



Oadby and Wigston Borough Council

Audited Financial Report



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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 26.

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 86-104 of the Statement of Accounts.

Oadby and Wigston as a place

Oadby and Wigston Borough Council is a diverse, thriving and vibrant place, located to the south-east of the city of Leicester and 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.



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 1,178 homes.

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- Oadby and Wigston:
 - Collects £41.6m in council tax but retains only £4.7m to provide essential services such as waste and recycling collection
 - Generates over £2m of income
 - Collects £13.5m in business rates but retains only £1.9m to spend on delivering council services
 - Holds £111m of assets for service delivery, council housing provision and investments
 - Collects £5.9m in rent payments in respect of our council homes.
- Like all other district councils, Oadby and Wigston has seen its net general fund annual budget reduce over a number of years, from £8.5 million in 2010/11 to £7.7 million in 2024/25. The Council has managed to reduce its budget without cutting any front-line services over the previous years turning to income generation as a means of balancing its budget.
- The increasing budget requirement in 2024/25 reflects the impact of inflationary pressures on employee costs, energy costs and interest cost and means our funding does not match our budgeted net revenue expenditure. A sustainability programme was introduced in year and has achieved savings of £807k from services reviews and income generation in 2024/25.
- 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.

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 4th of May 2023 with 19 Liberal Democrat Members and 7 Conservative Members elected. The current composition is 16 Liberal Democrat Members, 7 Conservative Members and 3 Independent Members.

The leader of the Council is Samia Haq and the Deputy Leader Councillor is 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 and Development Committee
- Service Delivery Committee
- Development Control Committee
- Licensing and 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 and was re-elected as the MP for the Harborough constituency in May 2024 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 2024-2027 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"

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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.



Customer Excellence Award

The high quality of Oadby and 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, December 2023 and December 2024.

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Working for Oadby and Wigston

At the end of March 2025, the Council employed 169 individuals (147 full-time and 21 part-time and 1 casual) alongside 4 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 - continuous improvement in line with our Corporate Plan 2024 – 2027; and statutory KPIs that have to be delivered as part of legislative or legal duty as a Council.

The Council reported on 21 Continuous Improvement Key Performance Measures for 2024/25, and these measures relate to each of the Council's three Corporate Objectives as part of the Council's five-year Corporate Plan (2024-2027).

The Council has produced 38 Statutory Improvement Key Performance Measure for 2024/2025. Statutory KPIs refer to those that the Council has to report and measure from

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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 21 indicators:

18 were Green status

2 were Amber status

1 was Red status

This equates to 86% Green, 9% Amber and 5% Red status. The following table identifies the Council’s performance by service delivery section.

Performance Chart – Continuous Improvement KPI’s - By Service Area

Quarter Four 2024/25	Green		Amber		Red	
	Number of Indicators	Percentage	Number of Indicators	Percentage	Number of Indicators	Percentage
Overall Performance						
All Targets Due	18	86%	2	9%	1	5%
Department						
Built Environment	4	100%	0	0%	0	0%
Customer Service & Transformation	6	75%	1	12.5%	1	12.5%
Finance & Resources	3	100%	0	0%	0	0%
Law & Democracy	5	83%	1	17%	0	0%

Statutory Key Performance Indicators

Out of the 38 indicators, 37 were due for reporting as at the end of Quarter 4 2024-2025.

Of the 37:

- 30** were Green status
- 1** was Amber status
- 6** were Red status

This equates to 81% Green, 3% Amber and 16% Red status.

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

Performance Chart - Statutory KPI's - By Service Area						
Quarter Four 2024/25	Green		Amber		Red	
	Number of Indicators	Percentage	Number of Indicators	Percentage	Number of Indicators	Percentage
Overall Performance						
All Targets Due	30	81%	1	3%	6	16%
Department						
Built Environment	16	80%	0	0%	4	20%
Customer Service & Transformation	7	78%	0	0%	2	22%
Finance & Resources	3	100%	0	0%	0	0%
Law & Democracy	4	80%	1	20%	0	0%

Financial context and outlook

Key financial features for Oadby and Wigston

Oadby and Wigston Borough Council is responsible for managing cash flows and assets exceeding £165m each year. Of this amount:

- £111m relates to the value of our assets, of which £107m of these are held for providing council services and £0.15m of investment property. The remaining £0.12m of assets are made up of heritage and intangible assets and £3m of assets classed as held for sale.
- 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 £5.9m in rent for council homes.
- We collect around £13.5m in business rates and we retain approximately 10%, with approximately 10% being passed onto to our major preceptors, Leicestershire County Council and Leicestershire Fire and Rescue Service, 30% paid into the Leicester and Leicestershire Business and Skills Partnership, to support economic growth in Leicestershire, and the remaining 50% going to central government.
- We collect £41.6m in council tax from residents in the district. We retain just 11% of this amount, with the remainder passed on to LCC, LFRS and PCC. The Council's Band D precept is £254.04.



The Council has in previous years 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 2024/25.

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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 2024/25 our revenue budgets totalled £7.7 million and our capital investment programme £8.483 million. At the end of the year, we held reserves of £1.540 million and £1.759m 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 February 2025, 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 (2025) 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. £65k of savings were achieved in 2023/24 and a further £807k of savings were achieved in 2024/25 and will reduce the budget going forward.

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

Projects

During 2024/25 the Council concluded negotiations for the sale of its former offices at Bushloe House in Wigston with the sale expected in mid-2025/26.



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We have also progressed negotiations for the sale of Oadby swimming pool, with the sale expected towards the end of 2025-26.

The development of plans for the Horsewell Lane site for housing are ongoing – external funding contributions are being sought.

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 2024/25 was a one-year settlement, meaning understanding the funding position beyond 2024/25 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.

Local Government Reorganisation

The English Devolution White Paper (published on 16 December 2024) set out the government's vision for simpler local government structures. Alongside the publication of the English Devolution White Paper on the 16 December, the Minister of State for Local Government and English Devolution wrote to all councils in remaining two-tier areas and neighbouring small unitary authorities to set out plans for a joint programme of devolution and local government reorganisation.

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On the 5 February 2025 the Minister of State for Local Government and English Devolution issued a statutory invitation to all councils in 2-tier areas and small neighbouring unitary authorities to develop proposals for unitary local government. These will bring together lower and upper tier local government services in new unitary councils to deliver local government reorganisation. This invitation requested that councils produce interim plans and submit these to government by Friday 21 March 2025, setting out their progress on developing proposals in line with the criteria and guidance.

These interim plans that have been submitted in proposals to Government:

- one by Leicestershire County Council.
- a North-City-South approach, with North West Leicestershire, Charnwood, Melton and Rutland in the north, Hinckley, and Bosworth, Blaby, Oadby and Wigston, and Harborough in the south, and
- a third by Leicester City Council

The Government decision on which proposal goes forward will not be until after the full plan have been submitted later this year.

The table below gives the expected timeline.

LGR full plan submission deadline	Friday 28 November 2025
Elections to shadow authorities	April/May 2027
Vesting day for new authorities	April 2028

This would mean that Oadby and Wigston Borough Council would cease to be a council on the 31 March 2028, and would be merged into the new unitary council as from the 1 April 2028, referred to as the vesting day. Up until then Oadby and Wigston Borough Council will continue to delivery services as normal.

Global and national economic climate

The current global and national economic climate remains unstable. GDP growth remains sluggish. Inflation has declined slightly over the course of 2024/25, from 3.0% in April-24 to 2.6% in March-25. The Bank of England expects inflation will drop below 2% by the first quarter of 2027.

The Bank of England have decreased the bank rate from its medium-term peak of 5.25% at April 2024 to the current rate of 4.25%. The bank rate impacts on the interest rate earnt on investments and influences the interest rate on borrowing. It is expected that the rate will drop during 2025/26, but when, and by how much, remains uncertain.

Service costs, risks and demands

Inflation rates have impacted on employee pay with awards in 2023/24 and 2024/25 being a fixed sum rather than a percentage increase as in previous years. These higher costs are embedded into the cost of providing our services.

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Energy 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.

Inflation is also impacting on the costs of supplies and contracts and adding risk to the viability of some suppliers which increases the contract risk exposure.

The impact of inflation on the cost of living creates more demand for our services and is creating unprecedented 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 deficits over the course of the 5-year forecast resulting in the General fund reserve decreasing over the life of the MTFP. Proposals and actions are being taken to ensure that the Council is sustainable in the future including a review of the sustainability plan

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 2024/25 and 2025/26.

Our Housing Revenue Account 5-year projections

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation of 1,178 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 circa £5.9 million



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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 2024/25

General Fund

The outturn position for the General Fund Revenue Account is a £118K deficit.

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

Service	Original Budget 2024/25	Revised Budget 2024/25	Actual Spent 2024/25	Variance (Under) / Overspend 2024/25
	£	£	£	£
Senior Leadership Team	407,620	396,420	373,804	(22,616)
Finance and Resources	4,098,977	3,994,177	4,626,482	632,305
The Built Environment	922,878	934,078	446,899	(487,179)
Law and Democracy	813,940	815,940	621,841	(194,099)
Community and Wellbeing,	(335,820)	(337,820)	(356,758)	(18,938)
Corporate Assets	273,885	288,535	371,201	82,666
Depot	985,100	985,100	1,004,708	19,608
Customer Services and Business Transformation	1,030,428	1,034,328	965,034	(69,294)
HRA Recharge	(1,468,803)	(1,364,003)	(1,341,881)	22,122
Capital Financing	948,600	948,600	955,980	7,380
Net Revenue Expenditure	7,676,805	7,695,355	7,667,312	(28,043)
Earmarked Reserves	0	18,550	(721,079)	(736,629)
Funding	7,676,805	7,676,805	8,270,733	593,928
Budget Deficit / (Surplus)	0	0	117,658	117,658

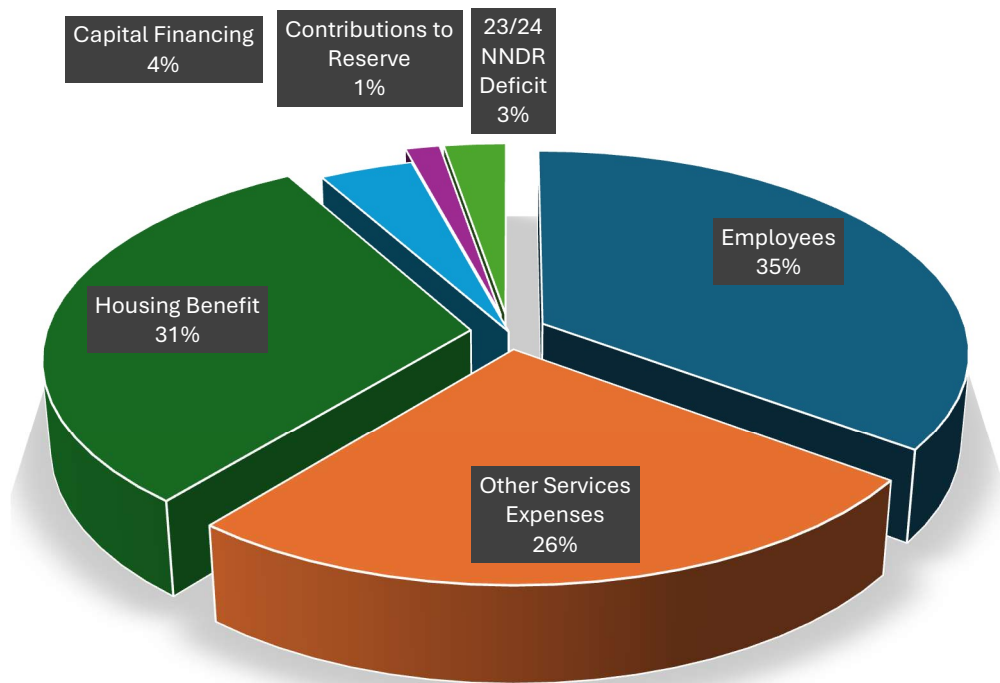
A summary of the major variances on the 2024/25 year are detailed in the table below.

	£
Adverse	
Cemeteries	35,185
Garden Waste Collection	80,695
Corporate Management	56,150
Council Tax	112,067
Housing Benefits	660,256
Council Tax Benefits	46,436
Revenues and Benefits Manager	69,362

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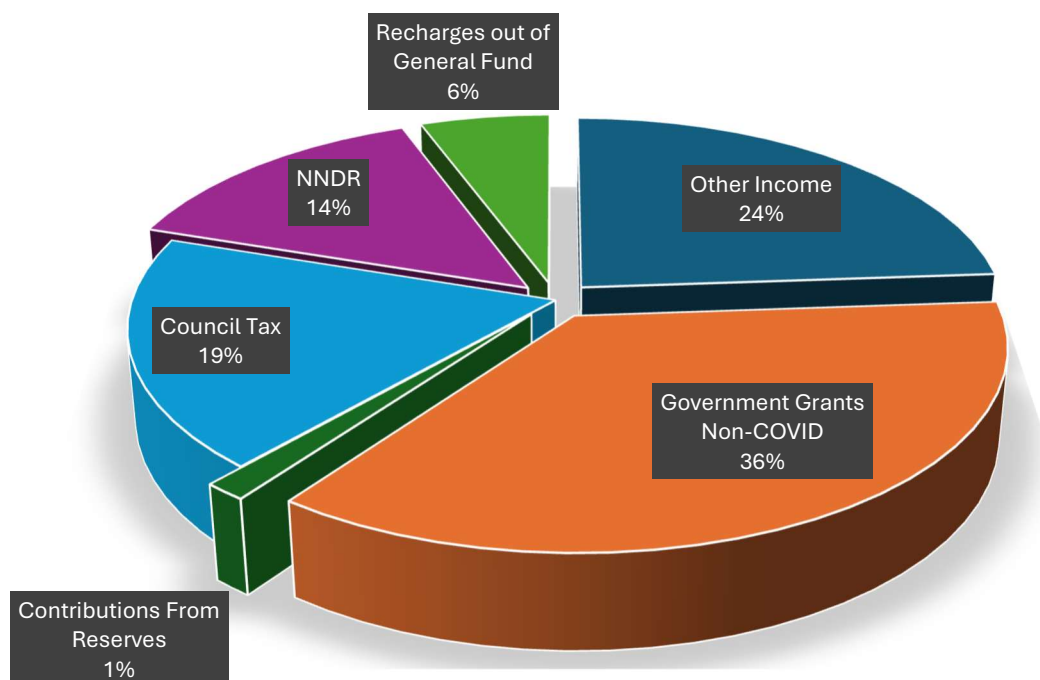
Favourable	
Corporate Projects	(85,031)
Legal and Admin Section	(38,022)
Taxi Licences	(59,542)
Homelessness	(133,260)
Development Control	(98,782)
Forward Planning	(246,796)
Customer Services	(43,829)
Food Waste	(43,999)
Corporate Management Non-Financial	(158,293)
Finance	(52,314)

WHERE THE MONEY IS SPENT: GENERAL FUND 2024/25



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WHERE THE MONEY COMES FROM: GENERAL FUND 2024/25



Housing Revenue Account (HRA)

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation of 1,178 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 2024/25	Revised Budget 2024/25	Actual Spent 2024/25	Variance
	£	£	£	£
Housing Revenue Account	(4,342,020)	(4,342,020)	(4,481,372)	(139,352)
Supervision and Management	2,251,443	2,253,143	2,433,905	180,762
Repairs and Maintenance	1,253,750	1,253,750	1,165,089	(88,661)
Net Cost of Services	(836,827)	(835,127)	(882,377)	(47,250)
Capital Charges	735,760	735,760	627,279	(108,482)
Appropriations	0	0	(8,786)	(8,786)
Year End Adjustments	0	0	0	0
(Surplus) / Deficit	(101,067)	(99,367)	(263,885)	(164,518)

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A summary of the major variances on the 2024/25 year are detailed in the table below.

	HRA
Adverse	
General Repairs	163,765
Estate Management	209,047
Favourable	
Void Property Repairs	(142,410)
General Planned Maintenance	(136,775)
Housing Revenue Account	(223,375)
Capital Charges	(108,482)

Reserves and Balances

The General Fund Reserve decreased by £343k and Housing Revenue Account Reserve increased by £264k during 2024/25.

The adjusted General Fund Reserve opening balance was £1.540m after a £225K appropriation to reserves that was omitted in 23/24. In 2024/25 the account had a budget deficit of £118k after appropriations to/from earmarked reserves, leaving General Fund Reserve balance of £1.422m on 31 March 2025.

The Housing Revenue Account opening balance as at 1st April 2024 on its main reserve was £1.410m. In 2024/25 the account has a budget surplus of £264k leaving an HRA Reserve balance of £1.675m at 31 March 2025.

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 2025.

	2024/25	2023/24
		Restated
	£000's	£000's
Revenue Reserves		
General Fund	1,422	1,765
Housing Revenue Account	1,675	1,411
Other Reserves		
Useable Capital Receipts	1,780	1,737
Earmarked Reserves	2,143	1,933

Our Assets and Liabilities

Pension Liabilities

£7.466m

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 £1.85m to the scheme in 2024/25 and recognised a total charge of £0.71m for the year.

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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 22.4% plus £676K for the 2024/25 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.

	2024/25	2023/24
Business Rates Appeals Provision	£327k	£348k

Borrowing

As at 31st March 2025 the council has total external borrowing of £15.871m 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 (£11.070m), or in 2016, to fund the leisure centre project (£4.301m), 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 £46m for the year.

Cash flow

The Council's cash flow shows a decrease of £0.389m in its cash and cash equivalents from the previous year.

Interest payable was £271k higher than in 2023/24; Interest receivable increased by £28k in line with prevailing interest rates.

Financial Position

We have maintained a strong financial position despite the financial challenges we face, with an increase in net assets of £1.846m between 2023/24 and 2024/25.

	2024/25 £000s	2023/24 £000s
Non-Current Assets (property and long-term investments)	111,892	111,117
Net Current Assets (debtors, stock and cash less creditors and liabilities)	(16,863)	(16,460)
Long-term Liabilities and Provisions	(25,129)	(26,604)
Net Assets	69,900	68,053
Funded by:		
Usable Reserves	(7,678)	(8,065)
Unusable Reserves	(62,222)	(59,998)

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Capital

The 2024/25 Capital Programme was set at Full Council in February 2024. **Table 3** shows a summary of the 2024/25 capital programme.

Some key features of the capital programme for 2024/25 include:

- £2.586m on improvement works to Council housing; including £1.196m to replace the heating system at Chartwell House.
- £605k of expenditure on upgrading parks and play areas, signage and street furniture, pathways and shop fronts;
- £473k on vehicle and equipment replacement and refurbishment.

Table 3 - Capital Programme Summary

Fund	Revised Budget 2024/25	Actual Spent 2024/25	Variance to Budget
	£'000	£'000	£'000
General Fund	3,155	1,896	(1,259)
Housing Revenue Account	5,328	2,995	(2,333)
Total	8,483	4,891	(3,592)

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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
Decreasing Financial resources / Increasing Financial Pressures	Cuts in services Political and customer expectations not met Quality of service Reputation damage Knock on impact on the local community and economy e.g. spiral effect Legal challenge, Reduction in rent/monies owed to the council through the introduction of UC, increased homelessness adding stresses to council finances and the local economy. Supplier price variations significant.	Review of Financial Regulations Training on Contract Procedure Rules Enhance budget monitoring Creating a new MTFS Cost of Living impact assessment Engagement with stakeholders on Financial Outlook Updated MTFP position Implementation of the Sustainability Programme
Key Supplier Failure	Cost implications Business Continuity Loss of revenue Service failure TUPE issues Potential court action Increased complaints	Formal contracts and agreements including realistic notice periods. Performance management of contracts, Comprehensive Contract Register, Partnership working with Local Authority Partners Partnership and contract risk registers Contract term renegotiation with key providers as

NARRATIVE REPORT

Risk	Impact	Mitigation
	Reputation issues Political damage Delays	necessary Full review of all contracts Full review of contract procedure rules in line with new regulations
Failure to work effectively with other public sector partner organisations (PSOs)	Loss of public confidence in Community Safety Partnership Loss of funding for LLR Sports Alliance partnership Impact on service delivery of poor ICT service May not realise potential economies of scale Impact on staff morale	Formal agreements with public sector partners which clearly identify roles and 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 and 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.
Hard to reach demographics feel disenfranchised through lack of specific communication and engagement.	Reputational damage Lack of support for community initiatives Missed opportunity to impact on equalities agenda and HWB of residents Citizens panel not representative of demographic. Services may not meet the needs of this demographic	Customer Experience Strategy Action Plan. Housing Regulators new Tenant Satisfaction Measures that all social housing landlords will need to adopt from April 2023. Tenant Engagement Review

NARRATIVE REPORT

Risk	Impact	Mitigation
Political Dynamics	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Member development programmes Code of Conduct Review of the Constitution Development and use of the members Enquiries system IT training for Members including cyber Security
Reputational Damage	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 and 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.
Effective utilisation of Assets/Buildings	<ul style="list-style-type: none"> Loss of investment opportunities Loss of income Loss of capital Higher revenue costs Costs 	<ul style="list-style-type: none"> Revision of Asset Management Policy and Capital Expenditure Plan annually Production of a Health and Safety Action Plan approved by Council April 2023 Health and safety risk assessments Designated health and safety officer

NARRATIVE REPORT

Risk	Impact	Mitigation
	Death or injury Higher insurance premiums Reputation damage Public liability Personal liability for corporate team e.g. corporate manslaughter	Designated facilities officer Marketing of assets available to hire
Regulatory Governance	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.
Failure to respond to a significant incident	Insurance – higher premiums Loss of essential services Adverse publicity Reputation damage Loss of public confidence Loss of income Financial damage Death and injury Litigation risks Insurance – higher premiums Loss of essential services Adverse publicity Reputation damage	Business Continuity training exercise and refresh BC Plans refresh and incorporation into service plans – completed December 2022. Membership of Local Resilience forum Training conducted by LRF undertaken by SLT/CMT on call officers Refresh of the Agile working policy underway July 2025

NARRATIVE REPORT

Risk	Impact	Mitigation
	Loss of public confidence Loss of income Financial damage Death and injury Litigation risks Staff unavailable after major incident Large proportion of staff becoming ill	
Organisational/ Transformational Change	Redundancy Staff morale Staff retention Change in working practices Impact on quality of service Legal implications HR implications Reputation damage/perception Financial loss Possible litigation Increased fraud	Developing a People Strategy - to include resilience and succession planning as a key consideration – underway Organisation review policy Formal induction programme Performance appraisal process Regular 1-2-1s
Economy/ Regeneration	Relocation (Business and Domestic) Lack of inward investment Increased demand for certain services e.g. benefits Loss of value in public assets Need to continually adapt/change Conflicting pressures - decreased funding – increased demand Spiral effect	Continue to review the opportunity to maximise funding sources (as per Corporate Peer Review Action Plan) Bids being prepared to UK Social Prosperity Fund and Levelling Up Fund to develop projects that will support local businesses, bring investment into the Borough and regenerate key sites Sub-committees established to provide a focus on key regeneration projects Specialist support procured to advise on the

NARRATIVE REPORT

Risk	Impact	Mitigation
	Short term decision making – uncertainty Increased autonomy leads to greater risk Decrease in collection levels	deliverability of regeneration projects
Increased Fraud	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 Participation in National Fraud initiative New internal auditors appointed
Cyber Threat/Security, Cyber security is seen as an ICT risk and not a corporate risk that needs to be managed and monitored by senior management.	Financial loss Resources of the authority to investigate fraud issues Reputation impact Litigation, Loss of data, breaches of GDPR, SMT lack of oversight	BCP 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. Member training provided Sept 24
Staff lone working including out of hours	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

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;
- Maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Certification of the Accounts

I certify that the unaudited statement of accounts gives a true and fair view of the financial position of Oadby and Wigston Borough Council as at the 31 March 2025 and the Council's income and expenditure for the year ended 31 March 2025.



Colleen Warren

Chief Financial Officer and Section 151 Officer

Date: 20/06/2025

Approval of the Accounts

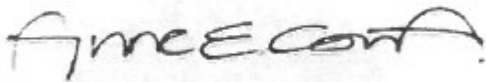
I certify that the unaudited Financial Statements have been approved by the Deputy Section 151 Officer in accordance with the Accounts and Audit (England) Regulations 2015 and are authorised for issue.



Councillor Kevin Loydall

Chair, Audit Committee

Date 26/06/2025



Anne Court

Chief Executive

Date: 25/06/2025

THE MOVEMENT IN RESERVES STATEMENT

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

During 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 Statement

	General Fund Balance	Deferred Capital Receipts	HRA Balance	Earmarked General Reserves	Major Repairs Reserve	Covid 19 Reserve	Section 31 Grant Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves (Note 6)	Unusable Reserves (Note 21-24)	Total Authority Reserves
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
MOVEMENT IN RESERVES 2024/25												
Balance as at 31 March 2024 brought forward	1,765	3	1,411	1,488	1,191	0	446	1,737	24	8,065	59,987	68,052
(Surplus) or Deficit on provision of services	(472)	0	301	0	0	0	0	0	0	(171)	0	(171)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	0	0	2,018	2,018
Total Comprehensive Income and Expenditure	(472)	0	301	0	0	0	0	0	0	(171)	2,018	1,847
Adjustments between accounting basis & funding basis under regulations	348	0	(46)	0	(561)	0	0	43	0	(215)	215	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(124)	0	255	0	(561)	0	0	43	0	(386)	2,233	1,847
Transfers to/(from) Earmarked Reserves (Note 6)	(218)	0	9	273	0	0	(64)	0	0	0	0	0
Increase/(Decrease) in Year	(342)	0	264	273	(561)	0	(64)	43	0	(386)	2,233	1,847
Balance as at 31 March 2025 carried forward	1,423	3	1,675	1,761	630	0	382	1,780	24	7,679	62,220	69,899
MOVEMENT IN RESERVES 2023/24 - Restated												
Balance as at 31 March 2023 brought forward	1,180	3	1,419	1,805	1,296	44	446	1,699	24	7,916	63,736	71,652
(Surplus) or Deficit on provision of services	(5,838)		(1,054)	0	0	0	0	0	0	(6,892)	0	(6,892)
Other Comprehensive Income and Expenditure	0			0	0	0	0	0	0	0	3,292	3,292
Total Comprehensive Income and Expenditure	(5,838)	0	(1,054)	0	0	0	0	0	0	(6,892)	3,292	(3,600)
Adjustments between accounting basis & funding basis under regulations	6,049	0	1,059	0	(105)	0	0	38	0	7,041	(7,041)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	210	0	6	0	(105)	0	0	38	0	149	(3,749)	(3,600)
Transfers to/(from) Earmarked Reserves (Note 6)	375		(14)	(317)		(44)		0	0	0	0	0
(Increase)/Decrease in Year	585	0	(8)	(317)	(105)	(44)	0	38	0	149	(3,749)	(3,600)
Balance as at 31 March 2024 carried forward	1,765	3	1,411	1,488	1,191	0	446	1,737	24	8,065	59,987	68,052

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.

Comprehensive Income and Expenditure Statement

2023/24 Restated			2024/25			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£,000	£,000	£,000		£,000	£,000	£,000
1,019	(2)	1,017	Customer Services & Business Transformation	1,027	(80)	947
1,118	(713)	405	Senior Leadership Team	351	(14)	337
1,480	(460)	1,020	Community and Wellbeing	1,290	(676)	614
5,591	(1,165)	4,426	Corporate Assets	1,819	(1,170)	649
2,092	(562)	1,530	Depot	2,631	(835)	1,796
1,225	(457)	768	Law and Governance	1,255	(695)	560
3,739	(2,275)	1,464	The Built Environment	3,812	(3,158)	654
12,466	(7,733)	4,733	Finance and Resources	12,865	(8,218)	4,647
165	39	204	Covid 19 Council Costs	0	0	0
4,743	(5,916)	(1,173)	Housing Revenue Account	4,275	(6,276)	(2,001)
33,638	(19,244)	14,394	Cost of Services	29,325	(21,122)	8,203
	(2)		Other operating expenditure (Note 8)			(517)
		1,318	Financing and investment income (Note 9)			1,404
	(8,818)		Taxation and non-specific grant incomes (Note 10)			(8,919)
	6,892		(Surplus)/Deficit on provision of services			171
	39		Remeasurement of the net defined benefit liability/(asset)			(370)
	(3,331)		(Surplus) or deficit on revaluation of PP&E			(1,648)
	(3,292)		Other Comprehensive Income and Expenditure			(2,018)
		3,600	Total Comprehensive Income and Expenditure			(1,847)

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 2025). 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".

31st March 2024		Note	31 st March 2025
Restated £,000			£,000
107,430	Property, Plant and Equipment	11	108,532
69	Heritage Assets		69
144	Investment Property	12	150
83	Intangible Assets	13	50
5	Long Term Debtors	14	3
3,386	Assets Held for Sale	16	3,088
111,117	Non- Current Assets		111,892
1,001	Short Term Investments	40	1,600
40	Inventories		36
5,649	Short Term Debtors	14	5,087
923	Cash & Cash Equivalents	17	535
7,613	Current Assets		7,258
(19,658)	Short Term Borrowing	40	(19,744)
(3,891)	Short Term Creditors	18	(3,941)
(524)	Short Term Provisions	19	(436)
(24,073)	Current Liabilities		(24,121)
(36)	Long Term Creditors	40	(25)
(16,968)	Long Term Borrowing	40	(15,871)
8,556	Net Pension Fund Liability	29	(7,466)
(1,044)	Capital Grants and Receipts in Ad	20	(1,767)
(9,492)	Non- Current Liabilities		(25,129)
85,165	Net Assets		69,900
(8,065)	Usable Reserves	6	(7,677)
(59,987)	Unusable Reserves	21	(62,223)
(68,052)	Total Reserves		(69,900)

THE CASH FLOW STATEMENT

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.

Cash Flow Statement

2023/24 £,000		2024/25 £,000
6,892	(Surplus)/Deficit on provision of services	171
(7,859)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 22)	(4,953)
401	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 22)	2,738
<u>(566)</u>	Net Cashflows from operating activities	<u>(2,044)</u>
3,850	Investing Activities (Note 22)	1,506
(426)	Financing Activities (Note 22)	927
<u>2,858</u>	Net (increase) or decrease in cash and cash equivalents	<u>389</u>
3,782	Cash and cash equivalents at the beginning of the reporting period	924
<u>924</u>	Cash and cash equivalents at the end of the reporting period (Note 17)	<u>535</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2024/25 financial statements, which will apply from 2025/26 are:

- **IAS 21 *The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)*** issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.
- **IFRS 17 *Insurance Contracts*** issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

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.

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 31 March 2025 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment (Value £107.4M, of which Council Dwellings are £78.7M) See Note 11	The Council's portfolio of land and buildings are revalued on a five-year rolling programme. This valuation is based upon calculations and estimates made by the Council's valuers, in accordance with Royal Institute of Chartered Surveyors (RICS) guidance. Change in asset values are largely influenced by market forces, which can be volatile. It is therefore uncertain that the Council's assets will not see a significant change in value.	Any revaluation of assets upwards or downwards would be reflected on the Council's balance sheet. It is estimated that a 1% change in asset valuations would result in a change of £1.07M.
Pensions Liability (Value £7.466M) See Note 29	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are made by Hymans Robertson actuaries appointed by Leicestershire County Council, the pension fund administrator.	The effect on net pensions of changes in individual assumptions can be measured. For instance: - A decrease in the discount rate assumption of 0.1% would result in an increase in the pension liability of £680k - A one-year increase in member life expectancy would result in an increase in the pension liability of £1.739m - An increase in the pension increase rate of 0.1% would result in an increase in the pension liability of £679k
Arrears (Value £0.853M)	On 31 March 2025, the Council had a balance of £853k for sundry debtors. A review of balances suggested that no further impairment of doubtful debts of was necessary.	If collection rates were to deteriorate and sundry debt increased with the same debt profile, an additional contribution would be required to be set aside as an allowance.
Business Rate Appeals (Value £372K) See Note 19	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 £818k, of which the Council's share as a billing authority is £327k, as detailed in note 19.	A change of 5% in the assumed RV reduction achieved for each NDR appeal could increase or decrease the provision requirement by around £41k. Of this, the Council's share as a billing authority would be £16k.

4. Events after the Reporting Period

There were no adjusting or non-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.

	2023/24								2024/25							
	General Fund Balance	Deferred Capital Receipts	HRA Balance	Earmarked General Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	General Fund Balance	Deferred Capital Receipts	HRA Balance	Earmarked General Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Adjustments primarily involving the CAA																
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement																
Charges for depreciation and impairment of non-current assets	5,675	0	2,521	0	0	0	0	(8,196)	2,048		1,912	0	0	0	0	(3,960)
Movements in fair value of investment properties	(5)	0		0	0	0	0	5	(6)		0	0	0	0	0	6
Amortisation of intangible assets	100	0	23	0	0	0	0	(123)	46		23	0	0	0	0	(69)
Capital grants and contributions applied	0	0		0	0	0	0	0	0		0	0	0	0	0	0
Revenue expenditure funded from capital under statute	993	0		0	0	0	0	(993)	784		0	0	0	0	0	(784)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the I&E	0	0	394	0	0	0	0	(394)	406		548	0	0	0	0	(954)
Subtotal	6,763	0	2,938	0	0	0	0	(9,701)	3,278	0	2,483	0	0	0	0	(5,761)
Insertion of items not debited or credited to I&E																
Statutory provision for the financing of capital investment	(224)	0	0	0	0	0	0	224	(303)	0	0	0	0	0	0	303
Capital expenditure charged against earmarked reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	(224)	0	0	0	0	0	0	224	(303)	0	0	0	0	0	0	303
Adjustments primarily involving the capital grants unapplied account																
Application of grants to capital financing transferred to CAA	(806)	0	0	0	0	0	0	806	(1,030)	0	0	0	0	0	0	1,030
Subtotal	(806)	0	0	0	0	0	0	806	(1,030)	0	0	0	0	0	0	1,030

NOTES TO THE CORE FINANCIAL STATEMENTS

	2023/24 - Restated								2024/25							
	General Fund Balance	Deferred Capital Receipts	HRA Balance	Earmarked General Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	General Fund Balance	Deferred Capital Receipts	HRA Balance	Earmarked General Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Adjustments primarily involving the capital receipts reserve																
Transfer of cash sale proceeds credited as part of gain / loss on disposal of asset to I&E	(38)	0	(358)	0	0	396	0	0	(644)	0	(827)	0	0	1,471	0	0
Use of the capital receipts reserve to finance new capital expenditure	0	0	0	0	0	(358)	0	358	0	0	0	0	0	(1,428)	0	1,428
Contribution from the capital receipts reserve to finance payments to the Government capital receipts pool	1	0	0	0	0	(1)	0	0	0	0	0	0	0	0	0	0
Subtotal	(37)	0	(358)	0	0	37	0	358	(644)	0	(827)	0	0	43	0	1,428
Adjustments primarily involving the Major Repairs Reserve																
Reversal of Major Repairs Allowance credited to the HRA	0	0	(1,517)	0	1,517	0	0	0	0	0	(1,633)	0	1,633	0	0	
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0	(1,623)	0	0	1,623	0	0	0	0	(2,194)	0	0	2,194
	0	0	(1,517)	0	(106)	0	0	1,623	0	0	(1,633)	0	(561)	0	0	2,194
Adjustments involving the Financial Instruments Adjustment Account																
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0	0	0	(7)	0	0	0	0	0	0	7
	0	0	0	0	0	0	0	0	(7)	0	0	0	0	0	0	7
Adjustments primarily involving the pensions reserve																
Reversal of items relating to retirement benefits Dr or Cr to I&E	1,729	0	150	0	0	0	0	(1,879)	1,296	0	155	0	0	0	0	(1,451)
Employers contributions and direct payments to pensioners payable in year	(1,731)	0	(150)	0	0	0	0	1,881	(1,940)	0	(232)	0	0	0	0	2,171
Subtotal	(2)	0	0	0	0	0	0	2	(644)	0	(77)	0	0	0	0	720
Adjustments primarily involving the collection fund adjustment account																
Amount by which council tax and NDR income credited to the I&E is different from council tax and NDR income calculated for the year in accordance with statutory requirements	394	0	0	0	0	0	0	(394)	(347)	0	0	0	0	0	0	347
Adjustments primarily involving the accumulated absences account																
Comprehensive Income and Expenditure Statement on accrual basis is different from remuneration chargeable in the year in accordance with statutory requirement	(39)	0	(3)	0	0	0	0	42	44	0	9	0	0	0	0	(53)
Total adjustments	6,049	0	1,060	0	(106)	37	0	(7,040)	347	0	(45)	0	(561)	43	0	215

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 2024/25.

	Transfers			Transfers			
	Balance at 31st March 2023	In/(Out)	(To)/From Other Reserves	Balance at 31st March 2024	In/(Out)	(To)/From Other Reserves	Balance at 31st March 2025
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Earmarked Reserves*	2,295	(288)	(74)	1,933	(15)	225	2,143
Total Earmarked Reserves	2,295	(288)	(74)	1,933	(15)	225	2,143
Deferred Capital Receipts	3	0	0	3	0	0	3
Capital Grants Unapplied	24	0	0	24	0	0	24
Capital Receipts Reserve	1,699	38	0	1,737	43	0	1,780
General Fund	1,180	211	375	1,766	(343)	0	1,423
Major Repairs Reserve (HRA)	1,296	(105)	0	1,191	(561)	0	630
HRA	1,419	5	(14)	1,410	264	0	1,674
Total Useable Reserves	5,621	149	361	6,131	(597)	0	5,534
Useable Reserves	7,916	(139)	287	8,064	(612)	225	7,677
Earmarked Reserves							
General Fund							
Budget Carried Forward	27	(20)	(7)	0	51	0	51
Corporate Challenge	58	(58)	0	0	0	0	0
Disabled Facilities	22	0	(22)	0	0	0	0
Contingency	139	0	0	139	0	0	139
Land Valuation	1	0	0	1	0	0	1
Collection Fund	446	0	0	446	(671)	225	0
Retained Business Rates Reserve	0	0	0	0	382	0	382
Covid 19	45	0	(45)	0	0	0	0
Local Elections	58	(58)	0	0	18	0	18
GF Cost of Living	42	0	0	42	0	0	42
Lottery	0	6	0	6	6	0	12
Grounds Maintenance	257	207	0	464	(50)	0	414
Local Plan Reserve	204	(13)	0	191	238	0	429
Earmarked Grants	577	(352)	0	225	11	0	236
HRA							
Regeneration	361	0	0	361	0	0	361
Budget Carried Forward	8	0	0	8	0	0	8
HRA Cost of Living	50	0	0	50	0	0	50
	2,295	(288)	(74)	1,933	(15)	225	2,143

NOTES TO THE CORE FINANCIAL STATEMENTS

Purpose of Reserves

Details of the purpose of reserves with balances at the end of 2024/25 which are not given elsewhere in either the Notes to the Core Financial Statements or the Statement of Accounting Policies are shown below.

Useable Revenue Reserves - 31 March 2021 government 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. 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).

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

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

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

General Fund - Resources available to meet future running costs of non-housing services.

Housing Revenue Account - Resources available to meet future running costs of council houses.

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

Contingency Reserve - To safeguard against budget risk and for one-off priming initiatives.

Land Valuation Reserve - To allow the Council to value land within the Borough with a view to selling.

NNDR Equalisation - 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.

Local Elections Reserve - To balance the budget for the four-yearly borough election cycle. Contributions of one quarter of the anticipated cost of the election are appropriated into the reserve in each of years 1-3 and the balance is then appropriated out in the year of the election.

Retained Business Rates Reserve - To hold the amounts required to fund the anticipated deficit on business rates collection over the following three financial years.

General Fund Cost of Living Reserve - To fund measures aimed at supporting borough residents struggling the most with the cost-of-living crisis.

Grounds Maintenance Reserve - This reserve holds commuted lump sums received from developers earmarked for the maintenance of specific green spaces.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

Regeneration Reserve - Additional reserve set aside for regeneration and new build of council housing.

Major Repairs Reserve - Resources available to meet capital investment in council housing.

HRA Fund Cost of Living Reserve - To fund measures aimed at supporting Council tenants struggling the most with the cost-of-living crisis.

Lottery Reserve - Funds from the community lottery for disbursement to good causes.

7. Material Items of Income and Expenditure

For 2024/25 the Council has the following material items of income and expenditure for both capital and revenue:

The Council paid out £5.327m in housing benefits during 2024/25 and a further £2.005m in rent rebates. The Government subsidy that provides the funding for these items is included in Note 30 to the core statements. The Council also carried out £2.994m of major refurbishment work on the Council's housing stock.

8. Other Operating Expenditure

2023/24 £,000	2024/25 £,000
209 Carrying amount of non-current assets	954
(212) Proceeds from sale of non-current assets	(1,471)
1 Contribution to Housing Pooled Capital Receipts	0
<u>(2) (Gains)/losses on the disposal of non-current assets</u>	<u>(517)</u>

9. Financing and Investment Income and Expenditure

2023/24 £,000	2024/25 £,000
1,203 Interest payable and similar charges	1,474
(5) (Gains)/Losses on revaluation of investment properties	(6)
286 Pensions interest cost and expected return on pensions assets	130
(166) Interest receivable and similar income	(194)
<u>1,318 Total</u>	<u>1,404</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

10. Taxation and Non-Specific Grant Income and Expenditure

2023/24 £,000		2024/25 £,000
(62)	General Government Grants	(163)
(4,464)	Council Tax Income	(4,666)
14	Collection Fund (Surplus)/Deficit - Council Tax	(75)
0	Council Tax Adjustment	319
(6,201)	Non Domestic Rates Income	(5,064)
3,704	Non Domestic Rates Tariff Payment	3,847
42	Non Domestic Rates Levy	146
114	Collection Fund (Surplus)/Deficit - NNDR	(48)
0	National Non Domestic Rates Adjustment	(427)
(1,274)	S31 Small Business Rates Relief	(1,493)
(433)	Capital Grants and Contributions	(1,008)
(258)	New Homes Bonus	(287)
(8,818)	Total	(8,919)

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 which are 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

	Council Dwellings	Other Land and Buildings	Community Assets	Vehicles, Plant, Furniture and Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£,000	£,000	£,000	£,000	£,000	£,000
Cost or Valuation						
	78,411	23,411	2,794	7,912	178	112,706
Additions	1,799	175	9	2,071	0	4,054
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(320)	(228)	(60)	0	0	(608)
Revaluation increases/(decreases) recognised in the Surplus / Deficit on the Provision of Services	(621)	(74)	(11)	0	(178)	(884)
De-recognition – disposals (sales)	(475)	0	0	(430)	0	(905)
De-recognition – disposals (components)	(73)	0	0	0	0	(73)
De-recognition – other	0	0	0	0	0	0
Assets reclassified – to/from Non-Operational Assets	0	0	0	0	0	0
Assets reclassified – to/from Assets Under Construction	0	0	0	0	0	0
At 31st March 2025	78,721	23,284	2,732	9,553	0	114,290
Accumulated Depreciation and Impairment						
At 1 st April 2024	0	0	0	(5,276)	0	(5,276)
Depreciation charge	(1,458)	(1,501)	(9)	(819)	0	(3,787)
Depreciation written out to the Revaluation Reserve	960	1,297	0	0	0	2,257
Depreciation written out to the Surplus/Deficit on the Provision of Services	498	204	9	0	0	711
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
De-recognition – disposals	0	0	0	339	0	339
De-recognition – other	0	0	0	0	0	0
At 31st March 2025	0	0	0	(5,756)	0	(5,756)
Net Book Value						
At 31 st March 2024	78,411	23,411	2,794	2,636	178	107,430
At 31 st March 2025	78,721	23,284	2,732	3,797	0	108,534

NOTES TO THE CORE FINANCIAL STATEMENTS

	Council Dwellings	Other Land and Buildings	Community Assets	Vehicles, Plant, Furniture and Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£,000	£,000	£,000	£,000	£,000	£,000
Cost or Valuation						
At 1 st April 2023	78,299	24,615	2,630	8,948	3,928	118,420
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)
De-recognition – disposals (sales)	(185)	0	0	(325)	0	(510)
De-recognition – disposals (components)	(209)	0	0	0	0	(209)
De-recognition – 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)
At 31st March 2024	78,411	23,411	2,794	7,912	178	112,706
Accumulated Depreciation and Impairment						
At 1 st April 2023	0	0	0	(6,542)	0	(6,542)
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 written out to the Surplus/Deficit on the Provision of Services	483	296	10	0	0	789
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
De-recognition – disposals	0	0	0	325	0	325
De-recognition – other	0	0	0	1,661	0	1,661
At 31st March 2024	0	0	0	(5,276)	0	(5,276)
Net Book Value						
At 31 st March 2024	78,411	23,411	2,794	2,636	178	107,430
	Council Dwellings	Other Land and Buildings	Community Assets	Vehicles, Plant, Furniture and Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£,000	£,000	£,000	£,000	£,000	£,000
Carried at historical Cost	0	0	2,794	2,636	178	5,608
Valued at Current or Fair Value as at 30th March 2024	78,411	23,411	0	0	0	101,822
	78,411	23,411	2,794	2,636	178	107,430

Depreciation

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

- i) Council Dwellings – 40 Years
- ii) Other land and buildings - 5 to 40 years
- iii) Vehicle Plant and Equipment - 5 to 10 years
- iv) Park Equipment – 20 years

Capital Commitments

As of 31 March 2025, the Council had outstanding capital commitments of £215k (2023/24

NOTES TO THE CORE FINANCIAL STATEMENTS

£423k) on the Housing Revenue Account, primarily relating to disability adaptations and fire safety works.

As of 31 March 2025, the Council had outstanding capital commitments of £595k (2023/24 £149k) on the General Fund, mostly relating to new refuse vehicles and other equipment associated with the implementation of food waste collection.

Valuation of Assets

The freehold and leasehold properties which comprise the Council's property portfolio have been valued as of 31 March 2025 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 2024/25, 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 2025.

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.

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

2023/24		2024/25
£,000		£,000
(18)	Rental Income from Investment Property	(19)
<u>(18)</u>	Net Gains/(losses)	<u>(19)</u>

There are no restrictions on the Council's ability to realise the value inherent in its investment

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

2024/25 has seen a net increase of £6k in the value of the Council's investment properties due to revaluation gains

The current investment property balance consists of £150k of retail property let out.

2023/24 £,000		2024/25 £,000
139	Balance at 1 April	144
0	Disposals	0
5	Revaluation Gain Recognised in the Surplus/(Deficit) on the Provision of Services	6
0	Reclassification of assets	0
144	Balance at 31 March	150

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.

	2023/24 £,000	2024/25 £,000
Balance at start of year:		
- Gross carrying amounts	1,368	1,139
- Accumulated amortisation	(1,168)	(1,056)
Net carrying amount at start of year	200	83
Additions:		
- Purchases	6	36
Disposals	(235)	(212)
Amortisation for the period	(123)	(69)
Amortisation on disposals	235	212
Net carrying amount at end of year (Note 1)	(117)	(245)
Comprising:		
Gross carrying amounts	1,139	963
Accumulated amortisation	(1,056)	(913)
Net carrying amount at end of year	83	50

NOTES TO THE CORE FINANCIAL STATEMENTS

14. Debtors

Gross amounts falling due in less than one year are:

	<u>2024/25</u>	<u>2023/24</u>
	£000's	£000's
Central Government Bodies	879	721
Other Local Authorities	1,373	1,477
Council Tax Payers	718	792
NNDR	548	835
Housing Rents	338	355
Housing Benefit Overpayment	406	475
Sundry Debtors	943	1,622
Prepayments	605	304
Other Entities and Individuals	3,559	4,383
	<u>5,810</u>	<u>6,581</u>

Impairment allowances on those amounts are:

	<u>2024/25</u>	<u>2023/24</u>
	£000's	£000's
Council Tax Payers	(204)	(183)
NNDR	(82)	(80)
Housing Rents	(139)	(275)
Housing Benefit Overpayment	(220)	(277)
Sundry Debtors	(80)	(116)
	<u>(724)</u>	<u>(932)</u>

Net amount falling due in less than one year is:

<u>2024/25</u>	<u>2023/24</u>
£000's	£000's
5,086	5,649
<u>5,086</u>	<u>5,649</u>

Amounts falling due after one year are:

	<u>2024/25</u>	<u>2023/24</u>
	£000's	£000's
Voluntary Organisation Loans	3	3
Car Loans to Employees	0	2
Other Long Term Debtors	0	0
	<u>3</u>	<u>5</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

15. Investments

The Council had £1.600m of short-term investments outstanding as of 31 March 2025 (2023/24 £1.001m).

The Council had no long-term investments outstanding as of 31 March 2025 (2023/24 £0m)

16. Assets Held for Sale

31 st March 2024 £'000		31 st March 2025 £'000
871	Oadby Swimming Complex	888
2,200	Former Council Offices	2,200
315	Walter Charles Community Centre	0
3,386	Total	3,088

17. Cash and Cash Equivalent and Bank Overdrawn

31 st March 2024 £'000		31 st March 2025 £'000
323	Short Term Deposits	14
0	Cash held by the Authority	1
600	Bank current accounts	520
923	Total	535

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 31 March 2025 was 1.11% (1.45% as of 31 March 2024). The maximum exposure to credit risk for cash and cash equivalents is equal to the carrying value.

18. Short Term Creditors

31 st March 2024 £'000		31 st March 2025 £'000
(1,353)	Central Government Bodies	(763)
(42)	Other Local Authorities	(42)
(2,496)	Other Entities and Individuals	(3,136)
(3,891)	Total	(3,941)

NOTES TO THE CORE FINANCIAL STATEMENTS

19. Short Term Provisions

	Accumulated Absences	NNDR Appeals	Provision for court costs	Exit Packages	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 st April 2024	(12)	(348)	0	(164)	(524)
Arising during the year	(64)	(303)	(45)	0	(412)
Used during the year	12	324	0	164	500
Balance at 31 st March 2025	(64)	(327)	(45)	0	(436)

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

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

20. Capital Grants and Contributions - Receipts in Advance

2023/24 £,000	2024/25 £,000
(5) Big Lottery Grant - Toy Library	(5)
(1) Big Lottery Grant - Mobile Library	(1)
(10) Section 106 South Wigston Regeneration	(10)
(790) S106 Open Space	(1,110)
(6) Green Roof Bus Shelter	(6)
(1) Brocks Hill Alarm	(1)
(5) DECC Grant	(5)
(10) LCC BRP Kirkby Bridge	(10)
(11) Treescape Grant	(10)
(205) Social Housing Decarbonisation	0
0 Food Waste Scheme	(580)
0 UK Shared Prosperity	(29)
(1,044) Total	(1,767)

21. Unusable Reserves

2023/24 £'000	2024/25 £'000
(42,911) Capital adjustment account	(43,623)
(26,146) Revaluation reserve	(26,276)
8,556 Pensions reserve	7,466
493 Collection fund adjustment account	146
11 Accumulated absences account	64
7 Financial Instruments Adjustment account	0
(59,990) Total Unusable Reserves	(62,223)

NOTES TO THE CORE FINANCIAL STATEMENTS

21. A 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.

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.

2023/24		2024/25
£'000		£'000
(48,479)	Balance at 1st April	(42,911)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
	Adjustment in respect of previous years	
8,196	Charges for depreciation and impairment of non-current assets	3,960
123	Amortisation of intangible assets	69
992	Revenue Expenditure Funded From Capital Under Statute	784
394	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	954
9,705	Subtotal	5,767
(1,121)	Adjusting amounts written out of the revaluation reserve	(1,312)
0	Accumulated gains on assets sold written out of the revaluation reserve	(206)
8,584	Net written out amount of the cost of non-current assets consumed in the year	4,249
	Capital financing applied in the year:	
(358)	Use of the capital receipts reserve to finance new capital expenditure	(1,428)
(806)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,030)
(224)	Statutory provision for the financing of capital investment charged against the General Fund (MRP)	(303)
(1,623)	Major Repairs Reserve	(2,194)
(3,011)	Subtotal	(4,955)
(5)	Movements in the Market Value of Investment Property Debited or Credited to the Comprehensive Income & Expenditure Statement	(6)
(42,911)	Balance at 31st March	(43,623)

NOTES TO THE CORE FINANCIAL STATEMENTS

21. B 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.

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.

2023/24		2024/25
£'000		£'000
(23,936)	Balance at 1 st April	(26,146)
(3,331)	Downward (Upward) revaluation of assets	(1,648)
1,121	Difference between fair value depreciation and historical cost depreciation	1,312
0	Accumulated gains on assets sold	206
<u>(26,146)</u>	Balance at 31 st March	<u>(26,276)</u>

21. C Pensions Fund Reserve

The Pension Reserve absorbs the timing differences arising from the 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.

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.

2023/24		2024/25
£'000		£'000
8,519	Balance at 1st April	8,556
(436)	Transfer to pension fund	340
475	Remeasurements of the net defined benefit liability/(asset) *	(710)
1,879	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	1,451
(1,881)	Employers pension contributions and direct payments to pensioners payable in the year	(2,171)
<u>8,556</u>	Balance at 31 st March	<u>7,466</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

21. D Collection Fund Adjustment Account

The account collects the differences between adjustments under statute and actual council tax and non-domestic rates income.

2023/24 £'000		2024/25 £'000
99	Balance at 1st April	493
394	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(347)
493	Balance at 31st March	146

21. E Accumulated Absences Account

The account collects the authority's obligation to staff for leave earned but not taken at the end of the financial year.

2023/24 £'000		2024/25 £'000
54	Balance at 1st April	11
(43)	Amount by which remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	53
11	Balance at 31st March	64

21. A Cash Flow Statement – Investing

2023/24 £'000		2024/25 £'000
3,685	Purchase of property, plant and equipment, investment property and intangible assets	4,107
(397)	Proceeds from sale of property, plant and equipment	(1,471)
1,000	Proceeds from short term and long term investments	600
(438)	Other receipts from investing activities	(1,731)
3,850	Net cash flows from investing activities	1,505

22. B Cash Flow Statement - Financing Activities

2023/24 £'000		2024/25 £'000
(3,500)	Cash receipts from short and long term borrowing	0
1,094	Repayments of short and long term borrowing	1,097
394	Appropriation to/from the Collection Fund Adjustment Account	(347)
1,586	Other payments for financing activities	177
(426)	Net cash flows from financing activities	927

NOTES TO THE CORE FINANCIAL STATEMENTS

22. C Net cashflows from Operating Activities

2023/24		2024/25
£'000		£'000
<u>6,892</u>	Surplus or Deficit	<u>171</u>
2023/24		2024/25
(8,319)	Depreciation and Impairment of non-current assets	(4,029)
(96)	Bad debts written off in year	(67)
(2)	Increase/(decrease) in Inventories	(3)
951	Increase/(decrease) in Debtors	(142)
307	Increase/(decrease) in Creditors	(571)
2	Net charges made for retirement benefits	720
(185)	Carrying amount of non-current assets sold	(881)
(209)	Carrying amount of non-current assets de-recognised	(73)
(318)	Increase/(Decrease) in provisions	87
5	Movement in the value of investment properties	6
5	Other cash and non-cash movements	0
<u>(7,859)</u>		<u>(4,953)</u>
(602)	Adjustments for items included in the Surplus or Deficit on the Provision of Services that are investing or financing activities	1,545
(168)	Interest received in year	(196)
1,171	Interest paid in year	1,389
<u>401</u>		<u>2,738</u>
<u>(566)</u>	Net Cashflows from operating activities	<u>(2,044)</u>

Net Movement in Liquid Resources

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

2023/24		2024/25
£'000		£'000
1,323	Money Market (Short Term deposits)	1,614
<u>(1,883)</u>	Increase/(Decrease) in Year	<u>291</u>

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.

2023/24		2024/25
£'000		£'000
1,586	Net Movement in Other Liquid Resources	176

Note 1 - Adjustments for Capital Purposes

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

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

Note 2 – Net Change for the Pensions Adjustments

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

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

Note 3 – Other Differences

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2024/25			
	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other adjustments	Total Adjustments
	£,000	£,000	£,000	£,000
Customer Services & Business Transformation	70	(94)	0	(24)
Senior Leadership Team	0	(42)	0	(42)
Community and Wellbeing	983	(14)	0	969
Corporate Assets	363	(87)	0	276
Depot	903	(120)	0	783
Law and Governance	15	(81)	0	(66)
The Built Environment	301	(101)	0	200
Finance and Resources	243	(225)	0	18
Housing Revenue Account	1,935	(87)	0	1,848
Net Cost of Services	4,813	(851)	0	3,962
Other Income and Expenditure from the EFA	(3,490)	130	(300)	(3,660)
Difference between GF and HRA (Surplus) or Deficit and CIES (Surplus) or Deficit	1,323	(721)	(300)	302

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2023/24			
	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other adjustments	Total Adjustments
	£,000	£,000	£,000	£,000
Customer Services & Business Transformation	75	(82)	0	(7)
Senior Leadership Team	0	(41)	0	(41)
Community and Wellbeing	1,034	(12)	0	1,022
Corporate Assets	4,028	(87)	0	3,941
Depot	383	(107)	0	276
Law and Governance	74	(84)	0	(10)
The Built Environment	828	(87)	0	741
Finance and Resources	348	271	0	619
Housing Revenue Account	2,544	(59)	0	2,485
Net Cost of Services	9,314	(288)	0	9,026
Other Income and Expenditure from the EFA	(2,555)	286	352	(1,917)
Difference between GF and HRA (Surplus) or Deficit and CIES (Surplus) or Deficit	6,759	(2)	352	7,109

Segmental Income

Income received on a segmental basis is analysed below:

2023/24	2024/25
£'000	£'000
(2) Customer Services and Business Transformation	(80)
(713) Senior Leadership Team	(14)
(460) Community and Wellbeing	(676)
(1,165) Corporate Assets	(1,170)
(562) Depot	(835)
(457) Law and Governance	(695)
(2,275) The Built Environment	(3,158)
(7,733) Finance and Resources	(8,218)
39 Covid 19 Council Costs	0
(5,916) Housing Revenue Account	(6,276)
(19,244)	(21,122)

NOTES TO THE CORE FINANCIAL STATEMENTS

24. Expenditure and Income Analysed by Nature

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

	2023/24 £,000	2024/25 £,000
Expenditure		
Employee Benefits Expenditure	8,993	8,507
Other services expenses	15,600	16,239
Depreciation, Amortisation and Impairment	8,319	4,029
REFCUS	829	784
Interest Payments	3,493	3,841
Precepts and Levies	3,821	4,617
Loss on disposal of assets	0	0
Payments to Housing Capital Receipts Pool	1	0
Total expenditure	41,056	38,017
Income		
Fees charges and other service income	(12,008)	(13,250)
Interest and Investment income	(2,181)	(2,431)
Income from council tax, NNDR and district rates	(10,612)	(10,585)
Government grants and Contributions	(9,355)	(11,057)
Gain on disposal of assets	(8)	(523)
Total income	(34,164)	(37,846)
(Surplus) or Deficit on the Provision of Services	(6,892)	171

25. Members Allowances

In 2024/25, the Council paid allowances to members totalling £167,379 (2023/24 £172,876).

26. Audit Costs

In 2024/25 Oadby and Wigston Borough Council incurred the following fees relating to external audit and inspection:

2023/24 £'000		2024/25 £'000
139	Fees payable to external auditors with regards to external audit services carried out by the appointed auditor for the year	145
46	Fees Payable in respect of other services	102
185	Total	247

Fees payable for other services comprise £81.5k for audit of Housing Benefit, and £20k for audit of Right-to-Buy Pooling.

NOTES TO THE CORE FINANCIAL STATEMENTS

27. 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:

Organisation	2024/25		2023/24	
	Payments	Precepts	Payments	Precepts
	£M	£M	£M	£M
Leicestershire County Council	0.000	29.753	0.000	27.525
Leicestershire County Council (Pension Fund)	2.171	0.000	1.881	0.000
Leicestershire County Council - year end debtor	0.693	0.000	0.780	0.000
Leicestershire County Council - year end creditor	-0.042	0.000	0.000	0.000
Leicestershire Police Authority	0.113	5.318	0.120	4.930
Leicestershire and Rutland Fire Authority	0.000	1.517	0.000	1.431
	2.935	36.588	2.781	33.886

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.

	2024/25	2023/24
	£,000	£,000
Senior Citizens Action Group	6	6
Helping Hands	36	57
Framework Knitters Museum	5	0
Elliot Hall For Youth and Community C.I.C	3	0
	50	63

NOTES TO THE CORE FINANCIAL STATEMENTS

28. 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 2024/25 is as follows:

Information for 2024/25

Post holder information (Post title)	Salary, Fees and Allowances	Expense Allowances	Compensation for loss of office	Total remuneration excluding pension contributions	Pension Contributions	Total including Pension
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	118	0	0	118	25	143
Chief Financial Officer/S151 Officer	69	0	0	69	15	84
Deputy S151 Officer	65	0	0	65	0	65
Strategic Director	95	0	0	95	20	115
Head of Law and Governance	84	0	0	84	17	101
Legal and Democratic Services Manager	71	0	0	71	10	81
Head of the Built Environment	69	0	0	69	15	84
Head of Customer Services and Transformation	69	0	0	69	15	84
	640	0	0	640	117	757

Information for 2023/24

Post holder information (Post title)	Salary, Fees and Allowances	Expense Allowances	Compensation for loss of office	Total remuneration excluding pension contributions	Pension Contributions	Total including Pension
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	118	0	0	118	24	142
Chief Financial Officer/S151 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 and Transformation	59	0	0	59	13	72
	531	1	0	533	95	626

Officers Salary Exceeding £50,000

The Council's other employees receiving more than £50,000 remuneration for the year 2024/25 were paid in the following bands:

NOTES TO THE CORE FINANCIAL STATEMENTS

Remuneration Band £	2023/24 Number of Employees	2024/25 Number of Employees
50,000 – 54,999	6	5
55,000 – 59,999	0	3
60,000 – 64,999	1	1
65,000 – 69,999	1	3
70,000 – 74,999	1	1
75,000 – 79,999	1	0
80,000 – 84,999	1	1
85,000 – 89,999	0	0
90,000 – 94,999	0	1
95,000 – 99,999	0	0
100,000-105,000	0	0
105,000-110,000	0	0
110,000-120,000	1	1
	12	16

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 cost of the exit packages paid in year is given in the table below. Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years and costs of early retirements without actuarial reduction in benefits. One compulsory exit package and 11 other departures were agreed in 2024/25.

Exit Packages

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of all Exit Packages in each Band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
							£'000s	
£0 - £20,000	1	0	0	6	0	6	3	74
£20,001 - £40,000	0	1	0	0	0	1	0	27
£40,001 - £60,000	0	0	0	4	0	4	0	220
£60,001 - £80,000	0	0	0	1	0	1	0	86
Total Cost Included in CIES	0	1	0	11	0	12	3	407

29. 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

NOTES TO THE CORE FINANCIAL STATEMENTS

liabilities with investment assets.

In 2024/25 the Council paid an employer's contribution of £1,846,610 (2023/24 £1,841,746) into the Leicestershire County Council Superannuation Fund, representing 33.520% (2023/24 35.121%) of Pensionable Pay. In addition, the Council made payment into the Leicestershire County Council Superannuation Fund relating to added years benefits of £41,660 (2023/24 £39,411), representing 0.756% (2023/24 0.752%) of Pensionable Pay.

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

Transactions Relating to Post-employment Benefits

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

The charge 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 Councils pension commitment was a net asset of £6.147m, however this pension fund surplus reported under IAS19 is not fully realisable by the Council so an asset ceiling is applied. This ensures that the reported asset 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 £7.466m. This becomes the revised liability value used in the balance sheet and has resulted in a movement of £1.090m from the 2023/24 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.

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:

NOTES TO THE CORE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement

	2023/24	2024/25
	£'000	£'000
Cost of Services		
<i>Service cost comprising:</i>		
- Current service costs	1,091	1,030
- Past service costs	502	291
- (Gain)/loss on settlements	0	0
<i>Financing and Investment Income and Expenditure</i>		
- Net interest expense	286	130
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	1,879	1,451

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)	(575)
- Actuarial gains and losses arising on changes in demographic assumptions	(294)	(87)
- Actuarial gains and losses arising on changes in financial assumptions	(2,135)	(7,387)
- Other (experience)	1,662	(511)
- Changes in asset ceiling	3,279	7,850
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	475	(710)

Movement in Reserves Statement

	2023/24	2024/25
	£'000	£'000
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	817
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	2,278	2,138
Retirement benefits payable to pensioners	0	41
	3,029	2,996

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	2024/25
	£'000	£'000
Present value of the defined benefit obligation	(49,611)	(43,463)
Fair value of plan assets	46,470	49,610
Subtotal	(3,141)	6,147
Other movements in the asset (liability)	0	(348)
Unadjusted net asset (liability)	(3,141)	5,799
Effect of the asset ceiling	(5,415)	(13,265)
Net liability arising from defined benefit obligation	(8,556)	(7,466)

The Effect of the Asset Ceiling on the Defined Benefit Surplus

The Council has a surplus in its defined benefit plan of £6.147m:

	£'000
Assets	49,610
Liabilities	(43,463)
Total Assets	6,147

Under IAS19 the authority is required to measure the defined benefit asset reported as the lower of the surplus in the defined benefit plan and the asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Under IFRIC14 there is no option for refunds from the plan, and the component of the asset ceiling available through reductions in contributions, is calculated as the Present value of future service costs less the Present value of future service contributions:

- A. Annuity (into perpetuity) x 2025-26 future service cost, less
- B. Annuity (into perpetuity) x future service element employer contribution, so

A. 41.3 years x £733K = £30.273m less

B. 41.3 years x £1.234m = £50.964m

As B is greater than A, then the economic benefit available as a reduction in future contributions is floored at 0.

The authority also has an obligation under a minimum funding requirement to pay contributions to cover an existing shortfall in respect of services already received. This is calculated by taking the funding 'time horizon' and multiplying by the present value of agreed past service contributions. The present value of past service contributions equates to £7.118m. These agreed past service contributions have been committed to be paid to the pension fund and are added to the net asset position (£6.147m + £7.118m = £13.265m). This position is then compared to the economic benefit available as a reduction in future contributions to determine if there is an additional liability to recognise in the financial statements.

NOTES TO THE CORE FINANCIAL STATEMENTS

	£'000
Net Unadjusted Asset	6,147
Effect of the asset ceiling on net asset / liability	(13,265)
Net funded liability	(7,118)
Present Value of Unfunded Obligations	(348)
Total Net Liability	(7,466)

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

	2023/24	2024/25
	£'000	£'000
Opening fair value of scheme assets	41,967	46,470
Interest income	2,004	2,237
Remeasurement gain/(loss)		
- The return on plan assets, excluding the amount included in the net interest expense	2,037	575
- Other		
The effect of changes in foreign exchange rates		
Contributions from employer	2,278	2,138
Contributions from employees into the scheme	361	358
Benefits paid	(2,177)	(2,168)
Closing fair value of scheme assets	46,470	49,610

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

	2023/24	2024/25
	£'000	£'000
Opening balance at 1st April	48,350	49,611
Current service cost	1,091	1,030
Interest cost	2,290	2,367
Contributions by scheme participants	361	358
Remeasurements (gains) and losses:		
- Actuarial (gains)/losses arising from changes in demographic assumptions	(294)	(87)
- Actuarial (gains)/losses arising from changes in financial assumptions	(2,135)	(7,387)
- Other (Experience gains)/losses	1,662	(511)
Past service costs	502	291
Losses/(gains) on curtailment	0	0
Benefits paid	(2,216)	(2,209)
Closing balance at 31st March	49,611	43,463

NOTES TO THE CORE FINANCIAL STATEMENTS

Local Government Pension Scheme Assets comprised:

	Fair Value of Scheme Assets			
	31 st March 2024 £'000	31 st March 2024 %	31 st March 2025 £'000	31 st March 2025 %
<i>Equity investments</i>				
- Consumer	4.9	0.01%	46.0	0.09%
- Manufacturing	23.3	0.05%	43.4	0.09%
- Energy and utilities	48.0	0.10%	44.4	0.09%
- Financial institutions	14.7	0.03%	52.1	0.11%
- Health and care	8.0	0.02%	65.3	0.13%
- Information technology	9.0	0.02%	1.2	0.00%
- Other	38.1	0.08%	70.6	0.14%
Subtotal equity instruments	146.0	0.31%	323.0	0.65%
<i>Bonds</i>				
- Corporate	0.0	0.00%	0.0	0.00%
- Government	2,140.2	4.61%	1,820.3	3.67%
- Other	196.3	0.42%	255.1	0.51%
Subtotal bonds	2,336.5	5.03%	2,075.4	4.18%
<i>Property</i>				
- UK	3,293.3	7.09%	3,395.5	6.84%
- Overseas	0.0	0.00%	0.0	0.00%
Subtotal property	3,293.3	7.09%	3,395.5	6.84%
Private Equity	3,181.5	6.85%	2,878.2	5.80%
<i>Investment Funds and Unit Trusts</i>				
- Equities	20,348.4	43.78%	21,105.3	42.55%
- Hedge Funds	0.2	0.00%	0.2	0.00%
- Commodities	1,193.6	2.57%	998.1	2.01%
- Other	11,102.3	23.89%	9,638.7	19.43%
- Infrastructure	3,801.5	8.18%	4,576.9	9.23%
Derivatives	21.3	0.05%	-247.6	-0.50%
Subtotal - investment funds and unit trusts	36,467.3	78.47%	36,071.6	72.72%
Cash and cash equivalents	1,045.4	2.25%	4,866.3	9.81%
Total assets	46,470.0	100.00%	49,610.0	100.00%

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 31 March 2022.

NOTES TO THE CORE FINANCIAL STATEMENTS

The significant assumptions used by the actuary have been:

Mortality assumptions	2023/24	2024/25
	(yrs)	(yrs)
Longevity at 65 for current pensioners:		
- Men	21.2	21.2
- Women	24.1	24.1
Longevity at 65 for future pensioners:		
- Men	21.5	21.4
- Women	25.5	25.5
 Other Actuarial Assumptions	 2023/24	 2024/25
	%	%
Rate of increase in salaries	3.30	3.30
Rate of increase in pensions	2.80	2.80
Rate for discounting scheme liabilities	4.80	5.80

Impact on the Defined Benefit Obligation in the Scheme

	Increase in Employer's Liability	Approximate Monetary Amount
	%	£'000
Longevity increase of 1 year	4	1,739
0.1% decrease in Real Discount Rate	2	680
0.1% decrease in Salary Increase Rate	0	20
0.1% decrease in Pension Increase Rate	2	679

NOTES TO THE CORE FINANCIAL STATEMENTS

30. Revenue and Capital Grants

The Council has credited the above grants and contributions to the Comprehensive Income and Expenditure Statement (CIES) during 2024/25:

2023/24		2024/25
£'000	Revenue:	£'000
	Credited to Services	
2	Affordable Housing Investment New Burdens	-
9	Tenant Satisfaction Measures New Burdens	10
28	Social Housing Decarbonisation Revenue	-
-	XL Bully Ban Implementation	2
107	Local Authority Delivery 3 Revenue	-
17	Home Upgrade Grant 2	-
34	Accommodation based DA New Burdens	35
183	Homelessness Grant	185
42	Asylum Dispersal Grant	33
105	Homes for Ukraine	54
-	Rough Sleeping	29
-	Food Waste Collection	130
-	Redmond Review Implementation	37
51	Community Safety Partnership Grant	27
129	Safer Streets 5 Grant	-
20	Energy Bills Support New Burdens	-
-	Land Registry Transition	24
-	Business Rate Relief New Burdens	5
3,552	Rent Allowance	3,804
56	Housing Benefit Hardship	54
1,996	Rent Rebates	2,237
10	Housing Benefit New Burdens	14
5	Housing Benefit Accuracy Award	4
6	Verify Earnings and Pensions Grant	1
124	Benefit Administration	123
65	Council Tax Support Grant	-
8	Council Tax Support New Burdens Grant	-
24	Electoral Integrity New Burdens	22
8	Transparency Code	8
12	Local Authority Data Sharing	13
5	Treescape	5
-	Planning Skills Delivery	49
54	Biodiversity Net Gain Grant	27
4	Green Infrastructure	-
-	Local Plan Delivery	250
283	UK Shared Prosperity Fund Revenue	393
1	Taxi Licences New Burdens	-
2	Pavement Licencing New Burdens Grant	-
79	Physical Activity Development Grants	80
7,021	Total	7,655

NOTES TO THE CORE FINANCIAL STATEMENTS

2023/24		2024/25
£'000	Capital	£'000
	Credited to Services	
205	Social Housing Decarbonisation	187
298	Local Authority Delivery 2	-
18	Home Upgrade Grant	-
-	Food Waste Capital	580
-	Photovoltaics	184
43	UK Shared Prosperity Fund	461
460	Disabled Facilities	450
1,024	Total	1,862
8,045	Grand Total	9,517

31. Capital Expenditure

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

2023/24		2024/25
£'000		£'000
40,380	Adj Opening capital financing requirement	42,055
	Capital investment	
3,735	Property, plant, and equipment	4,071
6	Intangible assets	36
945	REFCUS	784
	Sources of finance	
(358)	Capital receipts	(1,428)
(806)	Government grants	(1,030)
	Sums set aside from revenue	
(1,623)	Major Repairs Reserve	(2,194)
(224)	MRP inc finance lease repayments	(303)
42,055	Closing capital financing requirement	41,991
(1,675)	Movements in year	64
	Explanation of movements in year	
(60)	Opening Adjustment to CFR	
(1,675)	(Increase)/decrease in underlying need to borrow	64
(1,735)	(Increase)/decrease in capital financing requirement	64

General Fund capital expenditure in 2024/25 resulted in a net increase in the underlying need for unsupported borrowing of £0.064m (2023/24 £1.735m increase).

32. 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.

2023/24	2024/25
£'000	£'000
(224) General Fund Charge	(303)
- HRA Charge	-
<u>(224)</u>	<u>(303)</u>

33. Analysis of Net Assets Employed

Restated 2023/24	2024/25
£'000	£'000
7,991 General Fund	9,011
60,062 Housing Revenue Account	60,889
<u>68,053</u>	<u>69,900</u>

34. Information on Assets Held

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

No. at 31/3/2024	No. at 31/3/2025
4 Allotment Sites	4
11 Car Parks	11
2 Cemeteries	2
4 Cemetery Buildings	4
1 Council Offices	1
2 Community /Day Centres	1
1 Depots and Garage	1
179 Garages	179
54 Garage Spaces	54
1 Homeless Shelter	1
7 Pavilions	7
4 Public Conveniences	4
2 Sports Centre	2
17 Sports Grounds and Parks	17
1 Vehicle Workshop	1
1 Brocks Hill Visitor Centre	1
1 Brocks Hill Country Park	1
3 Shops (Investment Property)	3
1,182 Council Dwellings	1,178
<u>1,477</u>	<u>1,472</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

35. 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

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

Financial Assets

	Amortised Cost					
	Non-Current		Current		Total	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
	£000	£000	£000	£000	£000	£000
Debtors	5	3	1,976	1,281	1,981	1,284
Cash and Cash Equivalents	0	0	923	534	923	534
Investments	0	0	1,000	1,600	1,000	1,600
	5	3	3,899	3,415	3,904	3,418

Financial Liabilities

	Amortised Cost					
	Non-Current		Current		Total	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Borrowings	16,968	15,871	19,658	19,744	36,626	35,615
Creditors	36	25	2,319	2,449	2,355	2,474
	17,004	15,896	21,977	22,193	38,981	38,089

NOTES TO THE CORE FINANCIAL STATEMENTS

36. 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:

	2023/24	2024/25
	Financial Assets:	
	Loans and receivables	
	£,000	£,000
Interest expense	1,203	1,474
Total expense in Surplus or (Deficit) on the Provision of Services	1,203	1,474
Interest income	(166)	(194)
Net gain/(loss) for the year	1,037	1,280

37. 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 2025 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	31 March 2024		31 March 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£,000	£,000	£,000	£,000
Loans	(36,626)	(35,444)	(35,615)	(33,881)
Short term creditors	(2,319)	(2,319)	(2,449)	(2,449)
Long Term Creditors	0	0	0	0
PFI and Lease Liabilities	(36)	(36)	(25)	(36)
	(38,981)	(37,799)	(38,089)	(36,366)

Financial Assets	31 March 2024		31 March 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£,000	£,000	£,000	£,000
Financial Assets at amortised cost	3,899	3,899	3,423	3,423
Long Term Debtors	5	5	3	3
	3,904	3,904	3,426	3,426

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.

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

38. 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 resulting from changes in such measures as interest rates movements.

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimize these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations.

These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act.

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

	Amount at 31st March 2025 £000's A	Historical Experience of Default % B	Historical Experience Adjusted for Market Conditions at 31st March 2025 % C	Estimated Maximum Exposure to Default and Uncollectibility £000's (A x C)
Deposits with banks and financial Institutions				
Local Authorities	0	0	0	0
AAA Rated Counterparties	0	0	0	0
AA Rated Counterparties	0	0	0	0
A Rated Counterparties	0	0	0	0
BBB Rated Counterparties	0	0	0	0
Sundry Debtors *	853	0	0	34
Other Debtors	98	0	0	4
Housing Rents	338	0	0	7
				45

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

Whilst the credit crisis in international markets 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:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2024/25 £000's	2023/24 £000's
Less than three months	528	945
Three to six months	32	30
Six months to one year	11	21
More than one year*	282	232
	<u>853</u>	<u>1,228</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

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 borrowing 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

The maturity analysis of financial liabilities is as follows:

	2024/25 £,000	2023/24 £,000
Less than one year	22,182	21,977
Between one and two years	995	1,017
Between two and five years	3,066	3,044
More than five years	11,846	12,943
	<u>38,089</u>	<u>38,981</u>
Short Term Creditors	(2,449)	(2,319)
Short Term Borrowing	(19,744)	(19,658)
Long Term Borrowing	(15,871)	(16,968)
Long Term Creditors	(25)	(36)
	<u>(38,089)</u>	<u>(38,981)</u>

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

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

Market Risk

Interest Rate Risk

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

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

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

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 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

According to this assessment strategy, on 31 March 2025, if interest rates had been 1% higher with all other variables held constant, the financial effect would have been:

	<u>2024/25</u>	<u>2023/24</u>
	<u>£000's</u>	<u>£000's</u>
Increased return on money market investments	<u>(40)</u>	<u>(46)</u>
Impact on Income and Expenditure Account	<u>(40)</u>	<u>(46)</u>
 Share of Overall Impact Credited to the HRA	 <u>(21)</u>	 <u>(25)</u>

At 31st March 2025 the Bank of England Base Rate was 4.25%. Market predictions are at present that the rate will reduce towards the end of 2025.

- **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.

39. 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.

During 2024/25 the council did not act as an agent for other entities.

40. Contingent Liabilities and 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 31/03/25.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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. The apparent owners of the property have come forward, but have yet to make a claim on these funds, pending ongoing negotiations.

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

None

NOTES TO 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>2024/25</u>	<u>2023/24</u>
Note	£000's	Restated £000's
Expenditure		
Repairs and maintenance	1,238	1,153
Supervision and management	1,196	976
Rents, rates, taxes and other charges	7	14
Depreciation and impairment of non-current assets	6, 7 1,935	2,544
Debt management charges	9	2
Write-Offs	30	30
Increase/(decrease) in bad debt provision	(140)	24
Total Expenditure	<u>4,275</u>	<u>4,743</u>
Income		
Dwellings rent	(5,896)	(5,496)
Non dwellings rent	(84)	(79)
Charges for services and facilities	(292)	(312)
Other Income	(5)	(28)
Total Income	<u>(6,277)</u>	<u>(5,915)</u>
Net Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	(2,002)	(1,172)
HRA services share of Corporate and Democratic Core	1,342	1,434
HRA Share of other amounts included in whole authority net expenditure of continuing operations not allocated to specific services	(4)	40
Net Income of HRA Services	<u>(664)</u>	<u>302</u>
HRA share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement:		
(Gain)/Loss on the Sale of HRA non-current assets	(352)	(174)
De-recognition of Non-Current Assets	73	209
Interest and investment income	(99)	(69)
Interest payable and similar charges	727	763
Pensions interest cost and expected return on pension assets	14	23
(Surplus) / Deficit for the Year on HRA Services	<u>(301)</u>	<u>1,054</u>

NOTES TO THE HOUSING REVENUE ACCOUNT

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.

Balance on the HRA at the end of the previous reporting period	(1,411)	(1,419)
(Surplus) / Deficit for the Year on HRA Income and Expenditure Statement	(301)	1,054
Adjustments made between Accounting Basis and Funding Basis under statute	46	(1,059)
Net (increase) or decrease before transfers to or (from) reserves	(255)	(5)
Transfers to or (from) reserves	(9)	13
(Increase) or decrease in year on the HRA	(264)	8
Balance on the HRA at the end of the current reporting period	(1,675)	(1,411)

1. Adjustment Between Accounting Basis and Funding Basis Under Statute

	<u>2024/25</u>	<u>2023/24</u>
	<u>£000's</u>	<u>£000's</u>
Impairment of non-current assets	(301)	(1,026)
(Gain)/loss on the sale of non-current assets	352	174
Accumulating compensating absences	(9)	3
De-recognition of non-current assets	(73)	(209)
Net charges made for retirement benefits in acc	(155)	(151)
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	232	150
Adjustments made between Accounting Basis and Funding Basis under Statute	46	(1,059)

2. Balance Sheet Value of Housing Revenue Account assets

	<u>2024/25</u>	<u>2023/24</u>
	<u>£000's</u>	<u>£000's</u>
Operational Assets		
Dwellings	78,721	78,411
Other Land and Buildings	1,365	1,365
Vehicles Plant and Equipment	13	15
Intangible Assets	0	23
	80,099	79,776
Non Operational Assets		
Investment Property	150	144
Total	80,249	79,920

The vacant possession value of dwellings on 31 March 2025 was £187.429m (2023/24 £186.691m), against a balance sheet value of £78.720m (2023/24 £78.410m). 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

NOTES TO THE HOUSING REVENUE ACCOUNT

value of capital assets employed for council housing will be reduced. This is known as the Social Housing Discount Factor which for Oadby and Wigston is 42% of the vacant possession value.

3. Housing Stock

The Council was responsible for managing on average 1,180 dwellings during 2023/24. The stock at year end was as follows;

	<u>2024/25</u> Number	<u>2023/24</u> Number
Houses/Bungalows	651	656
Flats/Maisonettes	527	526
	<u>1,178</u>	<u>1,182</u>

The change in stock can be summarised as follows;

	<u>2024/25</u> Number	<u>2023/24</u> Number
Stock at 1 April	1,182	1,184
Sales	(7)	(3)
Additions	3	1
Stock at 31 March	<u>1,178</u>	<u>1,182</u>

4. Major Repairs Reserve

	<u>2024/25</u> £000's	<u>2023/24</u> £000's
Balance at 1 April	1,191	1,296
Amounts transferred in	1,633	1,518
Transfers to/(from) HRA		0
Used to finance capital expenditure	(2,194)	(1,623)
Balance at 31 March	<u>630</u>	<u>1,191</u>

5. Funding of HRA Stock

A total of £2.994m was spent on the Authority's housing stock in 2024/25 (£1.725m in 2023/24).

This was funded as follows:

	<u>2024/25</u> £000's	<u>2023/24</u> £000's
Major Repairs Reserve	2,194	1,623
Capital Receipts	408	102
Grants and Contributions	392	0
Total	<u>2,994</u>	<u>1,725</u>

NOTES TO THE HOUSING REVENUE ACCOUNT

HRA Capital Receipts retained by the Authority for 2024/25 totalled £0.834m (2023/24 £0.359m). 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 2024/25 is £1.558m (2023/24 £1.518m)

	<u>2024/25</u>	<u>2023/24</u>
	<u>£000's</u>	<u>£000's</u>
Dwellings	1,458	1,385
Other Land and Buildings	119	106
Plant, Equipment and Vehicles	33	4
Intangibles (Computer Software)	23	23
Total	<u>1,633</u>	<u>1,518</u>

7. Impairment of HRA Assets

	<u>2024/25</u>	<u>2023/24</u>
	<u>£000's</u>	<u>£000's</u>
Dwellings	123	1,026
Non-Operational Assets	178	0
	<u>301</u>	<u>1,026</u>

In 2024/25 £0.439m of impairment reversal was credited to the HRA.

8. Rent Arrears

During the year rent arrears have decreased by £40,000.

	<u>2024/25</u>	<u>2023/24</u>
	<u>£000's</u>	<u>£000's</u>
Arrears at 31 March	337	377
	<u>337</u>	<u>377</u>

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 2025 is £0.139m (31 March 2024 £0.275m).

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:

NOTES TO THE HOUSING REVENUE ACCOUNT

- (i) Net Charges Made for Retirement Benefits in Accordance with IAS 19. This amounted to £155k in 2024/25 (£150k in 2023/24).
- (ii) Employers Contributions to Leicestershire County Council pension fund and retirement benefits paid direct to pensioners. This amounted to £232k in 2024/25 (£150k in 2023/24).

10. Capital Expenditure

Financing of Capital Expenditure:

	<u>2024/25</u>	<u>2023/24</u>
	£000's	£000's
Dwellings	2,994	1,725
Other Land and Buildings	0	0
Vehicles, Plant and Equipment	0	0
IT Software	0	0
Other	0	0
	<u>2,994</u>	<u>1,725</u>

Summary of Capital Expenditure:

	<u>2024/25</u>	<u>2023/24</u>
	£000's	£000's
Summary of capital expenditure		
Central Heating	1,277	299
Door Replacement	24	22
Decent Homes Work	197	241
Major Adaptations	109	217
Fire Safety	154	112
Ventilation Insulation	13	6
Housing Block Improvements	0	534
Thermal Works	812	0
New Housing Supply	408	40
Other	0	254
	<u>2,994</u>	<u>1,725</u>

11. Transfer to General Fund

	<u>2024/25</u>	<u>2023/24</u>
	£000's	£000's
HRA Share of Corporate Management & Democratic Core	458	515
Proportion of Cleaning Costs	62	123
Input into the HRA from other Service Areas	731	708
Housing Vehicle Maintenance	3	5
Grounds Maintenance	3	3
	85	80
	<u>1,342</u>	<u>1,434</u>

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.

COLLECTION FUND

THE COLLECTION FUND ACCOUNT

2023/24			2024/25			
Business Rates £000's	Council Tax £000's	Total £000's		Business Rates £000's	Council Tax £000's	Total £000's
0	38,977	38,977			41,549	41,549
0	101	101			56	56
11,453	0	11,453		11,869		11,869
142	0	142		797		797
114	0	114		638		638
26	0	26		144		144
0	0	0				0
3	0	3		16		16
306	0	306				0
12,044	39,078	51,122		13,464	41,605	55,069
12,369	38,215	50,584		12,623	40,842	53,465
59	0	59		53		53
0	0	0				0
0	0	0				0
103	395	498		(37)	102	65
477	0	477		(53)		(53)
0	0	0				0
0	14	14			54	54
0	87	87			336	336
0	4	4			60	60
0	16	16			17	17
8	0	8		5		5
102	0	102		35		35
13,118	38,731	51,849		12,626	41,411	54,037
1,074	(347)	727		(838)	(194)	(1,032)
419	(512)	(93)		1,493	(859)	634
1,493	(859)	634		655	(1,053)	(398)
(747)	0	(747)		(327)	0	(327)
(597)	(99)	(696)		(262)	119	(143)
(134)	(618)	(752)		(59)	759	700
(15)	(110)	(125)		(7)	39	32
0	(32)	(32)		0	136	136
(1,493)	(859)	(2,352)		(655)	1,053	398

NOTES TO THE COLLECTION FUND

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 March 2025.

Authority	Arrears £000's	Bad Debt Provision £000's	Over & Pre payments £000's	(Surplus) /Deficit £000's	Balance Payable 2024/25 £000's	Balance 2023/24 £000's
Leicestershire County Council	3,225	(1,308)	(525)	(759)	633	675
Leicestershire PCCO	576	(234)	(94)	(136)	112	120
Combined Fire Authority	166	(67)	(27)	(39)	33	34
Total Other Major Preceptors	3,967	(1,609)	(646)	(934)	778	829
Oadby & Wigston Borough Council	502	(204)	(82)	(119)	97	105
Total All Preceptors	4,469	(1,813)	(728)	(1,053)	875	934

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 2024/25 has increased to 18,367.98 (17,986.70 in 2023/24).

Band	Estimated No. of Taxable Properties after Effect of Discounts	Ratio	No. of Band D Equivalent Dwellings
Z	6.20	5/9	3.44
A	2,802.45	6/9	1,868.30
B	5,169.45	7/9	4,020.68
C	6,343.10	8/9	5,638.31
D	2,973.94	9/9	2,973.94
E	1,999.64	11/9	2,444.01
F	537.77	13/9	776.79
G	463.71	15/9	772.85
H	73.74	18/9	147.49
Total	20,370.00		18,645.81
Add Adjustment**			1.89
Deduct Allowance for Losses in Collection			(279.72)
Council Tax Base			18,367.98

** 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.

NOTES TO THE COLLECTION FUND

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 2024/25 to the value of £3,847,539 (£3,745,755 in 2023/24) (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 2024/25, the Council was in a Levy position of £159k (Levy of £42k for 2023/24). (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 2024. 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 2024/25 has been calculated at £326,563 (£347,653 2023/24).

NDR is paid by businesses. Central Government specifies an annual rate in the pound and local businesses pay an annual NDR bill calculated by multiplying the RV of their premises by this annual rate, there are reliefs for small businesses, charities etc.

The total non-domestic rateable value at 31st March 2025 was £35,372,466 (£35,356,441 31st March 2024) The national non-domestic multipliers for the year were:

Full	0.546 (0.512 for 2023/24)
Small Business	0.499 (0.499 for 2023/24)

Shown below are the balance sheet allocations to all preceptors as at 31 March 2025:

NOTES TO THE COLLECTION FUND

Authority	Arrears	Bad Debt Provision	Appeals Provision	Over & Pre payments	(Surplus) /Deficit	Balance Payable 2024/25	Balance 2023/24
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Central Government	672	(102)	(408)	(152)	327	337	587
Leicestershire County Council	121	(18)	(73)	(27)	59	62	105
Combined Fire Authority	13	(2)	(8)	(3)	7	7	11
Total Other Major Preceptors	806	(122)	(489)	(182)	393	406	703
Oadby & Wigston Borough Council	538	(81)	(327)	(122)	262	270	(8)
Total All Preceptors	1,344	(203)	(816)	(304)	655	676	695

4. Precepts and Demands

2023/24			2024/25		
Business Rates £000's	Council Tax £000's	Total £000's	Business Rates £000's	Council Tax £000's	Total £000's
1,113	27,438	28,551	1,136	29,418	30,554
0	4,915	4,915	0	5,258	5,258
124	1,426	1,550	126	1,500	1,626
6,184	0	6,184	6,312	0	6,312
4,948	4,436	9,384	5,049	4,666	9,715
12,369	38,215	50,584	12,623	40,842	53,465
Total					

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 2024/25 financial year and its position at the year-end of 31 March 2025. 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 2024/25, 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 comparable and are applied consistently.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, rather than 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.

GLOSSARY OF TERMS

- 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 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.
- Insurance premiums are due on the 30 September each year and are charged to the year that the payment is made and not adjusted between years.
- Rentals and maintenance agreements are consistently charged to the year where the period starts and are not apportioned between the years.

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

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty with 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.

GLOSSARY OF TERMS

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

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

6. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue (known as the Minimum Revenue Provision - MRP) to contribute towards the reduction in its overall borrowing requirement. For 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 annuity asset life method has been used for the 2024/25 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 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 MRP 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

GLOSSARY OF TERMS

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. 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

GLOSSARY OF TERMS

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 Pension 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 determined by the pension scheme's actuary.
- 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.

GLOSSARY OF TERMS

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 negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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 as to 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; they 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.

GLOSSARY OF TERMS

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 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).

Expected Credit Loss Model

The Council recognises expected credit losses on all financial assets held 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 Authority. 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. The Council has one small loan to a local organisation and one small soft loan due to be redeemed within the next financial year. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for loans held on a collective basis.

Fair Value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices in active markets for identical assets – the market price
- Other instruments with fixed and determinable payments in active markets for identical assets – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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- Level 3 inputs – unobservable inputs for the asset. Any gains and losses that arise on de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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.

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

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

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

11. Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations which 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.

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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.

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-minimis 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 cost 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

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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. 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

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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).

Operating Leases

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

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.

International Financial Reporting Standard 16

In 2024/25, the Council applied IFRS16 - Leases, as required by the Code of Practise on Local Authority Accounting in the United Kingdom. The main impact of the new accounting standard is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased asset on the balance sheet or the corresponding future lease payments as a liability) a right of use asset and lease

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liability are to be brought onto the balance sheet at the 1st April 2024. Leases for items of low value (£10,000) or leases that expire before the 31 March 2024 are exempt from the new arrangements.

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 2024/25 (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. The seven segments are:

- Customer Services and Business Transformation
- Senior Leadership Team
- Community and Wellbeing
- Law and Governance
- The Built Environment
- Finance and Resources
- Housing Revenue Account

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 an asset 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).

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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 are 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– straight-line allocation over the useful life of the property as estimated by the valuer – currently 40 years.
- The Council's operational buildings are depreciated over a period of between 5 and 20 years. It is recognised that Leisure Centres, which are a newer build, have a greater expected life and these are 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.

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The useful life of the plant, equipment and vehicles fall into a range of between 5 and 10 years.

Newly acquired or operational assets are depreciated for a full year in the first year of use or acquisition.

No depreciation is provided for 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 disposals that are more than £10,000 are categorised as capital receipts. 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.

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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

- Wigston Swimming Pool
- Council Offices

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- Blaby Road Park
- Parklands Leisure Centre

Council Dwellings are not componentised other than the separation of the land value, as the internal components individually do not form a significant enough part of the value to be material.

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, where a reliable estimate can be made of the amount of the obligation.

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 at the Balance Sheet date. When payments are 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,

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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 the result is that a non-current asset is not created for the Council.

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.

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

22. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenue and Customs. VAT receivable is excluded from income.

23. Revenue Recognition

Revenue (excluding non-exchangeable transactions) represents the amount receivable in respect of services provided to customers.

Revenue is recognised only when payment is probable. Revenue from services is recognised as the services are provided.

The 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

Related party transactions re circumstances where an authority might have the potential either to be controlled/influenced or to exert control/influence.

The council is required to disclose material related party relationships and transactions, outstanding balances between the Council and its related parties.

25. Fair Value

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

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

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing an asset or liability (assuming they were acting in their economic best interest).

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Council uses appropriate valuation techniques, which takes into account the three levels of inputs to valuations for fair value assets:

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

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

- **IAS 21 *The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)*** issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.
- **IFRS 17 *Insurance Contracts*** issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

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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.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset or expenditure which adds to and

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not merely maintains the value of an existing fixed asset.

CLASS OF NON-CURRENT ASSETS

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

Operational assets

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

Non-operational assets

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

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

COMMUNITY ASSETS

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

CONSISTENCY

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

CONSTRUCTIVE OBLIGATION

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

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

CONTINGENT ASSET

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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.

CURRENT SERVICE COST (PENSIONS)

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

CURTAILMENT

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

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

DEFINED BENEFIT SCHEME

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

DEFINED CONTRIBUTION SCHEME

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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 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.

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

Estimation techniques include, for example:

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

EVENTS AFTER THE BALANCE SHEET DATE

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

EXCEPTIONAL ITEMS

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

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

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

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

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

GOVERNMENT GRANTS

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

HERITAGE ASSETS

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

IMPAIRMENT

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

INTANGIBLE ASSETS

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

INTEREST COST (PENSIONS)

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

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

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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.

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

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

OPERATING LEASES

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

OPERATIONAL ASSETS

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

PAST SERVICE COST

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

PRIOR PERIOD ADJUSTMENTS

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

PROJECTED UNIT METHOD

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:

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

Examples of related parties of an authority include:

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

Examples of related parties of a pension fund include its:

- (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:

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

This list is not intended to be comprehensive

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

REMUNERATION

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

RESIDUAL VALUE

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

RETIREMENT BENEFITS

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

SCHEME LIABILITIES

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

SETTLEMENT

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

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Settlements include:

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

STOCKS

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

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

USEFUL LIFE

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

VESTED RIGHTS

In relation to a defined benefit scheme, these are:

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

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