



# Oadby & Wigston Borough Council

## Unaudited Financial Report



For the year 2023/24

## **Index**

<b>The Narrative Report</b>	<b>3</b>
<b>Statement of Responsibilities for the Statement of Accounts</b>	<b>26</b>
<b>The Movement in Reserves Statement (MIRS)</b>	<b>28</b>
<b>The Comprehensive Income and Expenditure Statement (CIES)</b>	<b>31</b>
<b>The Balance Sheet</b>	<b>32</b>
<b>The Cash Flow Statement</b>	<b>34</b>
<b>Notes to the Core Financial Statements</b>	<b>35</b>
<b>Housing Revenue Account Income and Expenditure Statement</b>	<b>92</b>
<b>Movement on the Housing Revenue Account Statement</b>	<b>93</b>
<b>Notes to the Housing Revenue Account</b>	<b>94</b>
<b>Collection Fund Explanatory Foreword</b>	<b>99</b>
<b>The Collection Fund Account</b>	<b>100</b>
<b>Notes to the Collection Fund Account</b>	<b>101</b>
<b>The Statement of Accounting Policies</b>	<b>104</b>
<b>Glossary of Terms</b>	<b>123</b>
<b>Annual Governance Statement (AGS)</b>	<b>136</b>
<b>Auditors Report</b>	<b>182</b>

## 1. The Statement of Accounts

The Section 151 Officer is the statutory officer responsible for the proper administration of the Council's financial affairs and 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 Section 151 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 28.

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 incorporate the Code, and are outlined on pages 107-125 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 58,000 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 217th out of 316, (where one is the most deprived) by the Indices of Deprivation 2021.

The ethnic and cultural composition of the Borough is diverse. The overall Black and Minority Ethnic (BME) population is 36.6%.

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 1,182 homes.

- Oadby and Wigston:
  - Collects £38.2m in council tax but retains only £4.4m to provide essential services such as waste and recycling collection

- Generates over £2m of income
  - Collects £12.4m in business rates but retains only £1.9m to spend on delivering council services
  - Holds £110m of assets for service delivery, council housing provision and investments
  - Collects £5.5m 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 £7.5 million in 2023/24 which increases to £7.7 million in 2024/25. The Council has managed to reduce its budget without cutting any front-line services, over the previous year's turning to income generation as a means of balancing the books.
- The increasing budget requirement in 2023/24 reflects the impact of inflationary pressures on employee costs, energy costs and interest costs, and means our funding does not match our budgeted net revenue expenditure, with the gap being met by use of reserves. A sustainability programme was introduced in year and has achieved savings of £50k from services reviews and an additional £15k from new income generation in 23/24. As it is unsustainable to continue to meet the budget gaps by using reserves, Service delivery changes and a financial sustainability plan have been introduced in 24/25 and the budget has been balanced without the use of reserves.
- The Council's 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. This means the Council has limited capacity to increase its funding by growing its Council Tax base and attracting New Homes Bonus and is also limited in attaining Business Rates growth.

### 3. The council

#### Governance

There has been political continuity since 1991 when the Liberal Democrats achieved an overall majority for the first time. The latest full local election took place on the 4<sup>th</sup> of May 2023 and 19 Liberal Democrat Members, and 7 Conservative Members were elected.

The leader of the Council is Samia Haq and the Deputy Leader Councillor Lee Bentley.

Oadby and Wigston Council operates 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 five 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 May 2025 with a majority of 18,614.

### **Our Vision and 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"

A new Vision was formally adopted at our Full Council meeting on 27 September 2022 and will now be the driving force behind our aims and ambitions. The first major

milestone in embedding this Vision will be in creating a new Corporate Plan, which is in development.

**'OUR BOROUGH - THE PLACE TO BE'**  
Our vision

**Our strategic objectives**

**Our council**

- To be the local voice of residents and businesses.
- To ensure that we provide high quality, value for money services that meet the needs of residents, businesses and visitors.
- To ensure high connectivity with residents and businesses.

**Our communities**

- To provide a clean and safe place for everyone.
- To support any activities or actions that enhance the health and wellbeing of our Borough.
- To provide good, affordable and efficient housing for everyone.

**Our Economy**

- To support economic growth that is focused on our town centres.
- To make our Borough an inviting place to visit.
- To help to provide good employment opportunities.

**Our environment**

- To ensure that we are a carbon conscious Borough.
- To be seen to be 'Green'.

**Our partners**

- To develop, maintain and enhance partnerships to help support delivery of our objectives.
- To ensure we are engaged and listening to all sections of the community.

**Our purpose**

Provide a sustainable council by listening, being engaged, and putting our customers first enabling us to focus on local needs and priorities.

### 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, December 2022 and December 2023.

### Working for Oadby & Wigston

At the end of March 2024, the Council employed 179 individuals (151 full-time and 28 part-time) and 3 agency workers 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 workers, professional roles and administrative roles.

We have a strong set of organisational values which were adopted from May 2023 which were developed in consultation with staff. The values and behaviours reflect the qualities and behaviours that staff should portray and are centred around the following four core values:

## Our Values

Our empowered and supported people are driven to be...

- ❖ Customer and community focused
- ❖ Proud of everything we do
- ❖ Collaborative and creative
- ❖ Resourceful and resilient

## Our Culture

We will...

- Embed our values and behaviours into our policies, processes and everything we do
- Have a robust performance management system
- Undertake regular culture snapshots through our surveys, acting on areas which prohibit a healthy and positive workplace culture
- Share success stories across the organisation, recognise and celebrate what we do well and share that learning across the organisation
- Create a rewarding place to work, where we can encourage innovation, continually learn from what we do and collaborate with others to get the best results.

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

### The Council's Performance

As part of the Council's ongoing development to service performance management and reporting, KPIs have now been reported on in two different ways since 2022/23. Firstly, continuous improvement in line with our Corporate Plan 2019 – 2024 and statutory KPIs that have to be delivered as part of legislative or legal duty as a Council.

The Council reported on 31 continuous Improvement Key Performance Measures for 2023/24, and these measures relate to each of the Council's three Corporate Objectives as part of the Council's five-year Corporate Plan (2019-2024).

The Council has produced 36 Statutory Improvement Key Performance Measure for 2023/2024. Statutory KPIs refer to those that the Council has to report and measure from a legislative, legal or need to report to a particular body.

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 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.

## Continuous Improvement Key Performance Indicators –

Out of the 31 indicators, 29 were due for reporting as at the end of Quarter 4 2023-2024.

Of the 29:

**27** were Green status

**2** were Red status

This equates to 93% Green, 0% Amber and 7% Red status. The following table identifies the Council's performance, by objective and service delivery section.

### Performance Chart One – Continuous Improvement - Corporate and by Objective

Quarter Four 2023/24	Green		Amber		Red	
	Number of Indicators	Percentage	Number of Indicators	Percentage	Number of Indicators	Percentage
<b>Overall Performance</b>						
All Targets Due	27	93%	0	0%	2	7%
<b>Corporate Priority</b>						
Building, Protecting and Empowering Communities	4	100%	0	0%	0	0%
Growing the Borough Economically	3	100%	0	0%	0	0%
Providing Excellent Services	20	91%	0	0%	2	9%

### Performance Chart Two – Continuous Improvement - By Service Area

Quarter Four 2023/24	Green		Amber		Red	
	Number of Indicators	Percentage	Number of Indicators	Percentage	Number of Indicators	Percentage
<b>Overall Performance</b>						
All Targets Due	27	93%	0	0%	2	7%
<b>Department</b>						
Built Environment	5	100%	0	0%	0	0%
Customer Service & Transformation	8	100%	0	0%	0	0%
Finance & Resources	7	100%	0	0%	0	0%
Law & Democracy	7	78%	0	0%	2	22%

## Statutory Key Performance Indicators

Out of the 36 indicators, 35 were due for reporting as at the end of Quarter 4 2023-2024.

Of the 35:

**27** were Green status

**0** were Amber status



8 were Red status

This equates to 77% Green, 0% Amber and 23% Red status.

The following table identifies the Council's performance, by objective and service delivery section.

### Performance Chart One - Statutory Key Performance Indicators – Corporate and Objective

Quarter Four 2023/24	Green		Amber		Red	
	Number of Indicators	Percentage	Number of Indicators	Percentage	Number of Indicators	Percentage
<b>Overall Performance</b>						
All Targets Due	27	77%	0	0%	8	23%
<b>Corporate Priority</b>						
Building, Protecting and Empowering Communities	16	76%	0	0%	5	24%
Growing the Borough Economically	0	0%	0	0%	0	0%
Providing Excellent Services	11	79%	0	0%	3	21%

### Performance Chart Two - Statutory Key Performance Indicators – By Service Area

Quarter Four 2023/24	Green		Amber		Red	
	Number of Indicators	Percentage	Number of Indicators	Percentage	Number of Indicators	Percentage
<b>Overall Performance</b>						
All Targets Due	27	77%	0	0%	8	23%
<b>Department</b>						
Built Environment	14	74%	0	0%	5	26%
Customer Service & Transformation	4	100%	0	0%	0	0%
Finance & Resources	6	75%	0	0%	2	25%
Law & Democracy	3	75%	0	0%	1	25%

## 4. Financial context and outlook

### Key financial features for Oadby & Wigston

Oadby and Wigston Borough Council is responsible for managing cash flows and assets exceeding £160m each year. Of this amount:

- £110m relates to the value of our assets, of which £108m of these are held for providing council services and £1.8m of investment property. The remaining £0.2m of assets are made up of heritage and intangible assets.
- Over £2m relates to 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 £5.5m in rent for council homes.
- We collect around £12.4m in business rates and we retain approximately 10%, with approximately 10% being passed onto to our major preceptors LCC and LFRS, 30% paid into the LLEP to support economic growth in Leicestershire and the remaining 50% going to central government.
- We collect £38.2m 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 £246.66.



The Council has utilised reserves in year to balance the budget but has recognised that this is not sustainable and methods of income generation, service reviews and changes to service delivery have been consulted on and where suitable included in the budget and plans made for implementation during 24/25.

The Council recognises that the reserves cannot be used to bridge budget gaps going forward and that the depletion of reserves means the Council will become unable 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 2023/24 our revenue budgets totalled £7.7 million and our capital investment programme £8.245 million. At the end of the year, we held reserves of £1.799 million and £1.418m 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.



## **Financial Sustainability**

The Council approved a Medium-Term Financial Strategy (MTFS) in September 2022, this presented a high-level five-year assessment of the financial resources required to deliver the Council's strategic priorities and essential services, and the projected resources available which showed budget gaps each year. In previous years the Council had utilised some of the reserves in order to balance the budget however looking ahead the reserves available were not sufficient to fund the budget gaps over the MTFS period. Councillors recognised that reserves cannot continue to be used to balance the budget and as such action has been taken to ensure that the budget can be balanced annually and ensure that the Council can balance its expenditure within its funding and income means.

The MTFS (2022) included a sustainability plan of high-level savings targets to identify income generation methods, methods of financial management and Asset Management to generate savings or income to bridge the budget gaps. £72k of savings were achieved in 2022/23 and a further £65k of savings were achieved in 2023/24 and will reduce the budget going forward.

During 23/24 further work was carried out on the sustainability programme and savings of £289k have been identified and will be implemented during 24/25.

The MTFP approved at Council in February 2024 now demonstrates that the Council will move into a small cumulative surplus over the MTFP period.

The Chief Executive is the sustainability programme sponsor, and the members of the Senior Leadership Team are project leads.

## **Projects**

During 2023/24 the Council completed its relocation of the Council's headquarters from its former location at Bushloe House in Wigston to Brocks Hill in Oadby. Major construction works took place at Brocks Hill former visitor centre to make it fit for purpose as the Council's new headquarters. The sale of Bushloe House has been agreed but there have been delays in the sale.

We have also progressed our regeneration plans for Oadby swimming pool, a council-owned site within the borough. The site has been marketed and proposals are being evaluated. The capital receipts from the sale are planned to be reinvested in Ellis Park, including redevelopment of the Pavilion into a Community Facility.

The New Housing Supply capital scheme has also progressed with detailed plans developing for the Horsewell Lane site.

## **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.

### Local Government Funding System

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. However, the mechanics around these funding streams are still determined by central government in a financial settlement. In recent years this has moved from a multi-year settlement to one year settlement. The settlement for 2023/24 was a one-year settlement, meaning understanding the funding position beyond 2023/24 is extremely difficult.



Local government funding reforms were first announced in 2016 and there have since been a number of deferrals. The reforms include:

- A review of the Needs and Resources assessment (previously Fair Funding Review announced in 2016) is due to determine a new mechanism for allocating resources within the sector.
- A review of the new Homes Bonus funding system
- The Business Rates Retention Scheme is due to be reset potentially removing all of the previously generated growth in the system

The potential impact of these changes represents significant uncertainty in terms of the financial resources available from 2025/26 onwards.

### Global and national economic climate

The current global and national economic climate remains unstable. The UK has emerged from a short technical recession, but GDP growth remains sluggish. Inflation has, however, steadily declined over the course of 2023/24, from 7.8% in April-23 to 4.2% in March-24. The Bank of England expects inflation will drop below 2% in the second quarter of 2024.

The Bank of England have increased the bank rate from 4.25% at April 2023 to the current rate of 5.25%. The bank rate impacts on the interest rate earned on investments and influences the interest rate on borrowing. It is expected that the rate will drop during 2024/25, but when, and by

how much, remains uncertain.

### Service costs, risks and demands

The high inflation rates have impacted on employee pay with awards in 2022/23 and 2023/24 being higher than in previous years. These higher costs are embedded into the cost of providing our services.

Energy and fuel inflation rates have been impacted by the Russian invasion off the Ukraine, although the increases have reduced slightly since this time last year. This remains an area where prices are volatile.

The high levels of inflation are also impacting on the costs of supplies and contracts and are adding risk to the viability of some suppliers which increases the contract risk exposure.

The impact of high levels of inflation on the cost of living creates more demand for our services and is creating increased demands around homelessness support and costs.

### **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 small surpluses and deficits over the course of the 5-year forecast resulting in the General fund reserve having been increased by a forecast amount of £201k over the duration of the MTFP.

The Council's ability to influence growth in the area and increase its funding through new homes bonus, additional council tax and business rates growth is restricted due to its size and due to it already being densely built up.

The changes to the funding regime anticipated as part of the Needs and Resources 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.

Currently the Medium-Term Financial Plan is looked at annually alongside the forthcoming years' budget, having been reviewed at budget setting 2023/24 and 2024/25.

## Our Housing Revenue Account 5-year projections

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation of 1,183 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 over £5.5 million of rent from properties let at either social or affordable 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.

## The council's financial performance in 2023/24

### General Fund

The outturn position for the General Fund Revenue Account is a £476k overspend, in the region of 6% of the council's overall net revenue spend budget. The main cause of the overspend relates to pay inflation for implementing the national pay award and reduced management fee from the Leisure Centre Operator and costs for the movement of the Council offices from Bushloe House to Brocks Hill.

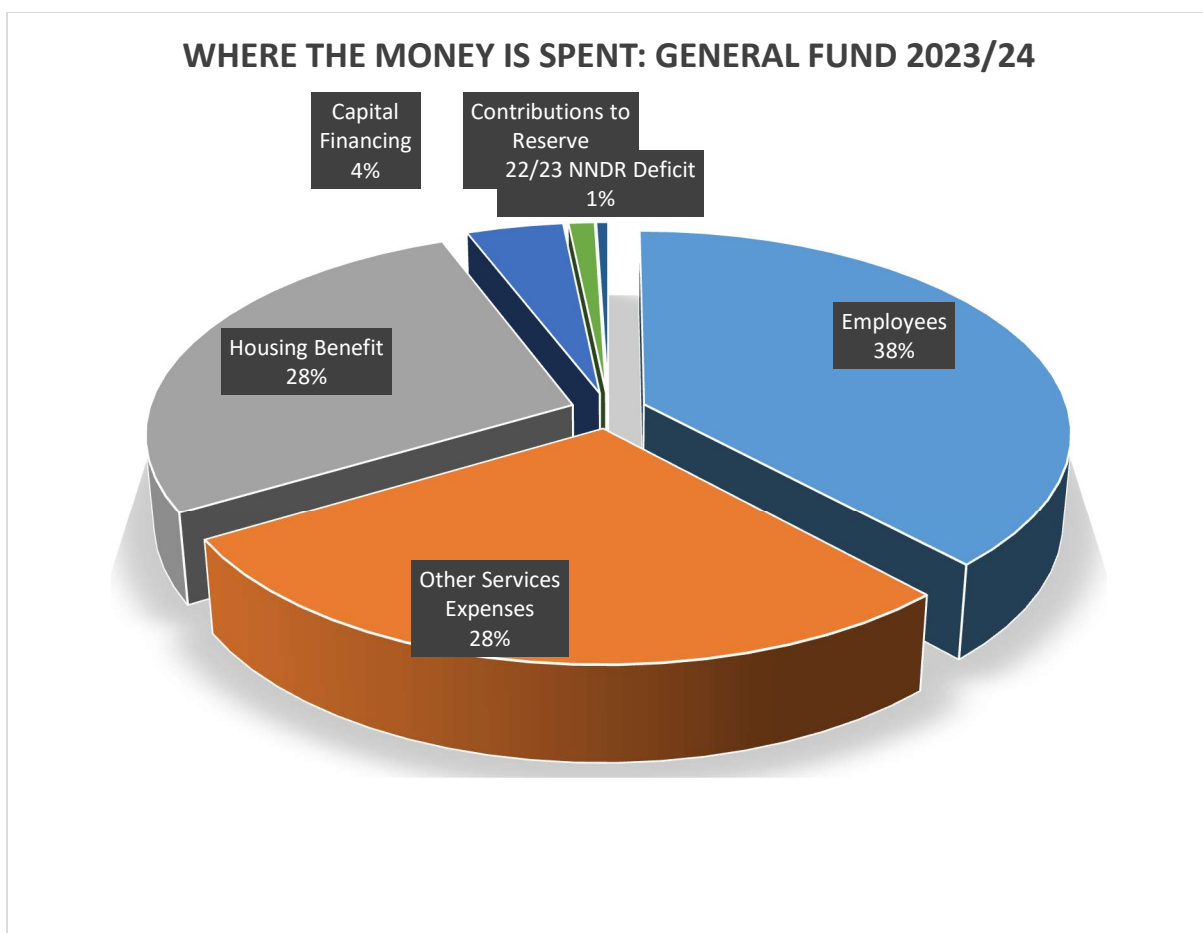
The position on the account as the end of year is set out in the table below.

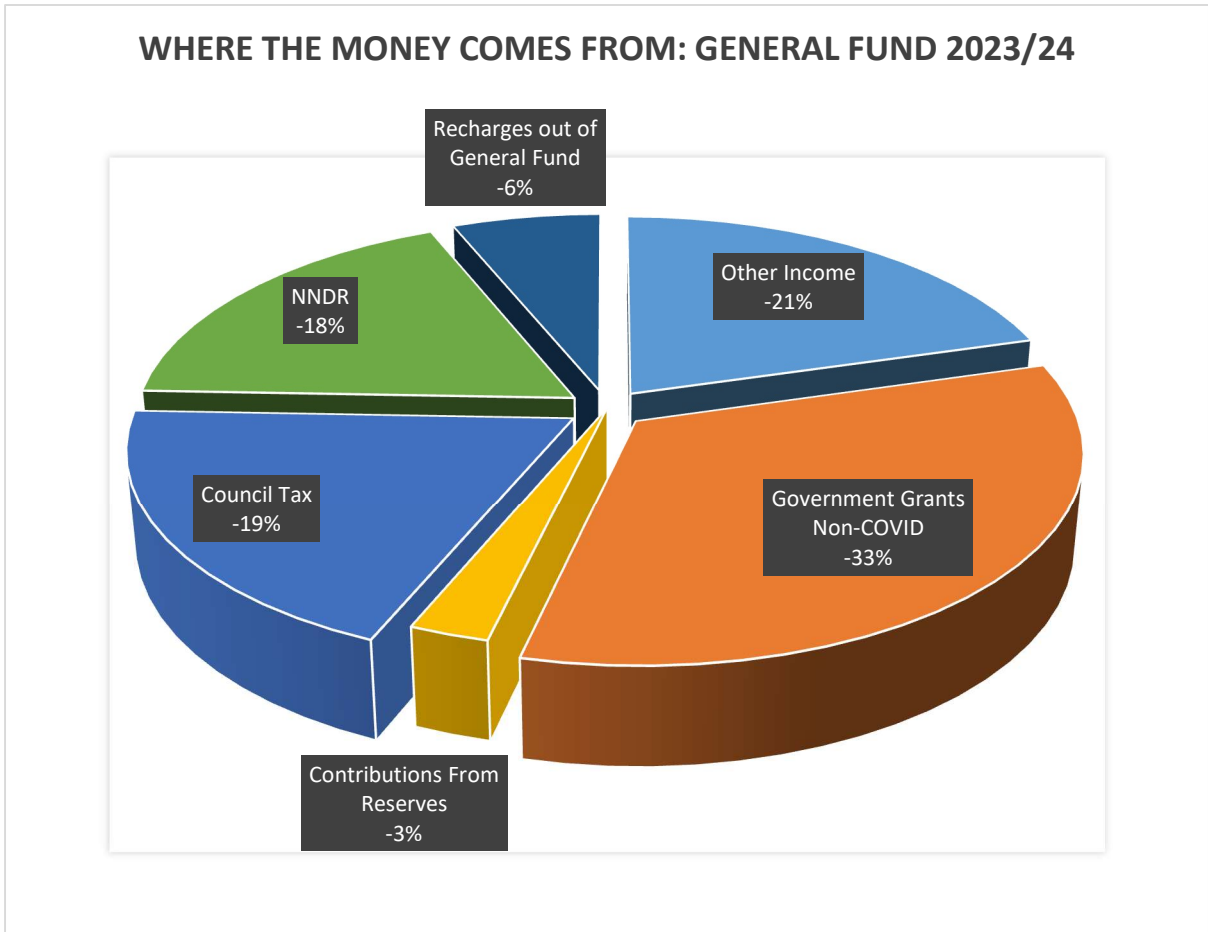
Service	Original Budget 2023/24	Revised Budget 2023/24	Actual Spent 2023/24	Variance (Under) / Overspend 2022/23
	£000	£000	£000	£000
Senior Leadership Team	482	492	450	(42)
Covid 19 Funding	0	0	204	204
Finance & Resources (Including Corporate Budgets)	3,221	3,344	4,118	774
Law & Democracy	758	730	783	53
The Built Environment 1 & 2	1,259	1,315	728	(587)
Community & Wellbeing	1,089	1,089	1,749	660
Customer Service & Business Transformation	1,140	1,164	1,027	(137)
HRA Recharge	(1,434)	(1,434)	(1,434)	0
Capital Financing	1,017	1,017	570	(447)
<b>Net Revenue Expenditure</b>	<b>7,532</b>	<b>7,719</b>	<b>8,195</b>	<b>476</b>

Earmarked Reserves	(143)	(163)	(2)	162
Funding	(6,959)	(6,959)	(8,779)	(1,820)
<b>Budget Deficit / (Surplus)</b>	<b>430</b>	<b>596</b>	<b>(586)</b>	<b>(1,182)</b>

A summary of the major variances on the 2023/24 year are detailed in the table below.

Adverse	
Loss of income on Leisure centre contract	460
Brockshill Move and delayed sale of Bushloe House	160
Removal of Corporate Vacancy savings targets	161
Budget setting amendments	150
Reduced Cemeteries Fees	54
Increased Interest payable to HRA	28
Favourable	
Capital Financing	(419)
Additional Community support partnership funding	(59)





**Housing Revenue Account (HRA)**

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation of 1,183 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 position on the account as the end of year is set out in the table below.



Service	Original Budget 2023/24	Actual Spent 2023/24	Variance
	£000	£000	£000
<b>Housing Revenue Account</b>	(3,888)	(4,020)	(132)
<b>Supervision and Management</b>	2,295	2,163	(132)
<b>Repairs &amp; Maintenance</b>	1,237	1,152	(85)
<b>Net Cost of Services</b>	(356)	(705)	(349)
<b>Capital Charges</b>	747	694	(53)
<b>Appropriations</b>	0	13	13
<b>Year End Adjustments</b>	0	6	6
<b>(Surplus) / Deficit</b>	<b>391</b>	<b>8</b>	<b>(383)</b>

A summary of the major variances on the 2023/24 year are detailed in the table below.

<b>Adverse</b>	
Gas Service repairs contract	100
<b>Favourable</b>	
Repairs and Maintenance	(222)
Tenancy Management Posts	(100)
Housing Maintenance Posts	(78)
Provision for Bad debts	(51)
Communal Heating Charges	(50)

## Reserves and Balances

The General Fund Reserve increased by £586K during 23/24, while the Housing Revenue Account Reserve decreased by £8K.

The General Fund Reserve opening balance as at 1st April 2023 was £1.179m. In 2023/24 the account has a budget surplus of £586k after appropriations from earmarked reserves, leaving General Fund Reserve balance of £1.765m at 31st March 2024

The Housing Revenue Account opening balance as at 1st April 2023 on its main reserve was £1.419m. In 2023/24 the account has a budget deficit of £8k after appropriations from earmarked reserves, leaving an estimated HRA Reserve balance of £1.411m at 31st March 2024.

**The following table sets** out the reserves available to the Council to meet its capital expenditure plans and other financial commitments as at 31 March 2024.

	2023/24	2022/23
	£000's	£000's
<b>Revenue Reserves</b>		
General Fund	1,765	1,179
Housing Revenue Account	1,411	1,419
<b>Other Reserves</b>		
Useable Capital Receipts	1,711	1,699
Earmarked Reserves Non-COVID	3,100	3,547
Earmarked Reserves COVID	0	45

## Our Assets and Liabilities

### Pension Liabilities

#### **£8.556m**

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 £1.88m to the scheme in 2023/24 and recognised a total charge of £0.48m for the year.

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 2022 which set our additional contribution rate at 21.4% plus £654K for the 2023/24 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 asides 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.

	2023/24	2022/23
<b>Business Rates Appeals Provision</b>	£348k	£157k

### Borrowing

As at 31st March 2024 the council has total external borrowing of £16.968m of long-term borrowing. This relates to loans from the Public Loans and Works Board (PWLb), which were either taken out in 2012 to fund HRA self-financing (£12.076m), or in 2016, to fund the leisure centre project (£4.392m), with the remainder being general fund borrowing (£500k). Additionally, there is another £19.506m of short-term borrowing, both for cash flow purposes, and in lieu of long-term debt. All of our borrowing was within our Prudential Code limit of £45m for the year.

### Cash flow

The Council's cash flow shows a decrease of £2.859m in its cash and cash equivalents from the previous year. This may primarily be attributed to use of borrowing and capital receipts in the capital program.

Interest payable was £438k higher than in 2022/23, reflecting both the increase in interest rates over the period, and the fact that most of the 2022/23 short-term borrowing was locked in prior to the major increases. Interest receivable increased in line with prevailing interest rates.

## Financial Position

We have maintained a strong financial position despite the financial challenges we face, with a decrease in net assets of £3.599m between 2022/23 and 2023/24, primarily due to pension changes.

	2023/24 £000s	2022/23 £000s
<b>Non-Current Assets (property and long-term investments)</b>	111,117	112,806
<b>Net Current Assets (debtors, stock and cash less creditors and liabilities)</b>	(16,459)	(13,539)
<b>Long-term Liabilities and Provisions</b>	(26,604)	(27,614)
<b>Net Assets</b>	68,054	71,653
<b>Funded by:</b>		
<b>Usable Reserves</b>	(8,064)	(7,917)
<b>Unusable Reserves</b>	(59,990)	(63,736)

## Capital

The 2023/24 Capital Programme was set at Full Council in February 2023. **Table 3** shows a summary of the 2023/24 capital programme.

Some key features of the capital programme for 2023/24 include:

- £534k in improvement works on Council housing blocks.
- £653k of expenditure on acquiring or refurbishing vehicles
- £928k on the completion of the new Council Offices

**Table 3 - Capital Programme Summary**

<b>Fund</b>	<b>Revised Budget 2023/24</b>	<b>Actual Spent 2023/24</b>	<b>Variance to Budget</b>
	£'000	£'000	£'000
<b>General Fund</b>	2,960	2,906	(54)
<b>Housing Revenue Account</b>	5,285	1,725	(3,560)
<b>Total</b>	<b>8,245</b>	<b>4,631</b>	<b>(3,614)</b>

## 5. Risk Management

A refreshed Risk Management Policy was approved in January 2023 reaffirming the formal arrangements the Council has in place for risk management, with the prior policy being approved in July 2021. The overall objective of the Council's risk management policy is the identification, analysis, management and financial control of those risks which can most impact on the Council's ability to pursue its approved corporate objectives.

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 Strategic Risk Register.

Risk	Impact	Mitigation
<b>Decreasing Financial resources / Increasing Financial Pressures</b>	<ul style="list-style-type: none"> <li>Cuts in services</li> <li>Political and customer expectations not met</li> <li>Quality of service</li> <li>Reputation damage</li> <li>Knock on impact on the local community and economy e.g. spiral effect</li> <li>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.</li> <li>Supplier price variations significant.</li> </ul>	<ul style="list-style-type: none"> <li>Review of Financial Regulations</li> <li>Training on Contract Procedure Rules</li> <li>Enhance budget monitoring</li> <li>Creating a new MTFs</li> <li>Cost of Living impact assessment</li> <li>Engagement with stakeholders on Financial Outlook</li> <li>Updated MTFP position</li> <li>Implementation of the Sustainability Programme</li> </ul>
<b>Key Supplier Failure</b>	<ul style="list-style-type: none"> <li>Cost implications</li> <li>Business Continuity</li> <li>Loss of revenue</li> <li>Service failure</li> <li>TUPE issues</li> </ul>	<ul style="list-style-type: none"> <li>Formal contracts and agreements including realistic notice periods.</li> <li>Performance management of contracts,</li> <li>Comprehensive Contract Register, Partnership working with Local Authority Partners</li> </ul>

Risk	Impact	Mitigation
	Potential court action Increased complaints Reputation issues Political damage Delays	Partnership and contract risk registers Contract term renegotiation with key providers as necessary
<b>Failure to work effectively with other public sector partner organisations (PSOs)</b>	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	Formal agreements with public sector partners which clearly identify roles & responsibilities Governance arrangements which manage performance against agreements Lead officer arrangements/contract manager Financial controls ensuring payments are only authorised where service being delivered by partner organisation is received and is of appropriate quality Strategic Planning Group - governance arrangements are in place for this. Member Advisory Group also in place Southern Alliance (OWBC, HDC, Blaby & Hinckley working together) Performance of these arrangements is formally reviewed, and changes are made if necessary. Regular account meetings with contracted 3rd sector organisations. Service Level Agreements in place where necessary. Cost of Living support programme has funded 3rd sector organisations and support for warm hubs.
<b>Hard to reach demographics feel disenfranchised through lack of specific</b>	Reputational damage Lack of support for community initiatives Missed opportunity to impact on equalities agenda and HWB of residents Citizens panel not representative of	Customer Experience Strategy Action Plan. Housing Regulators new Tenant Satisfaction Measures that all social housing landlords will need to adopt from April 2023. Tenant Engagement Review

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
<b>communication and engagement.</b>	demographic. Services may not meet the needs of this demographic	
<b>Political Dynamics</b>	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	Political awareness training for officers June 2022. Member and officer training undertaken with Centre for Governance and Scrutiny November 2022. Full review of members induction programme has been completed. Training/action plans for member elected May 2023.
<b>Reputation Damage</b>	Intervention Loss of public confidence Ombudsman findings Court costs Quality of service affected Breakdown in a partnership Adverse publicity Lower public satisfaction level Time spent mitigating damage/rectifying the situation Low Morale Difficulties to recruit/staff retention Inadequate budget provision, inappropriate financial decisions made	Anti-Fraud Policy approved June 2023. Whistle blowing and Anti-Fraud and Corruption policies Freedom of Information log Qualified in house legal team Officer complaints training & new complaints process Performance reporting and Key Performance Indicators Public and media consultation Achieved accreditation for customer service excellence award Communications Policy and Communications Plan in place Online customer care training in place for all new staff and a separate module also in place for managers.
<b>Effective utilisation of Assets/Buildings</b>	Loss of investment opportunities Loss of income	Revision of Asset Management Policy and Capital Expenditure Plan annually

Risk	Impact	Mitigation
	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	Production of a Health and Safety Action Plan approved by Council April 2023 Health and safety risk assessments Designated health and safety officer Designated facilities officer
<b>Regulatory Governance</b>	Substantial fines e.g. Data Protection Judicial review Reputation Code of conduct Financial loss Cost orders Personal liability	Data Protection Policy and log Freedom of Information log Code of Conduct and training HR Induction Statutory Monitoring Officer Prosecution Policy Dedicated Policy, Compliance and Data Protection Officer Appraisal training and 1-2-1 training has been rolled out. to all managers.
<b>Failure to respond to a significant incident</b>	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 Insurance – higher premiums	Business Continuity training exercise and refresh – Completed December 2022. BC Plans refresh and incorporation into service plans – completed December 2022. Membership of Local Resilience forum

Risk	Impact	Mitigation
	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	
<b>Organisational/Transformational Change</b>	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 – underway Organisation review policy Formal induction programme Performance appraisal process
<b>Economy/Regeneration</b>	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	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



Risk	Impact	Mitigation
	Conflicting pressures - decreased funding – increased demand Spiral effect Short term decision making – uncertainty Increased autonomy leads to greater risk Decrease in collection levels	Sub-committees established to provide a focus on key regeneration projects Specialist support procured to advise on the deliverability of regeneration projects
<b>Increased Fraud</b>	Homelessness, poverty and social deprivation Financial loss Resources of the authority to investigate fraud issues Reputation impact Litigation	Anti fraud policy including bribery act approved July 2023 Fraud Awareness Training approved July 2023 Implementation of internal audit recommendations – July 2023 Participation in National Fraud initiative
<b>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.</b>	Financial loss Resources of the authority to investigate fraud issues Reputation impact Litigation, Loss of data, breaches of GDPR, SMT lack of oversight	BCP has been 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.
<b>Staff lone working including out of hours</b>	Staff could suffer physical and emotional harm, which could lead to long periods of sick leave.	Lone worker policy and procedure Panic alarms and Body cameras

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Authority's responsibilities**

- Manage arrangements for the proper administration of its financial affairs and to ensure 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 ensure 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.

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**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

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**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 2024 and the Council's income and expenditure for the year ended 31 March 2024.



**Laura Parsons**

**Date: 06/06/2024**

**Finance Manager and Deputy Section 151 Officer**

**Approval of the Accounts**

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

**Councillor Kevin Loydall**

**Chair, Audit Committee**

**Date:**

**Anne Court**

**Chief Executive**

**Date:**

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## THE MOVEMENT IN RESERVES STATEMENT

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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 the Covid-19 pandemic and recovery additional business rates reliefs were given by Central Government, billing authorities were compensated by additional Section 31 grant. Due to the collection fund accounting rules, the impact of the additional reliefs created a deficit taken to the Collection Fund Adjustment Account which is then required to be released and incurred in the following year. This requires that the Section 31 Grant is held in reserve and released in the same year as the deficit is incurred. This is shown by the inclusion of the Section 31 Grant Reserve in the Movement in Reserves Statement.

## THE MOVEMENT IN RESERVES STATEMENT

Movement in Reserves 2023/24		General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	COVID-19 Grant Reserve	Section 31 Grant Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
Note	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Balance at 1 April 2023</b>		<b>1,180</b>	<b>3</b>	<b>1,419</b>	<b>1,805</b>	<b>1,297</b>	<b>44</b>	<b>446</b>	<b>1,699</b>	<b>24</b>	<b>7,917</b>	<b>63,736</b>	<b>71,653</b>
<u>Movement in Reserves during 2023/24</u>													
Deficit on the provision of services		(5,839)	0	(1,053)	0	0	0	0	0	0	(6,892)	0	(6,892)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0	0	0	3,293	3,293
<b>Total Comprehensive Income and Expenditure</b>		<b>(5,839)</b>	<b>0</b>	<b>(1,053)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,892)</b>	<b>3,293</b>	<b>(3,599)</b>
Adjustments between accounting basis & funding basis under regulations	5	6,049	0	1,059	0	(106)	0	0	38	0	7,040	(7,040)	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>210</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>(106)</b>	<b>0</b>	<b>0</b>	<b>38</b>	<b>0</b>	<b>148</b>	<b>(3,747)</b>	<b>(3,599)</b>
Transfers (to)/from Earmarked Reserves	6	375		(14)	(317)		(44)			0	0	0	0
<b>Increase/(Decrease) in 2023/24</b>		<b>585</b>	<b>0</b>	<b>(8)</b>	<b>(317)</b>	<b>(106)</b>	<b>(44)</b>	<b>0</b>	<b>38</b>	<b>0</b>	<b>148</b>	<b>(3,747)</b>	<b>(3,599)</b>
<b>Balance at 31 March 24 carried forward</b>		<b>1,765</b>	<b>3</b>	<b>1,411</b>	<b>1,488</b>	<b>1,191</b>	<b>0</b>	<b>447</b>	<b>1,737</b>	<b>24</b>	<b>8,065</b>	<b>59,989</b>	<b>68,054</b>

## THE MOVEMENT IN RESERVES STATEMENT

Movement in Reserves 2022/23 Restated	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Major Repairs Reserve	COVID-19 Grant Reserve	Section 31 Grant Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	
Note	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<b>Balance at 1 April 2022</b>	<b>1,299</b>	<b>3</b>	<b>1,155</b>	<b>2,402</b>	<b>450</b>	<b>364</b>	<b>687</b>	<b>1,467</b>	<b>24</b>	<b>7,852</b>	<b>44,853</b>	<b>52,705</b>	
<u>Movement in Reserves during 2022/23</u>													
Deficit on the provision of services	(2,995)	0	2,033	0	0	0	0	0	0	(962)	0	(962)	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	0	0	19,910	19,910	
<b>Total Comprehensive Income and Expenditure</b>	<b>(2,995)</b>	<b>0</b>	<b>2,033</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(962)</b>	<b>19,910</b>	<b>18,948</b>	
Adjustments between accounting basis & funding basis under regulations	5	2,027	0	(2,079)	0	847	0	0	232	0	1,027	(1,027)	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>(968)</b>	<b>0</b>	<b>(46)</b>	<b>0</b>	<b>847</b>	<b>0</b>	<b>0</b>	<b>232</b>	<b>0</b>	<b>65</b>	<b>18,883</b>	<b>18,948</b>	
Transfers (to)/from Earmarked Reserves	6	849	0	310	(597)	0	(320)	(242)	0	0	0	0	
<b>Increase/(Decrease) in 2022/23</b>	<b>(119)</b>	<b>0</b>	<b>264</b>	<b>(597)</b>	<b>847</b>	<b>(320)</b>	<b>(242)</b>	<b>232</b>	<b>0</b>	<b>65</b>	<b>18,883</b>	<b>18,948</b>	
<b>Balance at 31 March 23 carried forward</b>	<b>1,180</b>	<b>3</b>	<b>1,419</b>	<b>1,805</b>	<b>1,297</b>	<b>44</b>	<b>446</b>	<b>1,699</b>	<b>24</b>	<b>7,917</b>	<b>63,736</b>	<b>71,653</b>	

## 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.**

	Note	2023/24			2022/23		
		Gross Expend £000's	Gross Income £000's	Net Expend £000's	Gross Expend £000's	Restated Gross Income £000's	Net Expend £000's
<b>EXPENDITURE ON SERVICES</b>							
Customer Services & Business Transformation		1,016	(2)	1,014	1,970	(120)	1,850
Senior Leadership Team		1,118	(713)	405	507	0	507
Community & Wellbeing		9,166	(2,187)	6,979	3,649	(1,127)	2,522
Law & Governance		1,225	(457)	768	1,154	(406)	748
The Built Environment		3,739	(2,275)	1,464	2,777	(1,913)	864
Finance & Resources		12,466	(7,733)	4,733	12,900	(8,584)	4,316
COVID-19 Council Costs		165	39	204	207	(167)	40
Housing Revenue Account		4,743	(5,916)	(1,173)	1,483	(5,397)	(3,914)
<b>Net Cost of Services</b>		<b>33,638</b>	<b>(19,244)</b>	<b>14,394</b>	24,648	(17,714)	6,933
Other Operating Expenditure	8			(2)			(22)
Financing and Investment Income	9			1,318			1,151
Taxation and Non-specific Grant Income and Expenditure	10			(8,818)			(7,100)
<b>(Surplus) or Deficit on Provision of Services</b>				<b>6,892</b>			962
(Surplus)/Deficit arising on Revaluation of Plant, Property and Equipment Assets	23			(3,332)			(5,142)
Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities	24			39			(14,768)
<b>Other Comprehensive Income and Expenditure</b>				<b>(3,293)</b>			<b>(19,910)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>3,599</b>			<b>(18,948)</b>

**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 2024). 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".

	As At 31/03/2024	As At 31/03/2023 Restated
Note	£000's	£000's
Property, Plant & Equipment	11      107,430	111,878
Heritage Assets	69	78
Investment Property	12      144	139
Intangible Assets	13      83	200
Long Term Debtors	14      5	11
Assets Held for Sale	16      3,386	500
<b>Long Term Assets</b>	<b>111,117</b>	<b>112,806</b>
Short Term Debtors	14      5,649	3,732
Short Term Investments	15      1,001	4
Inventories	40	42
Cash and Cash Equivalents	17      924	3,783
<b>Current Assets</b>	<b>7,614</b>	<b>7,561</b>
Short Term Borrowing	41      (19,658)	(16,126)
Short Term Creditors	18      (3,891)	(4,764)
Short Term Provisions	19      (524)	(210)
<b>Current Liabilities</b>	<b>(24,073)</b>	<b>(21,100)</b>
Long Term Creditors	41      (36)	0
Long Term Borrowing	41      (16,968)	(18,063)
Other Long Term Liabilities	35      (8,556)	(8,519)
Capital Grants Receipts in Advance	20      (1,044)	(1,032)
<b>Long Term Liabilities</b>	<b>(26,604)</b>	<b>(27,614)</b>
<b>Net Assets</b>	<b>68,054</b>	<b>71,653</b>



## THE BALANCE SHEET

	Note	As At 31/03/2024 £000's	As At 31/03/2023 £000's
<b>Usable Reserves</b>	<b>21</b>	<b>(8,064)</b>	<b>(7,917)</b>
<b>Unusable Reserves</b>			
Capital Adjustment Account	<b>22</b>	<b>(42,910)</b>	<b>(48,479)</b>
Revaluation Reserve	<b>23</b>	<b>(26,147)</b>	<b>(23,936)</b>
Pension Fund Reserve	<b>24</b>	<b>8,556</b>	<b>8,519</b>
Financial Instrument Adjustment Account	<b>21</b>	<b>7</b>	<b>7</b>
Collection Fund Adjustment Account	<b>21</b>	<b>493</b>	<b>99</b>
Accumulated Staff Absences Reserve	<b>21</b>	<b>11</b>	<b>54</b>
<b>Total Reserves</b>		<b>(68,054)</b>	<b>(71,653)</b>

## 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.

	2023/24	2022/23
Note	£000's	£000's
<b>Net (Surplus) or Deficit on the Provision of Services</b>	<b>6,892</b>	962
<b>Adjustments to the Net Surplus or Deficit of the Provision of Services for Non Cash Movement</b>		
Depreciation and Impairment of Non-current Assets	<b>(8,319)</b>	(1,819)
Bad Debts Written Off in Year	<b>(96)</b>	(20)
Increase/(Decrease) in Inventories	<b>(2)</b>	7
Increase/(Decrease) in Debtors	<b>951</b>	(114)
(Increase)/Decrease in Creditors	<b>307</b>	4,865
Net Charges made for Retirement Benefits	<b>2</b>	(1,445)
Carrying Amount of Non Current Assets Sold	<b>(185)</b>	(527)
Carrying Amount of Non Current Assets De-recognised	<b>(209)</b>	(127)
Increase/(Decrease) in Provisions	<b>(318)</b>	226
Movement in the Value of Investment Properties	<b>5</b>	126
Other Cash and Non Cash Movements	<b>6</b>	343
	<b>(7,858)</b>	1,515
<b>Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities</b>	<b>(602)</b>	1,348
Interest Received in Year	<b>(168)</b>	(91)
Interest Paid in Year	<b>1,171</b>	688
<b>Net Cashflows from Operating Activities</b>	<b>(565)</b>	4,422
<b>Investing Activities</b>	<b>25</b>	3,850
		(1,881)
<b>Financing Activities</b>	<b>26</b>	(426)
		6,896
<b>Net Increase or (Decrease) in Cash or Cash Equivalents</b>	<b>2,859</b>	9,437
Cash or Cash Equivalents at the Beginning of the Reporting Period	<b>(3,782)</b>	(13,219)
Cash or Cash Equivalents at the End of the Reporting Period	<b>17</b>	<b>(923)</b>
<b>Movement in Cash and Cash Equivalents</b>	<b>2,859</b>	9,437

## **1. Accounting Standards Issued but not Adopted**

The Code of Practice on Local Authority Accounting requires the Council to disclose the expected impact of new standards that have been issued but not yet adopted by the Code for the financial year.

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.

The standards applicable for 2023/24 financial statements, which will apply from 2024/25 are:

- IAS 1 (Presentation of Financial Statements) and IFRS Practice Statement 2 – amendment to disclosure of material accounting policies instead of significant help entities to distinguish.
- IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) – amendment to the definition of accounting estimates to distinguish from accounting policies.
- IAS 12 (Income Taxes) – amendment related to deferred tax on assets and liabilities arising from a single transaction.
- IFRS 3 (Business Combinations) – reference updated to the Conceptual Framework.
- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily adopt IFRS 16 in the 2023/24 year, it must be adopted in 2024/25).

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

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

### **Critical Judgements in Applying Accounting Policies**

In applying the accounting policies as set out in the Statement of Accounting Policies, the Council has had to make critical judgements about complex transactions and those involving uncertainty about future events.

### **Future Funding**

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired, as a result of a need to close facilities and reduce levels of service provision.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 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 on 31st March 2024 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p><b>Property, Plant and Equipment</b></p> <p>(Value £107.5M, of which Council Dwellings are £78.4M)</p> <p>See Note 11</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>The useful lives are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Assets are valued on a five-year rolling basis.</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 £299k on General Fund Property and £36k 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>
<p><b>Pensions Liability</b></p> <p>(Value £8.6M)</p> <p>See Note 35</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</p>	<p>The effect on net pensions of changes in individual assumptions can be measured. For instance:</p>

## NOTES TO THE CORE FINANCIAL STATEMENTS

	<p>which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are made by Hymans Robertson actuaries appointed by Leicestershire County Council, the pension fund administrator.</p>	<ul style="list-style-type: none"> <li>• A decrease in the discount rate assumption of 0.1% would result in an increase in the pension liability of £800k</li> <li>• A one-year increase in member life expectancy would result in an increase in the pension liability of £1.984M</li> <li>• An increase in the pension increase rate of 0.1% would result in an increase in the pension liability of £766k</li> </ul>
<p><b>Arrears</b> (Value £1.3M)  See Note 14</p>	<p>On 31st March 2024, the Council had a balance of £1,228k for sundry debtors. A review of balances suggested that no further impairment of doubtful debts of was necessary.</p>	<p>If collection rates were to deteriorate and sundry debt increased with the same debt profile, an additional contribution would be required to be set aside as an allowance.</p>
<p><b>Business Rate Appeals</b> (Value £348K)  See Note 19</p>	<p>The Business Rate Retention scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the number of successful appeals nor the percentage reduction in rateable value (RV) achieved can be pre-determined. The current provision totals £870k, of which the Council's share as a billing authority is £348k, as detailed in note 19.</p>	<p>A change of 5% in the assumed RV reduction achieved for each NDR appeal could increase or decrease the provision requirement by around £43k. Of this, the Council's share as a billing authority would be £17k.</p>

#### 4. Events after the Reporting Period

There were no adjusting events after the reporting period.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 5. Adjustments between Accounting and Funding Basis under Regulation

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

	Usable Reserves								Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Major Repairs Reserve	Section 31 Grant Reserve	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	
2023/24	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Adjustment primarily involving the Capital Adjustment Account:</b>									
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>									
Depreciation and impairment of non-current Assets	5,675	0	2,521	0	0	0	0	0	(8,196)
Movement in Market Value of Investment Properties	(5)	0	0	0	0	0	0	0	5
Amortisation of Intangible Assets	100	0	23	0	0	0	0	0	(123)
Revenue Expenditure Funded from Capital Under Statute	993	0	0	0	0	0	0	0	(993)
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	394	0	0	0	0	0	(394)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>									
Statutory provision for the financing of capital investment	(224)	0	0	0	0	0	0	0	224
Capital Expenditure charged against Earmarked Reserves	0	0	0	0	0	0	0	0	0

## NOTES TO THE CORE FINANCIAL STATEMENTS

2023/24	Usable Reserves								Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Major Repairs Reserve	Section 31 Grant 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	
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>									
Application of grants to capital financing transferred to Capital Adjustment Account	(806)	0	0	0	0	0	0	0	806
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>									
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(38)	0	(359)	0	0	0	397	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0	0	(358)	0	358
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposal	0	0	0	0	0	0	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1	0	0	0	0	0	(1)	0	0
<b>Adjustments involving the Major Repairs Reserve:</b>									
Reversal of Major Repairs Allowance credited to the HRA	0	0	(1,517)	1,517	0	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	(1,623)	0	0	0	0	1,623

## NOTES TO THE CORE FINANCIAL STATEMENTS

2023/24	Usable Reserves							Movement in Unusable Reserves	
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Major Repairs Reserve	Section 31 Grant 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
<b>Adjustments involving the Pensions Reserve:</b>									
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,729	0	150	0	0	0	0	0	(1,879)
Employer's pension contributions and direct payments to pensioners payable in the year	(1,731)	0	(150)	0	0	0	0	0	1,881
<b>Adjustments involving the Collection Fund Adjustment Account:</b>									
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	394	0	0	0	0	0	0	0	(394)
<b>Adjustments involving the Accumulated Absences Account:</b>									
Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirement	(39)	0	(3)	0	0	0	0	0	42
<b>Total Adjustments</b>	<b>6,049</b>	<b>0</b>	<b>1,059</b>	<b>(106)</b>	<b>0</b>	<b>0</b>	<b>38</b>	<b>0</b>	<b>(7,040)</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

2022/23	Usable Reserves							Movement in Unusable Reserves	
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	COVID-19 Grant Reserve	Section 31 Grant 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
<b>Adjustment primarily involving the Capital Adjustment Account:</b>									
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>									
Depreciation and impairment of non-current Assets	2,168	0	(483)	0	0	0	0	0	(1,685)
Movement in Market Value of Investment Properties	(126)	0	0	0	0	0	0	0	126
Amortisation of Intangible Assets	111	0	23	0	0	0	0	0	(134)
Revenue expenditure funded from capital under statute	466	0	0	0	0	0	0	0	(466)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2	0	652	0	0	0	0	0	(654)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>									
Statutory provision for the financing of capital investment	(530)	0	0	0	0	0	0	0	530
Capital Expenditure charged against General Fund and HRA Balances	0	0	0	0	0	0	0	0	0
Capital Expenditure charged against Earmarked Reserves	(16)	0	0	0	0	0	0	0	16

## NOTES TO THE CORE FINANCIAL STATEMENTS

2022/23	Usable Reserves								Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	COVID-19 Grant Reserve	Section 31 Grant 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	
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>									
Application of grants to capital financing transferred to Capital Adjustment Account	(449)	0	0	0	0	0	0	0	449
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>									
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(33)	0	(645)	0	0	0	678	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0	0	(444)	0	444
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	0	0	0	0	0	0	0	0	0
<b>Adjustments involving the Major Repairs Reserve:</b>									
Reversal of Major Repairs Allowance credited to the HRA	0	0	(1,753)	0	0	1,753	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0	0	(906)	0	0	906

## NOTES TO THE CORE FINANCIAL STATEMENTS

2022/23	Usable Reserves							Movement in Unusable Reserves	
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	COVID-19 Grant Reserve	Section 31 Grant 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
<b>Adjustments involving the Pensions Reserve:</b>									
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,752	0	272	0	0	0	0	0	(3,024)
Employer's pension contributions and direct payments to pensioners payable in the year	(1,437)	0	(142)	0	0	0	0	0	1,579
<b>Adjustments involving the Collection Fund Adjustment Account:</b>									
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(891)	0	0	0	0	0	0	0	891
<b>Adjustments involving the Accumulated Absences Account:</b>									
Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirement	7	0	(3)	0	0	0	0	0	(4)
<b>Total Adjustments</b>	<b>2,027</b>	<b>0</b>	<b>(2,079)</b>	<b>0</b>	<b>0</b>	<b>847</b>	<b>231</b>	<b>0</b>	<b>1,026</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 6. 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 2023/24.

	2023/24			2022/23			
	Balance	Transfer (To)/From	Balance	Transfer (To)/From	Balance		
	31 March	In/(Out)	31 March	In/(Out)	31 March		
2024	Fund	Other	2023	Fund	Reserves	2022	
	£000's	£000's	£000's	£000's	£000's	£000's	
<b>General Fund Earmarked</b>							
Budget Carried Forward	0	(20)	(7)	27	(67)	94	
Homelessness	0			0	(50)	50	
Wellbeing	0			0	0	(80)	80
Corporate Challenge	0	(58)		58	(92)	38	112
Disabled Facilities	0		(22)	22	0		22
ERDF Schemes	0			0	(16)		16
Greening the Borough	0			0	(60)	(60)	120
Contingency	139			139	96		43
Budget Equilibrium	0			0	0	(29)	29
Land Valuation	1			1	0	(16)	17
Borough Events	0			0	0	(6)	6
Collection Fund	446			446	(242)		688
COVID-19	0		(45)	45	(189)	(130)	364
Local Elections Reserve	0	(58)		58	8		50
Retained Rates Reserve	0			0	0	(350)	350
GF Cost of Living Reserve	42			42	(38)	80	0
Lottery Reserve	6	6		0			0
<b>Total General Fund</b>	<b>634</b>	<b>(130)</b>	<b>(74)</b>	<b>838</b>	<b>(650)</b>	<b>(553)</b>	<b>2,041</b>
<b>Earmarked Reserves</b>							

## NOTES TO THE CORE FINANCIAL STATEMENTS

	<u>2023/24</u>			<u>2022/23</u>			
	Balance 31 March 2024 <u>£000's</u>	Transfer In/(Out) Fund <u>£000's</u>	(To)/From Other Reserves <u>£000's</u>	Balance 31 March 2023 <u>£000's</u>	Transfer In/(Out) Fund <u>£000's</u>	(To)/From Other Reserves <u>£000's</u>	
<b>General Fund Grants</b>							
Grounds Maintenance	464	207	0	257	(34)	0	291
Local Plan Reserve	191	(13)	0	204	(66)	0	270
Earmarked Grants	225	(352)	0	577	454	0	123
<b>Total General Fund Grants</b>	<b>880</b>	<b>(158)</b>	<b>0</b>	<b>1,038</b>	<b>354</b>	<b>0</b>	<b>684</b>
<b>Total General Fund</b>	<b>1,514</b>	<b>(288)</b>	<b>(74)</b>	<b>1,876</b>	<b>(296)</b>	<b>(553)</b>	<b>2,725</b>
<b>HRA</b>							
Regeneration Reserve	361	0	0	361	0	0	361
Major Repairs Reserve	1,191	(106)	0	1,297	847	0	450
Housing Voids Levy Reserve	0	0	0	0	0	(220)	220
Universal Credit Reserve	0	0	0	0	0	(140)	140
Budget Carried Forward	8	0	0	8	0	0	8
HRA Cost Of Living Res	50	0	0	50	0	50	0
<b>Total HRA</b>	<b>1,610</b>	<b>(106)</b>	<b>0</b>	<b>1,716</b>	<b>847</b>	<b>(310)</b>	<b>1,179</b>
<b>Grand Total</b>	<b>3,124</b>	<b>(394)</b>	<b>(74)</b>	<b>3,592</b>	<b>551</b>	<b>(863)</b>	<b>3,904</b>

### 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.

<b>Budget Carried Forward</b>	Contains authorised budget carry forwards from this year, to be used in the next financial year.
<b>Homelessness</b>	Fund to mitigate the increased incidence of homelessness within the borough.
<b>Health &amp; Wellbeing</b>	Fund to promote the physical and mental health and wellbeing of residence of the borough through sport and light recreation.
<b>Service Improvement Reserve</b>	Used to fund improvements in Council services to improve performance after corporate restructure and reductions in commensurate budgets.

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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<b>Corporate Challenge Reserve</b>	Funding to be used to fund service improvements as recommended by the Corporate Peer Challenge.
<b>Disabled Facilities</b>	Monies put aside specifically to fund Disabled Facilities.
<b>ERDF</b>	Monies put aside specifically to provide matched funding for European Regional Development Fund schemes.
<b>Greening the Borough</b>	Resources available to improve the environment Of the Borough and well-being of residents.
<b>Contingency Reserve</b>	To safeguard against budget risk and for one-off Priming initiatives.
<b>Budget Equilibrium Reserve</b>	To safeguard against changes in Council funding.
<b>Land Valuation Reserve</b>	To allow the Council to value land within the Borough with a view to selling.
<b>Borough Events Reserve</b>	To fund commemorative events held in the borough by the Council or other grant assisted groups.
<b>Section 31 Grant Reserve</b>	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.
<b>COVID-19 Grant Reserve</b>	To hold unspent grant funding received from central government for the financing of COVID-19 business support grants.
<b>Local Elections Reserve</b>	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.
<b>Retained Business Rates Reserve</b>	To hold the amounts required to fund the anticipated deficit on business rates collection over the following three financial years.
<b>General Fund Cost of Living Reserve</b>	To fund measures aimed at supporting borough residents struggling the most with the cost-of-living crisis

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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<b>Grounds Maintenance Reserve</b>	This reserve holds commuted lump sums received from developers earmarked for the maintenance of specific green spaces
<b>Local Plan Reserve</b>	Formerly Housing and Planning Delivery Grant Reserve and will be used to fund the development of the Local Plan in future years.
<b>Earmarked Revenue Grants and Contributions</b>	Reserves containing the proceeds of revenue grants and other external contributions that are yet to be used.
<b>Regeneration Reserve</b>	Additional reserve set aside for regeneration and new build of council housing.
<b>Major Repairs Reserve</b>	Resources available to meet capital investment in council housing.
<b>Housing Voids Levy Reserve</b>	To mitigate the impact of any levy imposed by the Government in relation to the sale of high value void dwellings.
<b>Universal Credit Reserve</b>	To fund if necessary, the impact of Universal Credit on the level of rent arrears and therefore income to the HRA.
<b>HRA Fund Cost of Living Reserve</b>	To fund measures aimed at supporting Council tenants struggling the most with the cost-of-living crisis
<b>Lottery Reserve</b>	Funds from the community lottery for disbursement to good causes.

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

For 2023/24 the Council has the following material items of income and expenditure for both capital and revenue:

The Council paid out £4.263m in housing benefits during 2023/24 and a further £1.914m in rent rebates. The Government subsidy that provides the funding for these items is not listed here but is included in Note 36 to the core statements. The Council also repaid £2.692m of leftover COVID-19 business grants allocations, which were carried on the balance sheet from previous years.

The Council also carried out £1.471m of major refurbishment work on the Council's housing stock.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 8. Other Operating Expenditure

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000's</b>	<b>£000's</b>
(Gain)/Loss on Disposal of Non-Current Assets	(212)	(152)
Loss on De-Recognition of Fixed Assets *	209	127
Contribution to Housing Pooled Capital Receipts	1	3
	<b>(2)</b>	<b>(22)</b>

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

### 9. Financing and Investment Income and Expenditure

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000's</b>	<b>£000's</b>
Interest Payable and Similar Charges	1,203	765
(Gains)/Loss on Revaluation of Investment Properties	(5)	(126)
Interest and Investment Income	(166)	(92)
Pension Interest Costs and Expected Return on Pension Assets	286	604
<b>Total</b>	<b>1,318</b>	<b>1,151</b>

### 10. Taxation and Non-Specific Grant Income and Expenditure

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000's</b>	<b>£000's</b>
General Government Grants	(62)	(177)
Council Tax Income	(4,464)	(4,216)
Collection Fund (Surplus)/Deficit - Council Tax	14	(30)
Non Domestic Rates Income	(6,201)	(5,550)
Non Domestic Rates Tariff Payment	3,704	3,761
Non Domestic Rates Levy	42	336
Collection Fund (Surplus)/Deficit - NNDR	114	845
S31 Small Business Rate Relief	(1,274)	(1,488)
Capital Grants and Contributions	(433)	(449)
New Homes Bonus	(258)	(132)
<b>Total</b>	<b>(8,818)</b>	<b>(7,100)</b>

General government grants, contributions in the form of Revenue Support Grant, NDR redistribution, other non-ringfenced government grants are disclosed within Taxation, non-specific grant, income and expenditure.

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

### 11. Property, Plant and Equipment

#### Cost or Valuation

	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
<b>Balance at 1 April 2022</b>	<b>72,121</b>	<b>26,385</b>	<b>2,745</b>	<b>8,673</b>	<b>671</b>	<b>110,595</b>
Additions	900	47	0	219	3,380	4,545
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	4,286	424	(104)	0	(1,438)	3,169
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	1,644	104	(11)	0	(809)	928
Derecognition - Disposals (Sales)	(525)	0	0	(165)	0	(690)
Derecognition - Disposals (Component Disposal)	(127)	0	0	0	0	(127)
Assets Reclassified (to)/from Non-Operational Assets	0	0	0	0	0	0
Assets Reclassified (to)/from Assets Under Construction	0	(2,345)	0	221	2,124	0
<b>Balance at 31 March 2023</b>	<b>78,299</b>	<b>24,615</b>	<b>2,630</b>	<b>8,948</b>	<b>3,928</b>	<b>118,420</b>
<b>Balance at 1 April 2023</b>	<b>78,299</b>	<b>24,615</b>	<b>2,630</b>	<b>8,948</b>	<b>3,928</b>	<b>118,420</b>
Additions	1,684	43	43	950	1,015	3,735
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	331	266	125	0	0	722
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(1,509)	(4,598)	(4)	0	0	(6,111)
Derecognition - Disposals (Sales)	(185)	0	0	(325)	0	(510)
Derecognition - Disposals (Component Disposal)	(209)	0	0	0	0	(209)
Derecognition - Disposals (Other)	0	0	0	(1,661)	0	(1,661)
Assets Reclassified (to)/from Non-Operational Assets	0	(1,262)	0	0	(370)	(1,632)
Assets Reclassified (to)/from Assets Under Construction	0	4,347	0	0	(4,395)	(48)
<b>Balance at 31 March 2024</b>	<b>78,411</b>	<b>23,411</b>	<b>2,794</b>	<b>7,912</b>	<b>178</b>	<b>112,706</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Depreciation and Impairment

	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
<b>Balance at 1 April 2022</b>	0	0	0	(5,950)	0	(5,950)
Depreciation Charge	(1,639)	(968)	(10)	(755)	0	(3,372)
Depreciation Written out to the Revaluation Reserve	1,070	788	0	0	0	1,858
Depreciation & Impairment Written Out to the Surplus/Deficit on the Provision of Services	569	180	10	0	0	759
Derecognition - Sales				163	0	163
<b>Balance at 31 March 2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,542)</b>	<b>0</b>	<b>(6,542)</b>
<b>Balance at 1 April 2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,542)</b>	<b>0</b>	<b>(6,542)</b>
Depreciation Charge	(1,385)	(1,203)	(10)	(720)	0	(3,318)
Depreciation Written out to the Revaluation Reserve	902	907	0	0	0	1,809
Depreciation & Impairment Written Out to the Surplus/Deficit on the Provision of Services	483	296	10	0	0	789
Derecognition - Sales	0	0	0	325	0	325
Derecognition - Other	0	0	0	1,661	0	1,661
<b>Balance at 31 March 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,276)</b>	<b>0</b>	<b>(5,276)</b>

	2023/24			2022/23		
	Net Book Value	Nature of Asset Holding		Net Book Value	Nature of Asset Holding	
	£000's	Finance Lease £000's	Owned £000's	£000's	Finance Lease £000's	Owned £000's
Council Dwellings	78,411	0	78,411	78,299		78,299
Other Land & Buildings	23,411	0	23,411	24,615		24,615
Community Assets	2,794	0	2,794	2,630		2,630
Vehicles, Plant etc	2,636	44	2,592	2,406	7	2,399
Assets Under Construction	178	0	178	3,928		3,928
<b>Total</b>	<b>107,430</b>	<b>44</b>	<b>107,386</b>	<b>111,878</b>	<b>7</b>	<b>111,871</b>

### 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
- iv) Park Equipment – 20 years

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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### **Capital Commitments**

As of 31st March 2024, the Council had outstanding capital commitments of £423k (2022/23 £70k) on the Housing Revenue Account, primarily relating to boiler replacements.

As of 31st March 2024, the Council had outstanding capital commitments of £149k (2022/23 £776k) on the General Fund, mostly relating to new play equipment at parks within the borough.

### **Valuation of Assets**

The freehold and leasehold properties which comprise the Council's property portfolio have been valued as of 31 March 2024 by an external independent valuer, Innes England, in accordance with the statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (RICS).

Assets that are held on the balance sheet at current value are formally revalued on a five-year rolling programme, with any material changes to valuations adjusted in the interim. During 23/24, all General Fund fixed assets were individually revalued to provide a baseline for the programme going forward, while Council Dwellings were valued using the "Beacon Principle". Inspections to determine the Beacon properties were carried out between March and April 2024.

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

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

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

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

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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### **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

	<u>2023/24</u>	<u>2022/23</u>
	£000's	£000's
Rental Income from Investment Property	<u>(18)</u>	<u>(14)</u>
<b>Net Gain/(Loss)</b>	<b><u>(18)</u></b>	<b><u>(14)</u></b>

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.

2023/24 has seen a net increase of £5k in the value of the Council's investment properties due to revaluation gains

The current investment property balance consists of £144k of retail property let out.

	<u>2023/24</u>	<u>2022/23</u>
	£000's	£000's
<b>Balance at 1 April</b>	<b>139</b>	138
Disposals	<b>0</b>	0
Revaluation Gain Recognised in the Surplus/Deficit on the Provision of Services	<b>5</b>	1
Reclassification of asset	<b>0</b>	0
<b>Balance at 31 March</b>	<b><u>144</u></b>	<u>139</u>

### **13. Intangible Assets**

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Cost or Valuation of Software

	<u>2023/24</u>	<u>2022/23</u>
	£000's	£000's
<b>Balance at 1 April</b>	<b>1,368</b>	1,322
Additions	6	46
Disposals	(235)	0
<b>Balance at 31 March</b>	<b>1,139</b>	1,368

### Depreciation and Impairment of Software

	<u>2023/24</u>	<u>2022/23</u>
	£000's	£000's
<b>Balance at 1 April</b>	<b>1,168</b>	1,034
Amortisation for the Year	123	134
Disposals	(235)	0
<b>Balance at 31 March</b>	<b>1,056</b>	1,168

### Net Book Value

	<u>Balance as at 31 March 2024</u>	<u>Balance as at 31 March 2023</u>
	£000's	£000's
Software	<b>83</b>	200

## 14. Debtors

### **Amounts falling due in less than one year are:**

	<u>2023/24</u>	<u>2022/23</u>
	£000's	£000's
Central Government Bodies	721	466
Other Local Authorities	1,477	1,025
Other Entities and Individuals	3,451	2,241
<b>Total</b>	<b>5,649</b>	3,732

### **Amounts falling due after one year are:**

	<u>2023/24</u>	<u>2022/23</u>
	£000's	£000's
Voluntary Organisation Loans	2	3
Bushloe Developments Loan	0	0
Car Loans to Employees	3	8
Other Long Term Debtors	0	0
	<b>5</b>	11

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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### **15. Investments**

The Council had £1.001m of short-term investments outstanding as of 31 March 2024 (2022/23 £4k)

The Council had no long-term investments outstanding as of 31 March 2024 (2022/23 £0m)

### **16. Assets Held for Sale**

In 2023/24, the former Oadby Swimming Pool complex, valued at £871k, the former Oadby & Wigston Borough Council Offices, valued at £2.2m, and the former Walter Charles Community Centre, valued at £315k, were held for sale (2022/23 £500k).

### **17. Cash and Cash Equivalent and Bank Overdrawn**

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£000's</b>	<b>£000's</b>
<b>Cash and Cash Equivalents</b>		
Short Term Deposits	323	3,206
<b>Bank and Overdrafts</b>		
Cash held by the Authority		
Bank Current Accounts	600	576
<b>Total</b>	<b>923</b>	<b>3,782</b>

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 on 31st March 2024 was 1.45% (1.05% as of 31st March 2023).

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 18. Short Term Creditors

	2023/24	2022/23
	£000's	£000's
Central Government Bodies	(1,353)	(1,832)
Other Local Authorities	(42)	(1)
Other Entities and Individuals	(2,496)	(2,931)
<b>Total</b>	<b>(3,891)</b>	<b>(4,764)</b>

### 19. Short Term Provisions

	Accumulated Absence 2023/24	NNDR Appeals 2023/24	Exit Packages 2023/24	Total 2023/24
	£000's	£000's	£000's	£000's
<b>Balance B/Fwd</b>	(54)	(157)	0	(211)
Arising during the year	(12)	(348)	(164)	(524)
Used during the year	54	157	0	211
<b>Balance C/Fwd</b>	<b>(12)</b>	<b>(348)</b>	<b>(164)</b>	<b>(524)</b>
				0
<b>Current Provision</b>	(12)	(348)	(164)	(524)
	<b>(12)</b>	<b>(348)</b>	<b>(164)</b>	<b>(524)</b>
				0
				0
<b>Expected Timing of Cash Flows:</b>				0
To 31 March 2024	(12)	(348)	(164)	(524)
<b>Total</b>	<b>(12)</b>	<b>(348)</b>	<b>(164)</b>	<b>(524)</b>

	Accumulated Absence 2022/23	NNDR Appeals 2022/23	Total 2022/23
	£000's	£000's	£000's
<b>Balance B/Fwd</b>	(49)	(387)	(436)
Arising during the year	(54)	(157)	(211)
Used during the year	49	387	436
<b>Balance C/Fwd</b>	<b>(54)</b>	<b>(157)</b>	<b>(211)</b>
			0
<b>Current Provision</b>	(54)	(157)	(211)
	<b>(54)</b>	<b>(157)</b>	<b>(211)</b>
			0
<b>Expected Timing of Cash Flows:</b>			
To 31 March 2023	(54)	(157)	(211)
<b>Total</b>	<b>(54)</b>	<b>(157)</b>	<b>(211)</b>

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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The provision represents the value of employee benefits, mainly flexi time and annual holiday entitlement not taken by 1 April each 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.

### **20. Capital Grants and Contributions - Receipts in Advance**

	<u>2023/24</u>	<u>2022/23</u>
	£ 000's	£ 000's
<b>Grants and Contributions</b>		
Big Lottery Grant - Toy library	(5)	(5)
Big Lottery Grant - Mobile library	(1)	(1)
Section 106 South Wigston Regeneration	(10)	(10)
Section 106 - Open Space	(790)	(964)
Green Roof Bus Shelter	(6)	(6)
Brocks Hill Alarm	(1)	(1)
DECC Grant	(5)	(5)
LCC BRP Kirby Bridge	(10)	(10)
Treescape Grant	(11)	(11)
UK Shared Prosperity Fund	0	(19)
Social Housing Decarbonisation	(205)	0
<b>Total</b>	<u><u>(1,044)</u></u>	<u><u>(1,032)</u></u>



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 21. Movements on Reserves (MIR)

	Balance At 31st March 2024 £000's	Net Movement in Year £000's	Balance At 31st March 2023 £000's	Net Movement in Year £000's	Balance At 31st March 2022 £000's
<b>Earmarked Reserves (Note 6)</b>	<b>(3,124)</b>	468	<b>(3,592)</b>	311	<b>(3,903)</b>
<b>Other Usable Reserves</b>					
Usable Capital Receipts Reserve	(1,737)	(38)	(1,699)	(231)	(1,468)
Capital Grants Unapplied Reserve	(24)		(24)	0	(24)
Deferred Capital Receipts - General Fund	(3)		(3)	0	(3)
General Fund	(1,765)	(585)	(1,180)	119	(1,299)
Housing Revenue Account	(1,411)	8	(1,419)	(264)	(1,155)
	<b>(8,064)</b>	<b>(147)</b>	<b>(7,917)</b>	<b>(65)</b>	<b>(7,852)</b>
<b>Unusable Reserves</b>					
Collection Fund Adjustment Account	493	394	99	(892)	991
Pensions Reserve	8,556	37	8,519	(15,459)	21,842
Revaluation Reserve	(26,147)	(2,211)	(23,936)	(4,131)	(19,805)
Capital Adjustment Account	(42,910)	5,569	(48,479)	(541)	(47,938)
Financial Instruments Adjustment Account	7		7	0	7
Accumulated Absences Reserve	11	(43)	54	5	49
	<b>(59,990)</b>	<b>3,746</b>	<b>(63,736)</b>	<b>(21,018)</b>	<b>(44,854)</b>
<b>Total</b>	<b>(68,054)</b>	<b>3,599</b>	<b>(71,653)</b>	<b>(21,083)</b>	<b>(52,706)</b>

### 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.

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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<b>General Fund</b>	Resources available to meet future running costs of non-housing services.
<b>Housing Revenue Account</b>	Resources available to meet future running costs of council houses.
<b>Financial Instruments Adjustment Account</b>	Accounts for the timing differences in the different methods of accounting for Financial Instruments.
<b>Accumulated Staff Absence</b>	The authority's obligation to staff for leave earned but not taken at the end of the financial year.
<b>Useable Revenue Reserves</b>	<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>

### **22. 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>2023/24</u> £000's	<u>2022/23</u> £000's
<b>Balance as at 1 April 2023</b>	<b>(48,479)</b>	<b>(47,937)</b>
<b>Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement</b>		
Charges for depreciation and impairment of non-current assets	8,196	1,686
Amortisation of intangible assets	123	134
Revenue expenditure funded from capital under statute	993	466
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	394	654
	<u>9,706</u>	<u>2,940</u>
Adjusting amounts written out of the Revaluation Reserve	<u>(1,121)</u>	<u>(1,011)</u>
<b>Net Written Out Amount of the Cost of Non-current Assets Consumed in the Year</b>	<b>8,585</b>	<b>1,929</b>
<b>Capital financing applied in the year</b>		
Use of Capital Receipts Reserve to finance new capital expenditure	(358)	(444)
Use of Major Repairs Reserve to finance new capital expenditure	(1,623)	(906)
Capital Grants & Contributions Credited to the Comprehensive Income & Expenditure Statement That Have Been Applied to to Capital Financing	(806)	(449)
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	(224)	(530)
Capital expenditure charged against the General Fund and HRA balances	0	(16)
	<u>(3,011)</u>	<u>(2,345)</u>
Movements in the Market Value of Investment Property Debited or Credited to the Comprehensive Income & Expenditure Statement	(5)	(126)
<b>Balance as at 31 March 2024</b>	<b><u>(42,910)</u></b>	<b><u>(48,479)</u></b>

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.

### **23. 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.

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000's</b>	<b>£000's</b>
<b>Balance at 1 April 2023</b>	<b>(23,936)</b>	<b>(19,805)</b>
Upward Revaluation of Assets	<b>(4,214)</b>	<b>(6,944)</b>
Downwards Revaluation of Assets & Impairment Losses not Charged to the Surplus/Deficit on the Provision of Services	<b>882</b>	<b>1,802</b>
Surplus or Deficit on Revaluation of Non-Current Assets not Posted to the Surplus or Deficit on the Provision of Services	<b>(3,332)</b>	<b>(5,142)</b>
Difference Between Fair Value Depreciation & Historical Cost Depreciation	<b>(1,121)</b>	<b>(1,011)</b>
Accumulated Gains on Assets Sold or Scrapped	<b>(1,121)</b>	<b>(1,011)</b>
Amount Written off to the Capital Adjustment Account	<b>(26,147)</b>	<b>(23,936)</b>
<b>Balance at 31 March 2024</b>	<b>(26,147)</b>	<b>(23,936)</b>

### **24. 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.

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000's</b>	<b>Restated £000's</b>
<b>Balance as at 1 April 2023</b>	<b>8,519</b>	<b>22,009</b>
Transfer to Pension Reserve	<b>(436)</b>	<b>(70)</b>
Remeasurements of the net defined benefit liability/(asset)	<b>475</b>	<b>(14,865)</b>
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.	<b>1,879</b>	<b>3,024</b>
Employer's Pension Contributions and direct payments to the pensioners payable in the year.	<b>(1,881)</b>	<b>(1,579)</b>
<b>Balance as at 31 March 2024</b>	<b>8,556</b>	<b>8,519</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 25. Cash Flow Statement - Investing

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000's</b>	£000's
Purchase of Property, Plant and Equipment	<b>3,685</b>	4,584
Proceed of the Sale of Property, Plant and Equipment	<b>(397)</b>	(679)
Other Receipts from Investing Activities	<b>(438)</b>	(786)
Net Change in Investments	<b>1,000</b>	(5,000)
<b>Total Investing Activities</b>	<b>3,850</b>	<b>(1,881)</b>

### 26. Cash Flow Statement - Financing Activities

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000's</b>	£000's
Cash Receipts from Long and Short Term Borrowing	<b>(3,500)</b>	3,500
Repayments of Short Term and Long Term Borrowing	<b>1,094</b>	1,092
Appropriation to/from the Collection Fund Adjustment Account	<b>394</b>	(892)
Other Payments for Financing Activities	<b>1,586</b>	3,196
<b>Total Financing Activities</b>	<b>(426)</b>	<b>6,896</b>

### 27. Net Movement in Liquid Resources

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

	<b>As at 31st March 2024</b>	<b>As at 31st March 2023</b>	<b>Increase/ (Decrease) in Year</b>
	<b>£000's</b>	£000's	£000's
Money Market	<b>1,323</b>	3,206	(1,883)
<b>Short Term Deposits</b>	<b>1,323</b>	3,206	(1,883)

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.

	<b>As At 31/03/2024</b>	<b>As At 31/03/2023</b>
	<b>£000's</b>	£000's
<b>Net Movement in other Liquid Resources</b>	<b>1,586</b>	3,196

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 28. Note to The Expenditure and Funding Analysis

#### The Expenditure and Funding Analysis

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.

There is an immaterial difference between the outturn reported in the Expenditure Funding analysis and that in the Q4 monitoring report submitted to committee. This is comprised of adjustments for accrued leave, recharges between services, S106 amounts recognised in revenue and then appropriated to the grounds maintenance reserve, and a repayment of overclaimed COVID-19 Sales, Fees & Charges compensation disclosed in the movement on reserves on the committee report.

2023/24	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 & Business Transformation	1,022	(7)	1,015
Senior Leadership Team	446	(41)	405
Community & Wellbeing	1,740	5,239	6,979
Law & Governance	779	(10)	769
The Built Environment	723	741	1,464
Finance & Resources	4,112	619	4,731
COVID-19 Council Costs	204	0	204
Housing Revenue Account	(3,658)	2,485	(1,173)
<b>Net Cost of Services</b>	<b>5,368</b>	<b>9,026</b>	<b>14,394</b>
Total - Other Operating Expenditure	0	(2)	(2)
Total - Financing & Investment Income & Expenditure	2,821	(1,503)	1,318
Total - Taxation & Non Specific Grant Income	(8,406)	(412)	(8,818)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(217)</b>	<b>7,109</b>	<b>6,892</b>
Opening General Fund & HRA Balance at 1st April	(2,598)		
Less Deficit/(Surplus) on General Fund and HRA Balance in Year *	(578)		
<b>Closing General Fund &amp; HRA Balance at 31st March</b>	<b>(3,176)</b>		

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

2022/23	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 & Business Transformation	1,399	452	1,851
Senior Leadership Team	453	54	507
Community & Wellbeing	1,534	987	2,521
Law & Governance	648	100	748
The Built Environment	401	464	865
Finance & Resources	2,974	1,342	4,316
COVID-19 Council Costs	40	0	40
Housing Revenue Account	(3,530)	(384)	(3,914)
<b>Net Cost of Services</b>	<b>3,919</b>	<b>3,015</b>	<b>6,934</b>
Total - Other Operating Expenditure	(9)	(13)	(22)
Total - Financing & Investment Income & Expenditure	3,082	(1,931)	1,151
Total - Taxation & Non Specific Grant Income	(5,759)	(1,341)	(7,100)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>1,233</b>	<b>(270)</b>	<b>962</b>
Opening General Fund & HRA Balance at 1st April	(2,454)		
Less Deficit/(Surplus) on General Fund and HRA Balance in Year	(144)		
<b>Closing General Fund &amp; HRA Balance at 31st March</b>	<b>(2,598)</b>		

2023/24	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	75	(82)	0	(7)
Senior Leadership Team	0	(41)	0	(41)
Community & Wellbeing	5,445	(206)	0	5,239
Law & Governance	74	(84)	0	(10)
The Built Environment	828	(87)	0	741
Finance & Resources	348	271	0	619
COVID-19 Council Costs	0	0	0	0
Housing Revenue Account	2,544	(59)	0	2,485
<b>Net Cost of Services</b>	<b>9,314</b>	<b>(288)</b>	<b>0</b>	<b>9,026</b>
Other Income and Expenditure from the Expenditure and Funding Analysis Difference between General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(2,555)	286	352	(1,917)
	<b>6,759</b>	<b>(2)</b>	<b>352</b>	<b>7,109</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

2022/23 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments between Funding and Accounting Basis			
	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note 1) £000's	(Note 2) £000's	(Note 3) £000's	£000's
Customer Serv. & Bus. Transformation	334	118	0	452
Senior Leadership Team	0	54	0	54
Community & Wellbeing	772	215	0	987
Law & Governance	16	84	0	100
The Built Environment	369	95	0	464
Finance & Resources	1,143	199	0	1,342
COVID-19 Council Costs	0	0	0	0
Housing Revenue Account	(459)	75	0	(384)
<b>Net Cost of Services</b>	<b>2,175</b>	<b>840</b>	<b>0</b>	<b>3,015</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(3,001)	604	(888)	(3,285)
Difference between General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(826)	1,444	(888)	(270)

### 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:



## NOTES TO THE CORE FINANCIAL STATEMENTS

- **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 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>2023/24</u>	<u>2022/23</u>
	<u>Income from</u>	<u>Income from</u>
<b>Services</b>	<b>Services</b>	<b>Services</b>
	<b>£000's</b>	<b>£000's</b>
Customer Services & Business Transformation	(2)	(120)
Senior Leadership Team	(713)	0
Community & Wellbeing	(2,187)	(1,127)
Law & Governance	(457)	(406)
The Built Environment	(2,275)	(1,627)
Finance & Resources	(7,733)	(8,539)
COVID-19 Council Costs	39	(167)
Housing Revenue Account	(5,916)	(5,397)
<b>Total Income analysed on a Segmental Basis</b>	<b>(19,244)</b>	<b>(17,383)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 29. Expenditure and Income Analysed by Nature

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

	2023/24	2022/23
Expenditure / Income :	£000's	£000's
<b>Expenditure</b>		
Employee benefits expenses	8,993	9,371
Other services expenses	15,600	13,277
COVID Grants	0	15
Depreciation, amortisation, impairment	8,319	1,820
REFCUS	829	466
Interest payments	3,493	2,582
Precepts and levies	3,821	845
Payments to Housing Capital Receipts Pool	1	3
<b>Total Expenditure</b>	<b>41,056</b>	<b>28,379</b>
<b>Income</b>		
Fees, charges and other service income	(12,008)	(10,659)
Interest and investment income	(2,181)	(1,305)
Income from council tax, non-domestic rates and district rate income	(10,612)	(5,699)
Government grants and contributions Non-COVID	(9,355)	(9,530)
Government grants and contributions COVID	0	(73)
Gain on the disposal of assets	(8)	(151)
<b>Total Income</b>	<b>(34,164)</b>	<b>(27,417)</b>
 <b>Surplus or (Deficit) on the Provision of Services</b>	 <b>(6,892)</b>	 <b>(962)</b>

### 30. Members Allowances

In 2023/24, the Council paid allowances to members totalling £172,876 (2022/23 £172,906)

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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### 31. Audit Costs

In 2023/24 Oadby and Wigston Borough Council incurred the following fees relating to external audit and inspection:

	<u>2023/24</u> £000's	<u>2022/23</u> £000's
Fees payable to the Council's auditors with regard to external audit services carried out by the appointed auditor	139	65
Fees payable in respect of other services	46	29
	<u>185</u>	<u>94</u>

An increase in audit fees in 2023/24 was implemented after negotiations with Public Sector Audit Appointments. Fees payable for other services include £36K for audit of Housing Benefit, and £10K for Audit of Right-to-Buy Pooling.

### 32. 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.

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

The Council is also required to disclose interests it holds in companies and other entities.

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides substantial funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grant funding received from central government is shown within Note 39 to the accounts.

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 as follows:

## NOTES TO THE CORE FINANCIAL STATEMENTS

	<b>2023/24</b>	<b>2022/23</b>
	<b>Payments</b>	<b>Payments</b>
	<b>£000's</b>	<b>£000's</b>
Leicestershire County Council		
Leicestershire County Council, Pension Fund	1,881	1,579
Leicestershire County Council - Year End Debtor	780	816
Leicestershire Police Authority	120	146
	<b>2,781</b>	<b>2,541</b>
	<b>Precepts</b>	<b>Precepts</b>
	<b>£000's</b>	<b>£000's</b>
Leicestershire County Council	27,525	25,760
Leicestershire Police	4,930	4,545
Leicestershire and Rutland Fire Authority	1,431	1,317
	<b>33,886</b>	<b>31,622</b>
<b>Total</b>	<b>36,667</b>	<b>34,163</b>

### **Entities controlled or significantly influenced by the Council:**

The following grants were given to, or received from, external organisations in-year. These transactions do not imply that the Council controls or is controlled by any of the following organisations but are disclosed for purposes of transparency.

	<b>2023/24</b>	<b>2022/23</b>
	<b>Payments</b>	<b>Payments</b>
<b>Community/Youth Grants</b>		
Senior Citizens Action Group	6	6
Helping Hands	58	57
<b>Total</b>	<b>64</b>	<b>63</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 33. 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 2023/24 is as follows:

#### 2023/24

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
	£000's	£000's	£000's	£000's	£000's	£000's
Chief Executive	118	0	0	118	24	142
Strategic Director - Section 151 Officer	79	1	0	80	0	80
Deputy Section 151 Officer	72	0	0	72	15	87
Head of Legal	82	0	0	82	17	98
Strategic Director	55	0	0	55	12	66
Head of The Built Environment	67	0	0	67	14	81
Head of Customer Services & Transformation	59	0	0	59	13	72
	531	1	0	531	95	626

#### 2022/23

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
	£000's	£000's	£000's	£000's	£000's	£000's
Chief Executive	111	0	0	111	22	133
Strategic Director - Section 151 Officer	87	0	0	87	18	105
Head of Legal	77	0	0	77	14	91
Strategic Director	83	0	0	83	17	100
Head of The Built Environment	65	0	0	65	12	77
Head of Customer Services & Transformation	51	0	0	51	10	61
	474	0	0	474	93	567

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Officers Salary Exceeding £50,000

The Council's other employees receiving more than £50,000 remuneration for the year 2023/24 were paid in the following bands:

Salary Bands	Number of Employees	
	2023/24	2022/23
£50,000 - £55,000	6	2
£55,000 - £60,000	0	1
£60,000 - £65,000	1	0
£65,000 - £70,000	1	1
£70,000 - £75,000	1	0
£75,000 - £80,000	1	1
£80,000 - £85,000	1	1
£85,000 - £90,000	0	1
£90,000 - £95,000	0	0
£95,000 - £100,000	0	0
£100,000 - £105,000	0	0
£105,000 - £110,000	0	0
£110,000 - £115,000	0	1
£115,000 - £120,000	1	0
	<b>12</b>	<b>8</b>

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.

This table includes senior staff disclosed above.

### Exit Packages

The numbers of exit packages for 2023/24 with the total cost per band and total cost of the redundancies are set out in the table below. No exit packages were paid in 2022/23.

Exit Package Cost Band	Number of Compulsory Redundancies	2023/24	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band
		Number of Other Departures Agreed		
£0 - £20,000	1	0	1	3
<b>Total</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>3</b>

£000's

### **34. Termination Benefits**

No employees had their contracts terminated in 2023/24.

### **35. 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 2023/24 the Council paid an employer's contribution of £1,841,746 (2022/23 £1,543,026) into the Leicestershire County Council Superannuation Fund, representing 35.121% (2022/23 28.628%) of Pensionable Pay. In addition, the Council made payment into the Leicestershire County Council Superannuation Fund relating to added years benefits of £39,411 (2022/23 £36,204), representing 0.752% (2022/23 0.672%) 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 reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The value of the Council's pension commitment was a liability of £2.753m. However this pension fund deficit reported under IAS19 is not fully realisable by the Council so an asset ceiling is applied, even in a liability position. This ensures that the reported liability is limited to the present value realisable by the Council.

A further implication of IFRIC 14 is that the net benefit defined asset will be measured at the lower of-

- The surplus in the defined benefit plan, and
- The asset ceiling

The asset ceiling calculation revises the position to a liability of £8.186m. This becomes the revised liability value used in the balance sheet and has resulted in a movement of £5.415m from the 2022/23 value. Under IAS19 the Council has recognised the maximum economic benefit available as a reduction in future contributions, being the present value of the future service costs, less the present value of minimum funding requirement contributions for future service.

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

	2023/24	2022/23 Restated
	<u>£000's</u>	<u>£000's</u>
<b><u>Cost of Services</u></b>		
<b>Service Cost comprising</b>		
Current Service Cost	1,091	2,420
Past Service Costs	502	0
(Gain)/Loss from Settlements	0	
<b>Financial and Investment Income and Expenditure</b>		
Net interest expense	286	604
<b>Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<u>1,879</u>	<u>3,024</u>

### 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)	(2,037)	1,733
Actuarial gains and losses arising on changes in demographic assumptions	(294)	(436)
Actuarial gains and losses arising on changes in financial assumptions	(2,135)	(19,140)
Other	1,662	1,009
Change in Asset ceiling	3,279	2,136
Transfer to Pension Reserve for Post Year Actuaries Adjustment		
<b>Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement.</b>	<u>475</u>	<u>(14,698)</u>

#### 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.	751	(877)
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#### Actual amount charged against the General Fund Balance for pension in the year

Employers contribution payable to scheme	2,278	1,613
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### 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

	2023/24	2022/23
	£000's	Restated £000's
Present Value of the Defined Benefit Obligation	49,611	48,350
Fair Value of the plan assets	(46,470)	(41,967)
Change in Asset Ceiling	5,415	2,136
<b>Net liability arising from Defined Benefit Obligation</b>	<b>8,556</b>	<b>8,519</b>

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

	2023/24	2022/23
	£000's	£000's
<b>Opening fair value of scheme assets</b>	<b>41,967</b>	<b>42,289</b>
Interest Income	2,004	1,213
<b>Remeasurement gain/ (loss)</b>		
The return on plan assets, excluding the amount included in the net interest expense	2,037	(1,733)
Contributions from employer	2,278	1,613
Contribution from employees into the scheme	361	326
Losses/(gains) on curtailment (where relevant)	0	0
Benefits paid	(2,177)	(1,741)
<b>Closing fair value of scheme assets</b>	<b>46,470</b>	<b>41,967</b>

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

	2023/24	2022/23
	£000's	Restated £000's
<b>Opening balance</b>	<b>50,486</b>	<b>64,131</b>
Current Service Costs	1,091	2,420
Interest cost	2,290	1,817
Contributions from scheme participants	361	326
<b>Remeasurement (gain) and loss</b>		
Actuarial gain/loss arising from changes in demographic assumptions	(294)	(436)
Actuarial gain/loss arising from changes in financial assumptions	(2,135)	(19,140)
Change in Asset Ceiling	3,279	2,136
Other	1,662	1,009
Past Service Costs	502	0
Losses/(gains) on curtailment (where relevant)	0	0
Benefits Paid	(2,216)	(1,777)
<b>Closing balance</b>	<b>55,026</b>	<b>50,486</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Local Government Pension Scheme assets comprised

<b>Fair Value of Scheme Assets</b>	<b>Fixed Value of Scheme Assets</b>	
	<b>2023/24</b>	<b>2022/23</b>
	<b>£000's</b>	<b>£000's</b>
Cash and cash equivalents	<u>1,045</u>	<u>944</u>
Equity Securities	146	132
Debt Securities	2,337	2,110
Private Equity	3,182	2,873
Real Estate	<u>3,293</u>	<u>2,974</u>
	<b>10,003</b>	<b>9,034</b>
<b>Investment Funds and Unit Trusts:</b>		
Equities	20,348	18,377
Bonds	-	0
Hedge Funds	0	0
Commodities	1,194	1,078
Infrastructure	3,802	3,433
Other	<u>11,102</u>	<u>10,027</u>
	<b>36,446</b>	<b>32,914</b>
Derivatives: Foreign Exchange	21	19
<b>Total Assets</b>	<u><b>46,470</b></u>	<u><b>41,967</b></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 of 31st March 2022.

No additional allowance has been made for any potential impact of Virgin Media vs NTL Pension Trustees II Limited ruling as the impact is not yet known to LGPS.

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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**The significant assumptions used by the actuary have been:**

	<b>Local Government Pension Scheme</b>	
	<u><b>2023/24</b></u>	<u><b>2022/23</b></u>
<b>Mortality assumptions</b>		
<b>Longevity at 65 for current pensioners</b>		
Men	<b>21.2</b>	21.4
Women	<b>24.1</b>	24.3
<b>Longevity at 65 for future pensioners</b>		
Men	<b>21.5</b>	21.7
Women	<b>25.5</b>	25.8
<b>Rate of Inflation</b>		
Rate of increase in pensions	<b>2.8%</b>	3.0%
Rate of increase in salaries	<b>3.3%</b>	3.5%
Rate for discounting scheme liabilities	<b>4.8%</b>	4.8%

**Impact on the Defined Benefit Obligation in the Scheme**

	<b>Increase in Employer's Liability</b>	<b>Approximate Monetary Amount</b>
	<u><b>%</b></u>	<u><b>£000's</b></u>
<b>Change in Assumptions at 31st March 2024</b>		
0.1% decrease in Real Discount Rate	<b>2%</b>	<b>800</b>
1 Year increase in member life expectancy	<b>4%</b>	<b>1,984</b>
0.1% increase in the Salary Increase Rate	<b>0%</b>	<b>47</b>
0.1% increase in the Pensions Increase Rate	<b>2%</b>	<b>766</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 36. Revenue and Capital Grants

The Council has credited the above grants and contributions to the Comprehensive Income and Expenditure Statement (CIES) during 2023/24:

	2023/24	2022/23
	£000's	£000's
<b>Revenue:</b>		
Affordable Housing Investment New Burdens	2	0
Tenant Satisfaction Measures New Burdens	9	6
Social Housing Decarbonisation Revenue	28	0
Local Authority Delivery 3 Revenue	107	33
Home Upgrade Grant 2	17	0
Green Grant	0	150
Parkinsons Grant	0	2
Accommodation-based DA New Burdens	34	0
Homelessness Grant	183	140
Domestic Abuse Grant	0	32
Domestic Abuse New Burdens Grant	0	3
Asylum Dispersal Grant	42	14
Homes for Ukraine	105	54
Remond Review Implementation	0	17
Community Safety Partnership Grant	51	0
Safer Streets 5 Grant	129	0
COVID-19 Test, Track and Contain Grants	0	91
COVID-19 Loss of Income Grants	0	14
Energy Bills Support Grant	0	203
Energy Bills Support New Burdens	20	0
Council Tax Family Annexe Discount	0	2
Council Tax New Burdens Grant	0	36
Council Tax Rebates Final Assessment	0	83
Business Rate Relief New Burdens	0	22
Rent Allowance	3,552	3,898
Housing Benefit Hardship	56	45
Rent Rebates	1,996	1,927
Housing Benefit New Burdens Grants	10	15
Supported Housing New Burdens	0	2
Housing Benefit Accuracy Award	5	5
Verify Earnings & Pensions Grant	6	6
Benefit Administration	124	128
Council Tax Support Grant	65	0
Council Tax Support New Burdens Grant	8	0
Electoral Integrity New Burdens	24	9
Transparency Code	8	8
Local Authority Data Sharing	12	6
Treescape	5	0
Biodiversity Net Gain Grant	54	0
Green Infrastructure	4	0
UK Shared Prosperity Fund Revenue	283	163
Taxi License New Burdens	1	1
Pavement Licensing New Burdens Grant	2	2
Physical Activity Development Grants	79	125
Blue Prescribing Contribution	0	24
	<b>7,021</b>	<b>7,266</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

	2023/24	2022/23
	£000's	£000's
<b>Capital:</b>		
Social Housing Decarbonisation	205	0
Local Authority Delivery 2	298	496
Home Upgrade Grant	18	0
UK Shared Prosperity Fund	43	20
Disabled Facilities	460	247
	<b>1,024</b>	<b>763</b>
<b>Total</b>	<b>8,045</b>	<b>8,029</b>

### **37. Capital Expenditure**

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

	2023/24	2022/23
	£000's	£000's
Opening Capital Financing Requirement	40,320	37,614
Adjustment for Historic Leasing Error	60	0
<b>Capital Investment</b>		
Property, Plant, Equipment and Intangible Assets	3,741	4,584
Revenue Expenditure Funded from Capital under Statute - Flexible		
Use of Capital Receipts	256	56
Revenue Expenditure Funded from Capital under Statute - Other	689	411
<b>Sources of Finance</b>		
Capital Receipts	(358)	(444)
Government Grants and Other Contributions	(806)	(449)
Revenue Contribution	(1,623)	(922)
Revenue Provision	(224)	(530)
Closing Capital Financing Requirement	<b>42,055</b>	<b>40,320</b>
<b>Explanation of Movement in Year</b>		
Increase/Decrease in underlying need for supported Borrowing	0	0
Increase/Decrease in underlying need for unsupported Borrowing	1,735	2,706
	<b>1,735</b>	<b>2,706</b>

General Fund capital expenditure in 2023/24 resulted in a net increase in the underlying need for unsupported borrowing of £1,735,097 (2022/23 £2,705,200 increase).

### **38. 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 2% 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.

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000's</b>	<b>£000's</b>
General Fund Charge	224	530
HRA Charge	0	0
<b>Minimum Revenue Provision</b>	<b>224</b>	<b>530</b>

### **39. Analysis of Net Assets Employed**

	<b>31st March 2024 £000's</b>	<b>31st March 2023 £000's</b>
General Fund	<b>6,026</b>	12,706
Housing Revenue Account	<b>59,892</b>	58,947
	<b>65,918</b>	71,653

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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### **40. Information on Assets Held**

Number of fixed assets held by the council classified by type.

	<b>No. as at 31st March 2324</b>	<b>No. as at 31st March 2223 Restated</b>
	<u>          </u>	<u>          </u>
<b>Operational Buildings :</b>		
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	 1,182	 1,184
<b>Total</b>	<b><u>1,477</u></b>	<b><u>1,479</u></b>

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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### **41. Financial Instruments Balances**

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

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

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

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

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

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



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

Financial Assets	Non-Current				Current				Total	
	Debtors		Cash & Equiv		Investments		Debtors		Total	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Fair value through profit & loss	0	0	0	0	0	0	0	0	0	0
Amortised cost	5	11	600	577	1,323	3,206	1,976	1,259	3,904	5,053
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
<b>Total Financial Assets</b>	<b>5</b>	<b>11</b>	<b>600</b>	<b>577</b>	<b>1,323</b>	<b>3,206</b>	<b>1,976</b>	<b>1,259</b>	<b>3,904</b>	<b>5,053</b>
Non Financial Assets									0	0
<b>Total</b>	<b>5</b>	<b>11</b>	<b>600</b>	<b>577</b>	<b>1,323</b>	<b>3,206</b>	<b>1,976</b>	<b>1,259</b>	<b>3,904</b>	<b>5,053</b>

Financial Liabilities	Non-Current				Current				Total	
	Borrowings		Creditors		Borrowings		Creditors		Total	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Fair value through profit & loss	0	0	0	0	0	0	0	0	0	0
Amortised cost	16,968	18,063	36	0	19,658	16,126	2,319	2,025	38,981	36,214
<b>Total Financial Liabilities</b>	<b>16,968</b>	<b>18,063</b>	<b>36</b>	<b>0</b>	<b>19,658</b>	<b>16,126</b>	<b>2,319</b>	<b>2,025</b>	<b>38,981</b>	<b>36,214</b>
Non Financial Liabilities	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>16,968</b>	<b>18,063</b>	<b>36</b>	<b>0</b>	<b>19,658</b>	<b>16,126</b>	<b>2,319</b>	<b>2,025</b>	<b>38,981</b>	<b>36,214</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 42. Financial Instruments Gains/Losses

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

	<b>Financial Assets</b>	
	<b>Loans and Receivables</b>	
	<u>2023/24</u>	<u>2022/23</u>
	<u>£000's</u>	<u>£000's</u>
Interest Expense	1,203	765
Interest Income	(166)	(92)
<b>Net (Gain)/Loss for the Year</b>	<u><b>1,037</b></u>	<u><b>673</b></u>

### 43. 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 on 31 March 2024 for loans and investments, including those loans from the Public Works Loan Board, are based on a rate equivalent to that of the outstanding period of each loan or investment.
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

#### The fair values calculated are as follows:

##### Financial Liabilities

	<u>31st March 2024</u>		<u>31st March 2023</u>	
	<u>Carrying</u>	<u>Fair</u>	<u>Carrying</u>	<u>Fair</u>
	<u>amount</u>	<u>value</u>	<u>amount</u>	<u>value</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
Financial liabilities held at amortised cost -				
Loans	(36,626)	(35,444)	(34,189)	(33,493)
Short term Creditors	(2,319)	(2,319)	(2,025)	(2,025)
Long term Creditors	0	0	0	0
PFI & Finance Lease Liabilities	(36)	(36)	0	0
<b>Total</b>	<u><b>(38,981)</b></u>	<u><b>(37,799)</b></u>	<u><b>(36,214)</b></u>	<u><b>(35,518)</b></u>

## NOTES TO THE CORE FINANCIAL STATEMENTS

The fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. This commitment 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 2024		31st March 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000's	£000's	£000's	£000's
Financial assets held at amortised cost	3,899	3,899	5,042	5,042
Long term Debtors	5	5	11	11
<b>Total</b>	<b>3,904</b>	<b>3,904</b>	<b>5,053</b>	<b>5,053</b>

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

#### **44. 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.

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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- The maximum and minimum exposures to the maturity structure of its debt.
- The maximum annual exposure 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 of the treasury function is also reported quarterly 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 by the Finance team 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.

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Amount at 31st March 2024	Historical Experience of Default	Market Conditions at 31st March 2024	Maximum Exposure to Default and Uncollectibility
	£000's A	% B	% C	£000's (A x C)
<b>Deposits with banks and financial Institutions</b>				
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	0.00	0.05	0.00
BBB' Rated Counterparties	0	0.00	0.18	0.00
<b>Sundry Debtors *</b>	1,228	0.04	0.04	49.12
<b>Other Debtors</b>	393	0.04	0.04	15.72
<b>Housing Rents</b>	355	0.02	0.02	7.10
				<b>71.94</b>

\* **Sundry debtors** include 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>2023/24</u> £000's	<u>2022/23</u> £000's
Less than three months	945	127
Three to six months	30	15
Six months to one year	21	11
More than one year*	232	234
	<u>1,228</u>	<u>387</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

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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Liquidity risk is defined in IFRS 7 as “the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset”. This includes the concept referred to as refinancing risk in the CIPFA Treasury Management Code.

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 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.

### **The maturity analysis of financial liabilities is as follows:**

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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	<b>2023/24</b>	<b>2022/23</b>
	<b>£000's</b>	<b>£000's</b>
Less than one year	<b>21,977</b>	18,151
Between one and two years	<b>1,017</b>	1,006
Between two and five years	<b>3,044</b>	3,019
More than five years	<b>12,943</b>	14,038
	<b>38,981</b>	36,214
Short Term Creditors*	<b>(2,319)</b>	(2,025)
Short Term Borrowing	<b>(19,658)</b>	(16,126)
Long Term Creditors (Leases)	<b>(16,968)</b>	0
Long Term Borrowing	<b>(36)</b>	(18,063)
	<b>(38,981)</b>	(36,214)

**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.

The Council has several strategies for managing interest rate risk. The policy is to have no more than 25% of its borrowings in variable rate loans.

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

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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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, on 31 March 2024, if interest rates had been 1% higher with all other variables held constant, the financial effect would have been:**

	<u>2023/24</u> <u>£000's</u>	<u>2022/23</u> <u>£000's</u>
Increased return on money market investments	(46)	(54)
<b>Impact on Income and Expenditure Account</b>	<u>(46)</u>	<u>(54)</u>
<b>Share of Overall Impact Credited to the HRA</b>	<u>(25)</u>	<u>(19)</u>

The current Bank of England Base Rate is 5.25%. Market predictions are at present that the rate will decline towards the end of summer 2024.

- **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.

### **45. 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 within these financial statements.

However, during 2023/24, 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 cost-of-living crisis.

All funding relief grant funding received in 2023/24 was distributed in accordance with criteria determined by Central Government. As such, they 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 2023/24.**



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## NOTES TO THE CORE FINANCIAL STATEMENTS

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	<u>Number</u>	<u>Value</u>
		<u>£000s</u>
Energy Bills Support Scheme	51	19,800
<b>Total Processed as Agent</b>	<u>51</u>	<u>19,800</u>
<b>Grant Total</b>	<u>51</u>	<u>19,800</u>

During 2023/24, the Department of Business, Energy and Industrial Strategy acted to recover £28k of unspent grant funding allocated to the Council for the payment of the Council Tax Relief Grant in 22/23. This payment is not reflected in the financial statements as it relates to grants for which the Council was merely acting as an agent.

### **46. Contingent Liabilities & Assets**

#### **Municipal Mutual Insurance**

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

#### **Litigation**

The Council is involved in no outstanding litigation as of 31/03/24.

#### **Truck Cartel**

The Council has joined a possible collective compensation claim (coordinated by the LGA) against certain truck manufacturers who engaged in price fixing between 1997 and 2011. The potential claim is in the early stages of gathering information, and it is still unclear as to the potential value of any claim, or the strength of any claim. The Council has to date incurred no costs.

#### **39-41 Canal Street**

In 2018, after many attempts to identify, locate and contact the owners of the property, the Council compulsorily purchased an Edwardian factory building in South Wigston that had lain derelict for many years. The property was cleaned up and sold at auction to a property developer. The proceeds of this sale, approximately £350K net of the Council's relevant costs, are being held in escrow. If the owners of the property cannot be identified within seven years of the Compulsory Purchase Order, these funds will be available to the Council as a capital receipt.

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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

#### **Prior Period Restatement – Pension Fund**

During 2022/23, due to changes in actuarial assumptions, many local authorities reported a net pension asset for the first time in many years. Under IFRIC 14, a calculation was required from the Actuary to determine whether it was correct to recognise the net pension asset.

In accordance with IAS19, IFRIC 14 requires an additional liability to be recognised where agreed past service contributions would give rise to a future surplus, and not be available after they are paid (i.e. available as a refund or reduction in future contributions). Note, it is possible that an additional liability may need to be recognised even where there is an IAS19 deficit at the year end. As Oadby & Wigston was in a liability position, it was necessary to determine whether there was any additional liability to be recognised.

The 2022/23 Pension Fund Reserve Note (Note 24) and Defined Benefit Pension Scheme Note (Note 35) have been restated within the accounts to show the additional liability. 2021/22 was also checked, and it was confirmed that there was no additional liability associated with that financial year.

The Asset Ceiling calculation for 2022/23 required an additional liability of £2.136m. The details of the impact of the prior year adjustment on the Balance sheet, CIES and Movement in Reserves Statement is shown below.

#### **Balance Sheet**

	<b>Original Closing Balance as at 31st March 2023 £000s</b>	<b>Prior period Adjustment £000s</b>	<b>Restated Closing Balance as at 31st March 2023 £000s</b>
Other Long Term Liabilities	(6,383)	(2,136)	(8,519)
<b>Long Term Liabilities</b>	<b>(25,478)</b>	<b>(2,136)</b>	<b>(27,614)</b>
<b>Net Assets</b>	<b>73,789</b>	<b>(2,136)</b>	<b>71,653</b>
<b>Balanced by:</b>			
Pension Reserve	6,383	2,136	8,519
<b>Total Reserves</b>	<b>(73,789)</b>	<b>2,136</b>	<b>(71,653)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Comprehensive Income and Expenditure Statement

	Original Outturn 2022/23 £000s	Prior period Adjustment £000s	Restated Outturn 2022/23 £000s
Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities	(16,904)	2,136	2,136
<b>Other Comprehensive Income and Expenditure</b>	<b>(22,046)</b>	<b>2,136</b>	<b>2,136</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(21,084)</b>	<b>2,136</b>	<b>2,136</b>

### Movement in Unusable Reserves 22/23

	Original Closing Balance as at 31st March 2023 £000s	Prior period Adjustment £000s	Restated Closing Balance as at 31st March 2023 £000s
Other Comprehensive Income and Expenditure	22,045	(2,136)	(2,136)
<b>Total Comprehensive Income and Expenditure</b>	<b>22,045</b>	<b>(2,136)</b>	<b>(2,136)</b>
<b>Increase/Decrease 2022/23</b>	<b>21,018</b>	<b>(2,136)</b>	<b>(2,136)</b>
<b>Balance at 31st March 2023 carried forward</b>	<b>65,872</b>	<b>(2,136)</b>	<b>(2,136)</b>

**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>2023/24</u>	<u>2022/23</u>
Note	£000's	£000's
<b>Expenditure</b>		
Repairs and maintenance	1,153	1,080
Supervision and management	976	850
Rents, rates, taxes and other charges	14	5
Depreciation and impairment of non-current assets	6, 7    2,544	(459)
Debt management charges	2	9
Write-Offs	30	28
Increase/(decrease) in bad debt provision	24	(3)
<b>Total Expenditure</b>	<b>4,743</b>	1,510
<b>Income</b>		
Dwellings rent	(5,496)	(5,136)
Non dwellings rent	(79)	(71)
Charges for services and facilities	(312)	(217)
Other Income	(28)	0
<b>Total Income</b>	<b>(5,916)</b>	(5,424)
<b>Net Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>	<b>(1,173)</b>	(3,914)
HRA services share of Corporate and Democratic Core	1,434	1,306
HRA Share of other amounts included in whole authority net expenditure of continuing operations not allocated to specific services	40	0
<b>Net Income of HRA Services</b>	<b>298</b>	(2,608)
<b>HRA share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement:</b>		
(Gain)/Loss on the Sale of HRA non-current assets	(174)	(121)
De-recognition of Non-Current Assets	209	127
Interest and investment income	(69)	(32)
Interest payable and similar charges	763	546
Pensions interest cost and expected return on pension assets	23	55
<b>(Surplus) / Deficit for the Year on HRA Services</b>	<b>1,053</b>	(2,033)

## 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>2023/24</u>	<u>2022/23</u>
Note	£000's	£000's
<b>Balance on the HRA at the end of the previous reporting period</b>	<b>(1,419)</b>	(1,155)
(Surplus) / Deficit for the year on the HRA Income and Expenditure Statement	<b>1,053</b>	(2,033)
Adjustments made between Accounting Basis and funding basis under statute	<b>(1,059)</b>	2,079
<b>Net (increase) or decrease before transfers to or from reserves</b>	<b>(6)</b>	46
Transfers to or (from) Reserves	<b>13</b>	(310)
<b>(Increase) or decrease in year on the HRA</b>	<b>7</b>	(264)
<b>Balance on the HRA at the end of the current reporting period</b>	<b>(1,411)</b>	(1,419)

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 1. Adjustment Between Accounting Basis and Funding Basis Under Statute

	<u>2023/24</u>	<u>2022/23</u>
	£000's	£000's
Impairment of non-current assets	(1,026)	2,212
(Gain) / loss on the sale of non-current assets	174	122
Accumulating compensating absences	3	2
De-recognition of non-current assets	(209)	(127)
Net charges made for retirement benefits in accordance with IAS 19	(151)	(272)
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	150	142
<b>Adjustments made between Accounting Basis and Funding Basis under Statute</b>	<u><b>(1,059)</b></u>	<u><b>2,079</b></u>

### 2. Balance Sheet Value of Authority's Housing Stock

	<u>2023/24</u>	<u>2022/23</u>
	£000's	£000's
<b>Operational Assets</b>		
Dwellings	78,410	78,298
Other Land and Buildings	1,365	1,365
	<u>79,775</u>	<u>79,663</u>
<b>Non Operational Assets</b>		
Investment Property	144	138
<b>Total</b>	<u><b>79,919</b></u>	<u><b>79,801</b></u>

The vacant possession value of dwellings on 31 March 2024 was £186,690,850 (2022/23 £186,423,100), against a balance sheet value of £78,410,157 (2022/23 £78,297,702) 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.

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## NOTES TO THE HOUSING REVENUE ACCOUNT

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### 3. Housing Stock

The Council was responsible for managing on average 1,182 dwellings during 2023/24. The stock at year end was as follows;

	<u>2023/24</u>	<u>2022/23</u>
	Number	Number
Houses / Bungalows	656	657
Flats / Maisonettes	526	527
<b>Total Stock</b>	<u>1,182</u>	<u>1,184</u>

The change in stock can be summarised as follows;

	<u>2023/24</u>	<u>2022/23</u>
	Number	Number
Stock at 1 April	1,184	1,192
Sales	(3)	(8)
Additions	1	0
<b>Stock at 31 March</b>	<u>1,182</u>	<u>1,184</u>

### 4. Major Repairs Reserve

Balance at 1 April	1,296	449
Amounts Transferred In	1,518	1,753
Transfers to/(from) HRA	0	0
Used for Capital Expenditure	(1,623)	(906)
Balance at 31 March	<u>1,191</u>	<u>1,296</u>

### 5. Funding of HRA Stock

A total of £1,724,787 was spent on the Authority's housing stock in 2023/24 (£906,293 in 2022/23).

**This was funded as follows:**

## NOTES TO THE HOUSING REVENUE ACCOUNT

	<b>2023/24</b>	2022/23
	<b>£000's</b>	£000's
Major Repairs Reserve	1,623	906
Capital Receipts	102	0
Unsupported Borrowing	0	0
<b>Balance at 31 March</b>	<b>1,725</b>	<b>906</b>

**HRA Capital Receipts** retained by the Authority for 2023/24 totalled £358,738 (2022/23 £642,476). 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 2023/24 is £1,517,583 (2022/23 £1,753,201)

	<b>2023/24</b>	2022/23
	<b>£000's</b>	£000's
Dwellings	1,385	1,639
Other Land & Buildings	106	90
Plant, Equipment & Vehicles	4	1
Intangibles (Computer Software)	23	23
<b>Total</b>	<b>1,518</b>	<b>1,753</b>

### 7. Impairment of HRA Assets

2023/24 saw an increase in the impairment charge to the HRA.

	<b>2023/24</b>	2022/23
	<b>£000's</b>	£000's
Dwellings	1,026	(2,213)
<b>Total</b>	<b>1,026</b>	<b>(2,213)</b>

### 8. Rent Arrears

During the year rent arrears have increased by £41,000.

	<b>2023/24</b>	2022/23
	<b>£000's</b>	£000's
Arrears at 31 March	377	336



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## NOTES TO THE HOUSING REVENUE ACCOUNT

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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 2024 is £275,236 (31 March 2023 £250,412).

### 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 £150,320 in 2023/24 (£272,160 in 2022/23).
- (ii) **Employers Contributions** to Leicestershire County Council pension fund and retirement benefits paid direct to pensioners. This amounted to £150,493 in 2023/24 (£142,131 in 2022/23).

### 10. Capital Expenditure

**Financing of Capital Expenditure:**

	<u>2023/24</u>	<u>2022/23</u>
	£000's	£000's
Dwellings	1,725	900
Other Land and Buildings	0	0
Vehicles, Plant and Equipment	0	0
IT Software	0	7
	<hr/>	<hr/>
	1,725	907
Major Repairs Reserve	1,623	907
1-4-1 Housing Receipts	102	0
	<hr/>	<hr/>
	1,725	907

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## NOTES TO THE HOUSING REVENUE ACCOUNT

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### Summary of Capital Expenditure:

	<u>2023/24</u>	<u>2022/23</u>
	£000's	£000's
Central Heating	<b>299</b>	173
Doors Replacements	<b>22</b>	39
Decent Homes Work	<b>241</b>	309
Major Adaptations	<b>217</b>	127
Fire Safety	<b>112</b>	164
Ventilation Insulation	<b>6</b>	0
Housing Block Improvements	<b>534</b>	81
Asset Management System Upgrades	<b>0</b>	7
New Housing Supply	<b>40</b>	7
Acquisition of Existing Property	<b>254</b>	0
	<b>1,725</b>	<b>907</b>

### 11. Transfer to General Fund

	<u>2023/24</u>	<u>2022/23</u>
	£000's	£000's
HRA Share of Corporate Management & Democratic Core	<b>515</b>	502
Proportion of Cleaning Costs	<b>123</b>	117
Input into the HRA from other Service Areas	<b>708</b>	608
Contribution to Advice Service	<b>5</b>	3
Housing Vehicle Maintenance	<b>3</b>	1
Grounds Maintenance	<b>80</b>	75
	<b>1,434</b>	<b>1,306</b>

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## COLLECTION FUND

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### **Explanatory Foreword**

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities such as Oadby and Wigston Borough Council 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 preceptors, who are other 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.

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 billing authorities accounts. Whilst each preceptors incorporates their share of the collection fund balance sheet into their individual consolidated balance sheet.

## THE COLLECTION FUND ACCOUNT

2022/23			2023/24			
Business Rates	Council Tax £000's	Total £000's	Note	Business Rates £000's	Council Tax £000's	Total £000's
<b>Income</b>						
0	36,400	<b>36,400</b>		0	38,977	<b>38,977</b>
Council Tax Payers						
Transfers from General Fund -						
0	50	<b>50</b>		0	101	<b>101</b>
Council Tax Benefits						
11,268	0	<b>11,268</b>	<b>3</b>	11,453	0	<b>11,453</b>
<b>Business Ratepayers</b>						
<b>Apportionment of Previous Year Deficit -</b>						
1,056	0	<b>1,056</b>		142	0	<b>142</b>
Central Government						
845	0	<b>845</b>		114	0	<b>114</b>
Oadby & Wigston Borough Council						
190	0	<b>190</b>		26	0	<b>26</b>
Leicestershire County Council						
Police and Crime Commissioner for						
Leicestershire						
0	0	<b>0</b>		0	0	<b>0</b>
Leicester, Leicestershire & Rutland						
21	0	<b>21</b>		3	0	<b>3</b>
Combined Fire Authority						
0	0	<b>0</b>		306	0	<b>306</b>
Transitional Relief						
13,380	36,450	<b>49,830</b>		12,044	39,078	<b>51,122</b>
<b>Total Income</b>						
<b>Expenditure</b>						
11,778	35,644	<b>47,422</b>	<b>4</b>	12,369	38,215	<b>50,584</b>
Precepts and Demands						
53	0	<b>53</b>		59	0	<b>59</b>
Costs of Collection						
0	0	<b>0</b>		0	0	<b>0</b>
Court Costs						
Bad and Doubtful Debts -						
0	0	<b>0</b>		0	0	<b>0</b>
Write Offs						
14	225	<b>239</b>		103	395	<b>498</b>
Provisions						
(575)	0	<b>(575)</b>		477	0	<b>477</b>
Appeals						
<b>Apportionment of Previous Year Surplus -</b>						
0	0	<b>0</b>		0	0	<b>0</b>
Central Government						
0	31	<b>31</b>		0	14	<b>14</b>
Oadby and Wigston Borough Council						
0	185	<b>185</b>		0	87	<b>87</b>
Leicestershire County Council						
Leicester, Leicestershire & Rutland						
0	9	<b>9</b>		0	4	<b>4</b>
Combined Fire Authority						
Police and Crime Commissioner for						
Leicestershire						
0	33	<b>33</b>		0	16	<b>16</b>
Disregarded Amounts - Renewable						
9	0	<b>9</b>		8	0	<b>8</b>
Energy						
(12)	0	<b>(12)</b>		102	0	<b>102</b>
Transitional Relief						
11,267	36,127	<b>47,394</b>		13,118	38,731	<b>51,849</b>
<b>Total Expenditure</b>						
(2,113)	(323)	<b>(2,436)</b>		1,074	(347)	<b>727</b>
<b>Movement on Fund</b>						
2,532	(189)	<b>2,343</b>		419	(512)	<b>(93)</b>
Balance at Beginning of Year						
419	(512)	<b>(93)</b>		1,493	(859)	<b>634</b>
<b>(Surplus)/Deficit on Fund at End of Year</b>						
<b>Allocated to -</b>						
209	0	<b>209</b>		(747)	0	<b>(747)</b>
Central Government						
168	(60)	<b>108</b>		(597)	(99)	<b>(696)</b>
Oadby and Wigston Borough Council						
38	(367)	<b>(329)</b>		(134)	(618)	<b>(752)</b>
Leicestershire County Council						
Leicester, Leicestershire & Rutland						
4	(19)	<b>(15)</b>		(15)	(110)	<b>(125)</b>
Combined Fire Authority						
Police and Crime Commissioner for						
Leicestershire						
0	(66)	<b>(66)</b>		(32)	(32)	<b>(32)</b>
Leicestershire						
419	(512)	<b>(93)</b>		(1,493)	(859)	<b>(2,352)</b>

## 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 31<sup>st</sup> March 2024.

Authority	Arrears £000's	Bad Debt Provision £000's	Over & Pre payments £000's	(Surplus) /Deficit £000's	Balance Payable £000's	Balance 2022/23 £000's
Leicestershire County Council	2,997	(1,152)	(552)	(618)	675	702
Leicestershire PCCO	535	(206)	(99)	(110)	120	126
Combined Fire Authority	153	(59)	(28)	(32)	34	37
<b>Total Other Major Preceptors</b>	<b>3,685</b>	<b>(1,417)</b>	<b>(679)</b>	<b>(760)</b>	<b>829</b>	<b>865</b>
Oadby & Wigston Borough Council	475	(183)	(88)	(99)	105	117
<b>Total All Preceptors</b>	<b>4,160</b>	<b>(1,600)</b>	<b>(767)</b>	<b>(859)</b>	<b>934</b>	<b>982</b>

### 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 2023/24 has increased to 17,986.70 (17,602.15 in 2022/23).**

Band	Estimated No. of Taxable Properties after Effect of Discounts	Ratio	No. of Band D Equivalent Dwellings
Z	6.10	5/9	3.39
A	2733.10	6/9	1,822.07
B	5091.90	7/9	3,960.37
C	6223.00	8/9	5,531.56
D	2918.20	9/9	2,918.20
E	1947.80	11/9	2,380.64
F	522.70	13/9	755.01
G	452.60	15/9	754.33
H	73.00	18/9	146.00
<b>Total</b>	<b>19,968.40</b>		<b>18,271.57</b>
Add Adjustment**			(10.78)
Deduct Allowance for Losses in Collection			(274.09)
<b>Council Tax Base</b>			<b>17,986.70</b>

#### \*\* Adjustment

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## NOTES TO THE COLLECTION FUND ACCOUNT

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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 2023/24 to the value of £3,745,755 (£3,761,260 in 2022/23) (see Note 10, Notes to the Core Financial Statements).

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 2023/24, the Council was in a Levy position of £42k (Levy of £336k for 2022/23). (see Note 10, Notes to the Core Financial Statements).

As part of the business rates retention scheme, all local authorities were given the opportunity to work with neighbouring and partner authorities to develop a bid to become a local authority business rate "pool". Oadby and Wigston Borough Council is part of the Leicestershire NDR pool, which is administered by Leicestershire County Council. Member authorities are treated as a single authority for the purpose of certain calculations under the business rates retention scheme. The advantage of a pool is to potentially generate additional business growth through collaborative working and to smooth out the impact of volatility in business rates income across a wider economic area.

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 2023. 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 2023/24 has been calculated at £347,653 (£392,129 2022/23).



## 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 2023/24 financial year and its position at the year-end of 31 March 2024. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which requires the statement to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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

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

There is no intention by government that the services provided by the authority will no longer be provided, so it is appropriate for the accounts to be prepared on going concern basis.

#### 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.
- **Revenue** from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- **Supplies** are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption,



they are carried as 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 1<sup>st</sup> of January 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 within one month period 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. 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 2023/24 accounts.

The CFR method calculates the provision as 2% of the non-housing supported CFR at the end of the preceding financial year (2% 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)

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)

### 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.

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant Fair Value at Amortised Cost), either on a 12-month or lifetime basis. The

expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are

recognised for trade receivables (debtors) held by the Council.

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

## **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 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 2024/25 financial year.

### **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 2022/23 (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 2022/23 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 2022/23)

- 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.

### **23. 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.

#### **24. 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.

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## **GLOSSARY OF TERMS**

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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.

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## **GLOSSARY OF TERMS**

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### **CAPITAL EXPENDITURE**

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

### **CLASS OF NON CURRENT ASSETS**

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

#### ***Operational assets***

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

#### ***Non-operational assets***

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

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

### **COMMUNITY ASSETS**

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

### **CONSISTENCY**

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

### **CONSTRUCTIVE OBLIGATION**

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

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## **GLOSSARY OF TERMS**

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- (a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the authority has indicated to other parties that it will accept certain responsibilities; and
- (b) as a result, the authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

### **CONTINGENT ASSET**

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

### **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.

### **COUNCIL TAX REBATE GRANT (2022-23)**

A £150-per-peropty central-government funded rebate on council tax paid to households in bands A-D in England due aid with the cost of living crisis.

### **CURRENT SERVICE COST (PENSIONS)**

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

### **CURTAILMENT**

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

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## **GLOSSARY OF TERMS**

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- (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 change in technology or demand for the goods and services produced by the asset.

### **DISCONTINUED OPERATIONS**

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

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

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## **GLOSSARY OF TERMS**

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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.

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## **GLOSSARY OF TERMS**

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### **EXCEPTIONAL ITEMS**

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

### **EXPECTED RATE OF RETURN ON PENSIONS ASSETS**

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

### **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.



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## **GLOSSARY OF TERMS**

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### **IMPAIRMENT**

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

### **INTANGIBLE ASSETS**

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

### **INTEREST COST (PENSIONS)**

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

### **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.

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

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## **GLOSSARY OF TERMS**

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### **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.

### **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**

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## **GLOSSARY OF TERMS**

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**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**

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

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## GLOSSARY OF TERMS

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- (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:***

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

***These lists are not intended to be comprehensive.***

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

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

### **RELATED PARTY TRANSACTION**

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

- (i) the purchase, sale, lease, rental or hire of assets between related parties;
- (ii) the provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund;

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## GLOSSARY OF TERMS

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- (iii) the provision of a guarantee to a third party in relation to a liability or obligation of a related party;
- (iv) the provision of services to a related party, including the provision of pension fund administration services;
- (v) transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as council tax, rents and payments of benefits.

***This list is not intended to be comprehensive***

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

### **REMUNERATION**

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

### **RESIDUAL VALUE**

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

### **RETIREMENT BENEFITS**

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

### **SCHEME LIABILITIES**

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

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## **GLOSSARY OF TERMS**

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### **SETTLEMENT**

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

**Settlements include:**

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

### **STOCKS**

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

- (a) goods or other assets purchased for resale;
- (b) consumable stores;
- (c) raw materials & 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**

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;

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## **GLOSSARY OF TERMS**

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- (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.



# Annual Governance Statement 2023/24



# Oadby & Wigston Borough Council Annual Governance Statement 2023/24

## 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 adhered 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).

## 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 on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives. Evaluation of the likelihood and potential impact of those risks being realised and how to manage them efficiently, effectively, and economically are key parts of the Council's Medium Term Financial Strategy and its Corporate Plan.

This AGS confirms that the governance framework has been in place for the financial year ended 31 March 2024 and up to the date of the approval of the Annual Report and the Statement of Accounts.

The AGS is a summary 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.

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.

## 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 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.

### ***Vision and Priorities***

In January 2022 the Local Government Association (LGA) conducted a Peer Review. Two of the key recommendations were for a new vision and corporate plan to be created by Members. The vision was signed off in September 2022 and our emerging new Corporate Strategy is in development.

The Council's Vision, which can be viewed on our website:

[https://www.oadby-wigston.gov.uk/pages/our\\_vision](https://www.oadby-wigston.gov.uk/pages/our_vision) has five Strategic Objectives:

**1. Our council:**

- To be the local voice of residents and businesses.
- To ensure that we provide high quality, value for money services that meet the needs of residents, businesses and visitors.
- To ensure high connectivity with residents and businesses

**2. Our communities:**

- To provide a clean and safe place for everyone.
- To support any activities or actions that enhance the health and wellbeing of our Borough.
- To provide good, affordable and efficient housing for everyone.

**3. Our economy:**

- To support economic growth that is focused on our town centres.
- To make our Borough an inviting place to visit.
- To help to provide good employment opportunities.

**4. Our environment:**

- To ensure that we are a carbon conscious Borough.
- To be seen to be 'Green'.

**5. Our partners:**

- To develop, maintain and enhance partnerships to help support delivery of our objectives.
- To ensure we are engaged and listening to all sections of the community.

**Corporate Plan & Corporate Strategy**

The Council's current Corporate Plan was approved in March 2019, covering the period 2019 – 2024. The Plan continued in 2023/24 and a new Corporate Strategy is scheduled to be approved at the July 2024 Council Meeting.

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 ensures that its key priorities determine the allocation of resources to deliver its agreed activities. A robust corporate business planning programme is used to identify projects against agreed criteria, including the Council's policies, its priorities, the outcome of public consultations, demonstration of continuous improvements, and responding to legislative change.

Achievement of the Council's priorities has been monitored throughout the financial year 2023/24 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 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 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 savings targets were agreed in the development of the 2024/25 Budget.

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 generally 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 receives reports from the Internal Audit service and can require managers to attend to answer questions as required. Reports from the External Auditor 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, 360 Assurance Ltd. 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. 360 Assurance 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 360 Assurance and the Section 151 Officer, and the Client Manager attends the Council's Corporate Management Team meetings. 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 (360 Assurance). 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.

### **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 self-assessment exercise undertaken in 2022 identified a number of areas where action is required in order to comply in full with the code and these were presented within the 2021/22 Annual Governance Statement. A full update on progress of these actions is included 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 leads 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. For the majority of 2023/24 this comprised of the Chief Executive, two Strategic Directors, Head of Finance (S151 Officer) 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 a member of the Democratic and Electoral Services Officer. 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 advise 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 skill sets required for 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.



## **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 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, as is the role of OFLOG.

The Senior Leadership 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 Audit 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 April 2024 Grant Thornton issued their Annual Audit Letter, covering the audit of the Council's 2022/23 financial statements. Seven improvement recommendations were identified within the report and were identified as being agreed and addressed.

The report also identified a follow-up of 11 recommendations from previous audits. Out of these 11 recommendations the Council is confident to have completed 10 of them, and this was formally reported to the Council's Audit Committee 10 April 2024.

The remaining recommendation, Follow-up Recommendation 7 had a requirement to *"Incorporate relevant service activity and workforce information in the quarterly budget monitoring reports."* This will be picked up as part of the end of year financial outturn report (to be reported to Performance Development and Finance Committee June 2024 which will include a reference to the Service Delivery Committee where Council service performance is reported to and will also include an appendix with detailed service information attached.

### **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.

The Head of Internal Audit's role reflects best practice which is compliant with Public Sector Internal Audit Standards (PSIAS).

For 2023/24, the Head of Internal Audit view was that, based on an objective assessment of the framework of governance, risk management and control, an opinion of Significant Assurance was provided.

- For Strategic Risk Management Significant Assurance was provided.
- For Internal Audit Outturn Significant Assurance was provided.
- For Implementation of Audit Actions Moderate Assurance was provided.

The Head of Internal Audit Opinion and Annual Report will be presented report to the Audit Committee on 9 July 2024.

The Head of Internal Audit stated that there was a generally sound framework of governance, risk management and control designed to meet the organisation's objectives and controls are generally being applied consistently.

Management has acted on the Moderate Assurance opinion regarding the Implementation of Audit Recommendations and instigated two new measures to improve internal controls. These are detailed in Table 2 "Areas of improvement identified during 2023-24" on page 151 as 2324AGS6 and 2324AGS7.

### **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 contained 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 2023/24 the Council's Strategic Risk Register was monitored by the Risk Management Group – a small, cross-organisational group of officers, managers and Heads of Service who monitor risk on behalf of the Senior Leadership Team. SLT review and sign off risk updates which are then presented to the Audit Committee on a quarterly basis.

The register identified major risks and commented on their likelihood and impact on the Council's objectives. Each risk is allocated a responsible senior officer for identifying an action plan and provides an update.

Risk management is embedded in processes such as project management, appraisal of new capital investment and service development plans as well as all formal Council reports.

### **The Role of the Chief Financial Officer (CFO)**

The CFO (also referred to as the S151 Officer) 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 Senior Leadership 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 Local Government Ombudsman investigated three complaints during 2023/24. One was upheld and the Council is awaiting the outcome from the other two investigations.

### **Constitutional Matters**

The key roles and responsibilities of Council committees, of elected members, the Chief Executive, Monitoring Officer and Chief Finance Officer / 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 Council's Constitution sets out how it operates, how decisions are made and the procedures which are followed to make sure these are efficient, transparent and accountable to the people the Council serves. It's the key guide and 'rulebook' for how the Council, its staff and elected Members fulfil their roles and responsibilities. The Constitution is updated periodically, and the latest version is dated June 2023.

### **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 amends, 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 2024 by an independent remuneration panel.

The Monitoring Officer received one complaint in 2023/24 which was resolved informally without the need to conduct an investigation.

# 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 Committee, the comments of external auditors and other review agencies and inspectorates, and the work of the Senior 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 out this 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.

## 2023/24 Review of Effectiveness and Areas of improvement identified during 2023/24

No significant governance issues have been identified in the annual assurance review for 2023/24. There are seven new improvements identified.

Full details of the review can be found in the Assurance Review Statement for 2023/24 which is published alongside this Annual Governance Statement and can be found later in this document.

Table 1 identifies the status of the improvement areas from the previous year's review. There are six that have not been fully completed and have been taken forward into the 2023/24 AGS.

Table 2 is an extract summary from the Assurance Review and includes details of the improvement areas identified, along with likely timescale for implementation.

**Table 1 – Status of improvements identified during 2022-2023.**

<b>Improvement</b>	<b>Owner</b>	<b>Implementation Status</b>
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	COMPLETED
AGS7 Review service and financial planning timetable for 2023/24	Head of Finance	COMPLETED
AGS8 Organisational approach to benchmarking to be reviewed and requirements determined.	Strategic Director	COMPLETED
AGS9 Develop People Strategy	Strategic Director	COMPLETED
AGS10 Review staff performance appraisal approach	Strategic Director	COMPLETED
AGS11 Develop and implement anti-fraud awareness raising programme	Strategic Director/S151 Officer	Underway and improvement action carried forward into 2023/24 AGS.
AGS12 Revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation.	Head of Law and Democracy	Underway and improvement action carried forward into 2023/24 AGS
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	Underway and improvement action carried forward into 2023/24 AGS
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 & S151 Officer	Completed and now carried forward as Business-as-usual approach.
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	Partially Completed. Outstanding action carried forward into 2023/24 AGS.
FMC5 Update Finance Procedure Rules 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 & S151 Officer	Partially Completed. Outstanding action carried forward into 2023/24 AGS.
FMC12 Review of profiled budgets. Scope and implement financial reporting improvements.	Finance Manager	COMPLETED
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	COMPLETED
22AGS1 Align new corporate strategy with Vision	Strategic Director	COMPLETED (in draft report and due to be presented at July 2024 Full Council)
22AGS2 Review of committee report format to be undertaken to ensure report authors convey the economic, social and environmental impact of policies, plans and decisions	Head of Law and Democracy	Underway and improvement action carried forward into 2023/24 AGS
22AGS3 Take forward outcome based budgeting approach as part of Sustainability Programme and embed results	Strategic Director/S151	COMPLETED AS FAR AS POSSIBLE in

Improvement	Owner	Implementation Status
	Officer/Head of Finance	2023/24 and is now replaced by the 2024/25 Service Delivery Changes Financial Sustainability Plan
22AGS4 Undertake Self-Assessment with Audit Committee	Head of Finance	COMPLETED
22AGS5 Embed new values and positive indicators across organisation	Strategic Director	COMPLETED

**Table 2 – Areas of improvements identified during 2023-2024.**

<b>Improvement</b>	<b>Owner</b>	<b>Target date</b>
AGS11 Provide annual anti-fraud activity report to Audit Committee	Interim Strategic Director(S151)	July 2024
AGS12 Revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation.	Head of Law and Democracy	March 2025
FMC1 Progress the vision for finance at OWBC and progress all actions arising from the CIPFA Financial Management Code self-assessment exercise.	Chief Finance Officer / Finance Manager	March 2025
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.	Chief Finance Officer / Finance Manager	December 2024
FMC5 Update Finance Procedure Rules	Chief Finance Officer	March 2025
22AGS2 Review of committee report format to be undertaken to ensure report authors convey the economic, social and environmental impact of policies, plans and decisions	Head of Law and Democracy	March 2025
2324AGS1 – Develop Partnership Toolkit as per Corporate Strategy	Head of Law & Democracy	March 2025
2324AGS2 – Seek approval of Corporate Strategy	Interim Strategic Director (S151)	July 2024
2324AGS3 – Embed the revised PPM approach across the Council	Strategic Director	September 2024
2324AGS4 - Ensure 2025/26 budget is prepared in accordance with Corporate Strategy activities	CFO	February 2025
2324AGS5 – Ensure the savings target identified in the 2024/25 Sustainability Plan is achieved.	CFO/CEX	February 2025
2324AGS6 – Ensure that all Internal Audit Reviews are considered by SLT in detail prior to sign-off by Service Managers.	CFO	June 2024
2324AGS7 – Ensure that all the agreed audit actions are implemented in a timely manner. (Added focus to be given to those Audits with less than Significant Assurance).	SLT collectively (however each individual member responsible for their own service area)	Ongoing (and by 31 March 2025)

## 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, by proactively addressing those 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.

### 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

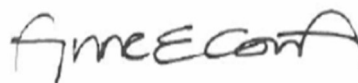


Councillor Samia Haq

Leader of the Council

XXXXXXXX

Signed



Anne Court

Chief Executive

XXXXXXXX



# Annual Governance Statement

## Assurance Review

**May 2024**

**Assurance and evidence in support of the Council's Governance Statement**

### **Assessment Score:**

**GOOD** – Good governance exists and there are no improvements required.

**FAIR** – Satisfactory governance but improvements are required to meet 'Good Governance'.

**POOR** – Significant issues with governance exist which need 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
<p>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.</p>	<p>Good.</p>	<p>Constitution (incl. statutory officers, scheme of delegation, financial and procurement procedure rules) Council, Committee Chairs, Committees. OFLOG Self-Assessment 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 Ethics report taken to PFDC quarterly. SLT &amp; CMT External &amp; Internal Audit reports.</p>	<p>None.</p>		
<p>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 Principles of Public Life (the Nolan Principles)</p>	<p>Good.</p>	<p>Corporate Plan Council's values OFLOG Self-Assessment Emerging Corporate Strategy 2024/25 Budget Organisational Strategy</p>	<p>None.</p>		
<p>3. Leading by example and using these standard operating principles or values as a framework for decision making and other actions</p>	<p>Good.</p>	<p>Council leadership (Leader of the Council Deputy Leader, Committee Chairs and Vice Chairs, Mayor and Deputy Mayor) Declarations of interest noted. Up-to-date register of gifts and hospitality.</p>	<p>None.</p>		

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. The whistle blowing policy and complaints policy are well established and regularly reviewed. The Members and Officers Codes of Conduct refers to a requirement to declare interests. Minutes show declarations of interest were sought, and appropriate declarations made.	None.		
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**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 PFDC quarterly.	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. Values were developed with staff and are embedded across the Council	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 and has been revisited during the year. Equality and Diversity Policy in place. EIAs are part of our standard approach and taken forward where appropriate or required.	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.	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/CFO in place.	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 S151 / CFO 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 when necessary and the Directors and CEX regularly meet separately.	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.		
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.		
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.		

## 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 emerging Corporate Strategy. Budget considerations are consulted upon, and results are published.  FOI requests actively responded to, website, online publishing of expenditure.	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.		
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. The conduct of business is defined by formal procedures and rules that are set out in the Constitution.	None.		
4. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action.	Good	Customer and staff satisfaction surveys carried out regularly. Resident Forums in place for key towns in the borough (Oadby, Wigston and South Wigston).  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.  Communications Strategy adopted April 2022 and Customer Experience Strategy adopted in 2023.  The Tenant and Leaseholder Forum plays a key role ensuring the Council meets its regulatory standards.	None.		

		Comprehensive consultations undertaken in 2023/24 including 2024/25 budget consultation, hackney carriage vehicle consultation, polling districts, places and stations, statement of community involvement, draft climate change strategy, draft damp, mould and condensation policy and housing tenants' perception survey.			
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## 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). Strong example is relationship with University of Leicester and support from the Council to the Civic Agreement.	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.	Develop Partnership Toolkit as per Corporate Strategy.	Head of Law and Democracy
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.		

## 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.	Fair.	<p>The Corporate Plan and emerging Strategy defines the vision for the Council, including values and priorities.</p> <p>Service Plans are developed based on the Corporate Plan. The quarterly monitoring report and End of Year report details performance against the performance indicators.</p> <p>Council Vision is widely promoted and embedded within the authority.</p> <p>The emerging Corporate Strategy is firmly aligned with the vision.</p>	None.	Approval of New Corporate Strategy	Interim Strategic Director
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 / Strategy and Team Business Plans.	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. Regular performance and finance reports monitored by SLT; Project performance reports monitored by SLT, Service Delivery and Performance, Finance and Development Committees.	None.	Embed the revised PPM approach across the Council.	Strategic Director
4. Identifying and managing risks to the achievement of outcomes	Good.	<p>Quarterly review of risk with SLT.</p> <p>Risk Management Group involves a cross-organisational set of officers from all management levels who monitor risk.</p> <p>Audit Committee review of risk on a quarterly basis.</p>	None.	Ensure that all the agreed Internal Audit actions are implemented in a timely manner (Added focus to given to those Audits with less than Significant Assurance),	Senior Leadership Team (However each SLT Member is responsible for their own service area).
5. Managing service users' expectations effectively with regard to determining	Good.	Performance Indicators within Team Business Plans and Corporate Plan/Strategy include	None.		



priorities and making the best use of the resources available		agreed set of quality standard measures.			
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## 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	Fair.	<p>We actively consider the social and economic impact of policies in decisions. An example of this is social value considerations in procurement exercises.</p> <p>Risk management plays an active part in considering and balancing impacts.</p>	None.	A review of committee report format will be undertaken to ensure report authors convey the economic, social and environmental impact of policies, plans and decisions.	Head of Law and Democracy
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 factors such as the political cycle or financial constraints	Good.	<p>Record of decision making and supporting materials made available publicly on website.</p> <p>The Medium-Term Financial Strategy adopted includes an affordability approach to assessing the financial implications of the corporate strategy.</p> <p>The MTFP includes a Sustainability Plan for closing budget gaps.</p> <p>The draft Corporate Strategy has been developed in order to be deliverable within the Council's budgetary constraints.</p> <p>The MTFP is updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions.</p>	None.		
3. Determining the wider public interest associated with balancing conflicting	Good.	We follow statutory requirements for consultation and as part of very often go above	None.		

<p>interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.</p>		<p>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. 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>			
<p>4. Ensuring fair access to services</p>	<p>Good.</p>	<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. Process in place for equalities impact assessments and action included in Equalities and Diversity Action Plan to assess current processes.</p> <p>The Customer Experience Strategy was adopted in 2023 and progress is regularly monitored to ensure fair access to services is available to all our residents. Our local insight document is available on the intranet and used so that all our staff better understand our customer groups.</p>	<p>None.</p>		

**Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

**Supporting Principle 1: Determining interventions**

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
<p>1. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided</p>	<p>Good.</p>	<p>All reports details options appraisals and risks associated with decisions.</p> <p>The Medium-Term Financial Strategy adopted includes an affordability approach to assessing the financial implications of the corporate strategy.</p> <p>The MTFP includes a Sustainability Plan for closing budget gaps. This is updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions.</p> <p>The draft Corporate Strategy has been developed in order to be deliverable within the Council's budgetary constraints.</p>	<p>None.</p>		
<p>2. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</p>	<p>Good.</p>	<p>Budget consultation undertaken for 2024/25 received 359 replies. Whilst this was a challenging budget, due to the amount of savings that were necessary a change to the draft budget was to reintroduce expenditure on community health and well-being.</p> <p>Other comprehensive consultations undertaken in 2023/24 include the hackney carriage vehicle consultation, polling districts, places and stations, statement of community involvement, draft climate change strategy, draft damp, mould and condensation policy and housing tenants' perception survey.</p> <p>For other areas, 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.</p>	<p>None.</p>		

## 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.	Calendar dates for all Council meetings agreed in advance, reports published in a timely manner ensuring a robust planning cycle.  Quarterly performance and finance reports monitored by SLT and Service Delivery and Policy, Finance and Development Committees.	None.	Ensure that all Internal Audit Reviews are considered by SLT in detail prior to final sign-off by Service Managers	CFO
2. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.	Good.	Resident Forums in existence for each major town in the borough.  We regularly consult where changes to policies are made, over and above statutory requirements.  Tenant engagement approach for Housing now established and will develop further in 2023/24.	None.		
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 and formal agreements are put in place. (e.g. Shared Building Control).	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.		
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.		
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.		

		Programme of service reviews underway in 2023 as part of the council's Sustainability Programme.			
7. Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan	Good	<p>Strategic and Financial Planning timetable was reviewed and aligned for 2024/25 planning, enabling a more integrated approach. Numerous Member workshops covering Financial Sustainability were undertaken during the year.</p> <p>Star Chambers where the Council Leader, Deputy Leader, Chairmen of SDC and PFDC and a Councillor from the Opposition were invited to budget meetings in order to scrutinise and understand budget proposals with the respective Heads of Service prior to formal budget setting.</p> <p>2024/25 Budget was approved with the Council committed to not using General Reserves to balance the budget.</p> <p>Emerging Corporate Strategy is prepared with close alignment to financial position.</p>	None.	Ensure 2025/26 budget is prepared in accordance with Corporate Strategy activities.	CFO
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	Good.	<p>Strategic and Financial Planning timetable was reviewed and aligned for 2024/25 planning, enabling a more integrated approach. Numerous Member workshops covering Financial Sustainability were undertaken during the year.</p> <p>Star Chambers where the Council Leader, Deputy Leader, Chairmen of SDC and PFDC and a Councillor from the Opposition were invited to budget meetings in order to scrutinise and understand budget proposals with the respective Heads of Service prior to formal budget setting.</p> <p>A realistic, practical and achievable Sustainability Plan was approved as part of the 2024/25 Budget with Council committed to not using General Reserves to balance the budget.</p>	None.		

**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	<p>A realistic, practical and achievable Sustainability Plan was approved as part of the 2024/25 Budget with Council committed to not using General Reserves to balance the budget.</p> <p>The MTFP updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions.</p> <p>Further work through the Sustainability Programme as outlined above will enhance this.</p>	None.	Ensure savings targets identified in the Sustainability Plan are met and consistently applied.	CFO
2. Ensuring the budgeting process is all inclusive, taking into account the full cost of operations over the medium and longer term	Good.	<p>There is a five-year Capital budget planning window.</p> <p>The detailed revenue budget currently planned one year at a time.</p> <p>The MTFP focuses on five-year medium term.</p>	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 arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	Good	<p>The Medium-Term Financial Strategy adopted includes an affordability approach to assessing the financial implications of the corporate strategy. The MTFP includes a Sustainability Plan for closing budget gaps.</p> <p>The draft Corporate Strategy has been developed in order to be deliverable within the Council's budgetary constraints.</p> <p>The MTFP is updated and presented to members twice annually and to</p>	None.		

		scenario model potential outcomes associated with key factors and impact of decisions.			
4. Ensuring the achievement of 'social value' through service planning and commissioning.	Good	Social value considered through the Council's Procurement Policy.	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.	<p>Reviews of structures, ways of working and performance carried out as necessary. Acquisitions and Disposals Policies.</p> <p>Work is underway with the asset management policy and capital expenditure plan but this is not yet complete.</p> <p>A comprehensive asset review has been undertaken and associated activities including asset disposals are underway.</p> <p>The approach to purchasing a specific asset management database has been refined so that the asset management is contained within the Council’s Housing Asset Management System (therefore maximising the use of that Council IT Asset).</p>	None.	<p>Complete the revision of the Asset Management Policy and Capital Expenditure Plan</p> <p>Ensure the ‘Corporate Assets’ element of the Asset Management Database is timetabled and completed.</p>	Head of Law and Democracy
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	Good	<p>Benchmarking is conducted across the Council, and Customer Services participate in a local benchmarking group with other Leicestershire Councils. There are several other specific groups, for example, the DWP (Department for Work and Pensions) Benefits Performance Management Group. As a result of benchmarking with regard to planning processes, the Council have streamlined their process so that now they lead in terms of decision times. The management of extensions has also been improved.</p>	None.		



		Finance benchmarking subscription in place via LG Inform.			
3. Recognising the benefits of partnerships and collaborative working where added value can be achieved	Good.	Strong partnership working across the Council.	None.		
4. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	Good	Existing Strategic Risk Register.  People Strategy approved and rolled out during Summer 2023.  Sustainability Plan identified areas for possible redundancy as part of the required savings targets for the 2024/25 Budget.	None.		

### 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 in the relationship and that a shared understanding of roles and objectives is maintained	Good.	Regular meetings between Leader and Chief Executive. Regular meetings also take place between the Chief Executive and Leader of the Opposition. Committee Chairs supported by designated SLT leads. Robust member induction programme, with specific and significant training planned. Code of Conduct for all members.	None.		
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.		
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 CEX's objectives set and monitored by Members.	None.		

<p>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:</p> <ul style="list-style-type: none"> <li>Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>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.</li> <li>Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> </ul>	Good.	<p>Comprehensive timetable of member inductions. Members trained as and when required for specific issues. Formal induction process for new administration and new members. Robust member induction programme, with specific and significant training was undertaken. Code of Conduct for all members and officers.</p> <p>Detailed and specific induction processes take place for staff and appraisals which detail any specific learning are undertaken annually.</p> <p>Post entry training and CPD is also encouraged, and professional fees are reimbursed.</p>	None.		
5. Ensuring that there are structures in place to encourage public participation	Good.	Resident Forums, Customer feedback, regular formal consultation exercises.	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 2021 and LGA Corporate Peer Review. OFLOG Best Value Self-Assessment undertaken March/April 2024	None.		
7. Holding staff to account through regular performance reviews which take account of training or development needs	Good.	Staff development plans linked to appraisals. Staff performance appraisal approach was reviewed, refreshed and relaunched in 2023.	None.		
8. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining	Good.	There are numerous health and well-being initiatives such as discount on leisure facilities for staff, free eye-tests, cycle to work scheme, Brocks Hill walks and activities such as pilates. Employee advice line,	None.		

their own physical and mental wellbeing.		There are counselling sessions available for those in need. Sickness management ongoing.			
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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. Risk Management Policy adopted by Audit Committee January 23.	None.		
2. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	Good.	Risk Management Policy formally approved and adopted. Health and Safety Action Plan in place.	None.		
3. Ensuring that responsibilities for managing individual risks are clearly allocated	Good.	Risk Management system in place with regular monitoring. Each Strategic Risk has a member of SLT as the strategic risk owner.	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.		
2. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	Good.	Standardised project appraisal and affordability approach developed as part of the MTFS.  This new approach was utilised for the Council funding allocation decision for the office relocation.	None.		
3. 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.  Support offered to opposition members e.g. through regular briefings with the LOTO, CEX and relevant members of SLT, through the Buddying System and as part of budget setting.	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.		

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 are separate from financial updates.	None.		
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### Supporting Principle 3: Robust internal control

Requirement of local authorities to:	Asses sment	Evidence	Signifi cant 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	<p>Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).</p> <p>Anti-fraud policy updated April 2023 and Anti-corruption policy in place.</p> <p>Anti-fraud training has been rolled out across the Council.</p> <p>Annual Report on anti-fraud progress to be provided to Audit Committee</p>	None.	Ant-Fraud Report to be submitted to Audit Committee	Interim Strategic Director
4. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Good.	Annual governance statement, internal audit arrangements adequate with internal audit actively involved in service improvement.	None.		
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.	<p>Audit committee complies with best practice. See Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2018).</p> <p>Terms of Reference in place for Committee.</p> <p>Training for committee members provided June 2022, included session to enable committee members to approve the financial statements. Financial Statement repeated in July 2024.</p> <p>Audit Committee Self-Assessment was undertaken in January 2024</p>	None.		

## Supporting Principle 4: Managing Data

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.	Good.	Policies in place for data management and data protection. Designated data protection officer.	None.	None.	
2. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.	Good.	Data sharing agreements in place and data processing agreements where necessary.	None.	None.	
3. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.	Good.	Regular internal audits carried out.	None.	None.	



## Supporting Principle 5: Strong public financial management

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
<p>1. Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance.</p>	<p>Fair.</p>	<p>The Medium-Term Financial Strategy includes new affordability approach to assessing the financial implications of the corporate strategy and a Sustainability Plan for closing budget gaps.</p> <p>During 2023/24 the S151 Officer led a number of financial workshops with elected members to emphasise the Council's financial position.</p> <p>Working closely with Councillors and the SLT, the budget setting process for 2024/25 provided challenging yet tangible and achievable savings targets that were necessary to put the Council on a more sustainable footing.</p> <p>The MTFP is updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions.</p> <p>That said, the work undertaken to adopt the CIPFA Financial Management Code in 2022 identified areas where the Council did not achieve the Code requirements and the majority of these have now been taken forward with any outstanding actions outstanding to be implemented in 2024/25</p>	<p>None.</p>	<p>Progress the outstanding actions to meet the CIPFA Financial Management Code:</p> <ul style="list-style-type: none"> <li>• Progress the vision for finance at OWBC</li> <li>• Undertake training needs analysis of finance team and develop training and development plan</li> <li>• Update Financial Procedure Rules</li> <li>• Implement the Internal Audit recs/</li> </ul>	<p>CFO</p>
<p>2. Ensuring well-developed financial management is integrated at all levels of planning and control,</p>	<p>Good</p>	<p>There are budget monitoring reports and regular reviews. The relationship between budget managers and business partners has improved and finance play</p>			

including management of financial risks and controls		a key role in key projects (such as the introduction of alternate weekly bin collections). This will now be monitored, and continuous improvements undertaken in a 'business as usual' approach.			
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**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 is user friendly, all formal reports written in 'plain English'.	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, all formal reports written in 'plain English'. Website includes translation tool.	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.	Service and Financial performance are reported quarterly to committees, Statement of Accounts, Annual Governance Statement.	None.		

2. Ensuring members and senior management own the results	Good.	Members and SLT receive and approve reports.	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.		
4. Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Good.	Annual Governance Statement.	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.		

### 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.	<p>Recommendations from external audit acted upon.</p> <p>Regular communication between S151 Officer and External Auditor.</p> <p>Progress made against external audit recs are reported to Audit Committee</p>	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.	<p>Internal Audit report directly to Audit Committee.</p> <p>Recommendations from internal audit acted upon.</p> <p>Compliance of Internal Audit arrangements with Public Sector Internal Audit Standards.</p> <p>Regular communication between S151 Officer and Internal Auditor.</p>	None.		
3. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Good.	<p>Corporate Peer Challenge undertaken January 2022. All recommendations were implemented.</p> <p>OFLOG Best Value approach has been approved by Council</p>	None.		