



Oadby & Wigston Borough Council Unaudited Financial Report



For the year 2021/22

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Tracy Bingham
Strategic Director and Section 151 Officer

1. The Statement of Accounts

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

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

2. Oadby & Wigston as a place

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

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



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

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

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

➤ Oadby and Wigston:

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

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

3. The council

Governance

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



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

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

The five committees are:

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

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

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

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

Our priorities

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

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

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

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

Corporate Objectives

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

Customer Excellence Award

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

Working for Oadby & Wigston

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

We also employ 1 apprentice.

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

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

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



Our Values are:

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

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

Teamwork: Committed to sharing information, skills and experience.

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

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

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

1. The council's performance

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

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

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

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

Amber Indicator is in danger of falling behind target

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

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

Of the 84:

66 were green status

14 were amber status

4 were red status

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

Performance Chart One – Corporate and by Objective

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

Performance Chart Two – By Department

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

1. Financial context and outlook

Key financial features for Oadby & Wigston

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

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



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

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

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

COVID-19

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



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

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

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

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

Maximising income

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

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

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



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

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

Organisational Restructure

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

Projects

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

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

LGA Financial Health Check

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

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

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

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

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

Corporate Peer Challenge

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

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

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

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

Current economic conditions

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

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



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

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

Our General Fund Medium Term Financial Plan

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

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

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

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

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

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

Our Housing Revenue Account 5-year projections

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

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

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



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

General Fund

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

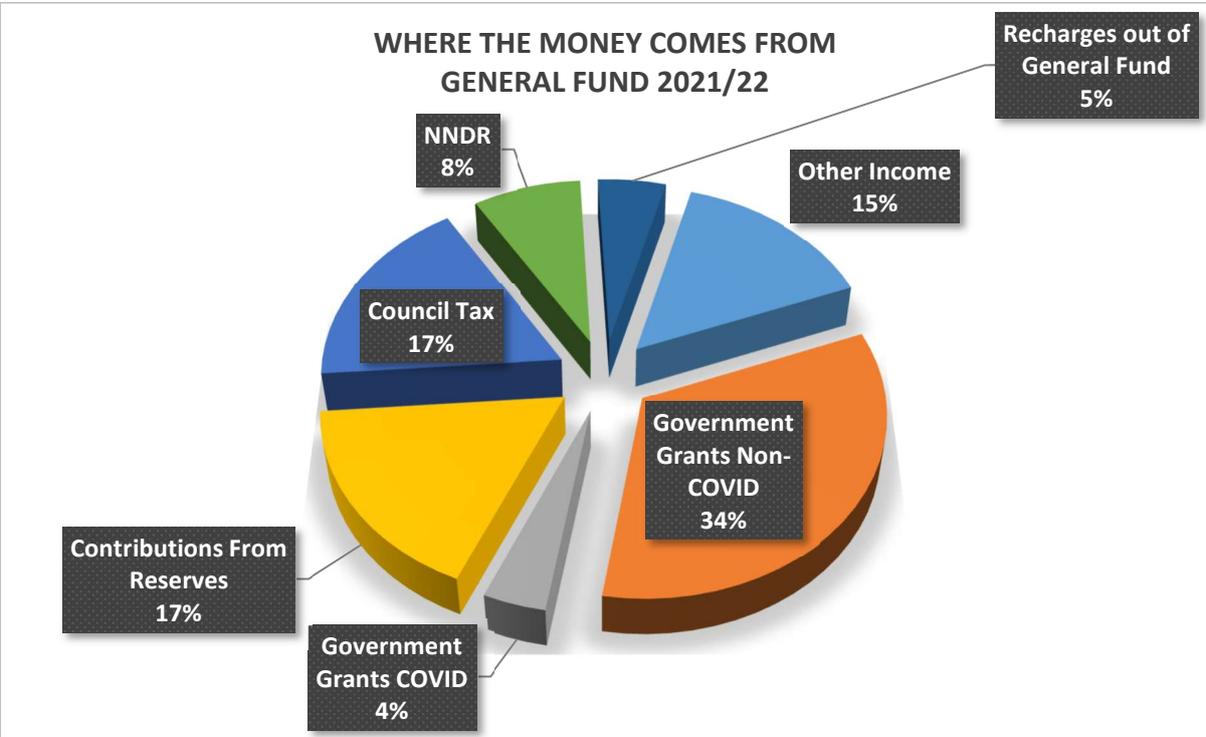
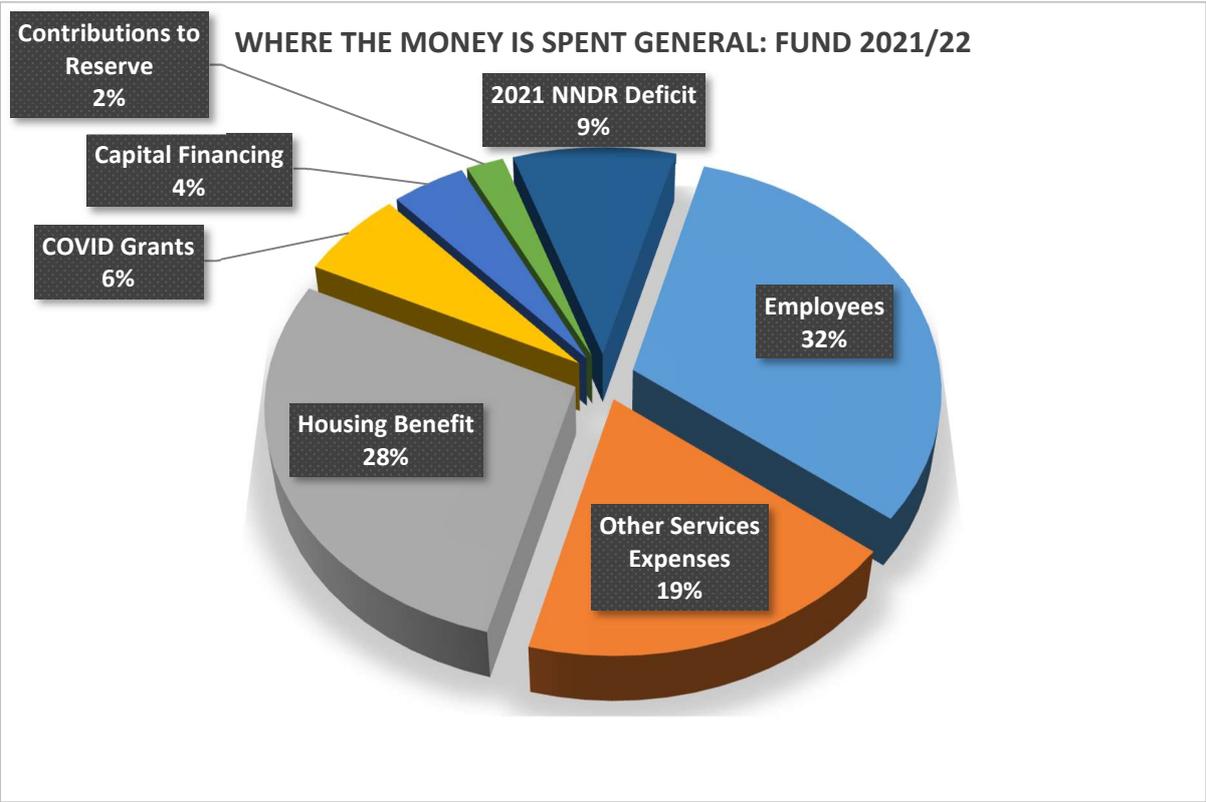
The Council budget for 2021/22 included a budget of £500k for potential additional covid related costs. This amount was set aside as the amount of Covid grant receivable was not known at the time of preparing the budget. Throughout the year the Council used £114k of this budget leaving £386k unused.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

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

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

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

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



Housing Revenue Account (HRA)

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

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

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

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

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

Reserves and Balances

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

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

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

Our Assets and Liabilities

Pension Liabilities

£22.009m

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

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

Provisions

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

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

Borrowing

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

Cash flow

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

Financial Position

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

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

Capital

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

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

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

Table 3 - Capital Programme Summary

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

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

4. Risk Management

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

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

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

| Risk | Impact | Mitigation |
|--|--|--|
| Decreasing Financial resources / Increasing Financial Pressures | Cuts in services Political and customer expectations not met Quality of service Reputation damage Knock on impact on the local community and economy e.g. spiral effect Legal challenge, Reduction in rent/monies owed to the council through the introduction of UC, increased homelessness adding stresses to council finances and the local economy. | Review of Financial Regulations Training on Contract Procedure Rules; enhance budget monitoring Creating a new MTFS Cost of Living impact assessment |
| Key Supplier Failure | Cost implications Business Continuity Loss of revenue Service failure TUPE issues Potential court action Increased complaints Reputation issues | Incorporate service contract register and plans for managing contracts into Service Plans |

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

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

| Risk | Impact | Mitigation |
|---|---|--|
| | Insurance – higher premiums Loss of essential services Adverse publicity Reputation damage Loss of public confidence Loss of income Financial damage Death and injury Litigation risks Staff unavailable after major incident Large proportion of staff becoming ill | |
| Organisational/Transformational Change | Redundancy Staff morale Staff retention Change in working practices Impact on quality of service Legal implications HR implications Reputation damage/perception Financial loss Possible litigation Increased fraud | Developing a People Strategy - to include resilience and succession planning as a key consideration |
| Economy/Regeneration | Relocation (Business and Domestic) Lack of inward investment Increased demand for certain services e.g. benefits Loss of value in public assets Need to continually adapt/change Conflicting pressures - decreased funding – increased demand Spiral effect Short term decision making – uncertainty Increased autonomy leads to greater risk | Continue to review the opportunity to maximise funding sources (as per Corporate Peer Review Action Plan) Bids being prepared to UK Social Prosperity Fund and Levelling Up Fund to develop projects that will support local businesses, bring investment into the Borough and regenerate key sites Sub-committees established to provide a focus on key regeneration projects Specialist support procured to advise on the deliverability of regeneration projects |

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

2. Basis of preparation

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's responsibilities

- Manage arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Section 151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Section 151 Officer's responsibilities:

The Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Section 151 Officer has:

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Certification of the Accounts

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



Tracy Bingham FCCA

Date: 09/08/22

Strategic Director – S151 Officer

Approval of the Accounts

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

Councilor M Charlesworth

Chair, Policy Finance and Development Committee

Date:

Anne Court

Chief Executive

Date:

THE MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to/from Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to/from Earmarked Reserves undertaken by the Council.

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

THE MOVEMENT IN RESERVES STATEMENT

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

THE MOVEMENT IN RESERVES STATEMENT

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

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

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

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

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

THE BALANCE SHEET

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

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

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

THE BALANCE SHEET

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

THE CASH FLOW STATEMENT

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Standards Issued but not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2021/22 Code.

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

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

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

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

2. Events after the Reporting Period

There were no adjusting events after the reporting period.

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

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

The items in the Council's Balance Sheet at 31st March 2022 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

4. Adjustments between Accounting and Funding Basis under Regulation

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

5. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account (HRA) balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021/22

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

Purpose of Reserves

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

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

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

6. Material Items of Income and Expenditure

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

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

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

7. Other Operating Expenditure

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

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

8. Financing and Investment Income and Expenditure

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

NOTES TO THE CORE FINANCIAL STATEMENTS

9. Taxation and Non Specific Grant Income and Expenditure

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

10. Property, Plant and Equipment

Cost or Valuation

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Depreciation and Impairment

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

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

Depreciation

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

11. Heritage Assets

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

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

12. Investment Properties

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

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

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

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

13. Intangible Assets

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful life assigned to all the major software suites used by the Council is 5 years.

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

Cost or Valuation of Software

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

Depreciation and Impairment of Software

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

Net Book Value

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

NOTES TO THE CORE FINANCIAL STATEMENTS

14. Debtors

Amounts falling due in less than one year are:

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

Amounts falling due after one year are:

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

15. Investments

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

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

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

16. Assets Held for Sale

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

NOTES TO THE CORE FINANCIAL STATEMENTS

17. Inventories

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

18. Cash and Cash Equivalent and Bank Overdrawn

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

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

19. Short Term Creditors

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

20. Short Term Provisions

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

21. Capital Grants and Contributions - Receipts in Advance

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

NOTES TO THE CORE FINANCIAL STATEMENTS

22. Movements on Reserves (MIR)

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

Purpose of Reserves

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

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

23. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (CIES) (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

24. Revaluation Reserve

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

The balance is reduced when assets with accumulated gains are:

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

25. Pensions Fund Reserve

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

26. Cash Flow Statement - Investing Activities

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

27. Cash Flow Statement - Financing Activities

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

28. Net Movement in Liquid Resources

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

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

29. Operating and Finance Leases

Operating Leases

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

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

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

As at 31st March 2022

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

As at 31st March 2021

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

Finance Leases

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

30. Note to The Expenditure and Funding Analysis

The Expenditure and Funding Analysis

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

| 2021/22 | Adjustments between Funding and Accounting Basis | | | |
|---|--|---|-------------------|-------------------|
| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts | Adjustments for Capital Purposes | Net change for the Pensions Adjustments | Other Differences | Total Adjustments |
| | (Note 1) | (Note 2) | (Note 3) | |
| | £000's | £000's | £000's | £000's |
| Customer Serv. & Bus. Transformation | 323 | 100 | 0 | 423 |
| Senior Leadership Team | 0 | 28 | 0 | 28 |
| Community & Wellbeing | 126 | 211 | 0 | 337 |
| Law & Governance | 13 | 63 | 0 | 76 |
| The Built Environment | 38 | 88 | 0 | 126 |
| Finance & Resources | 321 | 742 | 0 | 1,063 |
| COVID-19 Council Costs | 0 | 33 | 0 | 33 |
| Housing Revenue Account | 53 | 62 | 0 | 115 |
| Net Cost of Services | 874 | 1,327 | 0 | 2,201 |
| Other Income and Expenditure from the Expenditure and Funding Analysis | (2,647) | 0 | (1,654) | (4,301) |
| Difference between General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services | (1,773) | 1,327 | (1,654) | (2,100) |

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 1 - Adjustments for Capital Purposes

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

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

Note 2 – Net Change for the Pensions Adjustments

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

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

Note 3 – Other Differences

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

Segmental Income

Income received on a segmental basis is analysed below:

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

31. Expenditure and Income Analysed By Nature

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

32. Members Allowances

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

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

33. Audit Costs

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

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

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

34. Related Party Transactions

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

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

Entities controlled or significantly influenced by the Council:

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

35. Remuneration of Senior Staff

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

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

2021/22

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

2020/21

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

Officers Salary Exceeding £50,000

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

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

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

Exit Packages

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

36. Termination Benefits

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

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

37. Defined Benefit Pension Schemes

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

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

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

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

Transactions Relating to Post-employment Benefits

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

Comprehensive Income and Expenditure Statement

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

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Local Government Pension Scheme assets comprised

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

Basis for Estimating Assets and Liabilities

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

The significant assumptions used by the actuary have been:

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

Impact on the Defined Benefit Obligation in the Scheme

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

NOTES TO THE CORE FINANCIAL STATEMENTS

38. Revenue and Capital Grants

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

39. Capital Expenditure

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

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

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

40. Minimum Revenue Provision (MRP)

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

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

41. Analysis of Net Assets Employed

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

NOTES TO THE CORE FINANCIAL STATEMENTS

42. Information on Assets Held

Fixed assets owned by the Council include the following;

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

NOTES TO THE CORE FINANCIAL STATEMENTS

43. Financial Instruments Balances

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

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

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

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

44. Financial Instruments Gains/Losses

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

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

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

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

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

The fair values calculated are as follows:

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

The fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher

NOTES TO THE CORE FINANCIAL STATEMENTS

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

Financial assets

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

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

46. Nature and Extent of Risks Arising from Financial Instruments

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

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

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimize these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act.

Overall these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the Code of Practice;
- By approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing;
 - The maximum and minimum exposures to fixed and variable rates;
 - The maximum and minimum exposures to the maturity structure of its debt;

NOTES TO THE CORE FINANCIAL STATEMENTS

- The maximum annual exposures to investments maturing beyond a year.
- By approving an Investment Strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties, in compliance with the Government Guidance:

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual Treasury Strategy and Plan which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported at least annually to Members.

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

Credit Risk

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Liquidity Risk

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

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

The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

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

The approved prudential indicator limits for the maturity structure of debt, and the limits placed on investments placed for greater than one year in duration, are the key parameters used to address this risk. The Council approved the Treasury Strategy and Plan and Investment Strategy to address the main risks, and the central treasury team addresses the operational risks within the approved parameters.

This includes:

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

NOTES TO THE CORE FINANCIAL STATEMENTS

The maturity analysis of financial liabilities is as follows:

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

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

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

Market Risk

Interest Rate Risk

Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- **Borrowings at variable rates** – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- **Borrowings at fixed rates** – the fair value of the liabilities borrowings will fall
- **Investments at variable rates** – the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- **Investments at fixed rates** – the fair value of the assets will fall

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

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

- **Price Risk**

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

- **Foreign Exchange Risk**

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

47. Agency Services

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

48. Contingent Liabilities

Municipal Mutual Insurance

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

Litigation

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

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

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

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Adjustment Between Accounting Basis and Funding Basis Under Statute

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

2. Balance Sheet Value of Authority's Housing Stock

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

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

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

NOTES TO THE HOUSING REVENUE ACCOUNT

3. Housing Stock

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

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

The change in stock can be summarised as follows;

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

4. Major Repairs Reserve

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

5. Funding of HRA Stock

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

This was funded as follows:

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

NOTES TO THE HOUSING REVENUE ACCOUNT

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

6. Depreciation and Amortisation

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

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

7. Impairment of HRA Assets

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

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

8. Rent Arrears

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

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

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

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

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

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

- (i) **Net Charges Made for Retirement Benefits** in Accordance with IAS 19. This amounted to £221,760 in 2021/22 (£147,040 in 2020/21).

- (ii) **Employers Contributions** to Leicestershire County Council pension fund and retirement benefits paid direct to pensioners. This amounted to £115,613 in 2021/22 (£103,354 in 2020/21).

COLLECTION FUND

Explanatory Foreword

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

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

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

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

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

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

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

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

COLLECTION FUND

Accounting Policies

1. Income and Expenditure

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

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

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

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

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

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

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

THE COLLECTION FUND ACCOUNT

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

NOTES TO THE COLLECTION FUND ACCOUNT

1. Council Tax Balance and Transactions at Year End

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

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

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

2. Council Tax

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

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

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

** Adjustment

NOTES TO THE COLLECTION FUND ACCOUNT

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

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

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

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

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

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

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

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

NOTES TO THE COLLECTION FUND ACCOUNT

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

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

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

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

4. Precepts and Demands

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

Notes to the Accounts

Accounting Policies

1. General

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

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

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

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

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

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

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

2. Accruals of Income and Expenditure

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

In particular:

- **Fees**, charges, and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- **Supplies** are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventory on the Balance Sheet.
- **Works** are charged as expenditure when they are completed before which they are carried as works in progress on the Balance Sheet.
- **Interest payable on borrowings and receivable on investments** is accounted for on the basis of the effective interest rate for the relevant financial instrument rather

than the cash flows fixed or determined by the contract.

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

Exceptions to this are:

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

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

3. Cash and Cash Equivalents

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

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

4. Exceptional Items

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

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

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

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

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

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

6. Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following charges to record the real cost of holding non-current assets during the year:

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

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

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

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

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

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

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

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

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

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

Accounting for Council Tax and NDR

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

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

overpayments and prepayments and appeals.

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

8. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits such as car loans for current employees, are recognised as an expense in the year in which employees render service to the Council.

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

Termination Benefits

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

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

Post-employment Benefits

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

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

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

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

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

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

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

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

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

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

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace

them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

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

9. Events after the Reporting Period

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

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

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

10. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the council

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

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

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

Financial Assets

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

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

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

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

Loans and Receivables

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

However, the Council has made several loans to employees as part of its assisted car purchase scheme at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is

credited at a marginally higher effective rate of interest than the rate receivable from employees, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement on the General Fund Balance.

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

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

11. Government Grants and Contributions

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

- The Council will comply with the conditions attached to the payments, and
- The grants or contribution will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution, are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

Covid-19 Grants

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

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

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

12. Heritage Assets

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

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

13. Intangible Assets

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

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

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

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

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

14. Inventories and Work in Progress

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

15. Investment Properties

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

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

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

16. Leases

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

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

The Council as lessee.

Finance Leases

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

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the authority are added to the carrying amount

of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

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

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not

transfer to the authority at the end of the lease period).

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

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

Operating Leases

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

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

The Council as lessor

Finance Lease

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

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

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive

Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

Operating Leases

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

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

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

17. Overheads and Support Services

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

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

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

as a multi-functional, democratic organisation.

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

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

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

Segmental Reporting

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

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

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

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

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

18. Property, Plant and Equipment

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

Recognition

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

Measurement

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

to bringing the asset into working condition for its intended use.

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

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

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

- Assets are then carried in the Balance Sheet using the following measurement bases:
- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- All other assets – current value, determined as the amount that would

be paid for the asset in its existing use (existing use value EUV).

Assets included in the Balance Sheet at current value are revalued each year by either a desktop revaluation or by the major revaluation exercise which occurs every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

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

Depreciation

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

Depreciation is calculated on the following bases:

- **Council dwellings and other buildings** – straight-line allocation over the useful life of the property as estimated by the valuer. Generally, a prudent view has been taken on the life of the Council's **operational buildings** and as such they have been depreciated over a period of between 5 and 20 years. However, it is recognised that the Leisure Centres which are a new build, therefore the expected life is greater, and these have been depreciated over 40 years.

- **Vehicles, plant, furniture, and equipment** – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. Council currently is using the straight-line allocation method over the useful life of the asset. The useful life of the plant, equipment and vehicles has fallen into a range of between 5 and 10 years.

Newly acquired or operational assets are depreciated for a full year in the first year, although assets during construction are not depreciated until they are brought into use

No depreciation is provided on assets in the year of disposal

Depreciation is not charged on freehold land, investment properties or assets held for sale.

Where an asset has major components with different estimated useful lives, these are depreciated separately.

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

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the

gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account

Amounts received for a disposal more than £10,000 are categorised as capital receipts. A proportion of capital receipts relating to Housing Revenue Account disposals (75% for dwellings, 50% for land and other assets, net of deductions and allowances) is payable into a government pool. The Council also retains an amount relating to the building of new houses in the One-for-One replacement agreement the Council has signed up to as well as Council House Buy-Back should these occur.

The balance of receipts received from disposals are credited to the Useable Capital Receipts Reserve, which can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the reserve from the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Movement in Reserves Statement.

Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account

for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- **Instruments** with quoted market prices – the market price.
- **Other instruments** with fixed and determinable payments – discounted cash flow analysis.
- **Equity shares** with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Comprehensive Income and Expenditure Statement. Where impairment losses have been incurred – these are also debited to the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve.

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

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

any accumulated gains or losses previously recognised.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Componentisation

A component is a part of a larger asset that must be separately identified and depreciated, for the purposes of assisting more accurate financial reporting and asset management.

A component must have the following factors:

- A significantly different useful life from the parent asset
- A significantly different value to the parent asset
- Provide an economic or service benefit to the Council, which is materially different to the rest of the asset.

The Council will recognise significant components of an item of property, plant and equipment where the asset's value is greater than £1,000,000 or where the component is more than 25% of the total asset's value.

Componentisation takes place at valuation, acquisition, and enhancement of the parent asset.

The following assets have been componentised (as per 2021/22)

- Wigston Swimming Pool
- Brocks Hill Visitor Centre
- Blaby Road Park
- Parklands Leisure Centre

Council Dwellings are not componentised, other than the separations of the land value, as the

internal components, individually, do not form a significant enough part of the value to be material. However, where components are replaced, the Council derecognises the replaced components in the accounts.

19. Provisions, contingent liabilities, and contingent assets

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate revenue account when the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the relevant service revenue account.

Where some or all the payment required to settle a provision is expected to be met by another party (e.g., from an insurance claim), this is only recognised as income in the relevant revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

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

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

20. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement on Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Comprehensive Income and

Expenditure Statement. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

21. Revenue Expenditure Funded from Capital under Statute

Revenue expenditure funded from capital under statute results from expenditure of a capital nature where no fixed asset is created for the Council. They include private sector renewal grants and advances to other parties to finance capital investments.

This also includes exceptional revenue expenditure for which a capitalisation direction can be granted to allow this expenditure to be funded from capital. Capitalisation direction gives the Council the flexibility to treat specified revenue expenditure as capital expenditure, the Council must meet strict criteria and should only be sought for costs which are due largely to factors beyond the control of the Council and are unavoidable.

The Council generally writes off revenue expenditure funded from capital under statute to revenue in the year in which it is created.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax.

22. Value Added Tax (VAT)

Income and expenditure exclude any amounts related to VAT, as all VAT

collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

24. Revenue Recognition

Revenue (excluding non-exchangeable transactions) represents the amount receivable in respect of services provided to customers. The diagram showing the recognition principles for the main types of income in the Code is used to determine how the income is accounted for in the Council's accounts.

Revenue is recognised only when payment is probable.

Revenue from services is recognised as the services are provided.

The total consideration on arrangements with multiple revenue generating activities is allocated to those components that can operate independently based on the estimated fair value of the components. When the fair value of components cannot be assessed, the revenue is spread over the term of the service.

Revenue arising from the provision of other services is recognised evenly over the periods in which the service is provided.

25. Related Party Transactions

Are circumstances where an authority might have the potential either to be controlled/influenced or to exert control/influence, the following specific related parties can be identified.

- Pension fund
- Assisted organisations
- Controlled companies
- Associated companies and joint venture partners.

Material related party relationships and transactions, outstanding balances between the Council and its related parties are disclosed within notes to the Statement of Accounts.

26. Critical Judgements in Applying Accounting Policies

In applying the above accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision.
- The Code gives strict criteria for assets held as Investment Properties. For the Council, investment properties are classified as those assets which are held for rental.

- All leases held by the Council have been reviewed in detail using the finance lease flowchart, to determine whether they should be classified as finance or an operating lease. The results of this exercise have been reviewed to establish the substance of the transaction and its appropriate treatment.
- When the Local Government Pension Scheme (LGPS) benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age allowing them certain protections against the changes in the new scheme. In December 2018 the Court of Appeal upheld a ruling in the McCloud/Sargeant cases that these protections were unlawful on the grounds of age discrimination and that these protections should apply to all members regardless of age. In June 2019 the Government were denied leave to appeal to the Supreme Court. Although the ruling in the McCloud/Sargeant case related to the Judges and Firefighter pension schemes it is widely expected to apply to the LGPS also. In the light of this the Council requested that its actuaries, Hymans Robertson LLP, review its pension liability and have taken the view that it would be both prudent and correct to adjust the accounts for this ruling. The increase liability for this adjustment is £0.305m.

27. Accounting standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the

Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2021/22 Code.

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

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

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS

16 in the 2022/23 year).

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of

acquired subsidiaries transitioning to IFRS

- IAS 37 (Onerous contracts) – clarifies the intention of the standard

- IFRS 16 (Leases) – amendment removes a misleading example that is not

referenced in the Code material

- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to

apply to local authorities in limited circumstances.

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

GLOSSARY OF TERMS

For the purposes of the Code of Practice the following definitions have been adopted:

ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- (i) Recognising
- (ii) Selecting measurement bases for, and
- (iii) Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised; the basis on which it is to be measured; and where in the Revenue account or Balance Sheet it is to be presented.

ACQUIRED OPERATIONS

Operations comprise services and divisions of service as defined in the Best Value Accounting Code of Practice. Acquired operations are those operations of the local authority that are acquired in the period.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or
- (b) The actuarial assumptions have changed.

ASSETS HELD FOR SALE

Assets which are being marketed for sale in their current condition.

***BUSINESS RATE RELIEF S31 GRANT (2020-21)**

This is the compensation from the government paid to the billing authorities and major preceptors for the cost of reliefs announced by government for 2020/21.

CAPITAL EXPENDITURE

GLOSSARY OF TERMS

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CLASS OF NON CURRENT ASSETS

The classes of non-current assets required to be included in the accounting statements are:

Operational assets

- Council dwellings
- Other land and buildings
- Vehicles, plant, furniture and equipment
- Community assets
- Intangible assets

Non-operational assets

- Investment properties
- Heritage Assets
- Assets under construction
- Assets held for sale

Further analysis of any of these items should be given if it is necessary to ensure fair presentation.

COMMUNITY ASSETS

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks, cemeteries and allotments.

CONSISTENCY

The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

CONSTRUCTIVE OBLIGATION

An obligation that derives from an authority's actions where:

- (a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the authority has indicated to other parties that it will accept certain responsibilities; and

GLOSSARY OF TERMS

- (b) as a result, the authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the local authority's control.

CONTINGENT LIABILITY

A contingent liability is either:

- (a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control; or
- (b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

***COVID-19 HARDSHIP FUND (2020-21)**

The Budget announced during 11 March 2020 by the government to provide local authorities with new grant funding to support economically vulnerable people and households in their local areas.

Where billing authorities to receive this allocation for 2020/21 under S31 of the Local Government Act 2003.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

CURTAILMENT

GLOSSARY OF TERMS

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. **Curtailments include:**

- (a) termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- (b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

DISCONTINUED OPERATIONS

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all of the following conditions are met:

- (a) the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- (b) the activities related to the operation have ceased permanently;
- (c) the termination of the operation has a material effect on the nature and focus of the local authority's operations and represents a material reduction in its provision of services resulting either from its withdrawal from a particular activity

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(whether a service or division of service or its provision in a specific geographical area) or from a material reduction in net expenditure in the local authority's continuing operations;

- (d) the assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes.

Operations not satisfying all these conditions are classified as continuing.

DISCRETIONARY BENEFITS

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the authority's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996, the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998, or The Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

ESTIMATION TECHNIQUES

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses, and changes to reserves.

Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique.

Estimation techniques include, for example:

- (a) methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a tangible fixed asset consumed in a period;
- (b) different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole rather than individual balances.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

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Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

GENERAL FUND

The main revenue account of the Council covering all services apart from housing landlord functions.

GOING CONCERN

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

GOVERNMENT GRANTS

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

HERITAGE ASSETS

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. Examples of heritage assets are historical buildings, civic regalia, and antiques.

IMPAIRMENT

GLOSSARY OF TERMS

A reduction in the fair value of a fixed asset below its carrying amount on the Balance Sheet. Destruction or damage to fixed assets will result in an impairment.

INTANGIBLE ASSETS

Assets that have no physical substance, primarily intellectual property. The most common examples for local authority purposes are computer software licenses.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Accounting Standards now applicable to local authorities from 2010/11 onwards, replacing the UK GAAP regime.

INVESTMENT PROPERTIES

Interest in land and/or buildings:

- (a) in respect of which construction work and development have been completed; and
- (b) which is held for its investment potential, any rental income being negotiated at arm's length.

INVESTMENTS (PENSIONS FUND)

The investment of the pensions fund will be accounted for in the statements of that fund. However authorities are also required to disclose, as part of the disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

LIQUID RESOURCES

Current asset investments that are readily disposable by the authority without disrupting its business and are either; readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

***LOCAL AUTHORITY DISCRETIONARY GRANTS FUND (2020-21)**

For small and micro businesses who are not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.

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The local authorities will be responsible for delivering grants to eligible businesses. Section 1 of the Localism Act 2011 provides all local authorities with the vires to make these payments.

***LOCAL RESTRICTIONS SUPPORT GRANTS (LRSG), RESTART GRANT AND ADDITIONAL RESTRICTIONS GRANT (ARG) (2020-21)**

The Local Authorities pay grants to support businesses during national lockdown periods and periods of local restrictions.

Eligibility for support is determined by the government and authority payments are reimbursed by government through S31 grant.

***LOCAL COUNCIL TAX SUPPORT GRANT (2020-21)**

New grant funding for local council for council tax support. Allocations based on each billing authority's mean average working age local council tax support caseload over the first two quarters 2020/21. Along with the average per dwelling compared to UK overall average.

***LOCAL TAX INCOME GUARANTEE (2020-21)**

Government compensates local authorities for 75% of irrecoverable losses in council tax and business rates for 2020/21.

LONG-TERM CONTRACTS

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET DEBT

The authority's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

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NET REALISABLE VALUE

The open market value of the asset in its existing use (or market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

NON CURRENT ASSETS

Non-current assets that yield benefits to the local authority and the service it provides for a period of more than one year.

NON-OPERATIONAL ASSETS

Fixed assets held by a local authority but not used or consumed in the delivery of services or for the service or strategic objectives of the authority. Examples of non-operational assets include; investment properties and assets that are surplus to requirements, pending their sale. It should be noted that the incident of rental income does not necessarily mean that the asset is an investment property, it would be deemed an investment property only if the asset is held solely for investment purposes and does not support the service or strategic objectives of the authority and the rental income is negotiated at arm's length.

OPERATING LEASES

In a finance lease agreement, ownership of the property is transferred to the lessee at the end of the lease term. But, in operating lease agreement, the **ownership of the property is retained during and after the lease term** by the lessor under an operating lease, the lessee does not have this option.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in the prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PRIOR PERIOD ADJUSTMENTS

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROJECTED UNIT METHOD

GLOSSARY OF TERMS

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- (a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and
- (b) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- (i) one party has direct or indirect control of the other party; or
- (ii) the parties are subject to common control from the same source; or
- (iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- (iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

- (i) central government;
- (ii) local authorities and other bodies precepting or levying demands on the council tax;
- (iii) its subsidiary and associated companies;
- (iv) its joint ventures and joint venture partners;
- (v) its members;
- (vi) its chief officers; and
- (vii) its pension fund.

Examples of related parties of a pension fund include its:

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- (l) administering authority and its related parties;
- (ii) scheduled bodies and their related parties; and
- (iii) trustees and advisers.

These lists are not intended to be comprehensive.

For individuals identified as related parties, the following are also presumed to be related parties:

- (i) members of the close family, or the same household; and
- (ii) partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- (i) the purchase, sale, lease, rental or hire of assets between related parties;
- (ii) the provision by a pension fund to a related party of assets or loans, irrespective of any direct economic benefit to the pension fund;
- (iii) the provision of a guarantee to a third party in relation to a liability or obligation of a related party;
- (iv) the provision of services to a related party, including the provision of pension fund administration services;
- (v) transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as council tax, rents and payments of benefits.

This list is not intended to be comprehensive

The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

***Related Rent Concessions – (Covid-19) (2020-21)**

Forgiveness of a portion of or all lease payments for an agreed period (temporary rent reduction or rent holiday). Due to Covid-19 pandemic conditions have to be met where lessees recognise any changes in lease payments rising from rent concessions over the periods where the changes in the lease payments is intended to be compensated.

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Conditions;

Where changes in the lease payments lead to revised considerations for the lease that is less than the consideration for the lease immediately preceding the change.

If there are any reductions in the lease payments affecting the original payments due before applying the Concessions.

No significant change to the other terms and conditions of the lease.

REMUNERATION

All sums paid to or receivable by employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than cash. Pension contributions payable by the employer are excluded.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

***SALES, FEES, CHARGES SCHEME EXTENSION (2020-21)**

Compensation given to local authorities for irrecoverable, unavoidable losses from sales, fees and charges income generated in the delivery of service in the financial year 2020/21. The Government have extended this scheme into the first three months of 2021/22.

SCHEME LIABILITIES

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

SETTLEMENT

GLOSSARY OF TERMS

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement.

Settlements include:

- (a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pensions benefits
- (b) the purchase of an irrevocable annuity contract sufficient to cover vested benefits, and
- (c) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme

***SMALL BUSINESS GRANT FUND AND RETAIL; HOSPITALITY AND LEISURE GRANT FUND (2020-21)**

The two grant funding schemes in the Financial Year 2020/21 (Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund).

In line with the eligibility the government sets out specific criteria/guidance; reimburse Local Authorities that pay grants to eligible businesses.

STOCKS

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises. Stocks comprise the following categories:

- (a) goods or other assets purchased for resale;
- (b) consumable stores;
- (c) raw materials & components purchased for incorporation into products for sale;
- (d) products and services in intermediate states of completion;
- (e) long-term contract balances; and
- (f) finished goods.

USEFUL LIFE

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The period over which the local authority will derive benefits from the use of fixed assets.

VESTED RIGHTS

In relation to a defined benefit scheme, these are:

- (a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme;
- (b) for deferred pensioners, their preserved benefits;
- (c) for pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependants.



Oadby & Wigston

BOROUGH COUNCIL

Annual Governance Statement 2021/22

1. Background and Scope of Responsibility

Oadby & Wigston Council (the Council) is responsible for ensuring that its business is conducted in accordance with legislation, regulation, government guidance and that proper standards of stewardship, conduct, probity and professional competence are set and abided to by all those representing, working for and working with the Council. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the Council must make proper arrangements for the governance of its affairs and for facilitating the effective exercise of its functions including the management of risk.

The Council has previously approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE framework 'Delivering Good Governance in Local Government'. This statement shows how the Council has complied with the code and also meets the requirements of The Accounts and Audit Regulations 2015, regulation 6(1)(b), which requires each English local authority to conduct a review, at least once a year, of the

effectiveness of its systems of internal control and approve an annual governance statement (AGS).

2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It reflects activities through which the Council meets the needs of the community. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk at a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and therefore can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives. Evaluation of the likelihood and potential impact of those risks being realised and how to manage them efficiently, effectively and economically are key parts of the Council's Medium Term Financial Strategy and its Corporate Plan.

This AGS confirms that the governance framework has been in place for the financial year ended 31st March 2022 and up to the date of the approval of the Annual Report and the Statement of Accounts.

The AGS is a summarised account of how the Council's management arrangements are set up to meet the principles of good governance and how we as a Council assure ourselves that these are effective and appropriate. The main goal of an AGS is to provide the reader with confidence that the Council has an effective system of internal control that is able to manage risks to reasonable levels. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance of effectiveness.

The CIPFA Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector and how they relate to each other and are defined as:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including its leadership and the individuals within it.

- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit, to deliver effective accountability.

The governance framework at Oadby and Wigston Borough Council comprises the systems and processes, culture and values which the Council has adopted in order to deliver on the above principles.

3. The Governance Framework

Current Governance Structure

Oadby & Wigston Borough Council has retained a committee system. The majority of UK local authorities now operate using a cabinet system where a group of members have been given the power to make the majority of decisions on behalf of their Council.

The benefits of retaining the committee system are that all members are able to sit on a range of decision making committees and every member has a vote that counts. This is the cornerstone of the Council's governance – members are not marginalised in decision making. All decisions are debated and made during open committee in full public view. Closed sessions, for instance where commercially sensitive matters need to be discussed, are kept to an absolute minimum. Only the most urgent decisions are delegated to the Chair/Vice Chair of

committees, and these must be reported back to the main committee as soon as possible. In addition to the statutory committees that deal with development control and with licensing, the Council has three main committees:

- The Policy, Finance and Development Committee, which has overall responsibility for setting the long term aims of the Council and moving it forward in line with these objectives.
- The Service Delivery Committee, which has direct responsibility for the day-to-day operation of all services.
- The Audit Committee, which is responsible for Internal and External Audit and Risk Management.

Visions and Priorities

The Council's current Corporate Plan was approved in March 2019, covering the period 2019 - 2024 and updated in March 2021, along with the updated MTFs (Feb 2021) reflects the Plan's priorities:

“A Stronger Borough Together, Improving the Lives of Our Communities”

This is supported by three new corporate objectives which aim to serve our residents, communities, businesses and partners to the highest standards, improving our borough as a place to live, work and visit.

Corporate Objective One:

Building, Protecting and Empowering Communities

“Be Proud of your borough as a place to live”

This objective looks to not only build suitable accommodation to meet the needs of the community, delivering housing, attract people to our borough to live, reducing homelessness and the causes of homelessness, but to also build upon our strong communities, engaging with them and building greater community cohesion.

We also want to protect our communities, not just working with the Police to tackle crime, antisocial behaviour and enforcement, but to address health needs across the borough. We will work with health partners, including the Fire Service, to improve health equality, meaning nobody should feel excluded and reducing loneliness created by the modern world.

We will empower our communities, generating positive involvement, not only through the work of Councillors within their wards and neighbourhood forums, but to engage a greater proportion of our borough, engaging with those who often feel disenfranchised. We will increase our volunteering opportunities and encourage our communities to get more involved, taking greater responsibility for where they live, work and play.

Corporate Objective Two:

Growing the Borough Economically

“Realise the aspirations of the borough, benefiting those who live and work here”

This objective aims for our borough to be the best it can be, economically. We will work with businesses – from local sole traders to multinational corporations as to how we can help businesses develop and grow within our borough whilst attracting new organisations to the borough. This will not only provide greater opportunities for employment for our residents and regeneration opportunities, but helps our local students with opportunities to stay within the borough whereas they may be forced to look further afield for such opportunities.

The borough has a rich array of attractions that should attract people to the borough, but sadly we are not maximising these. We will market the borough as a place that is worth visiting, working with partners to create a “joined-up” approach. We will also identify what areas of demand we are lacking and look to plug those gaps – increasing the reasons to visit the borough. We will also look at our entertainment and night-time economy and look to create a sustainable and enjoyable environment where people can enjoy the borough through a host of opportunities in the evenings.

The Council will look to be more commercial in regards to generating income that can protect frontline services and not have to cut them. We will look to maximise the value our assets can provide and look at ventures that could generate commercial income rather than increase taxes on our communities.

Corporate Objective Three:

Providing Excellent Services

“Delivering those services needed to the highest standard whilst providing value for money”

This objective for our borough is to put the customer first – getting things right first time and providing services to the highest standards. The Council has always aspired to provide excellent services for all of our customers, be they Residents, Businesses, Partner Organisations or internally, meaning that we need to understand their needs. The Council has already shifted to focussing on outcome delivery, and we will ensure that we will get things right at the first opportunity we have.

The Council will aim to achieve the prestigious and nationally recognised “Customer Service Excellence Award” to demonstrate that we are achieving what we have set out to do. The award is a quality-mark award that rates how the services received by residents are delivered by the Council. We will use this award as a driver

of continuous improvement and enable our staff to improve their skills which will enable further improvements in the delivery of services.

We will also be utilising technology to make life safer for our residents or the implementation of smart technology in the homes of the vulnerable to allow them instant access to services, alongside the utilisation of technologies to improve our effectiveness in delivering our services.

The Council’s financial plans are outlined in its Medium Term Financial Strategy – the latest update to the Strategy was agreed by Council in February 2021. The document outlines the financial objectives which the Council looks to achieve in order to meet continuing pressure on available resources, and also how the Medium Term Financial Strategy is now a “living” document, regularly updated during the year. In addition, the Council has agreed its Housing Revenue Account business plan which sets out how housing services will be maintained and financed over the long term.

Quality of Services

Service plan targets and key performance indicators are set for each department within the annual service delivery and development plans. Progress against targets is monitored monthly by the management team and reported regularly to relevant committees. The Council’s financial position is reported against budget to every meeting of the Policy, Finance and Development Committee. Detailed budget information is provided to budget holders each month and

dedicated project teams provide financial information for large projects or capital schemes.

The Council ensures that its key priorities determine the allocation of resources to deliver its agreed activities. A robust corporate business planning programme is used to identify projects against agreed criteria, including the Council's policies, its priorities, the outcome of public consultations, demonstration of continuous improvements, and responding to legislative change. The Council has a Project Management Board, who reviews the progress of all major projects. The Board in 2021/22 consisted of the Senior Leadership Team who report back to the Performance, Finance and Development Committee on a quarterly basis.

Achievement of the Council's priorities has been monitored throughout the financial year 2021/22 by the Council's Senior Leadership Team (SLT) and reports to the relevant committees. The monitoring of delivery against agreed priorities ensures the Council's capacity to deliver projects within agreed costs, time and resources.

Financial Management

The financial elements of the Council's corporate business planning process are included in the Medium Term Financial Strategy, which has a detailed one year budget and high levels for the forthcoming years given the complete lack of clarity from

central government regarding future funding for local authorities. The Council has a good track record of financial management and internal control, but resources are necessarily limited and significant net savings year-on-year continue to be required, and are met without the need to identify significant in-year savings.

The Council continues to ensure that the accounts are compliant with the Local Authority Accounting Code of Practice. Performance against budget is reported at committee meetings and managed by SLT and through the corporate business planning process. The Council ensures that the levels of reserves it holds are sustainable over the medium term. The MTFS takes account of the current economic climate and changes to funding for local government.

The Council has a Treasury Management Strategy that is reviewed each year and monitored on a regular basis. This ensures the Council has sound processes and controls over its treasury function to minimise risk exposure.

Decision Making, Scrutiny and Governance

The Council, the Policy, Finance and Development Committee and the Service Delivery Committee take decisions on service and management matters in line with terms of reference set out in the constitution. The committees meet four

times each municipal year. Financial performance is monitored and scrutinised by the Policy, Finance and Development Committee on a quarterly basis the Service Delivery Committee reviews non-financial performance. Scrutiny and challenge is managed within these core committees and further challenge is provided by elected members through meetings with Committee Chairmen, Resident Forums and Member Workshops.

The Council has a separate audit committee which came into existence in the autumn of 2019. The Committee receives reports from the Internal Audit service and can require service heads to attend to answer questions as required. Reports from the External Audit service are also received at these meetings.

The Audit Committee provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The Committee also meets quarterly and oversees internal audit and external audit arrangements, the annual accounts and ensures adequate internal controls are in place".

Elected members are responsible for ensuring that effective policy making, scrutiny and monitoring activities occur. A clear committee structure assists such responsibilities to be effectively carried out. Member expertise and involvement is further enhanced by on-going training and development opportunities.

Internal Audit Arrangements

The Council's internal audit function is currently delivered by an external provider, CW Audit Services. The annual risk-based audit plan contributes to the review of the Council's key internal control systems, risk management processes and corporate governance arrangements. CW Audit supports the design and effectiveness of the governance framework. Each internal audit review is given an assurance level. The definition of each of these assurance levels is provided in the table below:

Definition of Assurance Levels

- Full - No significant risk issues identified;
- Significant - Exposure to levels of risk that may only impair the effectiveness of the system or process under review;
- Moderate - Exposure to levels of risk that render some elements of the system's control environment undeliverable;
- Limited - Exposure to unacceptable level of risk that could have a serious impact upon the system or process under review;
- None - Exposure to unacceptable levels of risk that could have a serious impact upon the organisation as a whole.

Regular meetings are held between CW Audit Services and the Section 151 Officer.

This ensures the high standard of internal audit support is maintained. The annual audit plan is reviewed on a frequent basis to identify any amendments needed to reflect changing priorities, emerging risks or resourcing challenges. Regular reports are taken on a quarterly basis to the Audit Committee on the progress of internal audits and an annual report is also provided each year.

External Audit Arrangements

The Audit Committee receives regular reports from the Council's External Auditors Grant Thornton LLP and Internal Audit (CW Audit). The Section 151 Officer has direct access to this committee as well as to the External Auditors. Likewise, Audit Committee members have direct access to the External Auditor.

All members of the Audit Committee receive training in risk management to allow them to appreciate the nature of risks presented to the Council through its activities and on the general function of the Audit Committee itself. The latest training session was held in June 2022.

Financial Management Arrangements

Underpinning the Council's financial management arrangements is a regularity framework comprising Financial Regulations, Contract Procedure Rules, annual audits of key financial systems and audits of other systems undertaken on a

risk-based basis. Other processes and procedures such as the Procurement Strategy and Risk Management Strategy are monitored on a regular basis.

From April 2021, the Council adopted the CIPFA Financial Management Code. A recent self-assessment has been undertaken identifying areas where action is required in order to comply in full with the code and these are detailed in the governance assessment as part of this report.

Role of Statutory Officers

There are governance arrangements in place to ensure that members and officers work together to achieve a common purpose with clearly defined functions and roles. The Council's constitution includes a scheme of delegation and terms of reference for each committee. Responsibilities are set out to make clear how the Council and its committees operate within the organisation. The scheme of delegation also defines the powers granted to the Chief Executive (the Head of Paid Service) and other chief officers within the areas of their service responsibility. The constitution reflects all relevant legislation impacting on decision making in local government and is published on the Council's website.

The Council has a statutory responsibility to have a Section 151 Officer and a Monitoring Officer. The Council's financial arrangements fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Section 151 Officer is a key member of the

Senior Leadership Team. The Section 151 Officer is responsible for the proper administration of the Council's financial arrangements and led a fully resourced and suitably qualified finance function. The Section 151 Officer was actively involved in and able to bring influence to bear on all material business decisions to ensure immediate and long term implications, opportunities and risks, were fully considered and in alignment with the Medium Term Financial Strategy.

The Monitoring Officer role is fulfilled by the Council's Head of Law and Democracy, who acts as guardian of the Council's constitution to ensure lawfulness, probity and fairness in Council decision making. The Monitoring Officer has processes for the review of legislative changes which feed into the annual review of the constitution.

Consultation meetings and other forms of communication between the Monitoring Officer and senior managers as appropriate ensures that managers can contribute to revisions to the constitution including the scheme of delegation. The annual review includes the constitution's terms of reference.

The Senior Leadership Team

Officer decision making at a strategic level is led by the Senior Leadership Team, comprising the Chief Executive, the Strategic Director and Section 151 Officer, Strategic Director, Head of Finance (Deputy S151

Officer/Acting S151 Officer from March 2021 – January 2022) the Monitoring Officer, the Head of Built Environment and the Head of Customer Service and Transformation. The Team meets formally on a weekly basis and standing items of business include finance, policy, governance, human resources, performance management and the delivery of the Council's priorities.

Standards of Conduct

Officers of the Council are expected to maintain high standards of conduct. The Council has a staff code of conduct that is published on the intranet along with other policies and procedures.

There is an agreed protocol between members and officers to ensure that a constructive working relationship exists and this Annual Governance Statement also promotes and demonstrates the values of good governance through upholding high standards of conduct and behaviour.

In addition, Policy, Finance and Development committee fulfils the functions of the Standards Committee and operates to ensure that councillors and any co-opted members of the Council behave in a way that exemplifies high standards of conduct and effective governance and has regard to the member code of conduct.

Regular records of advice and code issues are kept by the Monitoring Officer.

Declaring interests under the code of conduct is a standard item on the agenda at every committee meeting and Council and declarations are minuted by the clerk. A legal advisor attends all Council and committee meetings to advise on the application of the code and other issues where this is requested or otherwise considered appropriate. A planning code of conduct is in place and is adhered to by members who sit on the Development Control Committee.

Members and officers comply with the Council's gift and hospitality policy.

The Council's website explains how complaints can be made against elected members by either downloading a complaint form or making a complaint on-line. The web page also has links to the code of conduct and the constitution.

A register of the Council's contracts is published on the Council's website. In addition, details of the Council's spend on individual items over £250 is published on a quarterly basis.

Compliance

The Council's policies and procedures are drawn up and regularly reviewed to ensure compliance with current legislation and regulations. Legal Services assist with updating and amending policies and advice on legal implications including legislative impacts on recommendations included in committee reports.

Equalities implications are also considered as part of committee reports.

Whistle Blowing

Concerns regarding non-compliance with policies, procedures, laws and regulations can be raised through the Council's anti-fraud and confidential reporting policies. Concerns raised are always investigated and acted upon following clearly defined guidelines.

The Whistle Blowing Policy is published on the Council's intranet and internet to raise awareness and outline procedures in place to staff, contractors and the public. It features in the induction of new staff.

The Monitoring Officer, after consultation with the Chief Executive and Section 151 Officer, has statutory powers to report to Council in relation to any function, proposal, decision or omission that s/he considers would give rise to unlawfulness or any decision or omission that might give rise to maladministration. Such a report would have the effect of stopping the proposal or decision being implemented until the report has been considered.

Officer and Member Development

The Council's staff appraisal process assesses performance and delivery of Council objectives and also identifies any skills gaps that need addressing. Each officer has an agreed annual personal development plan. Progress against these plans is reviewed regularly through one-to-one discussions with line managers. The

process ensures that the Council continually keeps under review the levels of skills required to carry out functions with due regard to law, policy and regulation.

As part of the Council's business planning process each service plan includes learning and development needs linked to specific actions. This ensures that the skills sets required delivering the key priorities and actions for the Council are identified and provided.

Training programmes and other development opportunities are circulated and shared more broadly using the Council's internal communication mechanisms. The Council also supports the training and development of members.

Consultation

Engaging with local people and other stakeholders to ensure robust public accountability is a key element of the governance framework. The Council takes every opportunity to consult with relevant stakeholders before taking any decisions likely to impact on the level and quality of services. In addition, the Council's business planning process includes an annual timetable of formal consultation events ensuring statutory, voluntary and business partners have the opportunity to comment on budget proposals under consideration.

The Council has given delegated authority on budget provision to three Resident

Forums who can make recommendations to the Policy, Finance & Development Committee on how funds could be allocated to various projects within their geographic area. The Forums' membership is open to people who live in the three areas and this approach has been found to be a very good source of two-way communication and consultation around the Council's policy initiatives.

The Council also implemented a "Citizens Panel" in 2019/20, comprised of a wider-representative group than would normally interact with the Council to improve our understanding of residents opinions.

Reviewing the Effectiveness of the Governance Framework

The Council has responsibility for conducting at least annually a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment. The annual report from the Council's Internal Audit service (CW Audit Services) is a key document in assessing the effectiveness of the Council's governance arrangements. Comments from External Auditors Grant Thornton LLP and other agencies and inspectorates such as the Local Government Association are also important.

The Senior Management Team, chaired by the Chief Executive, reviews the Council's governance framework and control environment

and is responsible for the preparation of the Annual Governance Statement. Appropriate managers are responsible for producing their own service assurance statements and developing an improvement plan to rectify any identified governance weaknesses within their service areas. The Policy, Finance & Development Committee reviews the Annual Governance Statement and evaluates the strength of the underlying assurance statements and evidence.

External Audit

The Council's external auditors are Grant Thornton.

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

- Preparing accounts and compliance with statutory and other relevant requirements.
- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice.
- Managing performance to secure economy, efficiency and effectiveness in the use of resources.

In September 2019 Grant Thornton issued their Annual Audit Letter, covering the audit of the Council's 2018/19 financial statements and Value for Money conclusion, providing an unqualified opinion on the accounts and an unqualified conclusion on

the Council's arrangements for Value for Money.

There were no recommendations included in the Letter and no significant governance issues were identified.

Internal Audit

The Council's Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the Council's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below. The Head of Internal Audit's role reflects best practice as set out in the CIPFA Guidance on the Role of the Head of Internal Audit.

For 2021/22, the auditor's opinion was that significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. The Head of Internal Audit presented their report to the Audit Committee on 22 June 2022.

However, some weakness in the design and/or inconsistent application of controls

put the achievement of particular objectives at risk. No significant governance issues were identified by the auditor.

Basis of the Auditors opinion formed:

- An initial assessment of the design and operation of the underpinning risk management framework and supporting processes;
- An assessment of the range of individual opinions arising from risk-based audit assignment containing within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses;
- Any reliance that is being placed upon third party assurances.

Risk Management

During 2021/22 the Council's Strategic Risk Register was monitored by the Senior Leadership Team and initially the Policy, Finance & Development Committee. The register identified major risks and commented on their likelihood and impact on the Council's objectives. Each risk is allocated a responsible officer for identifying an action plan and provides an update. Risk management is embedded in processes such as appraisal of new capital investment and service development plans.

The Role of the Chief Financial Officer (CFO)

The CFO conforms to the governance requirements and core responsibilities of two CIPFA Statements on the Role of the Chief Financial Officer; in Local Government (2016) and in the Local Government Pension Scheme (2014). The CFO is a key member of the Corporate Management Team and is able to bring influence to bear on all material business decisions, ensuring that immediate and long term implications, opportunities and risks, are fully considered and in alignment with the MTFs and other corporate strategies. The CFO is aware of, and committed to, the five key principles that underpin the role of the CFO, and has completed an assurance statement that provides evidence against core activities which strengthen governance and financial management across the Council.

The Role of the Monitoring Officer (MO)

The Monitoring Officer has responsibility for ensuring that decisions taken comply with all necessary statutory requirements and are lawful. Where in the opinion of the Monitoring Officer any decision or proposal is likely to be unlawful and lead to maladministration, he/she shall advise the Council.

The MO is also bound to ensure that decisions taken are in accordance with the Council's budget and its Policy Framework, and provides advice on the scope of powers and authority to take decisions.

In discharging this role the Monitoring Officer is supported by officers within the Legal and Democratic Services Teams.

Local Government Ombudsman

The number of references to the Local Government Ombudsman amounted to 2 complaints for the 2021/22 year and both have been resolved with no finding of maladministration

Constitutional Matters

The key roles and responsibilities of Council committees, elected members, the Chief Executive, Monitoring Officer and Section 151 Officer are set out in the Council's constitution scheme of delegation.

These three officers are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. No report can be presented to Council or a committee for approval without first being reviewed by these officers or their delegated representative(s). These officers are also responsible for ensuring that legislation and policy relating to health and safety are implemented in practice.

The constitution includes the Contract Procedure Rules and Financial Regulations which detail the processes and improvements required for various levels of purchase and the internal control procedures required for managing the risk across the Council.

The Council adopted a revised Constitution on 16 April 2019 which came into force on 13 May 2019. The Constitution remains under continuous review and a further amendment was made in December 2021.

Code of Conduct

The standards of behaviour expected from members and officers are set out in the Member/Officer Codes of Conduct. The Council adopted the LGA Model Code of Conduct with local amendments, in December 2021. A register of members' interests is maintained and the records of interest are declared at Council and committee meetings. All members are required to complete Related Party Declarations at the end of the financial year in support of the statutory financial statements. Members' allowances are examined on an annual basis and a review of the allowance scheme was last undertaken in 2018/19 by an independent remuneration panel and came into force on 13 May 2019 for the 2019/20 municipal year. Following the Borough Elections in May 2019

The Monitoring Officer received 1 complaint in 2021/22 which was resolved informally without the need to conduct an investigation.

4. Effectiveness

Review of Effectiveness

The Council has responsibility for conducting at least annually, a review of its governance framework including the system of internal control.

The review is informed by the Internal Audit Annual Report, the work of the Audit and Governance Committee, the comments of external auditors and other review agencies and inspectorates, and the work of the Corporate Leadership Team who have responsibility for the development and maintenance of the internal control environment.

The review considers evidence identified to support where the Council meets the

CIPFA/SOLACE guidance and sets this out in the Assurance Review and Evidence document. Governance areas are given an assessment scoring as follows:

- Good – Good governance exists and there are no improvements required
- Fair – Satisfactory governance exists but improvements are required to meet good governance
- Poor – Significant issues with governance exist which needs addressing.

Areas identified as fair or poor are reported within the annual governance statement and remedial actions are also outlined. The Audit and Governance Committee review on a quarterly basis the progress of remedial actions.

Prior Year – 2020/21

During the 2020/21 financial year, no significant governance issues were identified that would lead to internal control issues.

A number of minor weaknesses in control limited assurance in the following areas:

- Debtors
- Contract Register
- Website Management
- Payroll and Expenses
- Agency Workers

Recommendations received to resolve these minor weaknesses have been implemented.

2021/22 Review of Effectiveness and Areas of improvement identified during 2021/22

No significant governance issues have been identified in the annual assurance review for 2021/22. However, there are 11 improvements identified and these are included in Table 1 below.

Full details of the review can be found in the Assurance Review document for 2021/22 which is published alongside this Annual Governance Statement and can be found on pages 14 - 46 of this document.

Table 1 below is an extract summary from the Assurance Review and includes details of the improvement areas identified. Based on learning around the timescales associated with implementing improvements, the table has been modified to show the likely timescale for implementation.

2021/22 Review of Financial Management arrangements in line with the CIPFA Financial Management Code

Additionally, a further 17 improvements have been identified through an assessment of the Council's financial management arrangements against the CIPFA Financial Management Code, that all Local Authorities were required to adopt from April 2021. These can be found in Table 2 below.

Table 1 – Areas of improvement identified during 2021/22

| Ref | Improvement | Owner | Target Completion |
|-------|--|---|-------------------|
| AGS1 | Develop approach to tenant engagement and establishment of Tenant Scrutiny Panel, in line with regulatory standards as per (e.g. Residents STAR survey). | Head of Built Environment | March 2023 |
| AGS2 | Review and enhance participation at resident forums | Head of Law and Democracy | March 2023 |
| AGS3 | Wider engagement on the budget consultation for forthcoming year to be captured | Head of Finance | February 2023 |
| AGS4 | Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan and projects established; and a Sustainability Plan for closing budget gaps | Strategic Director and Section 151 Officer | November 2022 * |
| AGS5 | Implement Corporate Peer Review Action to undertake comprehensive customer demographic profiling exercise and use results to inform desired service offering | Head of Customer Service and Transformation | May 2023 * |
| AGS6 | Implement recommendations in the Corporate Peer Review Action Plan associated with the development of a standardised project appraisal and affordability approach | Strategic Director and Section 151 Officer | December 2023 |
| AGS7 | Review service and financial planning timetable for 2023/24 | Head of Finance | October 2022 |
| AGS7 | Revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation. | Head of Law and Democracy | June 2023 |
| AGS8 | Organisational approach to benchmarking to be reviewed and requirements determined. | Strategic Director | March 2023 |
| AGS9 | Develop People Strategy | Strategic Director | December 2022 |
| AGS10 | Review staff performance appraisal approach | Strategic Director | December 2022 |
| AGS11 | Develop and implement anti-fraud awareness raising programme | Strategic Director/S151 Officer | October 2022 |

** Please refer to Corporate Peer Review Action Plan where progress will be monitored*

Table 2 – Areas of improvement identified in adopting the CIPFA Financial Management Code

| Ref | Improvement | Owner | Target Completion |
|-------|--|--|-------------------|
| FMC1 | Progress the vision for finance at OWBC and progress all actions arising from the CIPFA Financial Management Code self-assessment exercise. | Strategic Director/S151 Officer Head of Finance | July 2023 |
| FMC2 | Skills and competency assessment and ongoing training programme for CMT and SLT to be developed and included in the Corporate Peer Challenge Action Plan Training and Development programme. To include training around capability for appraising and managing projects, as outline in the Corporate Peer Challenge Action Plan. Member training to be captured as part of Corporate Peer Challenge Action Plan. | Strategic Director and S151 Officer | December 2022 |
| FMC3 | Undertake training needs analysis identify where skills gaps exist and find appropriate training solutions, in line with key competencies for local government finance teams. | Head of Finance and Deputy S151 Officer | December 2022 |
| FMC4 | Schedule additional report to Audit Committee to track the progress against recommendations made by the external auditor. | Head of Finance and Deputy S151 Officer | December 2022 |
| FMC5 | Update FPR's and implement Internal Audit findings (from the Financial Systems audit. Set out actions in stand-alone document to draw together all actions relating to Financial Accountability framework improvements to ensure understanding and visibility and link with Vision for Finance (as above). | Strategic Director and Section 151 Officer | July 2023 |
| FMC6 | Extension of MTFP to include scenario assessments of service demand and costs. | Strategic Director and Section 151 Officer. | September 2023 |
| FMC7 | Embed use of financial benchmarking via the CIPFA Financial Resilience Tool and other benchmarking services. | Strategic Director and Section 151 Officer. | March 2023 |
| FMC8 | A single, consolidated living document that tracks and evidences saving plans currently in development. This will be monitored by SLT and will be presented to members in due course. | Head of Finance and Section 151 Officer | September 2022 |
| FMC9 | Review stakeholder engagement approach in developing annual budget. | Head of Finance | October 2022 |
| FMC10 | Determine the approach to reviewing accounting treatment of material decisions. | Head of Finance | March 2023 |
| FMC11 | Embed approach to analyse performance against plans of previous year as part of budget setting. | Finance Manager | March 2023 |

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|-------|--|---|---------------|
| FMC12 | Review of profiled budgets. Scope and implement financial reporting improvements. | Finance Manager | March 2023 |
| FMC13 | Ensure the name of the budget holder responsible for the information presented. | Finance Manager | July 2022 |
| FMC14 | Further developmental work required on Monthly management review. | Finance Manager | March 2023 |
| FMC15 | Project Management arrangements require some refinement in respect of financial monitoring - review to be undertaken to identify improvements. Pattern of capital spend slippage present which also requires review and improvement. Link with action to review and reset the annual financial cycle including protocol for managing standard and project budgets, as set out in Corporate Peer Review Action Plan. | Finance Manager Strategic Director and Section 151 Officer | December 2022 |
| FMC16 | Review and identification of appropriate improvements to management accounts to be undertaken. | Finance Manager | March 2023 |
| FMC17 | Q4 outturn at service level to be reviewed with service areas as part of Q1 clinics with a view to capturing proposed changes for the forthcoming year. | Finance Manager | July 2023 |

5. Overall opinion and conclusion

Conclusion

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements, in particular by addressing the issues identified in undertaking the annual review. The Council will continue to seek to enhance and strengthen governance arrangements within these areas for improvement and monitor progress made as part of our next annual review.

6. Statement of Leader and Chief Executive

We have been advised on the implications of the result of the review of the effectiveness of the governance framework carried out by members of the Corporate Leadership Team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed



Councillor John Boyce

Leader of the Council

XXXXXXXX

Signed



Anne Court

Chief Executive

XXXXXXXX



Oadby & Wigston
BOROUGH COUNCIL

Annual Governance Statement Assurance Review

July 2022

Assurance and evidence in support of the Council's annual governance statement

Assessment Score:

Good – Good governance exists and there are no improvements required

Fair – Satisfactory governance exists but improvements are required to meet good governance

Poor – Significant issues with governance exist which needs addressing

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Supporting Principle 1: Behaving with Integrity

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|--|--------------------|-----------------------|------|
| 1. Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation. | Good. | Constitution (incl. statutory officers, scheme of delegation, financial and procurement procedure rules) Council, Committee Chairs, Committees. Service policies Complaints procedure Head of Paid Service, Monitoring Officer and s151 Officer HR policies and procedures Fraud policy in place. Induction training for new members and staff. Codes of conduct Staff values - ARTIC Standards and Ethics report taken to Audit Committee quarterly Senior Leadership Team and extended Corporate management Team. External Audit reports. Internal Audit reports. | None. | None. | |
| 2. Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven | Good. | Corporate Plan Council's values | None. | None. | |

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| Principles of Public Life (the Nolan Principles) | | | | | |
| 3. Leading by example and using these standard operating principles or values as a framework for decision making and other actions | Good. | Council leadership (Leader of the Council, Committee Chairs and Vice Chairs, Mayor and Deputy Mayor) Declarations of interest noted. Up-to-date register of gifts and hospitality. | None. | None. | |
| 4. Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively | Good. | Anti-fraud and corruption policy in place. Register of interests and annual declaration of related parties. Whistle blowing policy. . Complaints policy well established and continually reviewed, improved and reported on. Members and officers code of conduct refers to a requirement to declare interests Minutes show declarations of interest were sought and appropriate declarations made. | None. | None. | |

Supporting Principle 2: Demonstrating strong commitment to ethical values

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|--|--------------------|-----------------------|------|
| 1. Seeking to establish, monitor and maintain the organisation's ethical standards and performance | Good. | Values developed with staff and embedded into induction process for officers and members and appraisals for staff. Standards and Ethics report taken to Audit and Committee quarterly. | None. | None. | |
| 2. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation | Good. | Values embedded into induction process for officers and members and appraisals for staff. | None. | None. | |
| 3. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values | Good. | Appraisal process built upon values of the Council. Equality and Diversity Policy in place and under review Equality impact assessments part of our standard approach and taken forward where appropriate or required. | None. | None. | |
| 4. Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation | Good. | Key partnerships have mechanisms in place to define role and scope of partners. Procurement exercises, where appropriate, include assessment criteria around social value which is incorporate into contracts and subsequently monitored. E.g. encouragement of real living wage. | None. | None. | |

Supporting Principle 3: Respecting the rule of law

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|--|--------------------|-----------------------|------|
| 1. Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations | Good. | Constitution is adhered to and reviewed regularly. Statutory provisions are adhered to. Head of Paid Service, Monitoring Officer and s151 Officer in place. | None. | None. | |
| 2. Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements | Good. | Job descriptions and roles of statutory officers are well defined and understood by the organisation. Structure of SLT ensures statutory officers are included in decision making. The Head of Finance and S151 role complies with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016). Statutory Officers meet separately to the Senior Leadership Team on a monthly basis. | None. | None. | |
| 3. Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders | Good. | Arrangements in place for legal advice and recording of advice. All reports requiring a decision are considered by Finance and Legal before being considered by the relevant decision making committee/Council. | None. | None. | |
| 4. Dealing with breaches of legal and regulatory provisions effectively | Good. | Proper arrangements in place for legal advice and recording of advice, Monitoring Officer referenced to give advice and ensure Council's operates within the law at all times. Monitoring Officer authorised to investigate all breaches and refer to appropriate regulatory bodies. | None. | None. | |

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| 5. Ensuring corruption and misuse of power are dealt with effectively | Good. | Whistleblowing policy, anti-fraud and corruption policy in place. Segregation of duties on key financial processes. | None. | None. | |
|---|-------|--|-------|-------|--|

Core Principle B: Ensuring openness and comprehensive stakeholder engagement

Supporting Principle 1: Openness

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|---|--------------------|-----------------------|------|
| 1. Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness | Good. | Corporate Plan and Annual Report. FOI requests actively responded to, website, online publishing of expenditure. | None. | None. | |
| 2. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided | Good. | Record of decision making and supporting materials. Standard report format used. The Council's governance framework aims to ensure it sets and meets its objectives and responsibilities in a lawful, timely, open, inclusive and honest manner; and that its use of public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively. | None. | None. | |
| 3. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear | Good. | Decisions well documented with supporting information and advice included. Forward Plan detailing report publication on a timely basis. Calendar of dates for submitting, publishing and distributing timely reports is adhered to Council and Committee meetings are normally open to the public unless information is of a commercially sensitive nature. | None. | None. | |

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| | | The conduct of business is defined by formal procedures and rules that are set out in the Constitution. | | | |
| 4. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action | Fair. | <p>Customer and staff satisfaction surveys carried out regularly.</p> <p>Resident Forums in place for key towns in the borough (Oadby, Wigston and South Wigston) although participation not yet back at pre-pandemic levels.</p> <p>We follow statutory requirements for consultation and very often go above that in terms of community engagement.</p> <p>Ad-hoc approach to informal consultation in place and utilised.</p> <p>The council has recently developed a communications strategy following feedback received from the Corporate Peer Challenge in January 2022.</p> | None. | <p>Develop approach to tenant engagement and establishment of Tenant Scrutiny Panel, in line with regulatory standards as per Review and enhance participation at resident forums.</p> <p>Wider engagement on the budget consultation for forthcoming year to be captured</p> | <p>Head of Built Environment</p> <p>Head of Law and Democracy</p> <p>Head of Finance</p> |

Supporting Principle 2: Engaging comprehensively with institutional stakeholders

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|--|--------------------|-----------------------|------|
| 1. Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably | Good. | Formal and informal partnerships in place. Regular diarised meetings with appropriate senior officers and partners (including SLM, Helping Hands). | None. | None. | |
| 2. Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively | Good. | Partnership working across the authority is strong for example the recently formed Building Control partnership. Approach to consideration of shared services embedded as part of alternative service delivery model reviews. Service Level Agreements. Partnership agreements exist. The organisation has a range of partnerships and collaborative relationships. They have appropriate legal agreements and governance commensurate with the nature of the partnership, depending on factors such as legal status, membership, risk, subject matter. | None. | None. | |
| 3. Ensuring that partnerships are based on: trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit | Good. | As above. | None. | None. | |

Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Supporting Principle 1: Defining outcomes

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|--|--------------------|-----------------------|------|
| 1. Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions | Good. | The Corporate Plan defines the vision for the Council, including values and priorities. Service Plans are developed based on the Corporate Plan. The quarterly monitoring report and End of Year report details performance against the performance indicators. | None. | None. | |
| 2. Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer | Good. | Intended impacts set out in Corporate Plan and None Team Business Plans. | None. | None. | |
| 3. Delivering defined outcomes on a sustainable basis within the resources that will be available | Good. | Team Business Plans developed for each service area. Monthly performance and finance reports monitored by SLT; Quarterly reports monitored by SLT, Service Delivery and Performance, Finance | None. | None. | |

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| | | and Development Committees. | | | |
| 4. Identifying and managing risks to the achievement of outcomes | Good. | Quarterly review of risk with SLT. Audit Committee review of risk on a quarterly basis. | None. | None. | |
| 5. Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available | Good. | Performance Indicators within Team Business Plans and Corporate Plan include agreed set of quality standard measures. | None. | None. | |

Supporting Principle 2: Sustainable economic, social and environmental benefits

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|--|--------------------|--|--|
| 1. Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision | Good. | We actively consider the social and economic impact of policies in decisions. An example of this is social value considerations in procurement exercises. Risk management plays an active part in considering and balancing impacts. | None. | None. | |
| 2. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term | Fair. | Record of decision making and supporting materials made available publicly on website. Improvements required around medium term impact of decision on financial position of council in the form of MTFS. Work ongoing in this area in response to Corporate Peer Challenge. | None. | Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan | Strategic Director and Section 151 Officer |

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| factors such as the political cycle or financial constraints | | | | and projects established; and a Sustainability Plan for closing budget gaps. | |
| 3. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs | | <p>We follow statutory requirements for consultation and as part of very often go above that in terms of community engagement.</p> <p>Ad-hoc approach to informal consultation in place and utilised. Elected members act in public interest. Record of decisions made available to public via website.</p> <p>Consultations on key projects with key groups.</p> <p>Members abide by the code of conduct and all committee reports are prepared to reflect all the relevant options, risks and benefits – so members have all the relevant information in front of them when they make a decision.</p> <p>The Council is transparent in decision making.</p> <p>We publish all our agendas and minutes.</p> | None. | | |
| 4. Ensuring fair access to services | Fair. | <p>Nominated Equalities lead. All new policies presented for approval require Equalities Impact Assessment to be completed and regularly reviewed as part of ensuring fair access.</p> <p>Equality and Diversity Policy in place.</p> <p>Process in place for equalities impact assessments and action included in</p> | None. | Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan | Head of Customer Service and Transformation |

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| | <p>Equalities and Diversity Action Plan to assess current processes.</p> <p>Feedback from Corporate Peer Challenge around need to ensure all residents can access the services and information they need.</p> | and projects established; and a Sustainability Plan for closing budget gaps. |
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Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Supporting Principle 1: Determining interventions

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|---|--------------------|--|--|
| 1. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided | Fair. | All reports details options appraisals and risks associated with decisions. | None. | Implement recommendations in the Corporate Peer Review Action Plan associated with the development of a standardised project appraisal and affordability approach. | Strategic Director and Section 151 Officer |
| 2. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts | Fair. | Statutory consultation on budget undertaken annually, could be widened to obtain views of service users. We follow statutory requirements for consultation and very often go above that in terms of community engagement. Ad-hoc approach to informal consultation in place and utilised. | None. | Wider engagement on the budget consultation for forthcoming year to be captured (as per B.1.) | Head of Finance |

Supporting Principle 2: Planning interventions

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|---|--------------------|---|---------------------------|
| 1. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets | Good. | <p>Calendar dates for all Council meetings agreed in advance, reports published in a timely manner ensuring a robust planning cycle.</p> <p>Quarterly performance and finance reports monitored by SLT and Service Delivery and Policy, Finance and Development Committees.</p> | None. | None. | |
| 2. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered | Fair. | <p>Resident Forums in existence for each major town in the borough.</p> <p>We regularly consult where changes to policies are made, over and above statutory requirements.</p> <p>Recognising there isn't currently a Tenant Scrutiny Panel or strong embedded approach to engaging tenants in service related decisions, action to be taken forward to establish one in line with Social</p> | None. | Develop approach to tenant engagement and establishment of Tenant Scrutiny Panel, in line with regulatory standards as per b.1 above) | Head of Built Environment |

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| | | Housing Regulatory Standards. | | | |
| 3. Considering and monitoring risks facing each partner when working collaboratively including shared risks | Good | Strong partnerships exist. Partnership agreements exist where necessary for financial/legal/governance/risk reasons (e.g. Shared Building Control) formal agreements are put in place. | None | None | |
| 4. Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances | Good. | Delegated responsibility in some areas. Constitution is flexible. Delegated decision making can be amended to facilitate urgent decision making. | None. | None. | |
| 5. Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured | Good. | KPIs established and approved for each service and included in Service Plans. Quarterly Performance Reports are considered by Service Delivery Committee. | None. | None. | |
| 6. Ensuring capacity exists to generate the information required to review service quality regularly | Good. | Performance is included to give context for decisions to be made where necessary. Resource dedicated to Transformation which works across the organisation to make customer, process and financial improvements. | None. | None. | |
| 7. Preparing budgets in accordance with organisational | Fair. | Corporate Peer Review identified the need to Align and maintain MTFP to the | None. | Review service and financial planning timetable for 2023/24 | Head of Finance |

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| objectives, strategies and the medium-term financial plan | | <p>Corporate Plan and projects to ensure resources are in place to deliver them.</p> <p>Strategic and Financial Planning timetable to be reviewed and aligned for 2023/24 planning, enabling a more integrated approach.</p> <p>Identified need to ensure effective alignment of team and council corporate planning with budget.</p> | | | |
| 8. Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy | Fair. | Corporate Peer Review identified the need to Align and maintain MTFP to the Corporate Plan and projects to ensure resources are in place to deliver them. | None. | Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan and projects established; and a Sustainability Plan for closing budget gaps | Strategic Director/S151 Officer |

Supporting Principle 3: Optimising achievement of intended outcomes

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|--|--------------------|--|-------------------------|
| 1. Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints | Fair. | Corporate Peer Review identified the need to Align and maintain MTFP to the Corporate Plan and projects to ensure resources are in place to deliver them. New Medium Term Financial Strategy under development which will set out how Council will manage its finances, how it will close projected MTFP budget gaps through the delivery of savings and income generation and how it will bolster its reserves. | None. | Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan and projects established; and a Sustainability Plan for closing budget gaps | Strategic Director/S151 |
| 2. Ensuring the budgeting process is all inclusive, taking into account the full cost of operations over the medium and longer term | Good. | 5 year Capital budget planning. Revenue currently only planned 1 year at a time. MTFP focuses on 5 year medium term. | None. | None. | |
| 3. Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may | Fair. | Current MTFS consolidated with annual budget report and work ongoing to create new stand-alone strategy that will | None. | Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year | Strategic Director/S151 |

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| arise during the budgetary period in order for outcomes to be achieved while optimising resource usage | | guide financial planning over the medium-term. | | Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan and projects established; and a Sustainability Plan for closing budget gaps | |
| 4. Ensuring the achievement of 'social value' through service planning and commissioning. | Good | Social value considered through procurement processes.. | None | None | |

Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Supporting Principle 1: Developing the entity's capacity

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|--|--------------------|--|---------------------------|
| 1. Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness | Fair. | Reviews of structures, ways of working and performance carried out as necessary. Acquisitions and Disposals Policies. Existing mitigating risk action to revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and | None. | Revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation. | Head of Law and Democracy |

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| | | timetabled for implementation. | | | |
| 2. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently | Fair. | Organisational approach to benchmarking to be reviewed and requirements determined. | None. | Organisational approach to benchmarking to be reviewed and requirements determined. | Strategic Director |
| 3. Recognising the benefits of partnerships and collaborative working where added value can be achieved | Good. | Strong partnership working across the Council. | None. | None. | |
| 4. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources | Fair. | Existing Strategic Risk Register Action to develop People Strategy – linked to key risk for the Council around resource planning. | None. | Develop People Strategy. | Strategic Director |

Supporting Principle 2: Developing the capability of the entity's leadership and other individuals

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|---|--------------------|-----------------------|------|
| 1. Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained | Good. | Regular meetings between Leader and Chief Executive. Committee Chairs supported by designated SLT leads. Robust member induction programme, with specific and | None. | None. | |

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| | | significant training planned. Code of Conduct for all members. | | | |
| 2. Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body | Good. | Regular review of delegation and financial regulations. Constitution. | None. | None. | |
| 3. Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority | Good. | Clear roles and responsibilities with CE's objectives set and monitored by Members. | None. | None. | |
| 4. Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and | Good. | Members trained as and when required. Formal induction process for new administration and new members. Robust member induction programme, with specific and significant training planned. Code of Conduct for all members. | None. | None. | |

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| <p>organisational requirements is available and encouraged</p> <ul style="list-style-type: none"> • Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis • Ensuring personal, organisational and system- wide development through shared learning, including lessons learnt from governance weaknesses both internal and external | | | | | |
| 5. Ensuring that there are structures in place to encourage public participation | Good. | Resident Forums, customer feedback. | None. | None. | |
| 6. Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections | Good. | LGA Financial Health Check Summer 2021. LGA Corporate Peer Review January 2022. | None. | None. | |
| 7. Holding staff to account through regular performance reviews which 8. take account of training or development needs | Fair. | Staff development plans linked to appraisals. Plans to review appraisal approach underway. | None. | Review staff performance appraisal approach. | Strategic Director |
| 9. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining | Good. | Discount on leisure facilities for staff. Employee advice line, 24 hours service providing advice and counselling service | None. | None. | |

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| <p>their own physical and mental wellbeing</p> | | <p>around family, personal, debt, workplace, home and health issues. Coaching and mentoring available. Health and Wellbeing team to develop and implement the employer Workplace health and benefits offer. New Health and Wellbeing Hub on Teams for staff to access. Participation in Survey with Leicestershire and Rutland Sport Workplace Health Needs Assessment to determine health of workforce. Sickness management ongoing.</p> | | | |
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Core Principle F: Managing risks and performance through robust internal control and strong public financial management

Supporting Principle 1: Managing risk

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|---|--------------------|-----------------------|------|
| 1. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making | Good. | Risk Management system in place with regular monitoring at Manager/HoS level and SLT and Audit Committee. New cross-service and role Risk Management Group established to monitor risk. Policy timetabled for review Summer 2022. | None. | None. | |
| 2. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively | Good. | Risk management policy formally approved and adopted. Due for review Summer 2022. Existing action in place via Strategic Risk Register to | None. | None. | |

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| | | produce a Health and Safety Action Plan. | | | |
| 3. Ensuring that responsibilities for managing individual risks are clearly allocated | Good. | Risk Management system in place with regular monitoring. Recent changes mean each risk has an owner responsible (rather than collect SLT). | None. | | |

Supporting Principle 2: Managing Performance

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|---|--------------------|--|----------------------------------|
| 1. Monitoring service delivery effectively including planning, specification, execution and independent post implementation review | Good. | Monitoring of service delivery currently completed through service plans. Agreed performance targets reported monthly. SLAs for all service areas, reviewed annually. | None. | None. | |
| 2. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the | Fair. | Existing action identified in response to Corporate Peer Review to Implement a standardised | None. | Implement recommendations in the Corporate Peer Review Action Plan associated with | Strategic Director/S151 Officer. |

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| organisation's financial, social and environmental position and outlook | | project appraisal and affordability approach. | | the development of a standardised project appraisal and affordability approach. | |
| 3. Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making | Good. | Committee system enables all members to contribute towards ensuring policies are effective and objectives are delivered. | None. | None. | |
| 4. Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement | Good. | Regular quarterly reports to SLT and Service Delivery Committee. | None. | None. | |
| 5. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements) | Good. | Standing orders in place. Approval reports separate from financial updates. | None. | None. | |

Supporting Principle 3: Robust internal control

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|--|--------------------|---|---------------------------------|
| 1. Aligning the risk management strategy and policies on internal control with achieving the objectives | Good. | Risk management policy audit plan and regular audit reports. | None. | | |
| 2. Evaluating and monitoring the authority's risk management and internal control on a regular basis | Good. | Risk management policy with risks reviewed regularly by Risk Management Group, SLT and Audit Committee. | None. | | |
| 3. Ensuring effective counter fraud and anti- corruption arrangements are in place | Fair. | Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014). Anti-fraud and anti-corruption policies in place. Existing action via Strategic Risk Register to develop and implement anti-fraud awareness raising programme. | None. | Develop and implement anti-fraud awareness raising programme. | Strategic Director/S151 Officer |
| 4. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and | Good. | Annual governance statement, internal audit arrangements adequate with internal | None. | None. | |

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| control is provided by the internal auditor | | audit actively involved in service improvement. | | | |
| 5. Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon. | Good. | Audit committee complies with best practice. See Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2018). Terms of Reference in place for Committee. Training for committee members provided June 2022, included session to enable committee members to approve the financial statements undertaken in 2018. | None. | None. | |

Supporting Principle 4: Managing Data

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|--|--------------------|-----------------------|------|
| 1. Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. | Good. | Policies in place for data management and data protection. Designated data protection officer. | None. | None. | |
| 2. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies. | Good. | Data sharing agreements in place and data processing agreements where necessary. | None. | None. | |

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| 3. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring. | Good. | Regular internal audits carried out. | None. | None. | |
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Supporting Principle 5: Strong public financial management

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|---|--------------------|--|--------------|
| 1. Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance | Fair. | <p>Corporate Peer Challenge January 2022 identified improvements in respect of medium-term financial planning and ensuring financial plans align with the corporate plan and projects to ensure that are sufficient resources in place to deliver.</p> <p>Additionally, work is currently underway to develop the finance business partnering model and core monitoring cycle and processes. Development actions include designing new monitoring processes and meeting protocol and training budget holders in respect of managing budgets.</p> <p>Work undertaken to adopt the CIPFA Financial Management Code has identified a range of areas where the Council does not currently achieve the Code requirements but is instead starting to meet or currently meets but enhancements are required.</p> <p>There are a range of actions to address these areas arising from the review and all actions will be taken forward and consolidated, along with</p> | None. | <p>Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan and projects established; and a Sustainability Plan for closing budget gaps.</p> <p>Progress the vision for finance at OWBC and programme all actions arising from the CIPFA Financial Management Code self-assessment exercise.</p> | S/D and S151 |

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| | | other important actions around financial governance and system improvements into a single action plan. This plan will also set out the vision for finance at OWBC. | | |
| 2. Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls | Fair. | <p>Budget monitoring reports and regular reviews, however greater engagement required between finance and services. Finance system upgrade required and more automation of reporting required.</p> <p>As above, areas where the Council does not currently meet the requirements of the CIPFA financial management code have been identified and actions scoped to progress improvements in these areas.</p> | | <p>Progress the vision for finance at OWBC and programme all actions arising from the CIPFA Financial Management Code self-assessment exercise.</p> <p>S/D and S151</p> |

Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principle 1: Implementing good practice in transparency

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|---|--------------------|-----------------------|------|
| 1. Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate | Good. | Website user friendly, annual report, reports written in 'plain English'. | None. | None. | |
| 2. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand | Good. | Website user friendly, annual report, reports written in 'plain English'. Annual Report produced in accessible format, including translation tool. | None. | None. | |

Supporting Principle 2: Implementing good practices in reporting

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|---|--------------------|-----------------------|------|
| 1. Reporting at least annually on performance, value for money and the stewardship of its resources | Good. | Council Annual report, Statement of Accounts, End of Year report. Regular customer satisfaction surveys with results published in Annual reports. | None. | None. | |
| 2. Ensuring members and senior management own the results | Good. | Members and SLT receive and approve reports. | None. | None. | |
| 3. Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement) | Good. | Annual governance statement. | None. | None. | |
| 4. Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate | Good. | Annual governance statement. | None. | None. | |
| 5. Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations | Good. | Format follows best practice. | None. | None. | |

Supporting Principle 3: Assurance and effective accountability

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|--|--------------------|-----------------------|------|
| 1. Ensuring that recommendations for corrective action made by external audit are acted upon | Good. | Recommendations from external audit acted upon. Regular communication between S151 Officer and External Auditor. | None. | None. | |
| 2. Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon | Good. | Internal Audit report directly to Audit Committee. Recommendations from internal audit acted upon. Compliance of Internal Audit arrangements with Public Sector Internal Audit Standards. Regular communication between S151 Officer and Internal Auditor. | None. | None. | |
| 3. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations | Good. | Corporate Peer Challenge undertaken January 2022. A number of recommendations were made and accepted by Council which are now timetable for implementation during 2022/23. | None. | None. | |



