). 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

NOTES TO THE COLLECTION FUND ACCOUNT

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 2015/16 The Council was in a Levy position of £20,012 (Safety Net of £83,246 for 2014/15).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March 2016. 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 2015/16 has been calculated at £1,426,941 (£815,096 in 2014/15).

The total non-domestic rateable value at 31 March 2016 was £31,455,888 (£31,302,069 31 March 2015). The national non-domestic multipliers for the year were:

Full 0.493 (0.482 for 2014/15)
 Small Business 0.480 (0.471 for 2014/15)

Shown below are the allocations to all preceptors as at 31 March 2016.

						Balance	Balance
			Bad Debt	Over & Pre	(Surplus)	Payable	2015/16
	Arrears	Provision	payments	/Deficit			
Authority	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Central Government	472	(872)	(167)	341	226	(17)	
Leicestershire County Council	85	(157)	(30)	61	41	(3)	
Combined Fire Authority	10	(18)	(4)	7	5	0	
Total Other Major Preceptors	567	(1,047)	(201)	409	272	(20)	
Oadby & Wigston Borough Council	377	(698)	(134)	273	182	(216)	
Total All Preceptors	944	(1,745)	(335)	682	454	(236)	

NOTES TO THE COLLECTION FUND ACCOUNT

4. Precepts and Demands

2014/15				2015/16		
Business Rates £000's	Council Tax £000's	Total £000's		Business Rates £000's	Council Tax £000's	Total £000's
1,052	17,499	18,551	Leicestershire County Council	1,065	18,104	19,169
0	2,905	2,905	Leicestershire Police Authority	0	3,006	3,006
117	976	1,093	Combined Fire Authority	118	1,009	1,127
5,846	0	5,846	Central Government	5,913	0	5,913
4,677	3,335	8,012	Oadby and Wigston Borough Council	4,730	3,383	8,113
11,692	24,715	36,407	Total	11,826	25,502	37,328

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's responsibilities -

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this 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 local authority Code.

The Section 151 Officer has also:

- kept proper accounting records which are up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Section 151 Officer

I certify that the statement of accounts gives a true and fair view of the financial position of the Council as at the 31st March 2016 and the Council's income and expenditure as at this date.

Martin Hone CPFA
Chief Financial Officer

Date 20 September 2016

ANNUAL GOVERNANCE STATEMENT 2015/16**Scope of Responsibility**

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

In discharging this overall responsibility 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 AGS shows how the Council has complied with the Code during 2015/16 and also meets the requirements of Regulation 4(3) of the Accounts and Audit Regulations 2011.

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 31 March 2016 and up to the date of the approval of the Statement of Accounts.

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 small 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 two 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.

Visions and Priorities

The latest Corporate Plan was agreed by Council in February 2016 and the MTFS reflects the Plan's priorities:

Protect the Borough

- a. The Council will resist any attempt by either the City or County Councils to impose their control over the Borough.
- b. The Council will work cooperatively and consensually with all the other Councils in Leicester and Leicestershire in order to form a Combined Authority and to seek the devolution of powers with the corresponding financial support from central government without the loss of its sovereignty.

Maintain Front Line Services

- a. The Council is committed to free shoppers' car parking and weekly collection of waste and recycling.
- b. No major changes would ever be made to these services without consultation.

Offering Choice when Possible

- a. The Council will offer choice whenever possible.
- b. When major decisions affecting front line services need to be considered the Council will ensure that all the options available are explained clearly and listen and respond to residents.

Save Money through Service Redesign

- a. The Council will look at all its services and redesign those that can be improved and cheaper to run.
- b. The main focus of this redesign will be the better and wider use of ICT, Council assets and procurement.

Involve Residents and Partners

- a. The Council is committed to continue with the town forums and to develop other community engagements systems.
- b. The Council will work with and continue to support partner

Economic Development

- a. The Council recognises the need to develop both housing and the town centres.
- b. This will be done with the maximum of public involvement and at minimum cost to the green spaces in the Borough

Greening the Borough

- a. The Council will continue to invest in and encourage activities which result in a greener Borough
- b. The prioritising of the protection of trees will be a cornerstone of this commitment.

Improving the Health of Residents

- a. The Council wants to ensure residents live a full and healthy life.
- b. The Council will continue to develop its relationship with partners in order to develop and implement appropriate outcomes that attempt to achieve this.

Value for Money

- a. The Council will always accept any council tax freeze grant offered by the Government.
- b. The Council will endeavour to benchmark its services against the “most like” authorities to ensure transparency and demonstrate value for money.

These priorities were agreed with residents through the consultation process and the residents' forums.

These priorities will:

- Focus and drive forward the Council's strategic plans over the next four years
- Form the basis of the Council's Medium Term Financial Strategy
- Provide the direction for the allocation of available resources
- Set the parameters for annual service delivery and development plans

The Council's financial plans are outlined in its Medium Term Financial Strategy – the latest update to the Strategy was agreed by Council in April 2016. The document outlines the financial objectives which the Council looks to achieve in order to meet continuing pressure on available resources. 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.

Achievement of the Council's priorities has been monitored throughout financial year 2015/16 by the Council's Senior Management Team 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.

As part of the budget exercise, each year a critical review is carried out of existing services and budgets to ensure that resources are properly directed towards the achievement of agreed objectives and priorities. This process helps the Council to test that it continues to provide value for money services.

Financial Management

The financial elements of the Council's corporate business planning process are included in the Medium Term Financial Strategy, which has a three year planning horizon to assist in ensuring resources are available to support priorities. 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.

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 SMT 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. The Policy, Finance and Development Committee undertake the role of the Audit Committee for the Council and provide continuous monitoring and scrutiny of financial management, performance, policy and action plans. Further challenge is provided by elected members through meetings with Committee Chairmen, Resident Forums and Member Workshops.

Scrutiny is provided at officer level through the work of the Council's internal audit function which is currently delivered by 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:

Table – Definition of Assurance Levels

Level of Significance	Criteria
Full	No significant risk issues identified.
Significant	Exposure to levels of risk that may only impair the effectiveness of the system or process under

ANNUAL GOVERNANCE STATEMENT

	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.
No	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 Chief Financial Officer (the Council's Section 151 Officer) and with the Director of Services. 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.

The Policy, Finance & Development Committee receives regular reports from the Council's External Auditors (KPMG) and Internal Audit (CW Audit). Where appropriate, comments are made on non-compliance with legislation that has been identified as part of a routine audit. The Chief Financial Officer has direct access to this committee as well as to the External Auditors. All members of the Policy, Finance & Development Committee receive training in risk management so as to allow them to appreciate the nature of risks presented to the Council through its activities. Details of the internal auditor's

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.

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 ongoing training and development opportunities.

The Council has a statutory responsibility to have a Section 151 Officer and a Monitoring Officer. At present the interim Chief Financial Officer is the Section 151 Officer, who has a duty to the Council's tax payers to ensure that public money is being appropriately spent and managed. The Chief Financial Officer ensures that appropriate advice is given on all financial matters and is also responsible for keeping proper financial records and maintaining an effective system of internal control.

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.

The Monitoring Officer role is fulfilled by the Council's Director of Services, 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 and is considered by the Constitutional Task Group.

The Chief Financial Officer and the Director of Services report directly to the Chief Executive.

Officer decision making at a strategic level is led by the Senior Management Team, comprising the Chief Executive, interim Chief Financial Officer and the Director of Services. The Team meets usually 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, the Standards Committee 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 Anti-Fraud and Corruption Policies are also on the intranet and internet and are given to all new members of staff as part of their induction.

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 to deliver the key priorities and actions for the Council are identified and provided.

Training programmes and other development opportunities are set out on the Council's intranet and shared more broadly using the Council's other 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.

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 (KPMG) 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. Each head of service and corporate manager, as appropriate, is responsible for producing their own service assurance statements and developing an improvement plan to rectify any identified governance weaknesses within their service areas. The Chief Financial Officer reviews all of these documents. The Policy, Finance & Development Committee reviews the Annual Governance Statement and evaluates the strength of the underlying assurance statements and evidence.

Review of Effectiveness for 2015/16

Introduction

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 the effectiveness is informed by the work of the Senior Management Team and the work of Internal and External Audit, as well as input from other review agencies and inspectorates. The sections below set out how the governance framework has been maintained and reviewed during 2015/16.

Key Matters

The following key matters were considered by the Council and its principal committees during 2015/16:

Council

- Budget proposals and budget monitoring
- Council Tax Base, Support and Setting
- Delegated reports from Forums and Committees
- Evolving Council Governance
- Equality and Diversity
- Voluntary Sector Funding
- Licensing Policy
- Members' Allowances
- Members' Code of Conduct
- Constitutional matters

Policy, Finance and Development Committee

- Individual internal audit reports and the annual report and plan
- Reports from the external auditor including the annual plan and report on the Statement of Accounts
- Budgetary control and financial updates
- Treasury management and prudential indicators
- Debt recovery
- Residents' Forums

- Welfare Reform and Council Tax Support Scheme
- Pooling of Non-Domestic Rates
- Risk management
- Procurement
- Updating of Council policies and strategies
- Medium Term Financial Strategy and Housing Business Plan
- Financial regulations

Service Delivery Committee

- Housing allocations
- Homelessness
- Disabled Facilities Grants
- Leisure Contract Performance
- Service operational updates
- Fees and charges
- Corporate enforcement
- Empty homes strategy
- Customer Services transformation and charters
- Recycling

Local Government Ombudsman

No cases of maladministration were found against the Council by the Ombudsman during 2015/16.

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.

Code of Conduct

The standards of behaviour expected from members and officers are set out in the Member/Officer Codes of Conduct. 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 undertaken in 2015/16 by an independent remuneration panel.

Standards

The Council promotes excellence, probity and transparency in public services and provides training and advice for members on governance matters. Members have to abide by the constitution and the Code of Conduct in order to ensure high standards in the way they undertake their duties. Each Council is required to put in place arrangements dealing with complaints and standards issues. Since February 2014 this function has been discharged by the Policy, Finance & Development Committee. The Council has adopted a common code in collaboration with other local authorities in Leicestershire and Rutland. The Committee monitored performance of members, senior officers and the Council's committees as part of its workplan for 2015/16.

Scrutiny

The Council operates a committee style arrangement and therefore is not required by law to have a separate scrutiny committee to support and monitor the work of other parts of the organisation. Since February 2014 each committee has scrutinised its own decisions as they are being debated and agreed in the public arena. Where necessary, a time limited member task group may be convened by the Council to deal with any specific matter.

Audit Functions

The Council does not have a separate audit committee; instead, the constitutional audit functions are discharged by the Policy, Finance & Development Committee. 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.

External Audit

The Council's external auditors are KPMG.

Each year the external auditors review the Council's arrangements for:

- 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 October 2015 KPMG issued their Annual Audit Letter, covering the audit of the Council's 2014/15 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.

Three recommendations were included in the Letter relating to bank reconciliation, and payroll systems. The Council has taken action where appropriate to respond to external audit recommendations.

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 Policy, Finance and Development Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below. The Head of Internal Audit's role is also covered by the CIPFA Guidance on the Role of the Head of Internal Audit.

For 2015/16, 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. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk. This is discussed in more detail below, in the section of the Statement headed Significant Governance Issues.

Corporate Plan

The Council's decision making practices are guided by the values and objectives set out in the 2015/16 Corporate Plan. This document simply consolidates in a focus document the Council's previously agreed priorities and governance arrangements.

The Corporate Plan was reviewed as part of the preparations for the 2016/17 municipal year.

Risk Management

During 2015/16 the Council's Strategic Risk Register was monitored by 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 on residual risk for each quarter. Risk management is embedded in processes such as appraisal of new capital investment and service development plans.

Whistle Blowing and Complaints

The Council's Whistle Blowing Policy is available to all employees and those contracting with the Council. A corporate complaints procedure is in place which includes staged levels of escalation depending on the seriousness of the complaint.

In May 2015 a collective grievance was raised by a number of officers against the Chief Executive, Director of Services and Director of Finance. An Independent Investigator was appointed to look into the grievances. In the event, the Investigator found none of the grievances to be substantiated, and this was reported to the Council's Change Management Committee in April 2016.

This is discussed in more detail below, in the section of the Statement headed Significant Governance Issues.

Member and Officer Training and Development

An induction programme was provided for all new members and officers. The member training programme is provided through the Leicestershire & Rutland Improvement Partnership. In-house training is provided for members to keep them up-to-date with changes in Council business such as new legislation. Statutory training for Licensing, Regulatory and Development Control functions was provided during 2015/16.

The skills and resources required by officers are set out in the person specification for each post. The Council's recruitment processes are designed to test that potential candidates have appropriate qualifications and experience. Development needs are identified through individual personal; development plans.

Communication and Consultation

Local people and stakeholders are engaged through the community strategy, resident forums, youth, senior citizens and multi-cultural groups. A programme of meetings and other events for these took place during 2015/16 with agenda largely being set in conjunction with residents and other stakeholders.

All meetings were held in public to support the Council's commitment to transparency in consultation and decision-making. There was a high level of interest in matters discussed at the three Resident Forums as evidenced by the high level of attendance. Minutes of these meetings were produced with action lists of issues raised.

The Council communicated to residents through the Letterbox Newsletter which was circulated to all households on a quarterly basis. Key documents such as the corporate plan, statutory accounts and budget book were published and made available on the Council's website, setting out achievements, performance and planned activity. Regular staff

communications were achieved through the staff and management notice boards, 'everyone' emails, and regular briefings from the Senior Management Team.

Partnership Working

During 2015/16 the Council continued to exploit fully opportunities for partnership working to ensure joined up service delivery and efficiency savings. Key partnerships involving the Council included the Community Safety and Crime and Disorder Reduction partnerships. At County level, the Council is now part of the developing Leicester and Leicestershire Combined Authority which is aiming to construct a devolution bid to government.

From an operational point of view, the Council continued to pursue opportunities for joint work with other Councils for services such as fleet management, land charges and legal services.

Significant Governance Issues

The Head of Internal Audit's Annual Report for 2015/16 provided an overall assessment of 'significant assurance' for the Council. However, his annual report identified the following significant internal control issues:

Budgetary Control/Medium Term Financial Strategy

The review provided 'moderate assurance' and highlighted the weakening of budget monitoring and forecasting procedures due to the increased reliance on interim managers and staff through much of 2015/16 due to the unplanned absence of several senior managers. As a result, staff in the Finance Section often had to identify reasons for service level variances and to make budget outturn forecasts in isolation. The Auditor also noted in this context that at its meeting in February 2016 the PFD Committee approved the use of reserves to ensure that the originally approved revenue budget at the start of the 2015/16 financial year was not exceeded.

Financial Systems – Key controls review

The review provided 'moderate' and 'limited' assurance in relation to Creditors and Debtors respectively. The key matters highlighted related to: Creditors – compliance and evidencing of compliance, with Contract procedure Rules, and lack of independent review to confirm that any changes to the creditors masterfile were authorised and valid; Debtors – timeliness and accuracy of invoicing, and lack of debt collection, recovery and write-off processes operated during the year.

Building Control – Value for money review

The review provided 'limited assurance' and highlighted matters mainly relating to the scheme of charges and review.

Payroll & Expenses

The review provided 'moderate assurance' and highlighted matters relating to the agreement with and data transfer to the payroll provider, and compliance with payroll procedures.

The Head of Internal Audit's report also noted that some planned reviews have been delayed at management request, for delivery in 2016/17, and accordingly he has not reflected an assurance opinion on these reviews.

All of the matters raised by the Head of Internal Audit are currently being addressed and improvements put in place. Progress is reported regularly to the Council's Policy, Finance & Development Committee.

Organisational issues arising from the investigation into the grievance brought by Council senior managers against the Council's Senior Management Team

In May 2015 a collective grievance raised by a number of officers against the Chief Executive, Director of Services and Director of Finance. Through the Local Government Association an Independent Investigator was appointed to look into the grievances. In the event, the Investigator found none of the grievances to be substantiated, and this was reported to the Council's Change Management Committee in April 2016.

As a by-product of this, the Council agreed two action plans – one for immediate action which is currently being delivered, and a plan for further review of key aspects of the Council's operation that cannot be addressed in the immediate short-term. The Council is being supported in this work by the Local Government Association. The project is led at an officer level by the Chief Financial Officer on behalf of the Senior Management Team, who reports regularly on progress to the Change Management Committee.

Conclusion and Statement from the Leader of the Council and Chief Executive

We propose over the coming year to take steps to address the significant governance issues discussed above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Cllr John Boyce**Mark Hall****Leader of the Council****Chief Executive****20 September 2016**

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 for sale in their current condition.

CAPITAL EXPENDITURE

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
- (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.

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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.

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

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

GLOSSARY OF TERMS

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 (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.

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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

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.

EXTRAORDINARY ITEMS

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

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.

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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

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.

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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.

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.

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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.

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 arms length.

OPERATING LEASES

A lease other than a finance lease.

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.

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PROJECTED UNIT METHOD

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:

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- (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 of 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.

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.

GLOSSARY OF TERMS

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.

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

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

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 and components purchased for incorporation into products for sale;

GLOSSARY OF TERMS

- (d) products and services in intermediate states of completion;
- (e) long-term contract balances; and
- (f) finished goods.

USEFUL LIFE

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.

Agenda Item 12



Policy, Finance and Development Committee	Tuesday, 20 September 2016	Matter for Decision
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Title: Economic Regeneration Strategy 2015 - 2020

Author: Adrian Thorpe (Planning, Development and Regeneration Manager)

1. Introduction

1.1 This report is to present to Members the updated Economic Regeneration Strategy 2015-2020 document following public consultation and endorsement at the Place Shaping Working Group.

2. Recommendations

2.1 It is recommended that Members adopt the Economic Regeneration Strategy 2015-2020 as the Economic Regeneration Strategy for the Borough.

3. Information

3.1 At its meeting on 14th July 2016, Members of the Place Shaping Working Group agreed that the updated Economic Regeneration Strategy 2015-2020 be reported to Policy, Finance and Development Committee on 20th September 2016.

3.2 The draft Economic Regeneration Strategy was made available for a six week public consultation period. Following the consultation period, comments received were reviewed and incorporated into the updated Economic Regeneration Strategy 2015-2020 document.

3.3 This Economic Regeneration Strategy will assist the Council in its important leadership role to promote the economic, social and environmental well-being of its area for all local businesses and residents. It will also act as a framework for influencing and supporting various partners and stakeholders, who will be involved in driving economic development and regeneration locally and in particular to help enable the realisation of funding opportunities by demonstrating that the Council has ambitious aspirations based on factual evidence.

Background Documents:-

Oadby & Wigston Borough Council's Economic Regeneration Strategy 2015-2020

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Implications	
Financial (CR)	No significant implications at this stage.
Legal (AC)	No significant implications.
Risk (AC)	CR2 Partnership Failure - To achieve a number of the objectives of this strategy will be reliant on strong partnership working with other bodies such as Leicester & Leicestershire Local Enterprise Partnership, local universities, colleges and schools, Leicestershire County Council, the other Leicestershire District Councils, and Leicestershire Promotions to help enable economic regeneration

	<p>projects and opportunities. The Council has already established working relationships with these organisations and will continue to build on this partnership working to mitigate any risk.</p> <p>CR9 Economy - Having an Economic Regeneration Strategy in place is important in order to provide certainty to local businesses especially those wishing to expand together with businesses looking to locate in the Borough. It also demonstrates to funding bodies that the council has vision and has established its areas of priority.</p>
Equalities (AC)	An Equality Assessment has been produced.
	Equality Assessment:-
	<input checked="" type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input type="checkbox"/> Not Applicable

Oadby & Wigston Borough Council's Economic Regeneration Strategy 2015-2020

Oadby and Wigston
Borough Council:
Business Network Events



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A Foreword by the Leader of the Council

A thriving economy is fundamental to a prosperous Borough. Oadby and Wigston Borough Council recognise its vital role in achieving this. The overall aim of the Economic Regeneration Strategy is to promote economic well-being for all local businesses and residents. A great deal of research and consultation has been put into the preparation of this document to ensure the strategy reflects the economic position of the area. Since the previous Economic Regeneration Strategy a large amount has been achieved and we now have the ongoing drive to develop further initiatives.

It is our ambition that the Borough of Oadby and Wigston is a place where businesses look to invest, start-up, grow and expand; where there is a wide range of local employment and training opportunities and where our town centres are vibrant and thriving. It is essential that all residents have equal opportunities and are able to access high quality employment and training.

The strategy and its action plan sets out specific actions and highlights potential partners/initiatives. The Council fully appreciates the important role played by individuals, businesses and organisations who share our aim to improve the local economy and recognises that this Strategy cannot be delivered, in isolation, by Oadby and Wigston Borough Council.

Councillor John Boyce



Leader of the Council

The Vision

- A vibrant Borough, with a strong and diverse economy, which contributes to increasing prosperity for all.
- Having an economy that can support sustainable business growth, investment and attract new businesses as well as encouraging entrepreneurship.
- Comprising sustainable communities with equality of opportunity in education, skills and employment.

Background and Principles

The Oadby and Wigston Borough Council Economic Development Strategy 2009 – 2014 set out a clear understanding of the economic challenges and opportunities facing the borough and put forward a vision and plan for future development.

The Council's Corporate Plan 2006-2016 has an ambitious plan for the future to create a better quality of life for all citizens and recognises how a successful and sustainable economy can have a positive impact upon the quality of life of residents and businesses. This aspiration still prevails and a lot has been achieved over the last 5 years, either acting alone or through partnership work, to fulfil the aims and objectives of the economic strategy.

However much has changed in terms of economic regeneration policy drivers since the strategy was formulated e.g. the inception of Local Enterprise Partnerships, which now lead on the way forward for economic regeneration and are the main conduit for funding opportunities. Accordingly it is seen as important to refresh the economic development strategy to take it forward over the next 5 years and at the same time celebrate what has been achieved since the production of the previous strategy.

This new strategy will assist the council in its important leadership role to promote the economic, social and environmental well-being of its area. It will also act as a framework for influencing and supporting various partners and stakeholders, who will be involved in driving economic development and regeneration locally and in particular to help enable the realisation of funding opportunities by demonstrating that the council has ambitious aspirations based on factual evidence.

Recent Achievements and Ongoing Initiatives

- Delivery of the European Regional Development Fund (ERDF) Priority Access 2 funding in the Borough. The fund provided funding for projects that contribute to economic development, regeneration promoting competitiveness and delivery of sustainable regeneration in the Borough of Oadby and Wigston. The Oadby and Wigston partnership Local Investment Plan set out how over the 2007-2013 period the Borough would target ERDF monies secured under the East Midlands region's European Structural Fund Programme 2007-2013. The Council organised project board meetings and initiated two calls for bids. Round one of the programme focused on addressing the need for business support projects. Under round one two business support projects successfully achieved funding and commenced in the Borough. Round two of the programme focused on infrastructure, public realm and supply chains. Under round two a business support project aimed towards the young creative's and the Oadby and Wigston Public Realm Scheme successfully achieved funding. A total of over £350,000 has been claimed through the ERDF by the three business support projects.
- During 2014 Oadby and Wigston Borough Council and Leicestershire County Council undertook comprehensive redevelopment along The Parade, Oadby and Bell Street, Wigston. To enable the two schemes the two authorities negotiated a £520,000 contribution from the European Regional Development Fund towards a £830,000 project.
- Oadby and Wigston Borough Council secured funding for the refurbishment of Blaby Road Park, as part of the Tesco store development towards regeneration projects in South Wigston, and a proportion of this money has been used as a 'once in a generation' opportunity to improve the park. The views of local people were taken on board via a number of consultation events and the Council has worked with a specialist team of

designers and landscapers to provide a design for the park. Work on the refurbishment of Blaby Road Park started September 2012 and was overseen by the Council. Work on the park was completed during 2013 for which an opening ceremony was organised with the Mayor of Oadby and Wigston officially 'opening' the park.

- The Council working in partnership with South Leicestershire College has delivered several business events. The events allow businesses to hear about topics important to businesses including topics such as future grants available and training opportunities. Past topics at these events have included;
 - An introduction to work based pensions
 - Funding available for businesses
 - How to use social media to promote your business
- Working in partnership with Leicestershire County Council the Council held a jobs and skills fair with 28 exhibitors with over 70 registered attendees plus numerous students from the college attended the event.
- Through the LLEP Enterprising Leicestershire Grants (Regional Growth Fund) scheme six grants were approved in the Oadby and Wigston Borough totalling over £100,000 of grants creating and safeguarding around 10 jobs.
- The Council has established an online business directory. The site serves as a free database for and Oadby and Wigston Borough Council website users to search for businesses in the Borough through various options. These searches could therefore provide businesses with new business opportunities.
- The production of the Oadby, Wigston and South Wigston Investor Prospectus. The investor prospectus produced by the Council's regeneration team is a comprehensive guide to development and relocation in this Borough and will help to bring forward sites identified in the Town Centres Area Action Plan 2013. The document also shows what has been happening in the Borough and prospects for the future. The prospectus was launched at a free business event at South Leicestershire College and included attendance from developers, property professionals and the local business community.
- The Town Centre Manager works with the business groups in the three town centres, Oadby Town Centre Association, South Wigston Chamber of Trade and Wigston Business Group, on various initiatives throughout the year. This has include working together on the Christmas lights, the farmers markets and events such as community fun days, Christmas light switch on and classic and sports car show.

Current Economic Baseline Figures

Economic Baseline of Oadby and Wigston

	Oadby and Wigston	Leicestershire *	Great Britain	
Total Population (2014)	55,900	667,900	62,756,300	
Working Age Population (2014)	61.5%	62.7%	63.5%	
Economically Active (Jan 2014 - Dec 2014)	87.4%	80.4%	77.3%	
Unemployment Rate (Jan 2014 – Dec 2014)	4.3%	3.6%	6.2%	
Job Seekers Allowance Claimants (December 2015)	0.9%	0.7%	1.5%	
Population with NVQ 4 and above (Jan 2014 – Dec 2014)	41.9%	34.7%	36%	
Full-Time Workers Gross Weekly Pay – Earnings by Residence (2015)	£452.90	£527.00	£529.60	
Job Density (2013)	0.54 (19,000 jobs)	0.76	0.80	
Employee Jobs by Industry (2014)				
Manufacturing	14.1%	13.4%	8.5%	
Construction	3.7%	4.7%	4.5%	
Services	81.9%	79.2%	85.6%	
Wholesale and Retail, Including Motor Trades	21.3%	17.0%	15.9%	
Transport Storage	2.7%	7.7%	4.5%	
Accommodation and Food Services	5.0%	5.9%	7.1%	
Information and Communication	1.4%	2.2%	4.1%	
Financial and Other Business Services	15.8%	21.6%	22.2%	
Public Admin, Education and Health	30.2%	20.2%	27.4%	
Other Services	5.6%	4.6%	4.4%	
UK Business Counts (2015)				
Micro Enterprises (0 to 9)	1,595	88.6%	88.8%	88.7%
Small Enterprises (10 to 49)	180	10.0%	9.3%	9.3%
Medium Enterprises (50 to 249)	25	1.4%	1.6%	1.6%
Large Enterprises (250 +)	5	0.3%	0.4%	0.4%
Total	1,800	27,515	2,382,370	

Source: Nomis *Leicestershire includes the 7 boroughs/districts and not Leicester City.

Business Register & Employment Survey (BRES) ONS 2014

	2012/13	2013/14	2014/15 August to April (provisional)
Apprenticeship Programme Starts	520	390	390

Source: Government Statistical Data-sets

Percentage of Job Seekers Allowance Claimants by Age and Duration

	Aged 18-24	Aged 25-49	Aged 50+
Less than 6 months	1.2%	0.8%	0.5%
6 – 12 months	0.3%	0.2%	0.1%
Over 12 months	0.2%	0.2%	0.2%

Source: Office for National Statistics (July 2015)

Other Economic Profile Statistics

- Employment and Support Allowance and Incapacity benefits claimants February 2015 (Source: Office for National Statistics); Oadby and Wigston 4.2%, Leicestershire 4%, England 6.1%
- 16-19 years Not in Employment, Education or Training (NEET) July 2015 (Source: Connexions); Oadby and Wigston 2.5%, Leicestershire 2.9%, LLEP 4.3%

Leicester and Leicestershire Business Survey 2015

The Leicester and Leicestershire Business Survey reflects the views of local businesses and provides an annual snapshot of local business conditions. It highlights the following facts for Oadby and Wigston businesses:

- ✓ 56% of Oadby and Wigston businesses expect to start offering new products or services, the highest of all the Leicestershire districts.
- ✓ 35% of Oadby and Wigston businesses expected general business conditions to improve.
- ✓ 40% of Oadby and Wigston businesses said that they were quite or very likely to take on further apprentices in the future, the highest of all the Leicestershire districts.
- ✓ 81% of Oadby and Wigston businesses expect an increase in sales turnover in the next 12 months the highest of all the Leicestershire districts.
- ✓ 72% of Oadby and Wigston businesses expect their business to grow over the next 12 months.
- ✓ 57% of Oadby and Wigston businesses plan to train or up skill staff in the next 12 months.
- ✓ 10% (101 businesses) in Oadby & Wigston are looking to relocate.

A Summary of Oadby and Wigston Key Issues

- In respect to job density there is a low level ratio of jobs to the working age population with a considerable number of people working outside of the borough
- The economic activity rate (people, who are economically active, expressed as a percentage of all people) is considerably higher than in Great Britain and also higher than the average for Leicestershire
- A high level of the population with NVQ 4 qualifications and above

- People with manufacturing jobs is almost double the national average
- There are a relatively small number of people working in ICT
- There is an overall business confidence

Economic Drivers

Sub-Regional Economic Drivers

Leicester & Leicestershire Local Enterprise Partnership (LLEP)

Local Enterprise Partnerships lead on economic regeneration priorities as set out by the Government. Accordingly it is important that our economic regeneration strategy has policies that reflect those of the LLEP although ours will further reflect the very local needs of the area. In particular the LLEP is the lead on the new European Programme 2014-2020 and it is therefore important that local policies and proposals are in agreement with the LLEP priorities in order to allow the best chance of obtaining funding for projects.

The strategic objectives of the LLEP Economic Growth Plan include:

- Increase availability of employment land and infrastructure
- Match available capital to enterprise growth
- Support enterprise growth and investment

and in detail to:

- Improve engagement between employers and training providers
- Increase the number and flexibility of work placements, apprenticeships and internships
- Address worklessness by raising ambition and employability skills
- Increase the availability of 'fit for purpose' high quality employment land and premises
- Increase the provision of a range of quality housing to support economic growth
- Support enterprise growth and investment
- Provide effective business support to assist enterprises to start and grow
- Attract inward investment
- Secure European and national Government funding
- Improve access to capital finance for SMEs

The LLEP Economic Growth Plan also has a key challenge to ensure that local training provision is able to meet both current and future needs and address skills shortages especially in engineering.

LLEP Sector Plans

The LLEP has a number of priority sectors and in summer 2015 has drawn up plans for each of these. The sectors comprise:

- Advanced manufacturing & engineering
- Creative industries
- Food & drink manufacturing
- Logistics and distribution
- Low carbon
- Professional & financial services
- Textiles manufacturing
- Tourism & hospitality

From these documents the following headlines stand-out for the Oadby & Wigston area:

- Oadby & Wigston has the second highest percentage of the areas employment in the food & drink sector at over 10% (after Melton with almost 12%)
- Only 5.5% of the LLEP area creative industries are located in Oadby and Wigston (second least only to Melton)

- Oadby & Wigston has the second least number of enterprises in the advanced manufacturing & engineering Sector (Melton has the least)
- In 2003 Oadby & Wigston had 1,400 people employed in the logistics and distribution sector. This is around 8.3% of the Borough's workforce slightly below the LLEP average of 11.3%.

Each of the LLEP sector plans created action plans shaped and prioritised through active engagement with the sector. Across the LLEP sector plan action plans the following themes and issues stand out;

- Most of the sectors highlighted the need for sector specific advisory groups/boards to help promote the sector and give the industry a voice.
- Issues of staff recruitment can range from issues related to attracting and retaining skilled people to a lack of supply of suitably qualified staff which needs addressing.
- Suitable premises for expansion needs addressing through collaboration between local planning authorities for allocating land, allowing clustering and stimulating the provision of suitable premises.
- Skills gaps in the current workforce are highlighted with the need to improve skills by businesses working with education providers linking the provision of the technical skills needs as well as the relevance of apprenticeships and increasing the flow of work ready candidates.
- Staff transport issues are seen as an issue in many sectors whether this is the lack of public transport related to the 24/7 nature of many businesses or the rural location.
- Funding in the form of grant schemes to support start up businesses and upfront costs through to premises improvement/upgrading facilities.
- Most sectors support supply chain activity from a supply chain gap review to improving networking so businesses can see the opportunities available and highlight pressures in each stage of the supply chain.
- Broadband technology issues need addressing through encouraging provision and take-up of broadband to funding to support website development.
- Promotion and branding of sectors is seen as important from raising awareness and improving the public perception of a place to work to supporting accreditation to improve product standards.
- A single point of contact for specific sector needs is seen as an important business support function including using sector specific expertise to improve clarity of grant applications as well as allowing for further networking between businesses.
- A business growth programme for the specific sectors offering business development funds will help to grow each of the individual sectors.

LLEP Business Gateway

The LLEP Business Gateway is a 'one-stop shop' growth hub for all business needs. The gateway provides information on forms of business support available from local and national partners across a wide range of industries and sectors. Information is available on starting a business, growing your business, how to access finance, hiring and training, and premises and investing.

Leicestershire Market Towns Research

In November 2015, consultants ERS were commissioned to undertake economic research relating to 11 market towns across Leicestershire. The research sought to highlight and fill gaps in economic knowledge, identify current issues and collate project ideas. It was based

largely on an extensive review of documentation, comprehensive data analysis and (at least) two focus groups in each town, involving strategic stakeholders and local business representatives.

Combined Authority

A proposal to develop a Combined Authority for Leicester and Leicestershire was submitted to the Government on 21 December 2015. The Combined Authority comprises Leicestershire County Council, Leicester City Council, the Leicestershire District Councils and the LLEP. The proposal focuses on the areas of long term economic investment/development through closer working in relation to the following key areas:

Planning:

Councils to work together to agree a clearer, long-term framework to meet future housing and employment needs for the whole area and identify future growth locations

Transport:

To focus on long-term investment in road, rail and other public transport infrastructure

Skills:

To drive and deliver skills and training, to give local people the chance to get better qualifications and employment

It is currently anticipated that the Order to establish the Combined Authority will be made by the Secretary of State in October 2016.

The Midlands Engine for Growth

The Midlands Engine for Growth signals willingness from all regional stakeholders to work together more closely to achieve greater regional economic growth and productivity improvement. Developing the Midlands Engine brand will allow the region to promote itself to investors and trade partners, delivering more growth, exports and jobs.

Key Funding Regimes

European Structural and Investment Fund 2014-2020 (ESIF)

ESIF consist of European Regional Development fund (ERDF), European Social Fund (ESF), and part of the European Agricultural Fund for Rural Development (EAFRD). The LLEP's ESIF allocation is £111million for the programme period. This will need to be matched by further £111million. The priorities in the ESIF have been aligned with the strategic priorities of the SEP. Key areas of alignment when preparing the ESIF include:

- Driving economic growth to support economic recovery and help reduce the north-south divide in terms of economic performance;
- A focus on private sector job creation and associated GVA uplift;
- Promoting higher level skills, including through vocational routes; and
- Reducing benefit dependency by supporting people into employment.

The core emphasis of EU Structural Funds will link the supply of economic assets within the economy to current and future opportunities and demand. This will be achieved through a range of interventions including:

- Stimulating SME growth through business support
- Access to finance
- Incubation and innovation
- Investing in initiatives to support the businesses base to further adapt to a low carbon operating environment
- Supporting local people to access employment opportunities through skills development and programmes.

City Deal

City Deals are agreements between Government and an area that gives that area control to take charge and responsibility of decisions that affect their area, do what they think is best to help businesses grow, create economic growth and decide how public money should be spent.

The Leicester and Leicestershire City Deal was signed in March 2014, securing £16 million Government funding that will create nearly 1500 jobs and unlock over £130 million of investment for the area. The £16 million funding secured through the City Deal will be allocated to:

- £4m for skills and employment including a new scheme for 16-24 year olds to reduce youth unemployment by 50% by 2018, deliver 3,000 new apprenticeships and 1,000 traineeships and work placements and a new training scheme for young offenders.
- £10m to improve business support services focusing in particular on the LLEP Business Gateway and a small and medium enterprise grant scheme set to create 744 new jobs.
- £2m to support the expansion of the Loughborough University Science and Enterprise Park which will create up to 755 new jobs and safeguard a further 400.

Local Growth Fund

The Leicester and Leicestershire Growth Deal aims to drive growth across the area by providing additional funding and leveraging investment to provide new homes and space for businesses, provide high quality skills and training facilities and deliver key transport improvements across the city and county. In total the Leicester and Leicestershire growth deal has been allocated over £100m for the operating period 2015-2021.

The Strategic Growth Plan

The Strategic Growth Plan across Leicester and Leicestershire aims to help realise the ambition of Leicester and Leicestershire authorities to create a prosperous economy in a sustainable way, signposting the direction of growth which will help all partners to deliver the desired outcomes.

Local Economic Drivers

Oadby & Wigston Core Strategy

This document, adopted in September 2010, sets out the vision, spatial objectives and core policies for the future development of the Borough up to 2026. Delivery of core strategy policy 1: Spatial strategy for the Development in the Borough of Oadby and Wigston makes provision for a Direction for Growth to the south east of Wigston (on land between Newton Lane and Welford Road). The purpose of the Direction for Growth is to accommodate the housing and employment growth required on greenfield land once all available previously developed (brownfield) land within the town centres and existing urban area has been taken into account. The Direction for Growth makes provision to accommodate approximately 450 homes and 2.5 to 3.5 hectares of employment land to the south east of Wigston up until 2026. The Direction for Growth is subject to a resolution to grant outline planning permission subject to a section 106 agreement following a development control committee in April 2014.

Delivery of the Core Strategy Policy 2: Development in the centres of Oadby, Wigston and South Wigston confirms the Borough Council's commitment to the implementation of the Oadby and Wigston Town Centres Area Action Plan.

Oadby & Wigston Town Centres Area Action Plan

This document, adopted in September 2013, includes planning policies to guide and inform development proposals and decisions and provides masterplans to help deliver the ambitions outlined in this document. This document provides approximate figures relating to the scale of office and retail development proposed until 2026.

Local Development Orders

Making use of funding provided by a Government grant, the Council is working with consultants to prepare three Local Development Orders. The three Local Development Orders relate to land between Paddock Street and Bell Street in Wigston, land adjacent to East Street in Oadby and land including and adjacent to the Arriva bus depot on Station Street in South Wigston. The Local Development Orders form an important part of the Council's regeneration plans and will provide a firm planning strategy to guide development.

South Wigston Regeneration Masterplan

The Masterplan addresses development and regeneration within South Wigston.

Oadby & Wigston Borough Council's Local Economic Plan 2014

This document was produced to show the Council's individual economic priorities and to demonstrate how these fit with the LLEPs Strategic Economic Plan, in order to ensure that this area gets considered for economic regeneration funding opportunities, most of which in future will be directed through the LLEP.

The Annual Monitoring Report and Employment Land Availability Study

The Annual Monitoring Report reviews and monitors the Local Plan, it assesses the implementation of the Local Development Scheme and the extent to which policies in local development documents are being achieved. The Employment Land Availability Study is part of the annual monitoring exercise and monitors the availability and distribution of employment land, including the amount of floor space that has been completed each year.

Employment Sites and Brownfield Land Study 2010

This study investigates employment issues within the borough.

Investor Prospectus

The investor prospectus acts as guide to development and occupier opportunities in the Borough. The document assists with the specific site marketing of key sites. The document is kept up-to-date and acts as a promotional tool for sites in the Borough.

Key Aims, Objectives and Associated Actions

The key objective of this document is to direct local economic and associated development activities and investment in line with the Council's Corporate Plan and its relevant planning documents such as the Core Strategy and Action Plans. Current economic baseline figures are used to help inform the decision as to the most pertinent objectives and actions required for this strategy.

Accordingly the document sets out a number of economic regeneration initiatives that will enhance and boost the economy of the local area, building on what has happened over the last 5 years and wherever appropriate to align proposals and projects with the LLEP Strategic Economic Plan.

Key Aim

1. Local Investment in Place

Objectives

- Encouraging and enabling town centre regeneration projects
- To promote and market the borough as an area that offers opportunities for development, investment and relocation
- To provide advice on the availability of sites for both businesses wishing to locate in the area and to local businesses requiring 'grow on' on space
- To develop the visitor economy, particularly related to business

Actions

- *Bringing forward both employment and residential development sites as defined in the Town Centres Area Action Plan plus in the area to the south east of Wigston (Direction for Growth)*
- *Work with funding regimes to provide an innovative enterprise centre*
- *Use the Leicestershire Market Towns Research study as an evidence base which could be used to apply for funding*
- *Promote the Investor Prospectus and its sites at business events, meetings with developers and through the Leicester City Council Inward Investment team*
- *The Town Centre Manager to continue to work with town centre business forums and associations to develop town centre related initiatives*
- *To work with Leicestershire promotions, Leicestershire County Council and other organisations in relation to tourism matters.*

Key Aim

2. Local Investment in Business

Objectives

- To develop a sustainable and successful business base and encourage and support both established businesses and start-ups
- To engage with businesses expressing a desire to relocate in order to ensure their continued presence in the borough
- Regeneration of key employment sites within the borough to enable them to meet the needs of modern business requirements
- To work with all sectors and particularly the 8 sectors with LLEP sector growth plans
- Ongoing support for SMEs and for those wishing to start up a business
- To engage with and support businesses wishing to take on apprentices, and to generally promote the advantages to businesses of providing apprenticeship, traineeships and work placements opportunities
- To encourage the take-up of high speed broadband opportunities
- To encourage business awareness in respect to export market opportunities

Actions

- *Establish relationships with and an understanding of the needs of both existing and new businesses*
- *Signpost access to business support programmes*
- *Promote business events particularly via the business directory*
- *To help to improve the supply of technically trained staff to fulfil the needs across business sectors especially the 8 LLEP sectors*
- *Provide three business events per year in partnership with South Leicestershire College, on subjects chosen through collaboration with local businesses*
- *To maintain the online Oadby and Wigston local business directory*
- *To regularly update the economic regeneration pages of the borough council's website*
- *To enable the provision of courses on the best use of superfast broadband opportunities*
- *Work with funding regimes to enable a grants programme for SMEs*
- *To improve the ability of businesses to complete successful funding applications*
- *Provide an account management service in respect to the planning process to help businesses to submit good quality applications.*

Key Aim

3. Local Investment in People

Objectives

- To create widespread employment opportunities
- To work in partnership to upskill the local workforce and to enable the best opportunity to meet the potential offered by local companies
- To have an emphasis on supporting skills development for young people Not in Employment, Education or Training (NEETS) and the unemployed
- To address any mismatch between the requirements of local businesses and the skill sets of the local community
- To develop the opportunity for local construction jobs as new development sites come forward
- To ensure local people have access to appropriate transport facilities in order to access employment and education locations

Actions

- *To work with local schools to ensure pupils have an understanding of local employment and training opportunities*
- *To promote specific sector job opportunities at schools and colleges in order to improve perceptions and attract young people into employment in these sectors e.g. through The Careers & Enterprise Company*
- *To work with local universities, South Leicestershire College and other further education providers to match courses to local business needs*
- *To work with construction companies and developers on local sites to encourage them to take on local people for jobs, apprenticeships and work placements*
- *To engage with local transport providers to ensure people can access employment and training both within and outside the borough*
- *To work with local people on community regeneration projects.*

Key Aim

4. To work in Partnership to Fulfil the Economic Potential of the Area

Objectives

- To ensure that a broad range of support packages are available to local businesses, particularly micro and small enterprises
- To develop strong partnership relationships, which have the capacity to lever in funding where required to deliver both large and small scale projects

Actions

- *Support local business support organisations to deliver business support services*
- *Promote the LLEP Business Gateway website*
- *Work in partnership with DCLG, LLEP, local education providers, Leicestershire County Council, the other Leicestershire District Councils, Leicestershire Promotions to help enable economic regeneration opportunities*
- *Support and work with Wigston Chamber of Trade, Oadby Business Association and South Wigston Traders Association in respect to initiatives and events.*

Implementation of Action Plan

Delivery of the vision will primarily be dependent upon a strong relationship between the Borough Council and its key partners including:

- Leicester and Leicestershire Enterprise Partnership to ensure that the best opportunities for funding and other implementation opportunities are achieved through European, LLEP Growth Plan, Regional Growth Fund and other sources
- Private sector partners such as land owners and developers
- Public sector bodies to ensure co-ordinated funding of key projects
- Existing businesses and business organisations for example to bolster our town centre's reputation for major investors / potential investors
- Public transport providers and the Local Highways Authority for example to deliver effective public transport services and junction improvements to mitigate the impacts of new development
- Local resident's organisations to ensure that the town centre AAP's objectives and vision match the local community's aspirations for their town centres
- When justified and deemed necessary, the Council will use Compulsory Purchase Order powers in order to bring forward development opportunities.

Action Plan

Local Investment in Place

Action	Potential partners/Initiatives	Monitoring
Bringing forward both employment and residential development sites as defined in the Town Centres Area Action Plan plus in the area to the south east of Wigston (Direction for Growth)	<ul style="list-style-type: none"> • Working with landowners concerning Local Development Orders • Leicestershire & Leicestershire Enterprise Partnership (LLEP) • Leicestershire County Council • Developers • Town centre businesses and business groups 	<ul style="list-style-type: none"> • Number of sites coming forward • Number of new business • Inward investment • Number of new homes
Work with funding regimes to provide an innovative enterprise centre	<ul style="list-style-type: none"> • LLEP programmes (European Structural Investment Fund (ESIF)) • Pera consultants • Business community 	<ul style="list-style-type: none"> • New build enterprise centre established and/or upgraded business centre
<i>Use the Leicestershire Market Towns Research study as an evidence base which could be used to apply for funding</i>	<ul style="list-style-type: none"> • Leicestershire County Council • LLEP 	<ul style="list-style-type: none"> • Projects developed and brought forward
Promote the Investor Prospectus and its sites at business events, meetings with developers and through the Leicester City Council Inward Investment team	<ul style="list-style-type: none"> • South Leicestershire College (SLC) • LLEP • Developers • Business events • Leicester City Council 	<ul style="list-style-type: none"> • Number of sites brought forward • Number of jobs created on sites • Number of attendees at events
The Town Centre Manager to continue to work with town centre business groups to develop town centre related initiatives	<ul style="list-style-type: none"> • Local business forums: <ul style="list-style-type: none"> ➤ Wigston Business Group ➤ Oadby Town Centre Association 	<ul style="list-style-type: none"> • Number of initiatives • Number of events • Number of businesses engaged

	<ul style="list-style-type: none"> ➤ South Wigston Chamber of Trade and Commerce • Federation of Small Businesses (FSB) 	
To work with Leicestershire promotions and other organisations in relation to tourism matters	<ul style="list-style-type: none"> • Leicestershire Promotions • River Soar Partnership • Canals and Rivers Trust • Brocks Hill • University of Leicester (Botanic Garden) • Leicester Racecourse • Hotels 	<ul style="list-style-type: none"> • Tourism figures

Local Investment in Business

Action	Potential partners/Initiatives	Monitoring
Establish relationships with and an understanding of the needs of both existing and new businesses	<ul style="list-style-type: none"> • Business community • Business groups • Networking events 	<ul style="list-style-type: none"> • Number of businesses engaged • Business confidence figures • Business surveys
Signpost access to business support programmes	<ul style="list-style-type: none"> • LLEP Business Gateway • OWBC website 	<ul style="list-style-type: none"> • Business Gateway statistics • Number of businesses supported • Number of grants received
Promote business events particularly via the business directory	<ul style="list-style-type: none"> • OWBC website • Social media • Letterbox magazine • Town centre digital display screens • LLEP Business Gateway 	<ul style="list-style-type: none"> • Number of attendees at events
To help to improve the supply of technically trained staff to fulfil the needs across business sectors especially the 8 LLEP sectors	<ul style="list-style-type: none"> • LLEP • SLC • Local schools • Universities • LLEP Business Gateway 	<ul style="list-style-type: none"> • Skills attainment figures for the borough • Business satisfaction surveys
Provide three business events per year in partnership with South Leicestershire College, on subjects chosen through collaboration with local businesses	<ul style="list-style-type: none"> • SLC • Local businesses • LLEP Business Gateway 	<ul style="list-style-type: none"> • Number of attendees • Number of businesses engaged with initiatives
To maintain the online Oadby and Wigston local business directory	<ul style="list-style-type: none"> • OWBC staff • Business community • Local business forums 	<ul style="list-style-type: none"> • Total businesses registered • New registration rate

To regularly update the economic regeneration pages of the borough council's website	<ul style="list-style-type: none"> • OWBC staff 	<ul style="list-style-type: none"> • Up-to-date relevant information
To enable the provision of courses on the best use of superfast broadband opportunities	<ul style="list-style-type: none"> • Leicestershire County Council • LLEP 	<ul style="list-style-type: none"> • Number of courses attended • Number of attendees • Business satisfaction survey
Work with funding regimes to enable a grants programme for SMEs	<ul style="list-style-type: none"> • LLEP • Leicestershire County Council 	<ul style="list-style-type: none"> • Number of grants attained
To improve the ability of businesses to complete successful funding applications	<ul style="list-style-type: none"> • LLEP Business Gateway • OWBC staff 	<ul style="list-style-type: none"> • Number of successful bids • Number of funding regimes accessed successfully
Provide an account management service in respect to the planning process to help businesses to submit good quality applications	<ul style="list-style-type: none"> • OWBC staff 	<ul style="list-style-type: none"> • Number of successful applications by businesses • Number of sites brought forward

Local Investment in People

Action	Potential partners/Initiatives	Monitoring
To work with local schools to ensure pupils have an understanding of local employment and training opportunities	<ul style="list-style-type: none"> Local schools and academies Colleges LLEP Leicestershire County Council Local businesses 	<ul style="list-style-type: none"> Employment figures Business satisfaction survey Number of claimants at Job Centres
To promote specific sector job opportunities at schools and colleges in order to improve perceptions and attract young people into employment in these sectors	<ul style="list-style-type: none"> LLEP Leicestershire County Council Local schools and academies Colleges Local businesses Youth clubs The Careers & Enterprise Company 	<ul style="list-style-type: none"> Employment figures Business satisfaction survey Number of Job Centre claimants
To work with local universities, South Leicestershire College and other further education providers to match courses to local business needs	<ul style="list-style-type: none"> SLC Universities such as University of Leicester and De Montfort University 	<ul style="list-style-type: none"> Skills attainment figures NVQ 1 to 4 attainments
To work with construction companies and developers on local sites to encourage them to take on local people for jobs, apprenticeships and work placements	<ul style="list-style-type: none"> OWBC/Leicestershire County Council/District Councils/Leicester City Council LLEP Developers Further Education providers 	<ul style="list-style-type: none"> Number of construction jobs obtained in the borough Number of Apprenticeships Number of traineeships Number of work placements
To engage with local transport providers to ensure people can access employment and training <i>both within and outside the borough</i>	<ul style="list-style-type: none"> Leicestershire County Council Bus Partnership Local bus companies e.g. Arriva Train companies Leicestershire County Council Wheels 	<ul style="list-style-type: none"> Number of LCC Wheels to Work clients in borough Vacancy rates Commuting distances Community satisfaction survey

	to Work project	
To work with local people on community regeneration projects	<ul style="list-style-type: none"> • Residents associations • Sports and youth clubs 	<ul style="list-style-type: none"> • Grants obtained • Number of projects implemented

To work in Partnership to Fulfil the Economic Potential of the Area

Action	Potential partners/Initiatives	Monitoring
Support local business support organisations to deliver business support services	<ul style="list-style-type: none"> • LLEP Business Gateway • Town Centre Groups • Events 	<ul style="list-style-type: none"> • Number of grants obtained from ESIF and other bid regimes • Business satisfaction
Promote the LLEP Business Gateway website	<ul style="list-style-type: none"> • OWBC/SLC events • OWBC website 	<ul style="list-style-type: none"> • Business satisfaction • Grants received • LLEP Business Gateway monitoring
Work in partnership with DCLG, LLEP, local education providers, Leicestershire County Council, the other Leicestershire District Councils, Leicestershire Promotions to help enable economic regeneration opportunities	<ul style="list-style-type: none"> • DCLG • LLEP • Local education providers • Leicestershire County Council • Leicestershire District Councils • Leicestershire Promotions 	<ul style="list-style-type: none"> • Business satisfaction and engagement • Number of sites/initiatives brought forward
Support and work with Wigston Business Group, Oadby Town Centre Association and South Wigston Chamber of Trade and Commerce in respect to initiatives and events.	<ul style="list-style-type: none"> • Town Centre Manager • Local business forums • Local businesses 	<ul style="list-style-type: none"> • Number of positive comments at events • Business satisfaction • Vacancy rates • Footfall figures

Conclusion

The new strategy will assist the council in its important leadership role to promote the economic, social and environmental well-being of its area. It will also act as a framework for influencing and supporting various partners and stakeholders, who will be involved in driving economic development and regeneration locally and in particular to help enable the realisation of funding opportunities by demonstrating that the council has ambitious aspirations based on factual evidence.



Equality Assessment

Part 1 - Initial Equality Assessment screening

Name of Policy/Function:	This is new
Economic Regeneration Strategy	This is a change to an existing policy ✓
	This is an existing policy, not previously assessed

Date of screening	25 August 2015 and updated June 2016
Name of screener	Judith Sturley

1. Briefly describe its aims & objectives

The aim of this function is to review the current Economic Regeneration Strategy and produce a document to incorporate aims, objectives and actions in line with the current economic conditions of the borough in order to contribute to the provision of a strong and diverse local economy which will help sustain business growth and the prosperity of all.

2. Are there external considerations? (Legislation/government directive etc)

In particular the need to be in line with the aims and objectives of Leicester & Leicestershire Local Enterprise Partnerships Strategic Economic Plan 2015 – 2020 in order to provide a framework for influencing and supporting partners and stakeholders who will help to drive economic development locally.

3. Who are the stakeholders and what are their interests?

The stakeholders include all local businesses and local residents and the strategy aims to help achieve prosperity for all. The document provides an Action Plan that will offer solutions to enabling town centre regeneration; market the borough as an area that opportunities for development, investment and relocation; improving skills and take up of apprenticeships. Partnership working will be essential in the delivery of the plan's objectives during the plan period and beyond.

4. What outcomes do we want to achieve and for whom?

- A vibrant Borough, with a strong and diverse economy, which contributes to increasing prosperity for all.
- To have an economy that can support sustainable business growth, investment and attract new businesses as well as encouraging entrepreneurship.

- To help to achieve equality of opportunity in education, skills and employment

5. Has any consultation/research been carried out?

Yes

If yes please provide details and outcomes, if no please outline any planned activities

The draft strategy public consultation was launched at a business event on 21st April 2016 and lasted for six weeks to 2nd June 2016. Following the business event the draft strategy was placed on the Council’s website with a direct link from the homepage for comments for the duration of the consultation period. A consultation email was also sent to key stakeholder including the Leicester and Leicestershire Enterprise Partnership, Leicestershire County Council, other Leicestershire district council economic regeneration officers and the three town centre business groups. Responses have then been incorporated into the updated Economic Regeneration Strategy 2015-2020 document.

The Economic Development Strategy 2015 – 2020 will then be published after it has been presented and approved by Policy, Finance and development Committee in September.

6. Are there any concerns at this stage which indicate the possibility of inequalities/negative impacts? (Consider and identify any evidence you have - equality data relating to usage & satisfaction levels, complaints, comments, research, outcomes of review, issues raised at previous consultations, known inequalities) If so please provide details.

No. The previous strategy had an objective ‘to up skill the local workforce to help residents to fulfil their learning and employment potential’. To enable this work was done with the former Leicestershire and Leicester City Learning Partnership. Furthermore OWBC has engaged with Leicestershire County Council in the provision of a Jobs Fair, particularly targeted at the unemployed. The revised strategy will continue to promote Jobs Fairs and will work more closely with schools and colleges to ensure that learners understand the sectors with the most local job potential.

7. Could a particular group be affected differently in either a negative or positive way? (Positive – it could benefit, Negative – it could disadvantage, Neutral – neither positive nor negative impact or Not sure?)

	Type of impact, reason & any evidence
Disability	Positive – The new strategy will help to increase job and business opportunities for all
Race (including Gypsy & Traveller)	Positive – The new strategy will help to increase job and business opportunities for all
Age	Positive – The new strategy will help to increase job and business opportunities for all

	In particular the strategy has an objective to support skill development for young people Not in Employment, Education or Training (NEETS) and the unemployed
Gender Reassignment	Positive – The new strategy will help to increase job and business opportunities for all
Sex	Positive – The new strategy will help to increase job and business opportunities for all
Sexual Orientation	Positive – The new strategy will help to increase job and business opportunities for all
Religion/Belief	Positive – The new strategy will help to increase job and business opportunities for all
Marriage and Civil Partnership	Neutral
Pregnancy and Maternity	Neutral

8. Could other socio-economic groups be affected e.g. carers, ex-offenders, low incomes?

In a positive way as described above

9. Are there any human rights implications?

No (if yes please explain)

10. Is there an opportunity to promote equality and/or good community cohesion?

Yes (if yes how will this be done?)
 Yes, in terms of equality, the strategy aims to enable training and job opportunities for all, to give local people the opportunity to set up in business and to give support to existing businesses located in the borough.
 In terms of good community cohesion, this strategy offers the opportunity of working together to establish and pursue funding opportunities to bring about objectives.

11. If you have indicated a negative impact for any group is that impact legal (not discriminatory under anti-discrimination legislation)?

Yes/No (please explain)
 N/A

12. Is any part of this policy/service to be carried out wholly or partly by contractors?

No

13. Is a full Equality Assessment required?

No

14. Date by which a full Equality Assessment is to be completed and actions

N/A

Please note that you should proceed to a Part 2, the full Equality Assessment if you have identified actual, or the potential to cause, adverse impact or discrimination against different groups in the community.

We are satisfied that an initial screening has been carried out and a full impact assessment is **not required*** (please delete as appropriate).

Completed by..... Judith Sturley, Principal Economic Regeneration Officer

Date...14/06/2016.....

Director or Head of Service:...

Adrian Thorpe.....Date.....30/06/16.....

Countersigned by:..V.Quintyne.**(Community Engagement Officer)**. Date..June 30th 2016..

*Please forward an electronic copy to: veronika.quintyne@oadby-wigston.gov.uk **Community Engagement Officer** for a countersignature. This Equality Assessment form will then be published on the Council website*



Agenda Item 13



**Policy, Finance and
Development
Committee**

**Tuesday, 20
September 2016**

Matter for Decision

Title: North West Leicestershire Local Plan - Publication Version

Author: Adrian Thorpe (Planning, Development and Regeneration Manager)

1. Introduction

1.1 North West Leicestershire District Council has published its draft Local Plan. This report sets out the comments of the Borough Council in relation to the Local Plan.

2. Recommendations

2.1 It is recommended that Members approve the comments set out in paragraphs 3.4 to 3.7 of this report as Oadby and Wigston Borough Council's formal response to the publication version of the North West Leicestershire District Council Local Plan.

3. Information

3.1 North West Leicestershire District Council is preparing a new Local Plan. The Plan will cover the period to 2031 and will identify new sites for housing and employment.

3.2 The Plan was placed on public consultation for a six week period between Monday 4 July and Monday 16 August 2016. Due to the timings of the Borough Council's Committee Meetings the comments set out in the report have already been submitted to North West Leicestershire District Council as officer comments. The outcome of Members consideration of the officer comments will be communicated to North West Leicestershire District Council.

3.3 Policy, Finance and Development Committee previously agreed to submit comments to North West Leicestershire District Council in December 2015 in response to a public consultation on an earlier draft of the Local Plan. The comments set out in this report are, in general, consistent with the comments previously made.

3.4 Paragraphs 47 and 159 of the National Planning Policy Framework requires local planning authorities to assess their full objectively assessed housing needs, working with neighbouring authorities where Housing Market Areas (HMA) cross administrative boundaries.

3.5 North West Leicestershire District Council has published its Local Plan ahead of the completion of the Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA) which has been jointly commissioned by all of the Leicester and Leicestershire local authorities and the LLEP and is currently underway. The HEDNA will establish the Objectively Assessed Need (OAN) for Leicester and Leicestershire and each of the constituent local authorities. Once the OAN is known, this will enable each of the constituent local authorities to assess its ability to meet its OAN. If any local authority is unable to meet its OAN then the remaining local authorities will need to agree arrangements to meet the unmet need under the duty to co-operate. The outcome of this process will inform the plan target to be included in the individual local plans of each local authority and the associated planning policies.

- 3.6 In the case of North West Leicestershire District Council, its publication Local Plan precedes this process and as such, the most recent OAN for North West Leicestershire published and agreed at HMA level (through the 2014 Strategic Housing Market Assessment and subsequent Memorandum of Understanding) is a figure of 350 dwellings per annum. This is significantly different to the figure of 520 dwellings per annum identified in Policy S1 of the publication Local Plan. The evidence upon which the figure of 520 dwellings per annum is based has been commissioned solely by North West Leicestershire District Council (Review of Housing Requirements 2011-31, JG Consulting, 2016) and therefore is not in accordance with the collaborative process outlined above. As such it is difficult to corroborate the outputs of this study in the context of the rest of the HMA.
- 3.7 The Leicester and Leicestershire local authorities have also worked collaboratively to consider the options for aligning local plans in Leicester and Leicestershire and their implications for each district, and to agree wording on review triggers to be incorporated into Local Plans. Policy S1 of the publication Local Plan falls short of this agreement in that it only provides a commitment that North West Leicestershire District Council will bring forward an early review of its Local Plan in the event of an identified additional need in North West Leicestershire. The reference solely to 'need in North West Leicestershire' does not take into account, for example, any unmet need arising from other local authorities and any work to agree the scale and distribution of this which may also lead to a position whereby North West Leicestershire District Council should bring forward an early review of its Local Plan. In addition, the policy should also include the timescale within which the Council would look to commence such a review.

Background Documents:-

North West Leicestershire Local Plan Publication Version, June 2016

National Planning Policy Framework, March 2012

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Implications	
Financial (CR)	No significant implications.
Legal (AC)	No significant implications.
Risk (AT)	No significant implications.
Equalities (AT)	No significant implications.
	Equality Assessment:- <input type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input checked="" type="checkbox"/> Not Applicable

Agenda Item 14



Policy, Finance and Development Committee	Tuesday, 20 September 2016	Matter for Information and Decision
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Title: Christmas and Festive Lights

Author: Adrian Thorpe (Planning, Development and Regeneration Manager)

1. Introduction

- 1.1 Each town centre has a set of Christmas or Festive lights installed each year for the festive period. They are referred to differently in each town as some of the lights also cover other festivals. The lights will be referred to as Christmas lights for this report.

Oadby and Wigston Borough Council currently have a contract in place with a supplier to install the Christmas lights in Oadby, Wigston and South Wigston each year. The contract includes the testing, installation, attendance at switch on and dismantling of the Christmas lights in the 3 town centres.

The current contractor is Central Electrical Services (Hinckley) Ltd, which is in the third year of a 3 year contract. Subject to performance there is the option to extend the contract by another 2 years.

During 2015 there were several incidents in each town centre where sections of the lights were not operating. This in the main was caused by water ingress into the sockets, which shorted the circuit. In the majority of these cases the lights were able to be switched back on. Other causes of failure were manufacturing faults, lamp column faults and damage resulting from the cutting by Leicestershire County Council.

Unfortunately this lead to a small number of complaints regarding the lights. The purpose of this report is to set out the way forward for 2016 and the future.

1.2

1.3

1.4

1.5

2. Recommendations

2.1 It is recommended that:

- Members note the issues experienced during the 2015/16 festive period and the works that will be put in place during the year to rectify these.
- The reporting of any Christmas light failures follows the procedure as set out in section 7.

3. Information

4. History

4.1 Oadby and Wigston Borough Council has provided Christmas lights for Wigston, Oadby and South Wigston for many years and the previous contractor Flag and Flagpole had been installing the lights for approximately 7 years. The previous lights were under appreciated and the coverage seemed to decrease each year, though the contract price remained the same (approx £37,000 per year).

4.2 The Christmas lights were placed under the remit of the Town Centre Manager in May 2013 – leaving a short lead in time to organise a new display in each town.

4.3 With this in mind a new approach to the Christmas lights was developed, whereby the Borough Council would provide a basic set of lights to each centre and then each of the traders groups would then supplement additional lights to this. It was agreed that the installation would be organised by the Borough Council, to ensure that the correct Health and Safety requirements were met.

4.4 All three centres have supplemented their displays over the years by getting grants from Leicestershire County Council, from the Borough Council's Resident Forums or from their own businesses. In total there has been an investment of over £86,000 in new Christmas lights over the last 3 years.

5. Issues Affecting Lights

5.1 There were several times during the last festive period where lights in all three towns were not working. This is not always avoidable, due to the nature of electrical services that are placed outside in all weather. It must also be noted that the weather during the period had been quite extreme, with some of the wettest and windiest weather experienced during the last few years.

5.2 South Wigston had several issues of light failures. Firstly the lights that were installed in some of the trees failed at some point. At the test and subsequently the switch on, all of the trees that had lights and power were working. Unfortunately, around a week later a run of 4 trees failed. This was more than likely linked with the fact that Leicestershire County Council had trimmed the trees in the spring of 2015 and had probably cut through some lights. This then appears to have shorted the lights in these trees. Unfortunately there was nothing that could be done to get these lights

back on during the festive period, without it costing a significant amount of extra money.

- 5.3 Also within South Wigston several runs of lights tripped out during the festive period. This was caused by rain ingress into plug sockets, which caused the fuse to trip. These were easily reset and the contractor came out on several occasions to do this.
- 5.4 Another issue that occurred in South Wigston was that a lamp column shorted out and set the fuse board on fire.
- 5.5 Oadby also had a couple of issues, the first of which was the cone tree in the Oadby Centre. On the day of their switch on the tree had tipped, but given that it had been attached to the Oadby centre, it did not fall to the ground. The tree was put back into place by the contractor. At first it was thought that the wind had done this, unfortunately this occurred again a couple of times, the third of which there was no wind present. Therefore it must be presumed that someone had tipped the tree over. The contractor remedied this by drilling the tree into the ground and the problem ceased.
- 5.6 Similar to South Wigston, in Oadby 3 runs of lights all trip out at different times. This was also caused by the severe weather. The lights were reset on several occasions.
- 5.7 Wigston also had a few issues, one of which was the cone tree on Bell Street being tipped over. This was rectified by the same solution as to the Oadby tree.
- 5.8 Also Wigston had 1 run of lights fail, this was also caused by the severe weather. The contractor reset these lights and they stayed on for the rest of the festive period.
- 5.9 Also a small cone tree on top of the precinct fell over during the windy weather – this was rectified by the contractor.
- 5.10 There was also an issue with a run of lights at the Bell Street entrance, where the lamp column completely failed, therefore there was no power at all to the lights in that area. This occurred two weeks after the switch on and was reported to Leicestershire County Council which is responsible for the column. Unfortunately the County Council did not rectify the problem before the lights were taken down.

6. Planned Works

- 6.1 To rectify the issues that occurred last year the following work will be completed to ensure that the lights have the minimal amount of disruption possible.
- 6.2 The Christmas lights are supplied with an IP44 rated socket, which is designed to be splash proof. Unfortunately in severe weather this is not adequate enough. Therefore we will be investing in replacement IP56 rated sockets that are actually waterproof. Unfortunately the budget will not allow for all sockets to be replaced, therefore the sockets will be replaced in priority order – so the areas that suffered failures last year will all get replaced.
- 6.3 The tree lights that were trimmed by Leicestershire County Council will be fully replaced. The installation of these is part of the contract and will not hold an additional cost to install and these lights will be replaced partly from some stock we hold and partly with some newly purchased lights. Only trees that already have power fitted to them will have lights in for 2016.
- 6.4 All cone trees will be drilled into the ground to ensure they are not toppled.

- 6.5 Several lighting displays have failed, including the cone tree in Oadby, cone tree in Wigston and an overhead in South Wigston. As these lights are under warranty, they have been sent back to the supplier for repair/replacement.
- 6.6 Leicestershire County Council will be responsible for repairing any lamp columns which there have had electrical issues. This will be done before the contractors start work in September.
- 6.7 A separate plan for all three centres will be drawn up prior to the installation of the lights. The plan will show the location of the lights and the location of the infrastructure. This will be conveyed to each trader group and made accessible to Members, to ensure they know the extent of the lighting that should be operational and there can be no ambiguity of where they expect lights as to where they are actually installed.
- 6.8 Meetings with all three trader groups will be organised to ensure they know exactly what the Council plans to install and where, as well as to agree dates and times of Switch on's.

7. Reporting Procedures

- 7.1 It has been suggested that a new reporting process is put into place that Councillors, traders and the general public can follow to ensure that any lighting issues are recorded and dealt with consistently and effectively.
- 7.2 If a member of the public, Councillor or trader sees that there is a fault with the lights, this must be reported to the Council's Customer Services Centre. Customer Services staff will then log the incident on their system to track the incident. The Town Centre Manager will be notified and this will also be able to be picked up by other members of the team in the absence of the Town Centre Manager.
- 7.3 Once a matter is reported, a response will be given to the person reporting the issue within 2 working days.

8. Conclusion

- 8.1 Although there were several issues in each town centre, it should be noted that the majority of the lights in each town were operational throughout the whole festive period.
- 8.2 It should also be noted that since 2013 the lights have been much improved compared to previous years and many compliments have been received.
- 8.3 Although outdoor electrical works cannot be guaranteed to work at all times, the work the Council and the contractor will do this year should minimise the issues as far as possible for 2016 onwards. This does not mean that all issues will be eliminated though.
- 8.4 The proposed reporting process and also the fact that the plans will be supplied to the businesses prior to the festive period should ensure that issues are dealt with in an improved way.

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Implications

Financial (CR)	Budget is in place to cover the works mentioned within the report.
Legal (AC)	No significant implications.
Risk (AT)	CR4 Reputation Damage - There is a risk to the Council's reputation if the lights are not operational through the festive period. The works and procedures set out in this report are designed to reduce this risk.
Equalities (AT)	No significant implications.
	Equality Assessment:- <input type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input checked="" type="checkbox"/> Not Applicable