



Oadby & Wigston Borough Council

Audited Financial Report



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Sal Khan

Interim Strategic Director and Section 151 Officer

1. The Statement of Accounts

The Section 151 Officer is the statutory officer responsible for the proper administration of the Council's financial affairs. The Section 151 Officer is required by law to confirm that the Council's system of internal controls can be relied upon to produce an accurate Statement of Accounts. To do so the 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 30.

The Statement of Accounts has been produced in accordance with The Code of Practice on Local Authority Accounting ('the Code') developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Council's Accounting Policies, which are written to take into account the Code, and are outlined on pages 109 - 127 of the Statement of Accounts.

2. Oadby & Wigston as a place

Oadby & Wigston Borough Council is a diverse, thriving and vibrant place - located to the south-east of the city of Leicester and 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 1,200 homes.

➤ **Oadby and Wigston:**

- Collects £36.4m in council tax, but retains only £4.2m to provide essential services, such as waste and recycling collection.
- Generates over £2m of income.
- Collects £11.3m in business rates (as per Collection Fund Account) but retains only £2m to spend on delivering council services.
- Holds £113m of assets for service delivery, council housing provision and investments.
- Collects £5.1m in rent payments in respect of our 1,200 council homes.

➤ **Like all other district councils:**

Oadby & Wigston has seen its net general fund annual budget reduce over a number of years, from £8.5 million in 2010/11 to £6.6 million in 2022/23, increasing to £7.5 million in 2023/24. The Council has managed to reduce its budget without cutting any front-line services, recently turning to income generation as a means of balancing the books. The increasing budget requirement in 2023/24 reflects the impact of inflationary pressures on employee, energy and interest costs, and results in our funding falling short of our budgeted net revenue expenditure, with the gap being met by use of reserves.

- The geographical area of the Borough of Oadby & Wigston is quite small and is already densely developed. The Borough therefore has a severely limited capacity to accommodate new residential or commercial development compared to most other districts and boroughs. This means the Council has limited ability to increase its funding by growing its Council Tax base, and attracting New Homes Bonus, and is also limited in the scope for growing Business Rates.

3. The Council

Governance

There has been political continuity since 1991, when the Liberal Democrats achieved an overall majority for the first time. As of the 31st of March 2022, the Council consisted of 26 members, including 23 Liberal Democrats and 3 Conservatives. During 2022/23 Councillor John Boyce was the Leader of the Council, while his deputy was Councillor Samia Haq. One Councillor switched from Liberal Democrat to Conservative, with the structure as of the 31st of March 2023 being 22 Liberal Democrat Members and 4 Conservative Members.

A full local election took place on the 4th of May 2023 with the Liberal Democrats holding 19 seats, and the Conservatives gaining 3 seats, giving them a total of 7 members.

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 the decisions and actions of the five main committees.

The five committees are:

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

The Committees debate and decide Council policy and make specific decisions in relation to their individual responsibilities. There are also a number of working groups with limited decision-making power, which 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 situated 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 December 2019 with a majority of 17,728.

4. **Our vision and priorities**

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

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

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

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

Corporate Objectives

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

A new Vision was formally adopted at our Full Council meeting on the 27th of September 2022, and will now be the driving force behind our aims and ambitions. The first major milestone in embedding this Vision will be in creating a new Corporate Plan, which is in development.

Our strategic objectives

Our council

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

Our communities

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

Our Economy

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

Our environment

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

Our partners

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

'OUR BOROUGH - THE PLACE TO BE'

Our vision

Our purpose

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

5. Customer Service Excellence Award

The high quality of Oadby & Wigston Borough Council's customer service has seen the authority continue to achieve the nationally recognised Customer Service Excellence Award. The award was created by the Cabinet Office and is the gold standard for customer service delivery, recognising that an organisation delivers excellent services with the customer at the heart. The Council achieved the award for the first time in 2020 and retained it in December 2021 and December 2022.

6. Working for Oadby & Wigston

The council employs 200 individuals across a wide range of services. The majority of the council's services are provided in-house, and our employed positions reflect this, with roles across many job types including manual operatives, skilled tradesmen and accredited service professionals.

Of our total employees, 162 are full-time and 25 are part-time positions. This includes 1 apprentice.

At the end of March, 13 agency staff members were engaged.

The Council invested in establishing a set of strong organisational values. These were developed by staff workshops that involved over 95% of staff. The values represent the qualities and behaviours staff strongly believe all should portray. In 2019 these values were reviewed again by staff workshop sessions, staff unanimously agreed to keep them the same. New values have been developed by staff and were adopted from May 2023.



Our Values during 2022/23 were:

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

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

Teamwork: Committed to sharing information, skills and experience.

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

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

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

7. The council's performance

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

The Council has produced 44 new Continuous Improvement Key Performance Measures for 2022/23, and these measures relate to each of the Council's three Corporate Objectives as part of the Council's five-year Corporate Plan (2019-2024).

The Council has produced 24 Statutory Improvement Key Performance Measure for 2022/2023. Statutory KPIs refer to those that the Council has to report and measure from a legislative, legal or need to report to a particular body.

Each target has been graded using the Red/Amber/Green status ranking system. There

is also a "blue" ranking and this is for indicators where work has yet to begin, and therefore cannot be ranked. Finally, there is a "white" rating where the indicator cannot be met due to circumstances outside of the Council's control.

The scoring system has been applied using the following definitions:

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

Amber Indicator is in danger of falling behind target.

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

Continuous Improvement Key Performance Indicators:

Out of the 44 indicators, 40 were due for reporting as at the end of Quarter 4 2022-2023.

Of the 40:

38 were Green status

1 was Amber status

1 was Red status

This equates to 94% Green, 3% Amber and 3% Red status.

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

Performance Chart One – Continuous Improvement - Corporate and by Objective

| Quarter Four 2022/23 | Green | | Amber | | Red | |
|---|----------------------|------------|----------------------|------------|----------------------|------------|
| | Number of Indicators | Percentage | Number of Indicators | Percentage | Number of Indicators | Percentage |
| Overall Performance | | | | | | |
| All Targets Due | 38 | 94% | 1 | 3% | 1 | 3% |
| Corporate Priority | | | | | | |
| Building, Protecting and Empowering Communities | 9 | 90% | 0 | 0% | 1 | 10% |
| Growing the Borough Economically | 4 | 100% | 0 | 0% | 0 | 0% |
| Providing Excellent Services | 25 | 96% | 1 | 4% | 0 | 0% |

Performance Chart Two – Continuous Improvement - By Service Area

| Quarter Four 2022/23 | Green | | Amber | | Red | |
|-----------------------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | Number of Indicators | Percentage | Number of Indicators | Percentage | Number of Indicators | Percentage |
| Overall Performance | | | | | | |
| All Targets Due | 38 | 94% | 1 | 3% | 1 | 3% |
| Department | | | | | | |
| Built Environment | 12 | 100% | 0 | 0% | 0 | 0% |
| Customer Service & Transformation | 7 | 88% | 0 | 0% | 1 | 12% |
| Finance & Resources | 10 | 100% | 0 | 0% | 0 | 0% |
| Law & Democracy | 9 | 90% | 1 | 10% | 0 | 0% |

Out of the 24 indicators, 21 were due for reporting as at the end of Quarter 4 2022- 2023. Of the 21:

19 were Green status
0 were Amber status
2 were Red status

This equates to 90% Green, 0% Amber and 10% Red status.

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

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

| Quarter Four 2022/23 | Green | | Amber | | Red | |
|---|----------------------|------------|----------------------|------------|----------------------|------------|
| | Number of Indicators | Percentage | Number of Indicators | Percentage | Number of Indicators | Percentage |
| Overall Performance | | | | | | |
| All Targets Due | 19 | 90% | 0 | 0% | 2 | 10% |
| Corporate Priority | | | | | | |
| Building, Protecting and Empowering Communities | 5 | 100% | 0 | 0% | 0 | 0% |
| Growing the Borough Economically | 0 | 0% | 0 | 0% | 0 | 0% |
| Providing Excellent Services | 14 | 88% | 0 | 0% | 2 | 12% |

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

| Quarter Four 2022/23 | Green | | Amber | | Red | |
|-----------------------------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | Number of Indicators | Percentage | Number of Indicators | Percentage | Number of Indicators | Percentage |
| Overall Performance | | | | | | |
| All Targets Due | 19 | 90% | 0 | 0% | 2 | 10% |
| Department | | | | | | |
| Built Environment | 10 | 100% | 0 | 0% | 0 | 0% |
| Customer Service & Transformation | 0 | 0% | 0 | 0% | 0 | 0% |
| Finance & Resources | 3 | 60% | 0 | 0% | 2 | 40% |
| Law & Democracy | 6 | 100% | 0 | 0% | 0 | 0% |

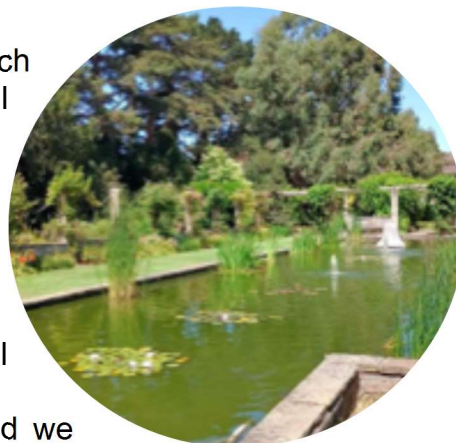
8. Financial context and outlook

Key financial features for Oadby & Wigston

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

Of this amount:

- £112.8m relates to the value of our assets, of which £111.9m of these are held for providing council services and £0.6m for investment property. The remaining £0.3m of assets are made up of Heritage (£78k) and Intangible assets (£200k)
- 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 £5.1m in rent for council homes.
- We collect around £11 million in business rates, and we retain approximately 10%, with approximately 10% being passed onto to our major preceptors LCC and LFRS, 30% paid into the LLEP to support economic growth in Leicestershire and the remaining 50% goes to central government.
- We collect £36.4m in council tax from residents in the district. We retain just 12% of this amount, with the remainder passed on to LCC, LFRS and PCC. The Council's Band D precept is £239.50.



The Council has used reserves in 2022/23 in order to balance the budget and will need to do the same in future years. This indicates that the Council has challenges ahead, and that it needs to develop and implement plans to bring its expenditure in line with its funding. Continued reliance on reserves to balance the budget is not sustainable, will ultimately result in the Council becoming unable to respond to external financial challenges.

Strong financial stewardship underpins our approach to service delivery; we manage our budgets well, in order to provide excellent value for money services, and invest in key schemes to make a real difference in our communities.

For 2022/23 our revenue budgets total £6.5 million and our capital investment program £10.1 million. At the end of the year, we held reserves of £1.41 million and £1.42 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.



9. Cost of Living Crisis

During 2022/23 the Council has been impacted by the cost-of-living crisis; facing cost increases due to high levels of inflation on energy, fuel supplies, materials and the national pay award. It has also seen increases in demand for services to support residents with the impact of the cost-of-living crisis.

At the Full Council Meeting in November 2022 funds were identified for specific proposals to provide support to residents and businesses through the cost-of-living crisis. Table 1 shows the final value of awards that were made against each approved support proposal. The balances were returned to reserves.

| Area | Allocation | Actual | Remaining Allocation |
|---|----------------|----------------|----------------------|
| Top up DHP (Discretionary Housing Payment) with £50,000 of Council funding | £50,000 | £15,389 | £34,611 |
| Top up the Council funded Discretionary Council Tax Support Fund | £5,000 | £5,000 | £0 |
| Support and promote public-sector partnered "Warm Hubs" | £5,000 | £5,000 | £0 |
| Consider and action requests for support from 3rd sector partners | £10,000 | £8,188 | £1,812 |
| Residual funds – ability to be drawn down by the Strategic Director/Section 151 Officer in consultation with the PFDC Chair, for additional needs identified. | £10,000 | £4,685 | £5,315 |
| Total General Fund Cost of Living reserve | £80,000 | £38,262 | £41,738 |

HRA

| Area – Cost of Living Reserve | Upper Value | Actual to Date | Remaining allocation |
|--|-------------|----------------|----------------------|
| Create a new £10,000 HRA Hardship Fund for supporting Council Tenants | £10,000 | £0 | £10,000 |
| Residual funds – ability to be drawn down by the Strategic Director/Section 151 Officer in consultation with the PFDC Chair, for additional needs identified | £20,000 | £0 | £20,000 |

As part of the national response, the Council administered government support in the form of:

Energy Rebate Scheme - All households in council tax A-D have received a £150 council tax rebate.

Some areas such as leisure who were still recovering from the pandemic have now also been impacted on by the high levels of inflation in 2022/23 most significantly on energy costs, affecting our anticipated income from this contract.

10. Financial Sustainability

The Council approved a Medium-Term Financial Strategy (MTFS) in September 2022, this presents 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, showing budget gaps each year. The reserves available will not be sufficient to fund the budget gaps over the MTFS period. Using reserves to balance the budget demonstrates the Council is not financially sustainable, and that the Council needs to manage its expenditure within its funding and income means.

The MTFS included a sustainability plan consisting of high-level savings targets. The sustainability program has been developed further as part of the 2023/24 budget-setting process, and implementation has now begun. The Chief Executive is the sustainability program sponsor, and the Strategic Directors are project heads.

The projects within the sustainability program focus on maximising income generation, rationalisation and utilisation of assets, delivering efficient services aligned to corporate priorities through an outcome-based budget approach and service reviews, and contract and financial management. The current sustainability program savings targets identified do not fully meet the projected budget gap and need to be enhanced further. It is paramount that the Senior Leadership Team with elected members deliver and enhance the savings targets.

The council have reviewed the car parking charges; reviewed services, including reducing the frequency of rubbish collections; which have all reduced the call on reserves. The council is continuing to monitor the reserve position regularly including the last MTFS, and is looking for other income streams and opportunities to make savings.

11. Projects

During 2022/23 the Council progressed with the relocation of the Council's headquarters from its previous location at Bushloe House in Wigston, to Brocks Hill in Oadby. Major construction works has now been completed at Brocks Hill, the former visitor centre, to make it fit for purpose as the Council's new headquarters. The relocation was finalized in Summer 2023.

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

including redevelopment of the Pavilion into a Community Facility.

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

12. Corporate Peer Challenge

In November 2022 an LGA Peer Review team revisited the Council to complete a 6-month review of its progress against the action plan the Council put in place following the Corporate Peer Challenge in January 2022.

Officers and members have been working hard on delivering on the actions which help drive our Council's performance forward. The review team acknowledged there had been progress in delivering the actions and that the Council wants to learn and improve.

The action plan is one for continuous improvement, which will help us improve our processes and systems internally and also help us decide what we deliver in our services to residents, businesses, key stakeholders and partners.

The feedback report from the Corporate Peer Challenge in January 2022 is available here: [Corporate Peer Challenge - Feedback Report](#)

This updated Action Plan is available to read here: [Corporate Peer Review Action Plan](#)

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

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

The reforms include:



- A review of the Needs and Resources assessment (previously Fair Funding Review announced in 2016) is due to determine a new mechanism for allocating resources within the sector.
- A review of the new Homes Bonus funding system.
- The Business Rates Retention Scheme is due to be reset potentially removing all of the previously generated growth in the system.
- The potential impact of these changes represents significant uncertainty in terms of the financial resources available from 2025/26 onwards.

Global and national economic climate

The current global and national economic climate remains unstable. In October 2022 inflation peaked at 11.2% and as at August 2023 it was 6.7%. Whilst inflation has fallen during 2023/24, the high inflation levels during 2022/23 are embedded into the current and ongoing costs and the existing rates of inflation remain higher than the Bank of England inflation target of 2%.

The Bank of England has increased the bank rate from 0.75% at April 2022 to 4.25% at March 2023. The bank rate impacts the interest rate earned on savings and investments and influences the interest rate on borrowing.

Service costs, risks and demands.

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

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

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

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

14. Our General Fund Medium Term Financial Plan

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

The current medium term financial plan looks ahead to the forthcoming five-year period and projects a sizeable budget gap from 2023 which is forecast to increase year on year if corrective action is not undertaken.

The Council's ability to influence growth in the area and increase its funding through the 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 reviewed annually alongside the forthcoming years' budget, having been reviewed at budget setting 2023/24 and is now currently being reviewed again as part of the budget setting process for 2024/25.

15. Our Housing Revenue Account 5-year projections

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation of 1,183 homes provided by the Council.

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

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



16. The council's financial performance in 2022/23

General Fund

The Outturn position for the General Fund Revenue Account is a £672k overspend, in the region of 10% of the council's overall net revenue spend budget. The main cause of the overspend relates to pay inflation for implementing the national pay award, misclassification of NNDR paid in previous years, and a reduced management fee from the Leisure Centre Operator.

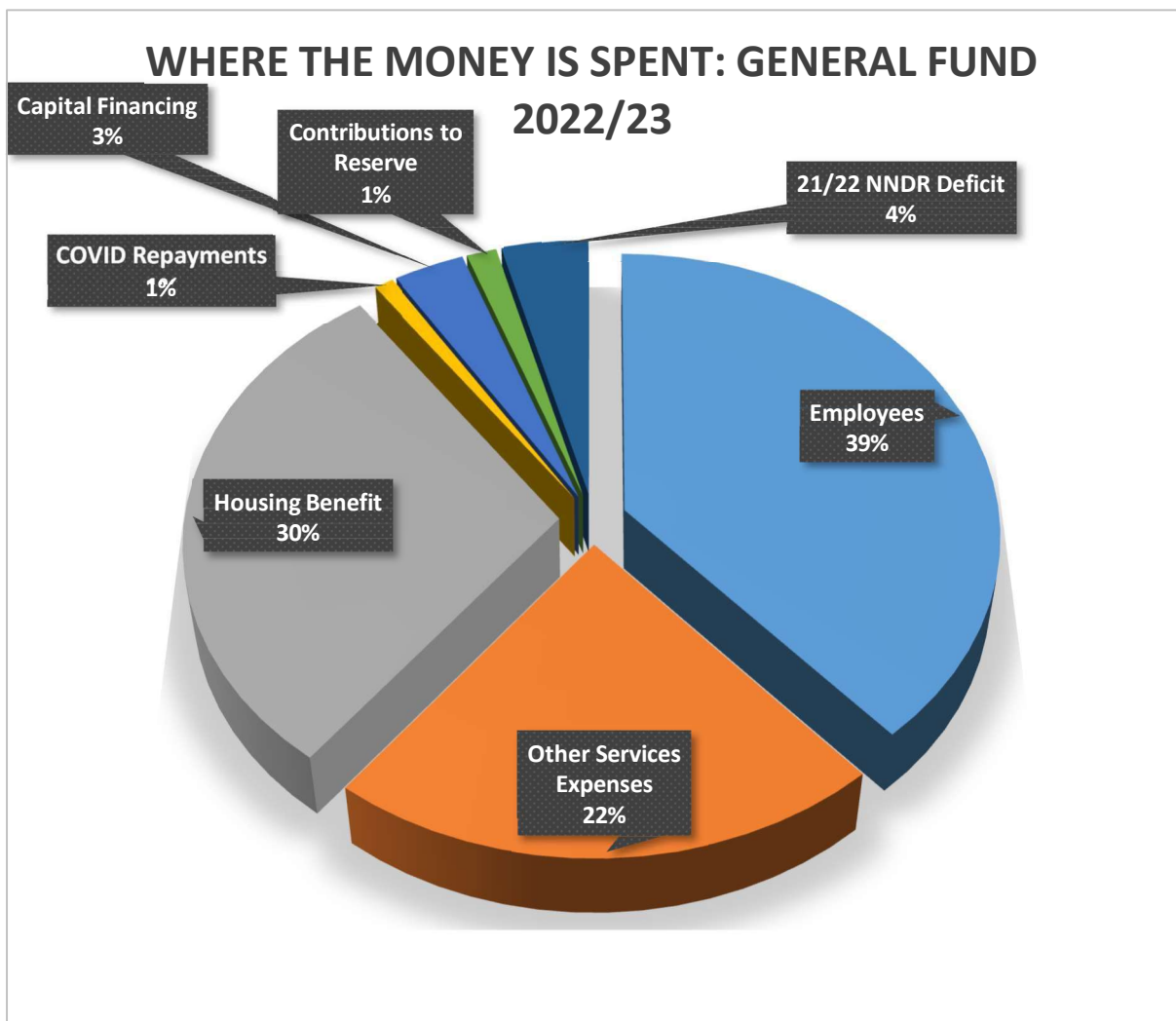
The position on the account as the end of year is set out in the table below:

| Service | Original Budget 2022/23 | Revised Budget 2022/23 | Actual Spent 2022/23 | Variance (Under) / Over Spend 2022/23 |
|---|----------------------------|---------------------------|-------------------------|---|
| | £000 | £000 | £000 | £000 |
| Senior Leadership Team | 428 | 428 | 445 | 17 |
| Covid 19 Funding | 0 | 175 | 177 | 2 |
| Finance & Resources (Including Corporate Budgets) | 2,344 | 2,389 | 2,446 | 57 |
| Law & Democracy | 654 | 657 | 646 | (11) |
| The Built Environment 1 & 2 | 897 | 740 | 784 | 44 |
| Community & Wellbeing | (11) | 66 | 320 | 254 |
| Community & Wellbeing Depot | 1,050 | 1,055 | 1,129 | 74 |
| Customer Service & Business Transformation | 1,605 | 1,661 | 1,667 | 6 |
| HRA Recharge | (1,240) | (1,240) | (1,306) | (66) |
| Capital Financing | 680 | 680 | 688 | 8 |
| Net Revenue Expenditure | 6,407 | 6,611 | 6,996 | 385 |
| Earmarked Reserves | (125) | (324) | (184) | 140 |
| General Fund Supplementary Funding | 0 | (5) | (5) | 0 |
| | (6,282) | (6,282) | (6,135) | 147 |
| Budget Deficit / (Surplus) | 0 | 0 | 672 | 672 |

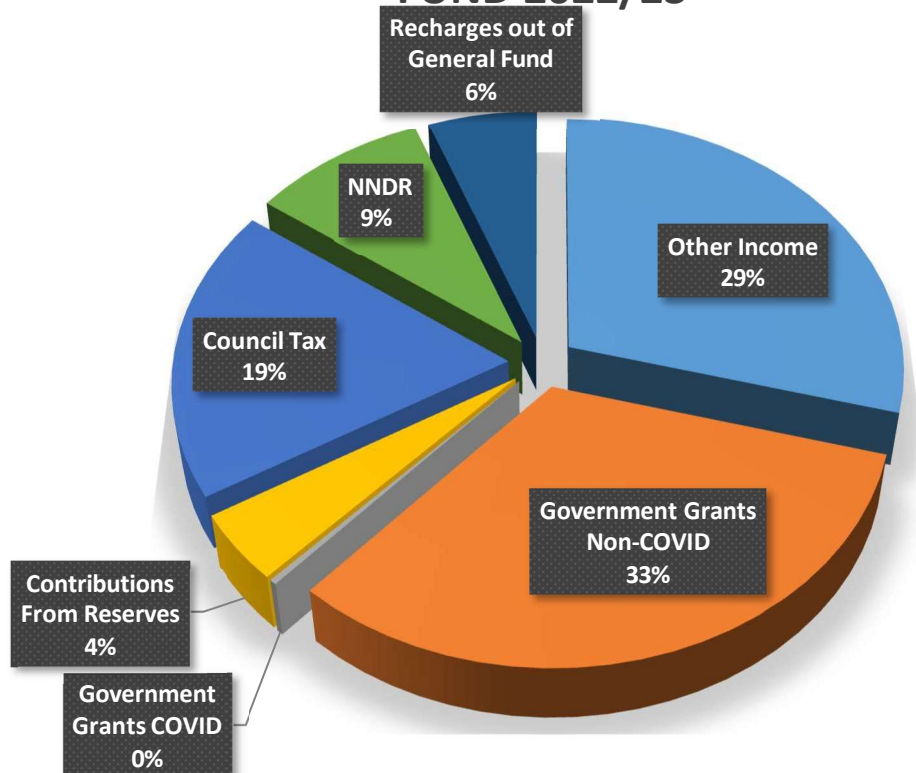
A summary of the major variances on the 2022/23 year are detailed in the table below:

| Major Variances | £'000 |
|--|-------|
| Adverse | |
| 2022/23 Pay award greater than budgeted | 213 |
| Misclassification of overpaid NNDR | 206 |
| Loss of income on the leisure management contract | 202 |
| Increase in Council-wide software and corporate networking costs | 87 |
| Reduction in business rates income due to increased levy 80 payment | |
| Agency staff covering roles in Planning Control / Building Control / Economic Development due to national shortage in planning recruitment | 71 |
| Fuel inflation (diesel) | 62 |

| Major Variances | £'000 |
|--|------------|
| Favourable | |
| Vacancy savings and capitalisation of salary costs on Economic Development | (87) |
| HRA recharge increased to incorporate HRA pension lump sum | (66) |
| Other Variance under £50K | (96) |
| Total | 672 |



WHERE THE MONEY COMES FROM: GENERAL FUND 2022/23



Housing Revenue Account (HRA)

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation of 1,183 homes provided by the Council.

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

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

| Service | Original Budget 2022/23 | Committed to Date 31 March '23 | Variance |
|-----------------------------------|-------------------------|--------------------------------|------------|
| | £000 | £000 | £000 |
| Housing Revenue Account | (3,529) | (3,417) | 112 |
| Supervision and Management | 1,887 | 1,898 | 11 |
| Repairs & Maintenance | 1,067 | 1,051 | (16) |
| Net Cost of Services | (575) | (468) | 107 |
| Capital Charges | 625 | 514 | (111) |
| Appropriations | 0 | 0 | 0 |
| Year End Adjustments | 0 | 0 | 0 |
| (Surplus) / Deficit | 50 | 46 | (4) |

A summary of HRA's major variances for the year 2022/23 are detailed in the table below:

| Major Variances | £'000 |
|--|-------------|
| Adverse | |
| Major Repairs Contribution higher than budgeted | 173 |
| Increase in the price of gas for heating | 70 |
| HRA recharge increased to incorporate HRA pension lump sum | 66 |
| | |
| Favourable | |
| Reduction in interest costs on borrowing | (111) |
| Underspend on planned maintenance due to fewer voids | (91) |
| Reduction in provision for bad debts | (78) |
| Other Variance under £50K | (33) |
| Total | (4) |

Reserves and Balances

The General Fund Reserve decreased by £119k during 22/23, despite the £672k deficit reported above. This was due to an in-year exercise identifying earmarked reserves that were no longer required and transferring their remaining balances to the main reserves.

Similarly, the Housing Revenue Account Reserve increased by £264k despite the £46k deficit.

| | General Fund | HRA |
|--|--------------|-------|
| In-year deficit funded by reserve | 672 | 46 |
| Repurposing of earmarked reserves | (553) | (310) |
| Final movement to main reserve | 119 | (264) |

The General Fund Reserve opening balance as at 1st April 2022 was £1.299m. In 2022/23 the account has a budget deficit of £119k after appropriations from earmarked reserves, leaving General Fund Reserve balance of £1.180m on 31st March 2023.

The Housing Revenue Account opening balance as at 1st April 2022 on its main reserve was £1.155m. In 2022/23 the account has a budget surplus of £264k after appropriations from earmarked reserves, leaving an estimated HRA Reserve balance of £1.419m at 31st March 2023.

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 2023.

| | 2022/23 | 2021/22 |
|------------------------------|---------|---------|
| | £000's | £000's |
| Revenue Reserves | | |
| General Fund | 1,180 | 1,299 |
| Housing Revenue Account | 1,419 | 1,155 |
| | | |
| Other Reserves | | |
| Useable Capital Receipts | 1,699 | 1,468 |
| Earmarked Reserves Non-COVID | 3,101 | 2,852 |
| Earmarked Reserves COVID | 44 | 364 |

Our Assets and Liabilities

Pension Liabilities

The council owes £6.383m across future years offset by the value of assets invested in the pension fund. The council contributed £1.65m to the scheme in 2022/23 and recognised a total charge of £3.0m for the year. However, there was a remeasurement of £16.8m due to changes in financial assumptions which resulted in a total actuarial gain for the year of £15.5m.

The pension fund, which is a Local Government Pension Scheme, is revalued every three years to set the future contribution rates. The last valuation in March 2019 set our additional contribution rate at 18.4% plus £621K for the 2022/23 financial year. This increase in pension rate means that we pay additional amounts into the pension fund to offset the predicted liability on the scheme.

Provisions

The council sets aside a 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.

| | 2022/23 | 2021/22 |
|---|---------|---------|
| Business Rates Appeals Provision | £157k | £387k |

Borrowing

As at 31st March 2023 the council has a total external borrowing of £18.063m 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 (£13.082m), or in 2016, to fund the leisure Centre project (£4.480m), with the remainder being general fund borrowing (£500k). Additionally, there is another £16.006m of short-term borrowing, both for cash flow purposes, and in lieu of long-term debt. All our borrowing was within our Prudential Code limit of £48m for the year.

Cash flow

The Council's cash flow shows a decrease of £9.437m in its cash and cash equivalents from the previous year. This may be attributed to the repayment of various COVID-related grants unspent from the previous year, and the use of the £150 council tax rebate grant received in 2021/22 to offer relief in 2022/23. Interest payable was similar to 2021/22, due to locking in most of the year's borrowing terms before the increase in interest rates, but interest receivable increased in line with rising interest rates.

Financial Position

We have maintained a strong financial position despite the financial challenges we face, with net assets increasing by £21.08m between 2021/22 and 2022/23.

We are continuing to monitor the reserves regularly including the last MTFS and looking for other income streams and continuing to find savings.

| | 2021/22 | 2022/23 |
|--|----------|----------|
| Non-Current Assets (property and long-term investments) | 105,501 | 112,806 |
| Net Current Assets (debtors, stock and cash less creditors and liabilities) | (10,760) | (13,489) |
| Long-term Liabilities and Provisions | (42,035) | (25,528) |
| Net Assets | 52,706 | 73,789 |
| Funded by: | | |
| Usable Reserves | (7,852) | (7,917) |
| Unusable Reserves | (44,854) | (65,872) |

Capital

The 2022/23 Capital Programme was set at Full Council in February 2022 and amended in July 2022.

Table 3 shows a summary of the 2022/23 capital programme.

Some key features of the capital programme for 2022/23 include:

- £900k in undertaking Decent Homes standard related works for council homes.
- £3.14m on developing new Council Offices, to be funded through the sale of the old.

Table 3 - Capital Programme Summary

| Fund | Revised Budget 2022/23 | Spend To Date | Variance to Budget |
|------------------------------------|-----------------------------------|----------------------|-------------------------------|
| | £'000 | £'000 | £'000 |
| General Fund | 5,025 | 3,747 | (1,278) |
| Housing Revenue Account | 1,038 | 906 | (132) |
| Total | 6,063 | 4,653 | 1,410 |

The Combe Park Pavilion project (£170k) was removed pending the receipt of the Section 106 monies that are intended to fund it. A total of £400k was added to the programme for vehicle refurbishment and replacement.

17. Risk Management

An updated Risk Management Policy was approved in January 2023 reaffirming the formal arrangements the Council has in place for risk management; the previous policy was 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; Enhanced 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 | <ul style="list-style-type: none"> • Cost implications • Business Continuity • Loss of revenue • Service failure • TUPE issues • Potential court action • Increased complaints • Reputation issues • Political damage • Delays | Incorporate service contract register and plans for managing contracts into Service Plans |

| Risk | Impact | Mitigation |
|---|---|---|
| <p>Failure to work effectively with other public sector partner organisations (PSOs)</p> | <p>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</p> | <p>Formal agreements with public sector partners which clearly identify roles & responsibilities Governance arrangements which manage performance against agreements Lead officer arrangements/contract manager financial controls ensuring payments are only authorised where service being delivered by partner organisation is received and is of appropriate quality Strategic Planning Group - governance arrangements are in place for this Member Advisory Group also in place: Southern Alliance (OWBC, HDC, Blaby & Hinckley working together) Performance of these arrangements is formally reviewed and changes are made if necessary Regular account meetings with contracted 3rd sector organisations Service Level Agreements in place where necessary Cost of Living support programme has funded 3rd sector organisations and support for warm hubs</p> |
| <p>Hard to reach demographics feel disenfranchised through lack of Specific Communication and engagement</p> | <p>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</p> | <p>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</p> |

| Risk | Impact | Mitigation |
|--|--|--|
| Political Dynamics | Change in priorities Change in member/officer engagement Breakdown in communication Inability to meet expectations Reputation issues (organisational and political) Reactive decision making (rather than planned) Failure to follow legislative requirements e.g. equalities Further strain on council finances | Political awareness training for officers June 2022 Member and officer training undertaken with Centre for Governance and Scrutiny November 2022. Full review of the members' induction programme has been completed Training/action plans for members elected May 2023 |
| Reputation Damage | Intervention Loss of public confidence Ombudsman findings Court costs Quality of service affected Breakdown in a partnership Adverse publicity Lower public satisfaction level Time spent mitigating damage/rectifying the situation Low Morale Difficulties to recruit/staff retention Inadequate budget provision, inappropriate financial decisions made | Anti-Fraud Policy to be reviewed and presented to PFD June 2023 |
| Effective utilisation of Assets/Buildings | Loss of investment opportunities Loss of income | Revision of Asset Management Policy and Capital Expenditure Plan |

| Risk | Impact | Mitigation |
|---|---|---|
| | Loss of capital Higher revenue costs Costs Death or injury Higher insurance premiums Reputation damage Public liability Personal liability for corporate team e.g. corporate manslaughter | Revision of Asset Management Policy and Capital Expenditure Plan - Dec 2023 Asset review - Dec 2023 Holistic Asset Management database/system purchased and timetabled for implementation - Dec 2023 Production of a Health and Safety Action Plan |
| Regulatory Governance | Substantial fines e.g. Data Protection Judicial review Reputation Code of conduct financial loss Cost orders Personal liability | Training on GDPR/DPA to be completed by all - Sept 2023 |
| 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 | Business Continuity training exercise and refresh – Completed December 2022 BC Plans refresh and incorporation into service plans – completed December 2022 SLT and CMT additional training scheduled with LRF – on-going |

| Risk | Impact | Mitigation |
|--|---|--|
| | Adverse publicity Reputation damage Loss of public confidence Loss of income Financial damage Death and injury Litigation risks Staff unavailable after major incident large proportion of staff becoming ill | |
| Organisational/ Transformational Change | Redundancy Staff morale Staff retention Change in working practices Impact on quality-of-service Legal implications HR implications Reputation damage/perception financial loss Possible litigation Increased fraud | Developing a People Strategy - to include resilience and succession planning as a key consideration – June 2023 |
| 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 & | Continue to review the opportunity to maximise funding sources (as per Corporate Peer Review Action Plan) Bids are 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 |

| Risk | Impact | Mitigation |
|---|---|--|
| | <p>increased demand Spiral effect Short term decision making – uncertainty Increased autonomy leads to greater risk Decrease in collection levels</p> | <p>regeneration projects Specialist support procured to advise on the deliverability of regeneration projects</p> |
| Increased Fraud | <p>Homelessness, poverty and social deprivation financial loss Resources of the authority to investigate fraud issues Reputation impact Litigation</p> | <p>Bribery Act Risk Assessment: June 2023 Fraud Awareness Training: July 2023 Implementation of internal audit recommendations: July 2023</p> |
| 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. | <p>Financial loss Resources of the authority to investigate fraud issues Reputation impact Litigation, Loss of data, breaches of GDPR, SMT lack of oversight</p> | <p>BCP has been reviewed by the IT Security Manager Consider Cyber Threat training and awareness raising via internal exercises Ensure access to secure email is provided where needed across organisation</p> |
| Coronavirus (SARS coronavirus-2 (SARS-CoV-2)) locally results in significant loss of staff at any one time and/or wider. national measures | <p>The council is unable to deliver any services including essential/critical services, or only deliver to a significantly reduced extent Significant risk to the health, safety and welfare of vulnerable services users Significant impacts on the local economy and results impact financially on the Council from reduced revenue</p> | |

| Risk | Impact | Mitigation |
|---|---|---|
| designed to slow the spread of COVID-19 cause significant impacts on service delivery and the wider city | including loss of income for commercially traded services. Reputational damage should the Council not be able to respond adequately | |
| Staff lone working including out of hours | Staff could suffer physical and emotional harm, which could lead to long periods of sick leave | Include in induction and also complete training awareness exercise for all current staff. Need to review utilisation and cost of equipment |

1. Basis of preparation

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

The Authority's responsibilities

- Manage arrangements for the proper administration of its financial affairs and to 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 secure economic, efficient, and effective use of resources, and safeguard its assets.
- Approve the Statement of Accounts.

The Section 151 Officer's responsibilities:

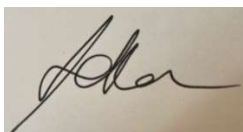
The Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

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

Certification of the Accounts

I certify that the audited statement of accounts gives a true and fair view of the financial position of Oadby and Wigston Borough Council as of the 31st of March 2023 and the Council's income and expenditure for the year ended 31st of March 2023.



Sal Khan

Date: 15/04/2024

Interim Strategic Director and Section 151 Officer

Approval of the Accounts

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



K.J. Loydall

Chair, Audit Committee

Date: 15/04/2024



Anne Court

Chief Executive

Date: 15/04/2024

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.

| Movement in Reserves 2022/23 | | General Fund Balance | Deferred Capital Receipts | Housing Revenue Account | Earmarked Reserves | Major Repairs Reserve | COVID-19 Grant Reserve | Section 31 Grant Reserve | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Total Unusable Reserves | Total Authority Reserves |
|--|------|----------------------|---------------------------|-------------------------|--------------------|-----------------------|------------------------|--------------------------|--------------------------|--------------------------|-----------------------|-------------------------|--------------------------|
| | Note | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Balance at 1 April 2022 | | 1,299 | 3 | 1,155 | 2,402 | 450 | 364 | 687 | 1,467 | 24 | 7,852 | 44,854 | 52,706 |
| <u>Movement in Reserves during 2022/23</u> | | | | | | | | | | | | | |
| Deficit on the provision of services | | (2,995) | 0 | 2,033 | 0 | 0 | 0 | 0 | 0 | 0 | (962) | 0 | (962) |
| Other Comprehensive Income and Expenditure | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,045 | 22,045 |
| Total Comprehensive Income and Expenditure | | (2,995) | 0 | 2,033 | 0 | 0 | 0 | 0 | 0 | 0 | (962) | 22,045 | 21,083 |
| Adjustments between accounting basis & funding basis under regulations | 5 | 2,027 | 0 | (2,079) | 0 | 847 | 0 | 0 | 232 | 0 | 1,027 | (1,027) | 0 |
| Net Increase/(Decrease) before Transfers to Earmarked Reserves | | (968) | 0 | (46) | 0 | 847 | 0 | 0 | 232 | 0 | 65 | 21,018 | 21,083 |
| Transfers (to)/from Earmarked Reserves | 6 | 849 | 0 | 310 | (597) | 0 | (320) | (242) | 0 | 0 | 0 | 0 | 0 |
| Increase/(Decrease) in 2022/23 | | (119) | 0 | 264 | (597) | 847 | (320) | (242) | 232 | 0 | 65 | 21,018 | 21,083 |
| Balance at 31 March 2023 carried forward | | 1,180 | 3 | 1,419 | 1,805 | 1,297 | 44 | 446 | 1,699 | 24 | 7,917 | 65,872 | 73,789 |

| Movement in Reserves 2021/22 | Note | General Fund Balance | Deferred Capital Receipts | Housing Revenue Account | Earmarked Reserves | Major Repairs Reserve | COVID-19 Grant Reserve | Collection Fund Reserve | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Total Unusable Reserves | Total Authority Reserves |
|--|------|----------------------|---------------------------|-------------------------|--------------------|-----------------------|------------------------|-------------------------|--------------------------|--------------------------|-----------------------|-------------------------|--------------------------|
| | | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Balance at 1 April 2021 | | 1,127 | 3 | 1,332 | 2,631 | 412 | 1,717 | 2,115 | 1,180 | 24 | 10,541 | 28,196 | 38,737 |
| Movement in Reserves during 2021/22 | | | | | | | | | | | | | |
| Deficit on the provision of services | | (2,480) | 0 | 1,471 | 0 | 0 | 0 | 0 | 0 | 0 | (1,009) | 0 | (1,009) |
| Other Comprehensive Income and Expenditure | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,978 | 14,978 |
| Total Comprehensive Income and Expenditure | | (2,480) | 0 | 1,471 | 0 | 0 | 0 | 0 | 0 | 0 | (1,009) | 14,978 | 13,969 |
| Adjustments between accounting basis & funding basis under regulations | 4 | (357) | 0 | (1,648) | 0 | 38 | 0 | 0 | 287 | 0 | (1,680) | 1,680 | 0 |
| Net Increase/(Decrease) before Transfers to Earmarked Reserves | | (2,837) | 0 | (177) | 0 | 38 | 0 | 0 | 287 | 0 | (2,689) | 16,658 | 13,969 |
| Transfers (to)/from Earmarked Reserves | 5 | 3,009 | 0 | 0 | (229) | 0 | (1,353) | (1,428) | | 0 | 0 | 0 | 0 |
| Increase/(Decrease) in 2021/22 | | 172 | 0 | (177) | (229) | 38 | (1,353) | (1,428) | 287 | 0 | (2,689) | 16,658 | 13,969 |
| Balance at 31 March 22 carried forward | | 1,299 | 3 | 1,155 | 2,402 | 450 | 364 | 687 | 1,467 | 24 | 7,852 | 44,854 | 52,706 |

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.

| | | 2022/23 | | | 2021/22 | | |
|--|------|---------------------------|---------------------------|-------------------------|---------------------------|---------------------------|-------------------------|
| | Note | Gross Expend £000's | Gross Income £000's | Net Expend £000's | Gross Expend £000's | Gross Income £000's | Net Expend £000's |
| EXPENDITURE ON SERVICES | | | | | | | |
| Customer Services & Business Transformation | | 1,970 | (120) | 1,850 | 1,910 | (120) | 1,790 |
| Senior Leadership Team | | 507 | 0 | 507 | 264 | 0 | 264 |
| Community & Wellbeing | | 3,649 | (1,127) | 2,522 | 2,790 | (1,306) | 1,484 |
| Law & Governance | | 1,154 | (406) | 748 | 1,007 | (602) | 405 |
| The Built Environment | | 2,777 | (1,913) | 864 | 2,150 | (1,278) | 872 |
| Finance & Resources | | 12,900 | (8,584) | 4,316 | 11,849 | (8,727) | 3,122 |
| COVID-19 Council Costs | | 207 | (167) | 40 | 2,224 | (974) | 1,250 |
| Housing Revenue Account | | <u>1,483</u> | <u>(5,397)</u> | <u>(3,914)</u> | <u>2,124</u> | <u>(5,200)</u> | <u>(3,076)</u> |
| Net Cost of Services | | 24,648 | (17,714) | 6,933 | 24,318 | (18,207) | 6,111 |
| Other Operating Expenditure | 8 | | | (22) | | | 231 |
| Financing and Investment Income | 9 | | | 1,151 | | | 1,230 |
| Taxation and Non-specific Grant Income and Expenditure | 10 | | | <u>(7,100)</u> | | | <u>(6,563)</u> |
| (Surplus) or Deficit on Provision of Services | | | | 962 | | | 1,009 |
| (Surplus)/Deficit arising on Revaluation of Plant, Property and Equipment Assets | 25 | | | (5,142) | | | (6,237) |
| Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities | 26 | | | <u>(16,904)</u> | | | <u>(8,741)</u> |
| Other Comprehensive Income and Expenditure | | | | <u>(22,046)</u> | | | <u>(14,978)</u> |
| Total Comprehensive Income and Expenditure | | | | <u>(21,084)</u> | | | <u>(13,969)</u> |

Support grants paid to business and individuals

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

THE BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council (31 March 2023). 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".

Restated

| | Note | As At 31/03/2023 £000's | As At 31/03/2022 £000's |
|------------------------------------|------|-------------------------------|-------------------------------|
| Property, Plant & Equipment | 11 | 111,878 | 104,645 |
| Heritage Assets | 12 | 78 | 78 |
| Investment Property | 13 | 139 | 138 |
| Intangible Assets | 14 | 200 | 288 |
| Long Term Debtors | 15 | 11 | 92 |
| Long Term Investments | 16 | 0 | 0 |
| Assets Held for Sale | 17 | 500 | 260 |
| Long Term Assets | | 112,806 | 105,501 |
| Short Term Debtors | 15 | 3,732 | 4,745 |
| Short Term Investments | 16 | 4 | 5,003 |
| Inventories | 18 | 42 | 35 |
| Cash and Cash Equivalents | 19 | 3,782 | 13,219 |
| Current Assets | | 7,560 | 23,002 |
| Short Term Borrowing | 43 | (16,126) | (19,549) |
| Bank Overdrawn | 19 | 1 | 1 |
| Short Term Creditors | 20 | (4,764) | (13,778) |
| Short Term Provisions | 21 | (210) | (436) |
| Current Liabilities | | (21,099) | (33,762) |
| Long Term Creditors | 44 | 0 | (7) |
| Long Term Borrowing | 44 | (18,063) | (19,155) |
| Other Long Term Liabilities | 38 | (6,383) | (21,842) |
| Capital Grants Receipts in Advance | 22 | (1,032) | (1,031) |
| Long Term Liabilities | | (25,478) | (42,035) |
| Net Assets | | 73,789 | 52,706 |

| | Note | As At 31/03/2023 £000's | As At 31/03/2022 £000's |
|---|------|-------------------------------|-------------------------------|
| Usable Reserves | 23 | (7,917) | (7,852) |
| Unusable Reserves | | | |
| Capital Adjustment Account | 24 | (48,479) | (47,938) |
| Revaluation Reserve | 25 | (23,936) | (19,805) |
| Pension Fund Reserve | 26 | 6,383 | 21,842 |
| Financial Instrument Adjustment Account | 23 | 7 | 7 |
| Collection Fund Adjustment Account | 23 | 99 | 991 |
| Accumulated Staff Absences Reserve | 23 | 54 | 49 |
| Total Reserves | | (73,789) | (52,706) |

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.

| | 2022/23 | 2021/22 |
|--|--------------|----------|
| Note | £000's | £000's |
| Net (Surplus) or Deficit on the Provision of Services | 962 | 1,009 |
| Adjustments to the Net Surplus or Deficit of the Provision of Services for Non Cash Movement | | |
| Depreciation and Impairment of Non-current Assets | (1,819) | (832) |
| Bad Debts Written Off in Year | (20) | 6 |
| Increase/(Decrease) in Inventories | 7 | 2 |
| Increase/(Decrease) in Debtors | (114) | (4,238) |
| (Increase)/Decrease in Creditors | 4,865 | (2,818) |
| Net Charges made for Retirement Benefits | (1,445) | (1,327) |
| Carrying Amount of Non Current Assets Sold | (527) | (484) |
| Carrying Amount of Non Current Assets De-recognised | (127) | (315) |
| Increase/(Decrease) in Provisions | 226 | 1,557 |
| Movement in the Value of Investment Properties | 126 | 24 |
| Other Cash and Non Cash Movements | 343 | 87 |
| | 1,515 | (8,338) |
| Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities | | |
| | 1,348 | 1,893 |
| Interest Received in Year | (91) | (6) |
| Interest Paid in Year | 688 | 666 |
| Net Cashflows from Operating Activities | 4,422 | (4,776) |
| Investing Activities | 27 | 2,340 |
| Financing Activities | 28 | (7,429) |
| Net Increase or (Decrease) in Cash or Cash Equivalents | 9,437 | (9,865) |
| Cash or Cash Equivalents at the Beginning of the Reporting Period | (13,219) | (3,354) |
| Cash or Cash Equivalents at the End of the Reporting Period | 19 | (13,219) |
| Movement in Cash and Cash Equivalents | 9,437 | (9,865) |

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 been 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 2022/23 financial statements, which will apply from 2023/24 are:

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

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

2. Critical Judgements in Applying Accounting Policies

Critical Judgements in Applying Accounting Policies

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

Future Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not as 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 31st March 2023 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|--------------------------------------|--|--|
| Property, Plant and Equipment | <p>Depreciation and amortisation are provided for Property, Plant and Equipment and Intangible Assets respectively. This enables the assets to be written down over their estimated useful lives and show an appropriate cost of the asset in the Comprehensive Income and Expenditure Statement. Management judgement based on independent external advice is used to determine the useful economic lives of the Council's property.</p> <p>The useful lives are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Assets are valued on a five-year rolling basis.</p> | <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £151k on General Fund Property and £55k on Housing Revenue Account property for every year that the useful life is reduced. If an asset is impaired the carrying amount of the asset is reduced.</p> |
| Pensions Liability | <p>Estimation of the net liability to pay pensions depends on a number of complex</p> | <p>The effect on net pensions of changes in individual assumptions can be</p> |

| | | |
|------------------------------|---|--|
| | <p>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.</p> | <p>measured. For instance:</p> <ul style="list-style-type: none"> • A decrease in the discount rate assumption of 0.1% would result in an increase in the pension liability of £763k • A one year increase in member life expectancy would result in an increase in the pension liability of £1.934M • An increase in the pension increase rate of 0.1% would result in an increase in the pension liability of £724k |
| Arrears | <p>At 31st March 2023, the Council had a balance of £387k for sundry debtors. A review of balances suggested that £55k impairment of doubtful debts was necessary.</p> | <p>If collection rates were to deteriorate and sundry debt increased with the same debt profile, an additional contribution would be required to be set aside as an allowance.</p> |
| Business Rate Appeals | <p>The Business Rate Retention scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the number of successful appeals nor the percentage reduction in rateable value (RV) achieved can be pre-determined. The current provision totals £392k, of which the Council's share as a billing authority is £157k, as detailed in note 21.</p> | <p>A change of 5% in the assumed RV reduction achieved for each NDR appeal could increase or decrease the provision requirement by around £20k. Of this, the Council's share as a billing authority would be £8k.</p> |

4. Events after the Reporting Period

There were no adjusting events after the reporting period.

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.

| 2022/23 | Usable Reserves | | | | | | | Movement in Unusable Reserves | |
|---|----------------------------|---------------------------------|-------------------------------|------------------------------|--------------------------------|-----------------------|--------------------------------|--|--------------------------------|
| | General Fund Balance | Deferred Capital Receipts | Housing Revenue Account | COVID-19 Grant Reserve | Section 31 Grant Reserve | Earmarked Reserves | Capital Receipts Reserve | | Capital Grants Unapplied |
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Adjustment primarily involving the Capital Adjustment Account: | | | | | | | | | |
| <u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u> | | | | | | | | | |
| Depreciation and impairment of non-current Assets | 2,168 | 0 | (483) | 0 | 0 | 0 | 0 | 0 | (1,685) |
| Movement in Market Value of Investment Properties | (126) | 0 | | 0 | 0 | 0 | 0 | 0 | 126 |
| Amortisation of Intangible Assets | 111 | 0 | 23 | | | | | | (134) |
| Revenue Expenditure Funded from Capital Under Statute | 466 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (466) |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 2 | 0 | 652 | 0 | 0 | 0 | 0 | 0 | (654) |
| <u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u> | | | | | | | | | |
| Statutory provision for the financing of capital investment | (530) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 530 |
| Capital Expenditure charged against Earmarked Reserves | (16) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16 |

2022/23

Adjustments primarily involving the Capital Grants Unapplied Account:

| | | | | | | | | | |
|--|-------|---|---|---|---|---|---|---|-----|
| Application of grants to capital financing transferred to Capital Adjustment Account | (449) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 449 |
|--|-------|---|---|---|---|---|---|---|-----|

Adjustments primarily involving the Capital Receipts Reserve:

| | | | | | | | | | |
|--|------|---|-------|---|---|---|-------|---|-----|
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (33) | 0 | (645) | 0 | 0 | 0 | 678 | 0 | 0 |
| Use of the Capital Receipts Reserve to finance new capital expenditure | 0 | 0 | 0 | 0 | 0 | 0 | (444) | 0 | 444 |
| Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposal | 3 | 0 | 0 | 0 | 0 | 0 | (3) | 0 | 0 |
| Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Adjustments involving the Major Repairs Reserve:

| | | | | | | | | | |
|---|---|---|---------|---|---|-------|---|---|-----|
| Reversal of Major Repairs Allowance credited to the HRA | 0 | 0 | (1,753) | 0 | 0 | 1,753 | 0 | 0 | 0 |
| Use of the Major Repairs Reserve to finance new capital expenditure | 0 | 0 | 0 | 0 | 0 | (906) | 0 | 0 | 906 |

| Usable Reserves | | | | | | | | | Movement in Unusable Reserves |
|----------------------|---------------------------|-------------------------|------------------------|--------------------------|-------------------|--------------------------|--------------------------|--------|-------------------------------|
| General Fund Balance | Deferred Capital Receipts | Housing Revenue Account | COVID-19 Grant Reserve | Section 31 Grant Reserve | Earmarked Reserve | Capital Receipts Reserve | Capital Grants Unapplied | | |
| £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |

| 2022/23 | Usable Reserves | | | | | | | Movement in Unusable Reserves | |
|--|----------------------------|---------------------------------|-------------------------------|------------------------------|--------------------------------|-----------------------|--------------------------------|--|--------------------------------|
| | General Fund Balance | Deferred Capital Receipts | Housing Revenue Account | COVID-19 Grant Reserve | Section 31 Grant Reserve | Earmarked Reserves | Capital Receipts Reserve | | Capital Grants Unapplied |
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | | £000's |
| Adjustments involving the Pensions Reserve: | | | | | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | 2,752 | 0 | 272 | 0 | 0 | 0 | 0 | 0 | (3,024) |
| Employer's pension contributions and direct payments to pensioners payable in the year | (1,437) | 0 | (142) | 0 | 0 | 0 | 0 | 0 | 1,579 |
| Adjustments involving the Collection Fund Adjustment Account: | | | | | | | | | |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements | (891) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 891 |
| Adjustments involving the Accumulated Absences Account: | | | | | | | | | |
| Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirement | 7 | 0 | (3) | 0 | 0 | 0 | 0 | 0 | (4) 0 |
| Total Adjustments | 2,027 | 0 | (2,079) | 0 | 0 | 847 | 231 | 0 | 1,026 |

4. Adjustments between Accounting and Funding Basis under Regulation

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

| 2021/22 | Usable Reserves | | | | | | | Movement in Unusable Reserves | |
|--|----------------------------|---------------------------------|-------------------------------|------------------------------|-------------------------------|-----------------------|--------------------------------|--|--------------------------------|
| | General Fund Balance | Deferred Capital Receipts | Housing Revenue Account | COVID-19 Grant Reserve | Collection Fund Reserve | Earmarked Reserves | Capital Receipts Reserve | | Capital Grants Unapplied |
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Adjustment primarily involving the Capital Adjustment Account: | | | | | | | | | |
| <u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u> | | | | | | | | | |
| Depreciation and impairment of non-current Assets | 662 | 0 | 27 | 0 | 0 | 0 | 0 | 0 | (689) |
| Movement in Market Value of Investment Properties | (24) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 |
| Amortisation of Intangible Assets | 117 | 0 | 26 | 0 | 0 | 0 | 0 | 0 | (143) |
| Revenue Expenditure Funded from Capital Under Statute | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (4) |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 152 | 0 | 646 | 0 | 0 | 0 | 0 | 0 | (798) |
| <u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u> | | | | | | | | | |
| Statutory provision for the financing of capital investment | (833) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 833 |

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

| 2021/22 | General Fund Balance | Deferred Capital Receipts | Housing Revenue Account | COVID-19 Grant Reserve | Collection Fund Reserve | Earmarked Reserves | Capital Receipts Reserve | Capital Grants Unapplied | in Unusable Reserves |
|--|----------------------|---------------------------|-------------------------|------------------------|-------------------------|--------------------|--------------------------|--------------------------|----------------------|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Adjustments involving the Pensions Reserve: | | | | | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | 2,550 | 0 | 222 | 0 | 0 | 0 | 0 | 0 | (2,772) |
| Employer's pension contributions and direct payments to pensioners payable in the year | (1,330) | 0 | (116) | 0 | 0 | 0 | 0 | 0 | 1,446 |
| Adjustments involving the Collection Fund Adjustment Account: | | | | | | | | | |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements | (1,619) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,619 |
| Adjustments involving the Accumulated Absences Account: | | | | | | | | | |
| Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirement | (49) | 0 | (4) | 0 | 0 | 0 | 0 | 0 | 53 |
| Total Adjustments | (357) | 0 | (1,648) | 0 | 0 | 38 | 287 | 0 | (1,680) |

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 2022/23.

| | 2022/23 | | | 2021/22 | | | |
|-------------------------------|-----------------------------|--|-------------------|-----------------------------|--|-------------------|-----------------------------|
| | Balance 31 March 2023 | Transfer (To)/From In/(Out) Fund | Other Reserves | Balance 31 March 2022 | Transfer (To)/From In/(Out) Fund | Other Reserves | Balance 31 March 2021 |
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| General Fund Earmarked | | | | | | | |
| Budget Carried Forward | 27 | (67) | | 94 | 94 | | 0 |
| Homelessness | 0 | (50) | | 50 | (50) | | 100 |
| Wellbeing | 0 | | (80) | 80 | (58) | | 138 |
| Service Improvement | 0 | | | 0 | (12) | | 12 |
| Corporate Challenge | 58 | (92) | 38 | 112 | | | 112 |
| Welfare Reform | 0 | | | 0 | (72) | | 72 |
| Disabled Facilities | 22 | | | 22 | | | 22 |
| ERDF Schemes | 0 | (16) | | 16 | | | 16 |
| Greening the Borough | 0 | (60) | (60) | 120 | | | 120 |
| Active Asset Management | 0 | | | 0 | (300) | | 300 |
| Contingency | 139 | 96 | | 43 | | | 43 |
| Budget Equilibrium | 0 | | (29) | 29 | (3) | | 32 |
| Income Profiling | 0 | | | 0 | (47) | | 47 |
| Land Valuation | 1 | | (16) | 17 | | | 17 |
| Land Charges | 0 | | | 0 | (22) | | 22 |
| Borough Events | 0 | | (6) | 6 | | | 6 |
| Collection Fund | 446 | (242) | | 688 | (1,428) | | 2,116 |
| COVID-19 | 45 | (189) | (130) | 364 | (1,353) | | 1,717 |
| Local Elections Reserve | 58 | 8 | | 50 | | | 50 |
| Retained Rates Reserve | 0 | 0 | (350) | 350 | | | 350 |
| GF Cost of Living Reserve | 42 | (38) | 80 | 0 | | | 0 |
| Total General Fund | 838 | (650) | (553) | 2,041 | (3,251) | 0 | 5,292 |
| Earmarked Reserves | | | | | | | |

| | 2022/23 | | | 2021/22 | | | |
|----------------------------------|---------------------------------------|--|--|---------------------------------------|--|--|---------------------------------------|
| | Balance 31 March 2023 £000's | Transfer In/(Out) Fund £000's | (To)/From Other Reserves £000's | Balance 31 March 2022 £000's | Transfer In/(Out) Fund £000's | (To)/From Other Reserves £000's | Balance 31 March 2021 £000's |
| General Fund Grants | | | | | | | |
| Grounds Maintenance | 257 | (34) | 0 | 291 | 50 | 0 | 241 |
| Local Plan Reserve | 204 | (66) | 0 | 270 | 90 | 0 | 180 |
| Earmarked Grants | 577 | 454 | 0 | 123 | 101 | 0 | 22 |
| Total General Fund Grants | 1,038 | 354 | 0 | 684 | 241 | 0 | 443 |
| Total General Fund | 1,876 | (296) | (553) | 2,725 | (3,010) | 0 | 5,734 |
| HRA | | | | | | | |
| Regeneration Reserve | 361 | 0 | 0 | 361 | 0 | 0 | 361 |
| Major Repairs Reserve | 1,297 | 847 | 0 | 450 | 38 | 0 | 412 |
| Housing Voids Levy Reserve | 0 | 0 | (220) | 220 | 0 | 0 | 220 |
| Universal Credit Reserve | 0 | 0 | (140) | 140 | 0 | 0 | 140 |
| Budget Carried Forward | 8 | 0 | 0 | 8 | 0 | 0 | 8 |
| HRA Cost Of Living Res | 50 | 0 | 50 | 0 | 0 | 0 | 0 |
| Total HRA | 1,716 | 847 | (310) | 1,179 | 38 | 0 | 1,141 |
| Grand Total | 3,592 | 551 | (863) | 3,904 | (2,972) | 0 | 6,875 |

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

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

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

Health & Wellbeing Fund to promote the physical and mental health and wellbeing of residence of the borough through sport and light recreation.

| | |
|------------------------------------|--|
| Service Improvement Reserve | Used to fund improvements in Council services to improve performance after corporate restructure and reductions in commensurate budgets. |
| Corporate Challenge Reserve | Funding to be used to fund service improvements as recommended by the Corporate Peer Challenge. |
| Welfare Reform | Monies set aside to cover the additional costs of administration and recovery following the introduction of the local Council Tax Benefit scheme and Universal Credit. |
| Disabled Facilities | Monies put aside specifically to fund Disabled Facilities. |
| ERDF | Monies put aside specifically to provide matched funding for European Regional Development Fund schemes. |
| Greening the Borough | Resources available to improve the environment of the Borough and wellbeing of residents. |
| Active Asset Management | Funding for developing Business Enterprise Centres in the Borough. |
| Contingency Reserve | To safeguard against budget risk and for one-off Priming initiatives. |
| Budget Equilibrium Reserve | To safeguard against changes in Council funding. |
| Income Profiling Reserve | To safeguard against the volatility of planning income in future years. |
| Land Valuation Reserve | To allow the Council to value land within the Borough with a view to selling. |
| Land Charges Reserve | To fund improvements in the land charges service. |
| Borough Events Reserve | To fund commemorative events held in the borough by the Council or other grant assisted groups. |
| Section 31 Grant Reserve | To hold the surplus of Section 31 grant received from central government in-year over and above the applicable deficit on business rate for the year. This will be released to the collection fund to offset the expected deficit on businesses rates arising from COVID-19. |

| | |
|---|--|
| COVID-19 Grant Reserve | To hold unspent grant funding received from central government for the financing of COVID-19 business support grants. This is a temporary reserve, with the expectation that all funding will either be granted or reclaimed by central government. |
| 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 then the balance is 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. |
| Earmarked Revenue Grants and Contributions | Reserves containing the proceeds of revenue 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. |
| Housing Voids Levy Reserve | To mitigate the impact of any levy imposed by the Government in relation to the sale of high value void dwellings. |
| Universal Credit Reserve | To fund if necessary the impact of Universal Credit on the level of rent arrears and therefore income to the HRA. |
| HRA Fund Cost Of Living Reserve | To fund measures aimed at supporting Council tenants struggling the most with the cost-of-living crisis. |

7. Material Items of Income and Expenditure

For 2022/23 the Council has the following material items of income and expenditure for both capital and revenue:

The Council paid out £4.175m in housing benefits during 2022/23 and a further £1.875m in rent rebates. The Government subsidy that provides the funding for these items is not listed here but is included in Note 38 to the core statements. The Council also repaid £2.692m of leftover COVID-19 business grants allocations, which were carried on the balance sheet from previous years.

The Council also carried out £893k of major refurbishment work on the Council's housing stock.

8. Other Operating Expenditure

| | <u>2022/23</u> | <u>2021/22</u> |
|---|--------------------|----------------|
| | £000's | £000's |
| (Gain)/Loss on Disposal of Non-Current Assets | (152) | (126) |
| Loss on De-Recognition of Fixed Assets * | 127 | 163 |
| Contribution to Housing Pooled Capital Receipts | 3 | 194 |
| | <u>(22)</u> | <u>231</u> |

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

9. Financing and Investment Income and Expenditure

| | <u>2022/23</u> | <u>2021/22</u> |
|--|---------------------|----------------|
| | £000's | £000's |
| Interest Payable and Similar Charges | 765 | 670 |
| (Gains)/Loss on Revaluation of Investment Properties | (126) | (24) |
| Interest and Investment Income | (92) | (8) |
| Pension Interest Costs and Expected Return on Pension Assets | 604 | 592 |
| Total | <u>1,151</u> | <u>1,230</u> |

10. Taxation and Non-Specific Grant Income and Expenditure

| | <u>2022/23</u> | <u>2021/22</u> |
|---|----------------|----------------|
| | £000's | £000's |
| General Government Grants | (177) | (67) |
| Tax Income Compensation Scheme Grant Income | 0 | (123) |
| Council Tax Income | (4,216) | (4,168) |
| Collection Fund (Surplus)/Deficit - Council Tax | (30) | 35 |
| Non-Domestic Rates Income | (5,550) | (6,621) |
| Non-Domestic Rates Tariff Payment | 3,761 | 3,761 |
| Non-Domestic Rates Levy | 336 | 206 |
| Collection Fund (Surplus)/Deficit - NNDR | 845 | 2,179 |
| S31 Small Business Rate Relief | (1,488) | (1,392) |
| Capital Grants and Contributions | (449) | (176) |
| New Homes Bonus | (132) | (197) |
| Total | <u>(7,100)</u> | <u>(6,563)</u> |

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

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

11. Property, Plant and Equipment

| Restated | Council Dwellings | Other Land & Buildings | Community Assets | Vehicles, plant etc. | Assets Under Construction | Total Assets |
|--|--------------------------|-----------------------------------|-------------------------|-----------------------------|----------------------------------|---------------------|
| Balance at 1 April 2021 | 66,000 | 24,864 | 2,700 | 8,105 | 538 | 102,207 |
| Additions | 1,935 | 134 | 9 | 960 | 378 | 3,416 |
| Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve | 3,807 | 524 | 41 | 0 | 0 | 4,372 |
| Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services | 1,025 | 863 | (5) | 0 | 0 | 1,883 |
| Derecognition - Disposals (Sales) | (484) | 0 | 0 | (15) | 0 | (499) |
| Derecognition - Disposals (Component Disposal) | (162) | 0 | 0 | (377) | 0 | (539) |
| Assets Reclassified (to)/from Non-Operational Assets | 0 | 0 | 0 | 0 | (245) | (245) |
| Balance at 31 March 2022 | 72,121 | 26,385 | 2,745 | 8,673 | 671 | 110,595 |
| Adjustments between Cost/Value and Depreciation/Impairment | | | | | | 0 |
| Balance at 1 April 2022 | 72,121 | 26,385 | 2,745 | 8,673 | 671 | 110,595 |
| Additions | 900 | 47 | 0 | 219 | 3,380 | 4,545 |
| Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve | 4,286 | 424 | (104) | 0 | (1,438) | 3,169 |
| Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services | 1,644 | 104 | (11) | 0 | (809) | 928 |
| Derecognition - Disposals (Sales) | (525) | 0 | 0 | (165) | 0 | (690) |
| Derecognition - Disposals (Component Disposal) | (127) | 0 | 0 | 0 | 0 | (127) |
| Assets Reclassified (to)/from Non-Operational Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Assets Reclassified (to)/from Assets Under Construction | 0 | (2,345) | 0 | 221 | 2,124 | 0 |
| Derecognition - Disposals (Other) | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at 31 March 2023 | 78,299 | 24,615 | 2,630 | 8,948 | 3,928 | 118,420 |

Depreciation & Impairment

| | Council Dwellings | Other Land & Buildings | Community Assets | Vehicles, plant etc. | Assets Under Construction | Total Assets |
|---|--------------------------|-----------------------------------|-------------------------|-----------------------------|----------------------------------|---------------------|
| | £000's | £000's | £000's | £000's | £000's | £000's |
| Balance at 1 April 2021 | 0 | 0 | 0 | (5,473) | 0 | (5,473) |
| Depreciation Charge | (1,457) | (1,176) | (10) | (716) | 0 | (3,359) |
| Depreciation Written out to the Revaluation Reserve | 831 | 1,014 | 0 | 0 | 0 | 1,856 |
| Depreciation & Impairment Written Out to the Surplus/Deficit on the Provision of Services | 626 | 162 | 10 | 0 | 0 | 786 |
| Derecognition - Sales | 0 | 0 | 0 | 239 | 0 | 239 |
| Balance at 31 March 2022 | 0 | 0 | 0 | (5,950) | 0 | (5,950) |
| Balance at 1 April 2022 | 0 | 0 | 0 | (5,950) | 0 | (5,950) |
| Depreciation Charge | (1,639) | (968) | (10) | (755) | 0 | (3,372) |
| Depreciation Written out to the Revaluation Reserve | 1,070 | 788 | 0 | 0 | 0 | 1,858 |
| Depreciation & Impairment Written Out to the Surplus/Deficit on the Provision of Services | 569 | 180 | 10 | 0 | 0 | 759 |
| Derecognition - Sales | 0 | 0 | 0 | 163 | 0 | 163 |
| Balance at 31 March 2023 | 0 | 0 | 0 | (6,542) | 0 | (6,542) |

| | Value | Finance Lease | Owned | Value | Finance Lease | Owned |
|------------------------|----------------|----------------------|----------------|---------------|----------------------|----------------|
| | £000's | £000's | £000's | £000's | £000's | £000's |
| Council Dwellings | 78,299 | 0 | 78,299 | 72,121 | 0 | 72,121 |
| Other Land & Buildings | 24,615 | 0 | 24,615 | 26,385 | 0 | 26,385 |
| Community Assets | 2,630 | 0 | 2,630 | 2,745 | 0 | 2,745 |
| Vehicles, Plant etc. | 2,406 | 7 | 2,399 | 2,723 | 16 | 2,707 |
| Incomplete Assets | 3,928 | 0 | 3,928 | 671 | 0 | 670 |
| Total | 111,878 | 7 | 111,871 | 104,64 | 16 | 104,629 |

Depreciation

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

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

Capital Commitments

At 31st March 2023, the Council had outstanding capital commitments of £70k (2021/22 £232k) on the Housing Revenue Account.

At 31st March 2023, the Council had outstanding capital commitments of £776k (2021/22 £269k) on the General Fund, including major items such as;

- | | |
|--|-------|
| • Replacement Refuse Collection Vehicle | £213K |
| • Fleet Replacement (Various new vehicles) | £227K |
| • Brocks Hill Office Move | £328K |

Valuation of Assets

The freehold and leasehold properties which comprise the Council's property portfolio have been valued as at 31 March 2023 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 fair value are formally revalued on a five-year rolling programme, with any material changes to valuations adjusted in the interim. During 22/23, 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 2023.

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. Heritage Assets

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

| | <u>2022/23</u> | <u>2021/22</u> |
|----------------------------|----------------|----------------|
| | £000's | £000's |
| Balance at 1 April | 78 | 69 |
| Additions | 0 | 0 |
| Revaluation | 0 | 9 |
| Balance at 31 March | 78 | 78 |

13. Investment Properties

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

| | <u>2022/23</u> | <u>2021/22</u> |
|--|--------------------|--------------------|
| | £000's | £000's |
| Rental Income from Investment Property | <u>(14)</u> | <u>(16)</u> |
| Net Gain/(Loss) | <u>(14)</u> | <u>(16)</u> |

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

2022/23 has seen a net increase of £241,000 in the value of the Council's investment properties due to revaluation gains.

The current investment property balance consists of £139,000 of retail property let out.

| Restated | <u>2022/23</u> | <u>2021/22</u> |
|---|----------------|----------------|
| | £000's | £000's |
| Balance at 1 April | 138 | 129 |
| Disposals | 0 | 0 |
| Revaluation Gain Recognised in the Surplus/Deficit on the Provision of Services | 1 | 9 |
| Reclassification of asset | 0 | 0 |
| Balance at 31 March | 139 | 138 |

14. Intangible Assets

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

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

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

Cost or Valuation of Software

| | <u>2022/23</u> | <u>2021/22</u> |
|----------------------------|----------------|----------------|
| | £000's | £000's |
| Balance at 1 April | 1,322 | 1,288 |
| Additions | 46 | 34 |
| Disposals | 0 | 0 |
| Balance at 31 March | 1,368 | 1,322 |

Depreciation and Impairment of Software

| | <u>2022/23</u> | <u>2021/22</u> |
|----------------------------|----------------|----------------|
| | £000's | £000's |
| Balance at 1 April | 1,034 | 891 |
| Amortisation for the Year | 134 | 143 |
| Disposals | 0 | 0 |
| Balance at 31 March | 1,168 | 1,034 |

Net Book Value

| | <u>Balance as at 31 March 2023</u> | <u>Balance as at 31 March 2022</u> |
|----------|--|--|
| | £000's | £000's |
| Software | 200 | 288 |

15. Debtors

Amounts falling due in less than one year are:

| | <u>2022/23</u> | <u>2021/22</u> |
|--------------------------------|----------------|----------------|
| | £000's | £000's |
| Central Government Bodies | 466 | 1,419 |
| Other Local Authorities | 1,025 | 1,152 |
| Other Entities and Individuals | 2,241 | 2,174 |
| Total | 3,732 | 4,745 |

Amounts falling due after one year are:

| | <u>2022/23</u> | <u>2021/22</u> |
|------------------------------|----------------|----------------|
| | £000's | £000's |
| Voluntary Organisation Loans | 3 | 2 |
| Bushloe Developments Loan | 0 | 73 |
| Car Loans to Employees | 8 | 17 |
| Other Long Term Debtors | 0 | 0 |
| | 11 | 92 |

16. Investments

The Council had £4,000 of short-term investments outstanding as at 31 March 2023 (2021/22 £5m). The Council had no long-term investments outstanding as at 31 March 2023 (2021/22 £0m).

17. Assets Held for Sale

In 2022/23, the former Oadby Swimming Pool complex, valued at £500,000 was held for sale (2021/22 £260,000).

18. Inventories

| | Consumable Stores | | Maintenance Materials | | Total | |
|--------------------------------------|----------------------|----------------|--------------------------|----------------|----------------|----------------|
| | <u>2022/23</u> | <u>2021/22</u> | <u>2022/23</u> | <u>2021/22</u> | <u>2022/23</u> | <u>2021/22</u> |
| | £000's | £000's | £000's | £000's | £000's | £000's |
| Balance Outstanding at Start of Year | 9 | 12 | 26 | 20 | 35 | 32 |
| Purchases | 254 | 154 | 1 | 14 | 202 | 168 |
| Recognised as an Expense in the Year | (192) | (157) | (3) | (8) | (195) | (165) |
| Written Off | | | | | | |
| Balances | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Balance Outstanding at End of Year | <u>71</u> | <u>9</u> | <u>24</u> | <u>26</u> | <u>42</u> | <u>35</u> |

19. Cash and Cash Equivalent and Bank Overdrawn

| | 31 March 2023 £000's | 31 March 2022 £000's |
|---|----------------------------|----------------------------|
| Cash and Cash Equivalents | | |
| Short Term Deposits | 3,206 | 12,871 |
| Bank and Overdrafts | | |
| Cash held by the Authority in Bank Current Accounts | 576 | 348 |
| Total | 3,782 | 13,219 |

Cash and cash equivalents consist of short-term bank deposits and money market funds. Short-term bank deposits consist primarily of money market deposits, which can be readily converted to cash at short notice. The effective interest rate on short-term bank deposits at 31st March 2023 was 1.05% (0.01% as at 31st March 2022). The maximum exposure to credit risk for cash and cash equivalents is equal to the carrying value.

20. Short Term Creditors

| | 2022/23 £000's | 2021/22 £000's |
|--------------------------------|-------------------|-------------------|
| Central Government Bodies | (1,832) | (11,514) |
| Other Local Authorities | (1) | 0 |
| Other Entities and Individuals | (2,931) | (2,264) |
| Total | (4,764) | (13,778) |

21. Short Term Provisions

| | Accumulated Absence 2022/23 £000's | NNDR Appeals 2022/23 £000's | Total 2022/23 £000's |
|---------------------------------------|---|--------------------------------------|----------------------------|
| Balance B/Fwd. | (49) | (387) | (436) |
| Arising during the year | 49 | 113 | 162 |
| Used during the year | (54) | 118 | 64 |
| Balance C/Fwd. | (54) | (156) | (210) |
| Current Provision | (54) | (156) | (210) |
| Expected Timing of Cash Flows: | | | |
| To 31 March 2023 | (54) | (156) | (210) |
| Total | (54) | (156) | (210) |

| | Accumulated Absence 2021/22 | NNDR Appeals 2021/22 | Total 2021/22 |
|---------------------------------------|--|-------------------------------------|--------------------------|
| | £000's | £000's | £000's |
| Balance B/Fwd | (102) | (1,890) | (1,992) |
| Arising during the year | (49) | 764 | 715 |
| Used during the year | 102 | 739 | 841 |
| Balance C/Fwd | <u>(49)</u> | <u>(387)</u> | <u>(436)</u> |
| Current Provision | <u>(49)</u> | <u>(387)</u> | <u>(436)</u> |
| | <u>(49)</u> | <u>(387)</u> | <u>(436)</u> |
| Expected Timing of Cash Flows: | | | |
| To 31 March 2022 | <u>(49)</u> | <u>(387)</u> | <u>(436)</u> |
| Total | <u>(49)</u> | <u>(387)</u> | <u>(436)</u> |

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

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

22. Capital Grants and Contributions - Receipts in Advance

| | <u>2022/23</u> | <u>2021/22</u> |
|--|----------------|----------------|
| | £ 000's | £ 000's |
| Grants and Contributions | | |
| Big Lottery Grant - Toy library | (5) | (5) |
| Big Lottery Grant - Mobile library | (1) | (1) |
| Section 106 South Wigston Regeneration | (10) | (10) |
| South Wigston Regeneration - Interest | 0 | (111) |
| Section 106 - Open Space | (964) | (738) |
| Green Roof Bus Shelter | (6) | (6) |
| Brocks Hill Alarm | (1) | (1) |
| DECC Grant | (5) | (5) |
| LCC BRP Highways Improvements | 0 | (50) |
| LCC BRP Kirby Bridge | (10) | (10) |
| Treescape Grant | (11) | (6) |
| Local Authority Delivery 2 | 0 | (88) |
| UK Shared Prosperity Fund | (19) | 0 |
| Total | <u>(1,032)</u> | <u>(1,031)</u> |

23. Movements on Reserves (MIR)

| | Balance At 31st March 2023 £000's | Net Movement in Year £000's | Balance At 31st March 2022 £000's | Net Movement in Year £000's | Balance At 31st March 2021 £000's |
|--|---|---|---|---|---|
| Earmarked Reserves (Note 5) | (3,592) | 311 | (3,903) | 2,972 | (6,875) |
| Other Usable Reserves | | | | | |
| Usable Capital Receipts Reserve | (1,699) | (231) | (1,468) | (288) | (1,180) |
| Capital Grants Unapplied Reserve | (24) | 0 | (24) | 0 | (24) |
| Deferred Capital Receipts - General Fund | (3) | 0 | (3) | 0 | (3) |
| General Fund | (1,180) | 119 | (1,299) | (55) | (1,127) |
| Housing Revenue Account | (1,419) | (264) | (1,155) | 177 | (1,332) |
| | <u>(7,917)</u> | <u>(65)</u> | <u>(7,852)</u> | <u>2,806</u> | <u>(10,541)</u> |
| Unusable Reserves | | | | | |
| Collection Fund Adjustment Account | 99 | (892) | 991 | (1,600) | 2,610 |
| Pensions Reserve | 6,383 | (15,459) | 21,842 | (7,414) | 29,256 |
| Revaluation Reserve | (23,936) | (4,131) | (19,805) | (5,268) | (14,537) |
| Capital Adjustment Account | (48,479) | (541) | (47,938) | (2,417) | (45,635) |
| Financial Instruments Adjustment Account | 7 | 0 | 7 | 0 | 7 |
| Accumulated Absences Reserve | 54 | 5 | 49 | (54) | 103 |
| | <u>(65,872)</u> | <u>(21,018)</u> | <u>(44,854)</u> | <u>(16,753)</u> | <u>(28,196)</u> |
| Total | <u>(73,789)</u> | <u>(21,083)</u> | <u>(52,706)</u> | <u>(13,947)</u> | <u>(38,737)</u> |

Purpose of Reserves

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

| | |
|----------------------------------|--|
| Usable Capital Receipts | Proceeds of fixed asset sales available to meet future capital investment. |
| Capital Grants Unapplied | Reserve contains capital grants for which all conditions of use have been fulfilled but have yet to be used for funding. |
| Deferred Capital Receipts | Proceeds of fixed asset sales which are not receivable immediately on sale. |

| | |
|---|--|
| General Fund | Resources available to meet future running costs of non-housing services. |
| Housing Revenue Account | Resources available to meet future running costs of council houses. |
| Financial Instruments Adjustment Account | Accounts for the timing differences in the different methods of accounting for Financial Instruments. |
| Accumulated Staff Absence | The authority's obligation to staff for leave earned but not taken at the end of the financial year. |
| Useable Revenue Reserves | <p>On 31 March 2021, the 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. Districts in particular are seeing a larger than expected temporary increase in reported reserves.</p> <p>Due to timing the payments were not considered within the NNDR 1 set business rates share for 2020/21. They were paid to the General Fund in the year and the relief sits in Earmarked Reserves at the year end. (Revised Note has been complied with to reflect the movements and changes as per reporting requirements).</p> |

24. 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.

| | <u>2022/23</u> | <u>2021/22</u> |
|--|------------------------|------------------------|
| | £000's | £000's |
| Balance as at 1 April 2022 | (47,937) | (45,635) |
| Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement | | |
| Charges for depreciation and impairment of non-current assets | 1,686 | 689 |
| Amortisation of intangible assets | 134 | 143 |
| Revenue expenditure funded from capital under statute | 466 | 4 |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 654 | 799 |
| | 2,940 | 1,635 |
| Adjusting amounts written out of the Revaluation Reserve | (1,011) | (969) |
| Net Written Out Amount of the Cost of Non-current Assets Consumed in the Year | 1,929 | 666 |
| Capital financing applied in the year | | |
| Use of Capital Receipts Reserve to finance new capital expenditure | (444) | (280) |
| Use of Major Repairs Reserve to finance new capital expenditure | (906) | (1,655) |
| Capital Grants & Contributions Credited to the Comprehensive Income & Expenditure Statement That Have Been Applied to to Capital Financing | (449) | (176) |
| Application of grants to capital financing from the Capital Grants Unapplied Account | 0 | 0 |
| Statutory provision for the financing of capital investment charged against the General Fund and HRA balances | (530) | (833) |
| Capital expenditure charged against the General Fund and HRA balances | (16) | 0 |
| | (2,345) | (2,944) |
| Movements in the Market Value of Investment Property Debited or Credited to the Comprehensive Income & Expenditure Statement | (126) | (24) |
| Balance as at 31 March 2023 | <u>(48,479)</u> | <u>(47,937)</u> |

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

25. 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 in the Capital Adjustment Account.

| | <u>2022/23</u> | <u>2021/22</u> |
|---|------------------------|-----------------|
| | £000's | £000's |
| Balance at 1 April 2022 | (19,805) | (14,537) |
| Upward Revaluation of Assets | (6,944) | (7,282) |
| Downwards Revaluation of Assets & Impairment Losses not Charged to the Surplus/Deficit on the Provision of Services | 1,802 | 1,045 |
| Surplus or Deficit on Revaluation of Non-Current Assets not Posted to the Surplus or Deficit on the Provision of Services | <u>(5,142)</u> | <u>(6,237)</u> |
| Difference Between Fair Value Depreciation & Historical Cost Depreciation | (1,011) | (969) |
| Accumulated Gains on Assets Sold or Scrapped | <u>(1,011)</u> | <u>(969)</u> |
| Amount Written off to the Capital Adjustment Account | <u>(23,936)</u> | <u>(19,805)</u> |
| Balance at 31 March 2023 | <u>(23,936)</u> | <u>(19,805)</u> |

26. Pensions Fund Reserve

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

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

| | <u>2022/23</u> | <u>2021/22</u> |
|---|---------------------|----------------|
| | £000's | £000's |
| Balance as at 1 April 2022 | 21,842 | 29,256 |
| Transfer to Pension Reserve | (70) | 15 |
| Remeasurements of the net defined benefit liability/(asset) | (16,834) | (8,756) |
| 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. | 3,024 | 2,772 |
| Employer's Pension Contributions and direct payments to the pensioners payable in the year. | (1,579) | (1,445) |
| Balance as at 31 March 2023 | <u>6,383</u> | <u>21,842</u> |

27. Cash Flow Statement - Investing

| | <u>2022/23</u> | <u>2021/22</u> |
|--|-----------------------|---------------------|
| | £000's | £000's |
| Purchase of Property, Plant and Equipment | 4,584 | 3,447 |
| Proceed of the Sale of Property, Plant and Equipment | (679) | (761) |
| Other Receipts from Investing Activities | (786) | (346) |
| Net Change in Investments | <u>(5,000)</u> | <u>0</u> |
| Total Investing Activities | <u>(1,881)</u> | <u>2,340</u> |

28. Cash Flow Statement - Financing Activities

| | <u>2022/23</u> | <u>2021/22</u> |
|--|---------------------|-----------------------|
| | £000's | £000's |
| Cash Receipts from Long and Short Term Borrowing | 3,500 | (5,000) |
| Repayments of Short Term and Long Term Borrowing | 1,092 | 1,090 |
| Appropriation to/from the Collection Fund Adjustment Account | (892) | (1,619) |
| Other Payments for Financing Activities | <u>3,196</u> | <u>(1,900)</u> |
| Total Financing Activities | <u>6,896</u> | <u>(7,429)</u> |

29. Net Movement in Liquid Resources

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

| | <u>As at 31st March 2023</u> | <u>As at 31st March 2022</u> | <u>Increase/ (Decrease) in Year</u> |
|----------------------------|--------------------------------------|--------------------------------------|---|
| | £000's | £000's | £000's |
| Money Market | <u>3,206</u> | 17,871 | (14,665) |
| Short Term Deposits | <u>3,206</u> | <u>17,871</u> | <u>(14,665)</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.

| | <u>As At 31/03/2023</u> | <u>As At 31/03/2022</u> |
|---|-----------------------------|-----------------------------|
| | £000's | £000's |
| Net Movement in other Liquid Resources | <u>3,196</u> | <u>(1,903)</u> |

30. Operating and Finance Leases

Operating Leases

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

| <u>2022/23</u> | | | <u>2021/22</u> |
|----------------------------|-----------------------------|-------------------------|-------------------------|
| Other | | | |
| Vehicles £000's | Equipment £000's | Total £000's | Total £000's |
| 2 | 2 | 4 | 3 |

At 31 March 2023 the Council had no commitments in respect of operating leases for future years.

As at 31st March 2023

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

As at 31st March 2022

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

Finance Leases

During 2022/23 the Council held photocopying equipment under a finance lease. This was fully depreciated in year, and hence carried as Property, Plant and Equipment in the Balance Sheet at a net amount of £0 at 31 March 2023 (£15,659) at 31 March 2022).

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

| Minimum Lease Payments | <u>2022/23</u> £000's | <u>2021/22</u> £000's |
|--|--------------------------|--------------------------|
| Amounts Payable under Finance Leases | | |
| Within One Year | 8 | 19 |
| Between One and Five Years | 0 | 8 |
| Less Future Finance Charges | <u>(1)</u> | <u>(4)</u> |
| Present Value of Minimum Lease Payments | <u><u>7</u></u> | <u><u>23</u></u> |
| Included in: | | |
| Current Liabilities | 7 | 16 |
| Non-current Liabilities | <u>0</u> | <u>7</u> |
| Total | <u><u>7</u></u> | <u><u>23</u></u> |

The total future minimum lease payments amount to £7,952 (2021/22 £26,678) which includes a future rental cost of £6,693 at 31 March 2023 (2021/22 £22,353).

31. Note to The Expenditure and Funding Analysis

The Expenditure and Funding Analysis

| 2022/23 | Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement £000's |
|---|--|---|---|
| Customer Services & Business Transformation | 1,399 | 452 | 1,851 |
| Senior Leadership Team | 453 | 54 | 507 |
| Community & Wellbeing | 1,534 | 987 | 2,521 |
| Law & Governance | 648 | 100 | 748 |
| The Built Environment | 401 | 464 | 865 |
| Finance & Resources | 2,974 | 1,342 | 4,316 |
| COVID-19 Council Costs | 40 | 0 | 40 |
| Housing Revenue Account | <u>(3,530)</u> | <u>(384)</u> | <u>(3,914)</u> |
| Net Cost of Services | 3,919 | 3,015 | 6,934 |
| Total - Other Operating Expenditure | (9) | (13) | (22) |
| Total - Financing & Investment I&E | 3,082 | (1,931) | 1,151 |
| Total - Taxation & Non Specific Grant Income | <u>(5,759)</u> | <u>(1,341)</u> | <u>(7,100)</u> |
| (Surplus)/Deficit on Provision of Services | <u><u>1,233</u></u> | <u><u>(270)</u></u> | <u><u>962</u></u> |
| Opening General Fund & HRA Balance at 1st April | (2,454) | | |
| Less Deficit/(Surplus) on General Fund and HRA Balance in Year | <u>(144)</u> | | |
| Closing General Fund & HRA Balance at 31st March | <u><u>(2,598)</u></u> | | |

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

| <u>2021/22</u> | Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement £000's |
|---|--|---|--|
| Customer Services & Business Transformation | 1,406 | 385 | 1,791 |
| Senior Leadership Team | 236 | 28 | 264 |
| Community & Wellbeing | 1,148 | 337 | 1,485 |
| Law & Governance | 328 | 76 | 404 |
| The Built Environment | 746 | 126 | 872 |
| Finance & Resources | 2,649 | 472 | 3,121 |
| COVID-19 Council Costs | 1,217 | 33 | 1,250 |
| Housing Revenue Account | (3,191) | 115 | (3,076) |
| Net Cost of Services | 4,539 | 1,572 | 6,111 |
| Total - Other Operating Expenditure | 0 | 231 | 231 |
| Total - Financing & Investment Income & Expenditure | 3,242 | (2,012) | 1,230 |
| Total - Taxation & Non-Specific Grant Income | (4,768) | (1,795) | (6,563) |
| (Surplus)/Deficit on Provision of Services | 3,013 | (2,004) | 1,009 |
| Opening General Fund & HRA Balance at 1st April | (2,459) | | |
| Less Deficit/(Surplus) on General Fund and HRA Balance in Year | 5 | | |
| Closing General Fund & HRA Balance at 31st March | (2,454) | | |

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

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

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

2022/23

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

| 2021/22 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts | Adjustments between Funding and Accounting Basis | | | |
|---|--|-------------------------|----------------------|----------------------|
| | Adjustments for Capital Purposes | Net change | | Total Adjustments |
| | | for the | | |
| | | Pensions Adjustments | Other Differences | |
| (Note 1) £000's | (Note 2) £000's | (Note 3) £000's | £000's | |
| Customer Serv. & Bus. Transformation | 285 | 100 | 0 | 385 |
| Senior Leadership Team | 0 | 28 | 0 | 28 |
| Community & Wellbeing | 126 | 211 | 0 | 337 |
| Law & Governance | 13 | 63 | 0 | 76 |
| The Built Environment | 38 | 88 | 0 | 126 |
| Finance & Resources | 321 | 151 | 0 | 472 |
| COVID-19 Council Costs | 0 | 33 | 0 | 33 |
| Housing Revenue Account | 53 | 62 | 0 | 115 |
| Net Cost of Services | 836 | 736 | 0 | 1,572 |
| Other Income and Expenditure from the Expenditure and Funding Analysis | (2,495) | 592 | (1,673) | (3,576) |
| Difference between General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services | (1,659) | 1,328 | (1,673) | (2,004) |

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 receivables 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.

Segmental Income

Income received on a segmental basis is analysed below:

| | 2022/23 | 2021/22 |
|---|--|-----------------------------------|
| Services | Income from Services £000's | Income from Services £000's |
| Customer Services & Business Transformation | (120) | (120) |
| Senior Leadership Team | 0 | 0 |
| Community & Wellbeing | (1,127) | (1,306) |
| Law & Governance | (406) | (602) |
| The Built Environment | (1,627) | (1,278) |
| Finance & Resources | (8,539) | (8,727) |
| COVID-19 Council Costs | (167) | (974) |
| Housing Revenue Account | (5,397) | (5,200) |
| Total Income analysed on a Segmental Basis | (17,383) | (18,207) |

32. Expenditure and Income Analysed by Nature

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

| | 2022/23 | 2021/22 |
|--|-----------------|-----------------|
| Expenditure / Income: | £000's | £000's |
| Expenditure | | |
| Employee benefits expenses | 9,371 | 8,583 |
| Other services expenses | 13,277 | 13,458 |
| COVID Grants | 15 | 1,441 |
| Depreciation, amortisation, impairment | 2,286 | 836 |
| Interest payments | 2,582 | 2,067 |
| Precepts and levies | 845 | 560 |
| Gain on the Disposals of Asset | 0 | 14 |
| Payments to Housing Capital Receipts Pool | 3 | 194 |
| Total Expenditure | 28,379 | 27,153 |
| Income | | |
| Fees, charges and other service income | (10,659) | (9,849) |
| Interest and investment income | (1,305) | (813) |
| Income from council tax, non-domestic rates and district rate income | (5,699) | (5,169) |
| Government grants and contributions Non-COVID | (9,350) | (9,406) |
| Government grants and contributions COVID | (73) | (907) |
| Gain on the disposal of assets | (151) | 0 |
| Total Income | (27,417) | (26,144) |
| Surplus or (Deficit) on the Provision of Services | 962 | (1,009) |

33. Members' Allowances

As a result of the pandemic a review of the Members Allowance scheme was not undertaken and the 2020/21 scheme was carried forward into 2022/23.

In 2022/23, the Council paid allowances to members totalling £172,906 (2021/22 £170,596).

34. Audit Costs

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

| | <u>2022/23</u> | <u>2021/22</u> |
|--|------------------|------------------|
| | £000's | £000's |
| Fees payable to the Council's auditors for external audit services carried out by the appointed auditor. | 60 | 79 |
| Fees payable to the Council's auditors for the certification of grant claims and returns. | 19 | 10 |
| Fees payable in respect of other services. | <u>10</u> | <u>1</u> |
| | <u>89</u> | <u>90</u> |

A significant increase in audit fees was levied in both 21/22 and 22/23 due to the impact of the COVID-19 pandemic, both on the Council, and upon the audit process.

35. 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 parties, a Register of

Interest is used to record and monitor related party transactions. Disclosure forms were also completed by both Members and Chief Officers.

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:

| | <u>2022/23</u> | <u>2021/22</u> |
|---|----------------------|-----------------|
| | Payments | Payments |
| | £000's | £000's |
| Leicestershire County Council | | |
| Leicestershire County Council, Pension Fund | 1,579 | 1,445 |
| Leicestershire County Council - Year End Debtor | 816 | 1,068 |
| Leicestershire Police Authority | 146 | 159 |
| | <u>2,541</u> | <u>2,672</u> |
| | Precepts | Precepts |
| | £000's | £000's |
| Leicestershire County Council | 25,760 | 24,620 |
| Leicestershire Police | 4,545 | 4,332 |
| Leicestershire and Rutland Fire Authority | 1,317 | 1,217 |
| | <u>31,622</u> | <u>30,169</u> |
| Total | <u>34,163</u> | <u>32,841</u> |

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.

| | <u>2022/23</u> | <u>2021/22</u> |
|--------------------------------------|------------------|----------------|
| | Receipts | Receipts |
| | £000's | £000's |
| Leicestershire County Council | | |
| Household Support Fund | 0 | 88 |
| Smarter Travel Grant | 0 | 5 |
| Lockdown Support Grant | 0 | 0 |
| Winter Grant Scheme | 0 | 0 |
| Total | <u>-</u> | <u>93</u> |
| | 2022/23 | 2021/22 |
| | Payments | Payments |
| Community/Youth Grants | | |
| South and West Leicestershire CAB | 0 | 14 |
| Senior Citizens Action Group | 6 | 0 |
| Helping Hands | 57 | 41 |
| Total | <u>63</u> | <u>55</u> |

36. 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 2022/23 is as follows:

2022/23

| Post holder information | Salary (Inc fees & allowances) | Expense Allowances | Compensation for loss of office | Total remuneration excluding pension contributions | Total Pension contributions | Total remuneration including pension contributions |
|--|--------------------------------|--------------------|---------------------------------|--|-----------------------------|--|
| Chief Executive | 111 | 0 | 0 | 111 | 22 | 133 |
| Strategic Director - Section 151 Officer | 87 | 0 | 0 | 87 | 18 | 105 |
| Head of Legal | 77 | 0 | 0 | 77 | 14 | 91 |
| Strategic Director - | 83 | 0 | 0 | 83 | 17 | 100 |
| Head of The Built Environment | 65 | 0 | 0 | 65 | 12 | 77 |
| Head of Customer Services & Transformation | 51 | 0 | 0 | 51 | 10 | 61 |
| Total | 474 | 0 | 0 | 474 | 93 | 567 |

2021/22

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

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

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

Officers Salary Exceeding £50,000

The Council's other employees receiving more than £50,000 remuneration for the year 2022/23 were paid in the following bands:

| Salary Bands | Number of Employees | |
|-------------------|---------------------|---------|
| | 2022/23 | 2021/22 |
| £50,000 - £55,000 | 2 | 0 |
| £55,000 - £60,000 | 1 | 1 |
| £60,000 - £65,000 | 0 | 2 |

| | | |
|---------------------|----------|----------|
| £65,000 - £70,000 | 1 | 0 |
| £70,000 - £75,000 | 0 | 0 |
| £75,000 - £80,000 | 1 | 2 |
| £80,000 - £85,000 | 1 | 0 |
| £85,000 - £90,000 | 1 | 0 |
| £90,000 - £95,000 | 0 | 0 |
| £95,000 - £100,000 | 0 | 0 |
| £100,000 - £105,000 | 0 | 0 |
| £105,000 - £110,000 | 0 | 1 |
| £110,000 - £115,000 | 1 | 0 |
| | 8 | 6 |

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

Exit Packages

No exit packages were paid in 2022/23. The numbers of exit packages for 2021/22 with the total cost per band and total cost of the redundancies are set out in the table below:

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

37. Termination Benefits

No employees had their contracts terminated in 2022/23.

38. Defined Benefit Pension Schemes

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

In 2022/23 the Council paid an employer's contribution of £1,543,026 (2021/22 £1,365,673) into the Leicestershire County Council Superannuation Fund, representing 28.628% (2021/22 31.946%) of Pensionable Pay. In addition, the Council made payment into the Leicestershire County Council Superannuation Fund relating to added years benefits of £36,204 (2021/22 £38,253), representing 0.672% (2021/22 0.894%) of Pensionable Pay. The annual report of the Leicestershire County Council Pension Fund is available from County Hall, Glenfield and Leicester.

Transactions Relating to Post-employment Benefits.

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

However, the change we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

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

Comprehensive Income and Expenditure Statement

| | 2022/23 | 2021/22 |
|---|---------------------|---------------------|
| | £000's | £000's |
| <u>Cost of Services</u> | | |
| Service Cost comprising | | |
| Current Service Cost | 2,420 | 2,159 |
| Past Service Costs | 0 | 21 |
| (Gain)/Loss from Settlements | | |
| Financial and Investment Income and Expenditure | | |
| Net interest expense | 604 | 592 |
| Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services | <u>3,024</u> | <u>2,772</u> |

Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement.

Remeasurement of the net defined benefit liability comprising

| | | |
|---|------------------------|-----------------------|
| Return on plan assets (excluding the amount included in the net interest expense) | 1,733 | (3,873) |
| Actuarial gains and losses arising on changes in demographic assumptions | (436) | (524) |
| Actuarial gains and losses arising on changes in financial assumptions | (19,140) | (3,760) |
| Other | 1,009 | (599) |
| Transfer to Pension Reserve for Post Year Actuaries Adjustment | | |
| Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement. | <u>(16,834)</u> | <u>(8,756)</u> |

Movement in Reserves Statement

| | | |
|---|--------------|--------------|
| Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code. | <u>(877)</u> | <u>(793)</u> |
|---|--------------|--------------|

Actual amount charged against the General Fund Balance for pension in the year

| | | |
|---|-------|-------|
| Employers' contribution payable to scheme | 1,613 | 1,394 |
| Retirement benefits payable to pensioners | 36 | 36 |

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:

| | 2022/23 £000's | 2021/22 £000's |
|--|---------------------|----------------------|
| Present Value of the Defined Benefit Obligation | 48,350 | 64,131 |
| Fair Value of the plan assets | <u>(41,967)</u> | <u>(42,289)</u> |
| Net liability arising from Defined Benefit Obligation | <u>6,383</u> | <u>21,842</u> |

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

| | 2022/23 £000's | 2021/22 £000's |
|--|----------------------|----------------------|
| Opening fair value of scheme assets | <u>42,289</u> | <u>40,366</u> |
| Interest Income | 1,213 | 805 |
| Remeasurement gain/ (loss) | | |
| The return on plan assets, excluding the amount included in the net interest expense | (1,733) | 1,297 |
| Contributions from employer | 1,613 | 1,394 |
| Contribution from employees into the scheme | 326 | 279 |
| Losses/(gains) on curtailment (where relevant) | 0 | 0 |
| Benefits paid | <u>(1,741)</u> | <u>(1,852)</u> |
| Closing fair value of scheme assets | <u>41,967</u> | <u>42,289</u> |

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

| | 2022/23 | 2021/22 |
|---|----------------|---------------|
| | £000's | £000's |
| Opening balance | 64,131 | 69,622 |
| Current Service Costs | 2,420 | 2,159 |
| Interest cost | 1,817 | 1,397 |
| Contributions from scheme participants | 326 | 279 |
| Remeasurement (gain) and loss | | |
| Actuarial gain/loss arising from changes in demographic assumptions | (436) | (524) |
| Actuarial gain/loss arising from changes in financial assumptions | (19,140) | (3,760) |
| Other | 1,009 | (3,175) |
| Past Service Costs | 0 | 21 |
| Losses/(gains) on curtailment (where relevant) | 0 | 0 |
| Benefits Paid | (1,777) | (1,888) |
| Closing balance | 48,350 | 64,131 |

Local Government Pension Scheme assets comprised:

| | Fixed Value of Scheme Assets | |
|--|-------------------------------------|---------------|
| Fair Value of Scheme Assets | 2022/23 | 2021/22 |
| | £000's | £000's |
| Cash and cash equivalents | 944 | 2,135 |
| Equity Securities | 132 | 353 |
| Debt Securities | 2,110 | 2,202 |
| Private Equity | 2,873 | 2,828 |
| Real Estate | 2,974 | 3,254 |
| | 9,034 | 10,772 |
| Investment Funds and Unit Trusts: | | |
| Equities | 18,377 | 19,471 |
| Bonds | 0 | 0 |
| Hedge Funds | 0 | 0 |
| Commodities | 1,078 | 1,061 |
| Infrastructure | 3,433 | 2,211 |
| Other | 10,027 | 8,686 |
| | 32,914 | 31,429 |
| Derivatives: Foreign Exchange | 19 | 88 |
| Total Assets | 41,967 | 42,289 |

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 dependent on assumptions about mortality rates, salary levels, etc.

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

The significant assumptions used by the actuary have been:

| | Local Government Pension Scheme | |
|---|--|----------------|
| | <u>2022/23</u> | <u>2021/22</u> |
| Mortality assumptions | | |
| Longevity at 65 for current pensioners | | |
| Men | 21.4 | 21.5 |
| Women | 24.3 | 24.4 |
| Longevity at 65 for future pensioners | | |
| Men | 21.7 | 22.3 |
| Women | 25.8 | 25.9 |
| Rate of Inflation | | |
| Rate of increase in salaries | 3.0% | 3.2% |
| Rate of increase in pensions | 3.5% | 3.7% |
| Rate for discounting scheme liabilities | 4.8% | 2.7% |

Impact on the Defined Benefit Obligation in the Scheme

| | <u>Increase in Employer's Liability</u> | <u>Appropriate Monetary Amount</u> |
|---|---|------------------------------------|
| | % | £000's |
| Change in Assumptions on 31st March 2023 | | |
| 0.5% decrease in Real Discount Rate | 2% | 763 |
| 1 Year increase in member life expectancy | 4% | 1,934 |
| 0.5% increase in the Salary Increase Rate | 0% | 50 |
| 0.5% increase in the Pensions Increase Rate | 1% | 724 |

39. Revenue and Capital Grants

The Council has credited the above grants and contributions to the Comprehensive Income and Expenditure Statement (CIES) during 2022/23:

| | <u>2022/23</u> | <u>2021/22</u> |
|--|----------------|----------------|
| | £000's | £000's |
| Revenue: | | |
| Tenant Satisfaction Measures New Burdens | 6 | 0 |
| New Business Inspection Grant | 0 | 2 |
| Food Information Grant | 0 | 2 |
| Local Authority Delivery 2 Revenue | 33 | 33 |
| Green Grant | 150 | 0 |
| Smarter Travel Grant | 0 | 5 |
| Homelessness Grant | 140 | 0 |

| | | |
|---|-------|-------|
| Domestic Abuse Grant | 32 | 32 |
| Domestic Abuse New Burdens Grant | 3 | 0 |
| Parkinsons Grant | 2 | 0 |
| Rough Sleeping Grant | 0 | 5 |
| Cold Weather/ Protect Plus Fund Grant | 0 | 11 |
| Protect & Vaccinate Grant | 0 | 10 |
| Asylum Dispersal Grant | 14 | 0 |
| Homes for Ukraine | 54 | 0 |
| Binrastructure Grant Scheme | 0 | 22 |
| Additional Audit Costs Grant | 0 | 17 |
| Remond Review Implementation | 17 | 0 |
| Youth Engagement Grant | 0 | 10 |
| COVID-19 Emergency Funding Grants | 0 | 242 |
| Local Tax Loss Grant | 0 | 56 |
| COVID-19 Test, Track and Contain Grants | 91 | 212 |
| COVID-19 Resident Support Schemes Grants | 0 | 2 |
| COVID-19 Business Grant Administration Grants | 0 | 131 |
| COVID-19 Loss of Income Grants | 14 | 152 |
| COVID-19 Business Support Grants | 0 | 88 |
| COVID-19 Self-Isolation Grants | 0 | 24 |
| Energy Bills Support Grant | 203 | 0 |
| Council Tax Family Annexed Discount | 2 | 2 |
| Council Tax New Burdens Grant | 36 | 0 |
| Council Tax Rebates Final Assessment | 83 | 0 |
| Business Rate Relief New Burdens | 22 | 0 |
| Rent Allowance | 3,898 | 4,365 |
| Housing Benefit Hardship | 45 | 69 |
| Rent Rebates | 1,927 | 1,960 |
| Housing Benefit New Burdens Grants | 15 | 0 |
| Supported Housing New Burdens | 2 | 0 |
| Housing Benefit Accuracy Award | 5 | 0 |
| Verify Earnings & Pensions Grant | 6 | 16 |
| Benefit Administration | 128 | 131 |
| Council Tax Support Grant | 0 | 137 |

| | <u>2022/23</u> | <u>2021/22</u> |
|--------------------------------------|----------------|----------------|
| | £000's | £000's |
| Revenue: | | |
| Electoral Integrity New Burdens | 9 | 0 |
| Local Elections Funding | 0 | 15 |
| Transparency Code | 8 | 8 |
| Local Authority Data Sharing | 6 | 6 |
| Biodiversity Net Gain Grant | 0 | 10 |
| UK Shared Prosperity Fund Revenue | 163 | 0 |
| Taxi License New Burdens | 1 | 1 |
| Pavement Licensing New Burdens Grant | 2 | 12 |
| Physical Activity Development Grants | 125 | 101 |
| Blue Prescribing Contribution | 24 | 18 |
| | <u>7,266</u> | <u>7,907</u> |

| | | |
|------------------------------------|--------------|--------------|
| Capital: | | |
| Local Authority Delivery 2 Capital | 496 | 92 |
| UK Shared Prosperity Fund Capital | 20 | 0 |
| Improvement Grants | 247 | 349 |
| | 763 | 441 |
| Total | 8,029 | 8,348 |

40. Capital Expenditure

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

| | 2022/23 | 2021/22 |
|--|----------------|---------------|
| | £000's | £000's |
| Opening Capital Financing Requirement | 37,614 | 37,107 |
| Capital Investment | | |
| Property, Plant, Equipment and Intangible Assets | 4,584 | 3,447 |
| Revenue Expenditure Funded from Capital under Statute - Other | 467 | 4 |
| Sources of Finance | | |
| Capital Receipts | (444) | (280) |
| Government Grants and Other Contributions | (449) | (176) |
| Revenue Contribution | (922) | (1,655) |
| Revenue Provision | (530) | (833) |
| Closing Capital Financing Requirement | 40,320 | 37,614 |
| Explanation of Movement in Year | | |
| Increase/Decrease in underlying need for supported Borrowing | 0 | 0 |
| Increase/Decrease in underlying need for unsupported Borrowing | 2,706 | 507 |
| | 2,706 | 507 |

General Fund capital expenditure in 2022/23 resulted in a net increase in the underlying need for unsupported borrowing of £2,706k (2021/22 £507k increase).

41. 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.

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.

| | <u>2022/23</u> | <u>2021/22</u> |
|----------------------------------|-------------------|-------------------|
| | £000's | £000's |
| General Fund Charge | 530 | 833 |
| HRA Charge | <u>0</u> | <u>0</u> |
| Minimum Revenue Provision | <u>530</u> | <u>833</u> |

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

| | £000's | £000's |
|---|-----------------------|------------------|
| Minimum Revenue Provision | 530 | 833 |
| Amount Charged as Depreciation | (1,752) | (1,846) |
| Amount Charged as Impairment | <u>(527)</u> | <u>1,029</u> |
| Additional Charge to/from the General Fund Balance | <u>(1,749)</u> | <u>16</u> |

42. Analysis of Net Assets Employed

| | 31st March 2023 | 31st March 2022 |
|-------------------------|----------------------------|----------------------------|
| | <u>£000's</u> | <u>£000's</u> |
| General Fund | <u>14,671</u> | <u>2,031</u> |
| Housing Revenue Account | <u>59,118</u> | <u>50,675</u> |
| | <u>73,789</u> | <u>52,706</u> |

43. Information on Assets Held

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

| | No. as at 31st March 2223 | No. as at 31st March 2122 |
|-------------------------------|--|---------------------------------|
| Operational Buildings: | | |
| Allotment Sites | 4 | 4 |
| Car Parks | 11 | 11 |
| Cemeteries | 2 | 2 |
| Cemetery Buildings | 4 | 4 |
| Council Offices | 1 | 1 |
| Community / Day Centres | 2 | 2 |
| Depots & Garage | 1 | 1 |
| Garages | 179 | 179 |
| Garage Spaces | 54 | 54 |
| Homelessness Shelter | 1 | 1 |
| Pavilions | 7 | 7 |
| Public Conveniences | 4 | 4 |
| Sports Centre | 2 | 2 |
| Swimming Pools | 0 | 0 |
| Sports Grounds & Parks | 17 | 17 |
| Vehicle Workshop | 1 | 1 |
| Brocks Hill Visitor Centre | 1 | 1 |
| Brocks Hill Country Park | 1 | 1 |
| Investment Property: Shops | 3 | 3 |
| Council Dwellings | 1,183 | 1,191 |
| Total | <u>1,478</u> | <u>1,486</u> |

44. 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 | Non-Current | | | | Current | | | | Total | |
|---|-------------|-----------|--------------|------------|--------------|---------------|--------------|--------------|--------------|---------------|
| | Debtors | | Cash & Equiv | | Investments | | Debtors | | | |
| | 2022/2 | 2021/2 | 2022/2 | 2021/2 | 2022/2 | 2021/2 | 2022/2 | 2021/2 | 2022/2 | 2021/2 |
| | 3 | 2 | 3 | 2 | 3 | 2 | 3 | 2 | 3 | 2 |
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Fair value through profit & loss | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortised cost | 11 | 92 | 577 | 348 | 3,206 | 17,871 | 1,259 | 1,442 | 5,053 | 19,753 |
| Fair value through comprehensive income - designated equity instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fair value though other comprehensive income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Financial Assets | 11 | 92 | 577 | 348 | 3,206 | 17,871 | 1,259 | 1,442 | 5,053 | 19,753 |
| Non Financial Assets | | | | | | | | | 0 | 0 |
| Total | 11 | 92 | 577 | 348 | 3,206 | 17,871 | 1,259 | 1,442 | 5,053 | 19,753 |

| Financial Liabilities | Non-Current | | | | Current | | | | Total | |
|------------------------------------|---------------|---------------|-----------|----------|---------------|---------------|--------------|--------------|---------------|---------------|
| | Borrowings | | Creditors | | Borrowings | | Creditors | | | |
| | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | 3 | 2 | 3 | 2 | 3 | 2 | 3 | 2 | 3 | 2 |
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Fair value through profit & loss | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortised cost | 18,063 | 19,155 | 0 | 7 | 16,126 | 19,549 | 2,025 | 1,514 | 36,214 | 40,225 |
| Total Financial Liabilities | 18,063 | 19,155 | 0 | 7 | 16,126 | 19,549 | 2,025 | 1,514 | 36,214 | 40,225 |
| Non Financial Liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 18,063 | 19,155 | 0 | 7 | 16,126 | 19,549 | 2,025 | 1,514 | 36,214 | 40,225 |

45. Financial Instruments Gains/Losses

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

| | Financial Assets | |
|-------------------------------------|------------------------------|-------------------|
| | Loans and Receivables | |
| | <u>2022/23</u> | <u>2021/22</u> |
| | £000's | £000's |
| Interest Expense | 765 | 670 |
| Interest Income | <u>(92)</u> | <u>(8)</u> |
| Net (Gain)/Loss for the Year | <u>673</u> | <u>662</u> |

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

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

- Estimated interest rates at 31 March 2023 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 recognized,
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value,
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

| Financial liabilities | <u>31st March 2023</u> | | <u>31st March 2022</u> | |
|---|------------------------|------------------------|------------------------|------------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | £000's | £000's | £000's | £000's |
| Financial liabilities held at amortised cost - Public Works Loans | (36,214) | (35,518) | (40,218) | (43,277) |
| Long term creditors | 0 | 0 | 0 | 0 |
| PFI & finance lease liabilities | 0 | 0 | (7) | (6) |
| Total | <u>(36,214)</u> | <u>(35,518)</u> | <u>(40,225)</u> | <u>(43,283)</u> |

The fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. This commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

Financial assets

| | 31st March 2023 | | 31st March 2022 | |
|---|-----------------|--------------|-----------------|---------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | £000's | £000's | £000's | £000's |
| Financial assets held at amortised cost | 5,042 | 5,042 | 19,661 | 19,661 |
| Long term Debtors | 11 | 11 | 92 | 92 |
| Total | 5,053 | 5,053 | 19,753 | 19,753 |

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

47. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

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

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

- By formally adopting the requirements of the Code of Practice
- By approving annually in advance prudential indicators for the following three years limiting
 - The Council's overall borrowing
 - The maximum and minimum exposures to fixed and variable rates
 - The maximum and minimum exposures to the maturity structure of its debt
 - The maximum annual exposures to investments maturing beyond a year.
 - By approving an Investment Strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties, in compliance with the Government Guidance.

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

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with UK banks and "top 20" building societies with a minimum long-term rating of 'A' and a short-term rating of F1. In addition, investments in money market funds may be made, provided that such funds have a long-term rating of 'AAA'. The 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 2022 | Historical Experience of Default | Market Conditions at 31st March 2022 | Maximum Exposure to Default and Uncollectibility |
|---|---------------------------------|--|---|---|
| | £000's A | % B | % C | £000's (A x C) |
| Deposits with banks and financial Institutions | | | | |
| Local Authorities | 0 | 0.00 | 0.00 | 0.00 |
| A'AA' Rated Counterparties | 0 | 0.00 | 0.00 | 0.00 |
| 'AA' Rated Counterparties | 0 | 0.00 | 0.01 | 0.00 |
| 'A' Rated Counterparties | 0 | 0.01 | 0.05 | 0.00 |
| BBB' Rated Counterparties | 0 | 0.00 | 0.20 | 0.00 |
| Sundry Debtors * | 387 | 0.04 | 0.04 | 15.48 |
| Other Debtors | 732 | 0.04 | 0.04 | 29.28 |
| Housing Rents | 308 | 0.02 | 0.02 | 6.16 |
| | | | | 50.92 |

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

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

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

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

| | <u>2022/23</u> | <u>2021/22</u> |
|------------------------|----------------|----------------|
| | £000's | £000's |
| Less than three months | 127 | 387 |
| Three to six months | 15 | 8 |
| Six months to one year | 11 | 42 |
| More than one year* | 234 | 234 |
| | <u>387</u> | <u>671</u> |

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

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

Refinancing and Maturity Risk

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

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

This includes:

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

The maturity analysis of financial liabilities is as follows:

| | <u>2022/23</u> | <u>2021/22</u> |
|------------------------------|-----------------|-----------------|
| | £000's | £000's |
| Less than one year | 18,151 | 21,063 |
| Between one and two years | 1,006 | 1,013 |
| Between two and five years | 3,019 | 3,019 |
| More than five years | <u>14,038</u> | <u>15,130</u> |
| | <u>36,214</u> | <u>40,225</u> |
| Short Term Creditors* | (2,025) | (1,514) |
| Short Term Borrowing | (16,126) | (19,549) |
| Long Term Creditors (Leases) | 0 | (7) |
| Long Term Borrowing | <u>(18,063)</u> | <u>(19,155)</u> |
| | <u>(36,214)</u> | <u>(40,225)</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 many strategies for managing interest rate risk. The policy is to have no more than 25% of its borrowings in variable rate loans. The risk of loss is reduced by the fact that a proportion of the Government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

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

According to this assessment strategy, at 31 March 2023, if interest rates had been 1% higher with all other variables held constant, the financial effect would have been:

| | <u>2022/23</u> £000's | <u>2021/22</u> £000's |
|--|--------------------------|--------------------------|
| Increased return on money market investments | <u>(54)</u> | <u>(47)</u> |
| Impact on Income and Expenditure Account | <u>(54)</u> | <u>(47)</u> |
| Share of Overall Impact Credited to the HRA | <u>(19)</u> | <u>(20)</u> |

The Bank of England Base Rate was 4.25% at 31st March 2023. Since then, interest rates have continued to rise, as predicted and are at 5.25% at March 2024.

- **Price Risk**

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

- **Foreign Exchange Risk**

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

48. Agency Services

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

However, during 2022/23, the Council was obliged to act on behalf of Central Government, for the administration and distribution of various monies related to relief payments to local people and businesses to alleviate the economic effects of the cost-of-living crisis.

All funding relief grant funding received in 2022/23 was distributed in accordance with criteria determined by the Central Government. As such, they are deemed *Agency* transactions, and are excluded from the primary financial statements.

Below is a table listing the grant schemes and the volume and amount paid out by the Council in 2022/23.

| | <u>Number</u> | <u>Value</u> £000s |
|---------------------------------|---------------|-----------------------|
| Council Tax Rebate Grant | 20,136 | 3,020 |
| Total Processed as Agent | <u>20,136</u> | <u>3,020</u> |
| Grant Total | <u>20,136</u> | <u>3,020</u> |

During 2022/23, the Department of Business, Energy and Industrial Strategy recovered £2.693M of unspent grant funding allocated to the Council during the COVID-19 pandemic for business relief. This recovery shows that the grants provided initially were overly generous.

£189k of this repayment is reflected in the financial statements, as it relates to grants for which the Council was acting as principal. The remaining £2.504m is excluded, as it relates to grants for which the Council was merely acting as an agent.

49. Contingent Liabilities & Assets

Municipal Mutual Insurance

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

Litigation

The Council is involved in no outstanding litigation as at 31st March 2023.

Truck Cartel

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

39-41 Canal Street

In 2018, after many attempts to identify, locate and contact the owners of the property, the Council compulsorily purchased an Edwardian factory building in South Wigston that had lain derelict for many years.

The property was cleaned up and sold at auction to a property developer. The proceeds of this sale, approximately £350K net of the Council's relevant costs, are being held in escrow. If the owners of the property cannot be identified within seven years of the Compulsory Purchase Order, these funds will be available to the Council as a capital receipt.

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

There are no prior period adjustments which relate to the 2022/23 Accounts.

THE HOUSING REVENUE ACCOUNT
INCOME AND EXPENDITURE STATEMENT

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

| | <u>2022/23</u> | <u>2021/22</u> |
|---|----------------|----------------|
| Note | £000's | £000's |
| Expenditure | | |
| Repairs and maintenance | 1,080 | 1,394 |
| Supervision and management | 850 | 584 |
| Rents, rates, taxes and other charges | 5 | 49 |
| Depreciation and impairment of non-current assets | 6, 7 (459) | 53 |
| Debt management charges | 9 | 9 |
| Increase/(decrease) in bad debt provision | (3) | 35 |
| Total Expenditure | <u>1,482</u> | <u>2,124</u> |
| Income | | |
| Dwellings rent | (5,108) | (4,924) |
| Non dwellings rent | (71) | (73) |
| Charges for services and facilities | (217) | (203) |
| Total Income | <u>(5,396)</u> | <u>(5,200)</u> |
| Net Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement | | |
| | (3,914) | (3,076) |
| HRA services share of Corporate and Democratic Core | 1,306 | 1,162 |
| HRA Share of other amounts included in whole authority net expenditure of continuing operations not allocated to specific services | 0 | 2 |
| Net Income of HRA Services | <u>(2,608)</u> | <u>(1,912)</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 | (121) | (272) |
| De-recognition of Non-Current Assets | 127 | 163 |
| Interest and investment income | (32) | (3) |
| Interest payable and similar charges | 546 | 506 |
| Pensions interest cost and expected return on pension assets | 55 | 47 |
| (Surplus) / Deficit for the Year on HRA Services | <u>(2,033)</u> | <u>(1,471)</u> |

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

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

| | <u>2022/23</u> | <u>2021/22</u> |
|--|-----------------------|-----------------------|
| Note | £000's | £000's |
| Balance on the HRA at the end of the previous reporting period | (1,155) | (1,332) |
| (Surplus) / Deficit for the year on the HRA Income and Expenditure Statement | (2,033) | (1,471) |
| Adjustments made between Accounting Basis and funding basis under statute | 1 2,079 | 1,648 |
| Net (increase) or decrease before transfers to or from reserves | 46 | 177 |
| Transfers to or (from) Reserves | (310) | 0 |
| (Increase) or decrease in year on the HRA | (264) | 177 |
| Balance on the HRA at the end of the current reporting period | <u>(1,419)</u> | <u>(1,155)</u> |

NOTES TO THE HOUSING REVENUE ACCOUNT STATEMENT

1. Adjustment Between Accounting Basis and Funding Basis Under Statute

| | 2022/23 | 2021/22 |
|--|----------------|---------|
| | £000's | £000's |
| Impairment of non-current assets | 2,212 | 1,640 |
| (Gain) / loss on the sale of non-current assets | 122 | 272 |
| Accumulating compensating absences | 2 | 4 |
| De-recognition of non-current assets | (127) | (163) |
| Net charges made for retirement benefits in accordance with IAS 19 | (272) | (221) |
| 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 | 142 | 116 |
| Adjustments made between Accounting Basis and Funding Basis under Statute | 2,079 | 1,648 |

2. Balance Sheet Value of Authority's Housing Stock

| | 2022/23 | 2021/22 |
|-------------------------------|----------------|---------|
| | £000's | £000's |
| Operational Assets | | |
| Dwellings | 78,298 | 72,121 |
| Other Land and Buildings | 1,365 | 1,279 |
| | 79,663 | 73,400 |
| Non Operational Assets | | |
| Investment Property | 139 | 138 |
| Total | 79,802 | 73,538 |

The vacant possession value of dwellings on 31 March 2023 was £186,423,100 (2021/22: £172,994,888), against a balance sheet value of £78,298m (2021/22: £72,121m) at the same point in time.

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

3. Housing Stock

The Council was responsible for managing on average 1187 dwellings during 2022/23. The stock at year end was as follows:

| | <u>2022/23</u> | <u>2021/22</u> |
|---------------------|----------------|----------------|
| | Number | Number |
| Houses / Bungalows | 656 | 661 |
| Flats / Maisonettes | 527 | 530 |
| Total Stock | <u>1,183</u> | <u>1,191</u> |

The change in stock can be summarised as follows:

| | <u>2022/23</u> | <u>2021/22</u> |
|--------------------------|----------------|----------------|
| | Number | Number |
| Stock at 1 April | 1,191 | 1,199 |
| Sales | (8) | (10) |
| Additions | 0 | 2 |
| Stock at 31 March | <u>1,183</u> | <u>1,191</u> |

4. Major Repairs Reserve

| | <u>2022/23</u> | <u>2021/22</u> |
|------------------------------|----------------|----------------|
| | £000's | £000's |
| Balance at 1 April | 449 | 412 |
| Amounts Transferred In | 1,752 | 1,693 |
| Transfers to/(from) HRA | 0 | |
| Used for Capital Expenditure | (906) | (1,655) |
| Balance at 31 March | <u>1,295</u> | <u>450</u> |

5. Funding of HRA Stock

A total of £906,293 was spent on the Authority's housing stock in 2022/23 (£1,919,855 in 2021/22).

This was funded as follows:

| | <u>2022/23</u> | <u>2021/22</u> |
|----------------------------|-------------------|---------------------|
| | £000's | £000's |
| Major Repairs Reserve | 906 | 1,643 |
| Capital Receipts | 0 | 277 |
| Unsupported Borrowing | 0 | 0 |
| Balance at 31 March | <u>906</u> | <u>1,920</u> |

HRA Capital Receipts retained by the Authority for 2022/23 totalled £642,476 (2021/22: £567,282). 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 2022/23 was £1,753,201 (2021/22: £1,692,939).

| | <u>2022/23</u> | <u>2021/22</u> |
|---------------------------------|---------------------|---------------------|
| | £000's | £000's |
| Dwellings | 1,639 | 1,457 |
| Other Land & Buildings | 90 | 208 |
| Plant, Equipment & Vehicles | 1 | 2 |
| Intangibles (Computer Software) | 23 | 26 |
| Total | <u>1,753</u> | <u>1,693</u> |

7. Impairment of HRA Assets

Due to Central Government changes in valuation guidelines, there was no net impairment charge made to the HRA for 2022/23. Instead, there was a considerable reversal of impairment charged in previous years.

| | <u>2022/23</u> | <u>2021/22</u> |
|--------------|-----------------------|-----------------------|
| | £000's | £000's |
| Dwellings | <u>(2,212)</u> | <u>(1,659)</u> |
| Total | <u>(2,212)</u> | <u>(1,659)</u> |

8. Rent Arrears

During the year rent arrears decreased by £13,000.

| | £000's | £000's |
|---------------------|---------------|--------|
| Arrears at 31 March | 336 | 349 |

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 2023 is £250,412 (31 March 2022 £264,171).

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

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

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

- (i) **Net Charges Made for Retirement Benefits** in Accordance with IAS 19. This amounted to £272,160 in 2022/23 (£221,760 in 2021/22).
- (ii) **Employers Contributions** to Leicestershire County Council pension fund and retirement benefits paid direct to pensioners. This amounted to £142,131 in 2022/23 (£115,613 in 2021/22).

COLLECTION FUND

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% share) 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.

NOTES TO THE COLLECTION FUND

| 2021/22 | | | 2022/23 | | | |
|---|-----------------------|-----------------|----------|--------------------------|-----------------------|-----------------|
| Business Rates £000's | Council Tax £000's | Total £000's | Note | Business Rates £000's | Council Tax £000's | Total £000's |
| Income | | | | | | |
| 0 | 34,875 | 34,875 | | 0 | 36,400 | 36,400 |
| 0 | 23 | 23 | | 0 | 50 | 50 |
| 10,723 | | 10,723 | 3 | 11,268 | | |
| Business Ratepayers | | | | | | |
| Apportionment of Previous Year Deficit - | | | | | | |
| 2,781 | 0 | 2,781 | | 1,056 | 0 | 1,056 |
| 2,179 | 35 | 2,214 | | 845 | 0 | 845 |
| 416 | 152 | 568 | | 190 | 0 | 190 |
| 0 | 26 | 26 | | 0 | 0 | 0 |
| 54 | 8 | 62 | | 21 | 0 | 21 |
| 0 | | 0 | | 0 | 0 | 0 |
| 16,153 | 35,119 | 51,272 | | 13,380 | 36,450 | 38,562 |
| Total Income | | | | | | |
| Expenditure | | | | | | |
| 13,007 | 34,464 | 47,471 | 4 | 11,778 | 35,644 | 47,422 |
| 55 | 0 | 55 | | 53 | 0 | 53 |
| 0 | 0 | 0 | | 0 | 0 | 0 |
| (739) | 0 | (739) | | 0 | 0 | 0 |
| 360 | 256 | 616 | | 14 | 225 | 239 |
| 0 | 0 | 0 | | (575) | 0 | (575) |
| Apportionment of Previous Year Surplus - | | | | | | |
| 0 | 0 | 0 | | 0 | 0 | 0 |
| 0 | 0 | 0 | | 0 | 31 | 31 |
| 0 | 0 | 0 | | 0 | 185 | 185 |
| 0 | 0 | 0 | | 0 | 9 | 9 |
| 0 | 0 | 0 | | 0 | 33 | 33 |
| 8 | 0 | 8 | | 0 | 0 | 0 |
| (11) | 0 | (11) | | (12) | 0 | (12) |
| 12,680 | 34,720 | 47,400 | | 11,258 | 36,127 | 47,385 |
| Total Expenditure | | | | | | |
| (3,473) | (399) | (3,872) | | (2,122) | (323) | (2,445) |
| 6,005 | 210 | 6,215 | | 2,532 | (189) | 2,343 |
| 2,532 | (189) | 2,343 | | 410 | (512) | (102) |
| (Surplus)/Deficit on Fund at End of Year | | | | | | |
| Allocated to - | | | | | | |
| 1,266 | 0 | 1,266 | | 209 | 0 | 209 |
| 1,013 | (22) | 991 | | 159 | (60) | 99 |
| 228 | (136) | 92 | | 38 | (367) | (329) |
| 25 | (7) | 18 | | 4 | (19) | (15) |
| 0 | (24) | (24) | | 0 | (66) | (66) |
| 2,532 | (189) | 2,343 | | 410 | (512) | (102) |

1. Council Tax Balance and Transactions at Year End

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

Shown below are the allocations to all preceptors as at 31st March 2023.

| Authority | Arrears | Bad Debt Provision | Over & Pre payments | (Surplus) /Deficit | Balance Payable | Balance 2021/22 |
|-------------------------------------|--------------|--------------------|---------------------|--------------------|-----------------|-----------------|
| | £000's | £000's | £000's | £000's | £000's | £000's |
| Leicestershire County Council | 2,579 | (913) | (597) | (367) | 702 | 784 |
| Leicestershire PCCO | 462 | (163) | (107) | (66) | 126 | 140 |
| Combined Fire Authority | 134 | (47) | (31) | (19) | 37 | 40 |
| Total Other Major Preceptors | 3,175 | (1,123) | (735) | (452) | 865 | 964 |
| Oadby & Wigston Borough Council | 421 | (148) | (96) | (60) | 117 | 130 |
| Total All Preceptors | 3,596 | (1,271) | (831) | (512) | 982 | 1,094 |

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 2022/23 has increased to 17,602.15 (17,558.70 in 2021/22).

| Band | Estimated No. of Taxable Properties after Effect of Discounts | Ratio | No. of Band D Equivalent Dwellings |
|---|---|-------|------------------------------------|
| Z | 6.00 | 5/9 | 3.30 |
| A | 2636.10 | 6/9 | 1,757.40 |
| B | 4997.80 | 7/9 | 3,887.20 |
| C | 6140.60 | 8/9 | 5,458.30 |
| D | 2829.30 | 9/9 | 2,829.30 |
| E | 1854.10 | 11/9 | 2,266.10 |
| F | 493.40 | 13/9 | 712.70 |
| G | 440.00 | 15/9 | 733.30 |
| H | <u>70.50</u> | 18/9 | 141.10 |
| Total | 19,467.80 | | 17,788.70 |
| Add Adjustment** | | | 80.10 |
| Deduct Allowance for Losses in Collection | | | (266.65) |
| Council Tax Base | | | <u>17,602.15</u> |

**** Adjustment**

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

3. Income from Business Ratepayers (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, the 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 for those authorities who do not achieve their targeted baseline funding. In this respect Oadby and Wigston paid a tariff in 2022/23 to the value of £3,761,260 (£3,761,260 in 2021/22) (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 2022/23, the Council was in a Levy position of £336k (Levy of £206k for 2021/22). (See Note 10, Notes to the Core Financial Statements.)

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

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency, and hence business rates outstanding as at 31 March 2023. As such, local authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares.

The total provision charged to the collection fund for 2022/23 has been calculated at £392,129 (£386,801 2021/22).

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 31 March 2023 was £34,223,501 (£34,282,351 March 2021/22). The national non-domestic multipliers for the year were:

- **Full** 0.512 (0.512 for 2021/22)
- **Small Business** 0.499 (0.499 for 2021/22)

Shown below are the balance sheet allocations to all preceptors as at 31 March 2023.

| Authority | Arrears £000's | Bad Debt Provision £000's | Appeals Provision £000's | Over & Pre payments £000's | (Surplus) /Deficit £000's | Balance Payable £000's | Balance 2021/22 £000's |
|-------------------------------------|-------------------|---------------------------------|--------------------------------|----------------------------------|---------------------------------|---------------------------------------|------------------------------|
| Central Government | 614 | (74) | (196) | (452) | 209 | 101 | 944 |
| Leicestershire County Council | 111 | (13) | (35) | (81) | 38 | 20 | 170 |
| Combined Fire Authority | 12 | (1) | (4) | (9) | 4 | 2 | 19 |
| Total Other Major Preceptors | 737 | (88) | (235) | (542) | 251 | 123 | 1,133 |
| Oadby & Wigston Borough Council | 589 | (59) | (157) | (362) | 159 | 170 | 720 |
| Total All Preceptors | 1,326 | (147) | (392) | (904) | 410 | 293 | 1,853 |

4. Precepts and Demands

| 2021/22 | | | 2022/23 | | |
|-----------------------------|--------------------------|-----------------|-----------------------------|--------------------------|-----------------|
| Business Rates £000's | Council Tax £000's | Total £000's | Business Rates £000's | Council Tax £000's | Total £000's |
| 1,171 | 24,771 | 25,942 | 1,060 | 25,575 | 26,635 |
| 0 | 4,359 | 4,359 | 0 | 4,545 | 4,545 |
| 130 | 1,217 | 1,347 | 118 | 1,308 | 1,426 |
| 6,503 | 0 | 6,503 | 5,889 | 0 | 5,889 |
| 5,203 | 4,117 | 9,320 | 4,711 | 4,216 | 8,927 |
| 13,007 | 34,464 | 47,471 | 11,778 | 35,644 | 47,422 |

NOTES TO THE ACCOUNTS

1. Accounting Policies

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

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

The council's accounting policies are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance, The Service Reporting Code of Practice (SeRCOP) or any other change in statute, guidance or framework impacting on the council's accounts.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2. Accruals of Income and Expenditure

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

- **Fees**, charges, and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- **Revenue** from contracts with service recipients, whether for services or the provision of goods, is recognized when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- **Supplies** are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventory on the Balance Sheet.
- **Works** are charged as expenditure when they are completed before which they are carried as works in progress on the Balance Sheet.

- **Interest payable on borrowings and receivable on investments** is accounted for using the effective interest rate for the relevant financial instrument rather than the cash flows determined by the contract.
- Where **income and expenditure** has been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Exceptions to this are:

Telephone accounts are being charged to that year which has most of the quarter to which the rental or the charge relates as appropriate. This is rather than apportioning them between the financial years and as this policy is consistently applied each year it does not have a material effect on the year's accounts.

Insurance premiums are due on the 30 September each year and are charged to the year that the payment is made and not adjusted between the years.

Rentals and maintenance agreements are consistently charged to the year where the period starts and are not apportioned between the years. Exceptions to the accrual principle are consistently applied each year, and therefore do not have a material effect on the year's accounts.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature within one month period or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

4. Exceptional Items

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

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

6. Charges to Revenue for Non- Current Assets

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

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

The Council is not required to raise Council Tax to cover depreciation, impairment losses nor amortisation. However, it is required to make an annual provision from revenue (known as the Minimum Revenue Provision - MRP) to contribute towards the reduction in its overall borrowing requirement. In respect of debt that is supported by Revenue Support Grant (RSG), the provision is calculated using the Capital Financing Requirement (CFR) method. For new borrowing for which no Government support has been given and is therefore self-financed, the asset life method has been used for the 2022/23 accounts.

The CFR method calculates the provision as 2% of the non-housing supported CFR at the end of the preceding financial year (2% of the capital expenditure funded by supported borrowing).

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

The annuity asset life method requires that the MRP for each year be the amount presumed to be the principal element of the equal amounts that would be payable

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

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

7. Council Tax and Non-Domestic Rates (England)

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

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

Accounting for Council Tax and NDR

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

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

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

8. Employee Benefits

Benefits Payable During Employment

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

expense in the year in which employees render service to the Council.

An accrual is made against the service in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and flex time earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the 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 restructuring.

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

Post-employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by Leicestershire County Council. The Local Government Scheme is accounted for as a defined benefits scheme: -

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of future earnings for current employees.
- **Liabilities** are discounted to their value at current prices, using a discount rate of 2.8% and 2.9% dependent on the duration of the liability. (A Corporate Bond yield curve is constructed based on the constituents of the iBoxx Corporates AA bond index and using the UBS delta curve fitting methodology. The discount is set based on the employer's own weighted average duration).
- The **assets** of pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities: current bid price
- Unquoted securities: professional estimate
- Unitised securities: current bid price
- Property: market value

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

• **Service Cost comprising:**

Current service cost: the increase in liabilities as a 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. The cost is 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. This is 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. This is 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. This is 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; this is not accounted for as an expense.

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

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

9. Events after the Reporting Period

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

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

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

10. Financial Instruments

Financial Liabilities

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

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

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

Financial Assets

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

- amortised cost, and
- fair value through profit or loss (FVPL).

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

Loans and Receivables

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

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

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

Any gains or losses that arise from 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 the conditions attached to the grant or

contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution, are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

Covid-19 Grants

As part of the Covid-19 pandemic the government provided a range grant schemes to support businesses that has been administered by the Council (Small Business Grant Fund, Retail, Hospitality and Leisure Grant Fund, multiple Local Restrictions grant (open/closed sectors). The Council is responsible for paying the grants to the businesses and are then reimbursed by the government using a grant under section 31 of the Local Government Act 2003 (S31). Some of the schemes are fully reimbursed, others are a set allocation.

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

12. Heritage Assets

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

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

Any disposal of assets will be treated in the same manner as other Property, Plant

and Equipment.

13. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Council (e.g., software licenses) is capitalised when it will bring benefits to the Council for more than one financial year.

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

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

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

14. Inventories and Work in Progress

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

15. Investment Properties

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

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

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

16. Leases

The Council accounts for leases as finance leases where the terms of the lease transfer substantially all the risks and rewards relating to the leased property to the Council. All other leases are classed as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as lessee

Finance Leases

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

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The assets 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 Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The CIPFA LAS AAC Local Authority Code Board defers the implementation of IFRS 16 Leases in the Code of practice on local Authority Accounts. In the UK (the code) until the 2024/25 financial year.

Operating Leases

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

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefiting 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 is apportioned between:

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

Operating Leases

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

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are

added to the carrying amount of the relevant assets and charged as an expense over the lease term on the same basis as rental income.

17. Overheads and Support Services

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

The cost of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2022/23 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, except for:

Corporate and Democratic Core costs relating to the Council's status as a multi-functional, democratic organisation.

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

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

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

Segmental Reporting

The Council's operating segments are organised into seven service areas. These were determined to give both members and the general public a clear picture of the services the Council provides and will assist the making of decisions about allocating resources and assessing performance. For the purposes of the 2022/23 financial statements, an eighth segment was added to separate out the extraordinary income and expenditure related to the Council's activities in respect of the COVID-19 pandemic. The eight segments are:

- Customer Services & Business Transformation
- Senior Leadership Team
- Community & Wellbeing
- Law & Governance
- The Built Environment
- Finance & Resources
- Housing Revenue Account
- Covid 19 Council Costs

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

The Council does not report on segmental assets and liabilities 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 accruals basis, provided that it yields benefits to the Council for more than one financial year. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g., repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising the purchase price and any expenditure that is directly attributable to bringing the asset into working condition for its intended use.

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

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

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

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

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

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

Impairment

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

Newly acquired or operational assets are depreciated for a full year in the first year, although assets during construction are not depreciated until they are brought into use. No depreciation is provided on assets in the year of disposal. Depreciation is not charged on freehold land, investment properties or assets held for sale.

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

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

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for a disposal more than £10,000 are categorised as capital receipts. A proportion of capital receipts relating to Housing Revenue Account disposals (75% for dwellings, 50% for land and other assets, net of deductions and allowances) is payable into a government pool. The Council also retains an amount relating to the building of new houses in the One-for-One replacement agreement the Council has signed up to as well as Council House Buy-Back should these occur.

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

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

Available-for-sale Assets

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

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

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

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

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain or 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 or loss for the asset accumulated in the Reserve.

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

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

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

Componentisation

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

A component must have the following factors:

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

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

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

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

Council Dwellings are not componentised, other than the separations of the land value, as the internal components, individually, do not form a significant enough part of the value to be material. However, where components are replaced, the Council derecognises the replaced components in the accounts.

19. Provisions, contingent liabilities, and contingent assets

Provisions

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

Provisions are charged to the appropriate revenue account when the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet.

Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the relevant service revenue account.

Where some or all the payment required to settle a provision is expected to be met by another party (e.g., from an insurance claim), this is only recognised as income in the relevant revenue account if it is almost 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 purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement on Reserves Statement.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year in order to be incorporated into the Net Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

21. Revenue Expenditure Funded from Capital under Statute

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

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

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

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

22. Value Added Tax (VAT)

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

23. Revenue Recognition

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

recognition principles for the main types of income in the Code is used to determine how the income is accounted for in the Council's accounts. Revenue is recognised only when payment is probable.

Revenue from services is recognised as the services are provided.

The total consideration on arrangements with multiple revenue generating activities is allocated to those components that can operate independently based on the estimated fair value of the components. When the fair value of components cannot be assessed, the revenue is spread over the term of the service. Revenue arising from the provision of other services is recognised evenly over the periods in which the service is provided.

24. Related Party Transactions

Related Party Transactions are circumstances where an authority might have the potential either to be controlled or influenced or to exert control or influence. The following specific related parties can be identified: Pension fund, Assisted organisations, Controlled companies and Associated companies and joint venture partners.

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

GLOSSARY OF TERMS

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

ACCOUNTING POLICIES

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

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

Accounting policies do not include estimation techniques.

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

ACQUIRED OPERATIONS

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

ACTUARIAL GAINS AND LOSSES

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

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

ASSETS HELD FOR SALE

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

BUSINESS RATE RELIEF S31 GRANT (2020-21)

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

CAPITAL EXPENDITURE

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

CLASS OF NON-CURRENT ASSETS

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

Operational assets

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

Non-operational assets

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

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

COMMUNITY ASSETS

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

CONSISTENCY

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

CONSTRUCTIVE OBLIGATION

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

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

CONTINGENT ASSET

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

CONTINGENT LIABILITY

A contingent liability is either:

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

CORPORATE AND DEMOCRATIC CORE

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

COUNCIL TAX REBATE GRANT (2022-23)

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

CURRENT SERVICE COST (PENSIONS)

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

CURTAILMENT

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

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

DEFINED BENEFIT SCHEME

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

DEFINED CONTRIBUTION SCHEME

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

DEPRECIATION

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

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

DISCONTINUED OPERATIONS

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

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

geographical area) or from a material reduction in net expenditure in the local authority's continuing operations;

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

Operations not satisfying all these conditions are classified as continuing.

DISCRETIONARY BENEFITS

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

ESTIMATION TECHNIQUES

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

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

Estimation techniques include, for example:

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

EVENTS AFTER THE BALANCE SHEET DATE

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

EXCEPTIONAL ITEMS

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

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

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

FAIR VALUE

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

FINANCE LEASE

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

GENERAL FUND

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

GOING CONCERN

The concept that the authority will remain in operational existence for the foreseeable future, 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 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 the 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 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.

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 dependents, allowing where appropriate for future increases; and
- (b) the accrued benefits for members in service on the valuation date.

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

RELATED PARTIES

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

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

- (iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

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

Examples of related parties of a pension fund include its:

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

These lists are not intended to be comprehensive.

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

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

RELATED PARTY TRANSACTION

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

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

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

This list is not intended to be comprehensive

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

REMUNERATION

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

RESIDUAL VALUE

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

RETIREMENT BENEFITS

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

SCHEME LIABILITIES

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

SETTLEMENT

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

Settlements include:

- (a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pensions benefits
- (b) the purchase of an irrevocable annuity contract sufficient to cover vested

benefits, and

- (c) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme

STOCKS

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

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



Oadby & Wigston

BOROUGH COUNCIL

Annual Governance Statement 2022/23

1. Background and Scope of Responsibility

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

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

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

2. The Purpose of the Governance Framework

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

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

This AGS confirms that the governance framework has been in place for the financial year ended 31st March 2023 and up to the date of the approval of the Annual Report and the Statement of Accounts.

The AGS is a summary of how the Council's management arrangements are set up to meet the principles of good governance and how we as a Council assure ourselves that these are effective and appropriate. The main goal of an AGS is to provide the reader with confidence that the Council has an effective system of internal control that is able to manage risks to reasonable levels.

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

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.

- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit, to deliver effective accountability.

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

3. The Governance Framework

Current Governance Structure

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

The benefits of retaining the committee system are that all members are able to sit on a range of decision making committees and every member has a vote that counts. This is the cornerstone of the Council's governance – members are not marginalised in decision making. All decisions are debated and made during open committee in full public view. Closed sessions, for instance where commercially sensitive matters need to be discussed, are kept to an absolute minimum. Only the most urgent decisions are delegated to the Chair/Vice Chair of committees, and these must be reported back to the main committee as soon as possible. In addition to the statutory committees that deal with development control and licensing, the Council has three main committees:

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

Vision and Priorities

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

The first draft of the Vision was created by all elected councillors after attending workshops with LGA representatives and officers of the Council. This then went out to consultation with local people.

The Vision was formally adopted at the Full Council meeting on 27 September, 2022 and will now be the driving force behind the organisations aims and ambitions.

The Vision, which can be viewed on our website: https://www.oadby-wigston.gov.uk/pages/our_vision has 5 Strategic Objectives:

1. Our council:

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

2. Our communities :

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

3. Our economy:

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

4. Our environment:

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

5. Our partners:

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

Corporate Plan

The Council's current Corporate Plan was approved in March 2019, covering the period 2019 – 2024. The Plan continued in 2022/23. A new plan will be developed in 2023, in line with the Council's new adopted Vision.

Service plan targets and key performance indicators are set for each department within the annual service delivery and development plans. Progress against targets is monitored monthly by the management team and reported regularly to relevant committees.

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

Achievement of the Council's priorities has been monitored throughout the financial year 2022/23 by the Council's Senior Leadership Team (SLT) and reports to the relevant committees. The monitoring of delivery against agreed priorities ensures the Council's capacity to deliver projects within agreed costs, time and resources.

Financial Management

The Council's financial position is reported against budget to every meeting of the Policy, Finance and Development Committee. Detailed budget information is provided to budget holders each month and dedicated project teams provide financial information for large projects or capital schemes.

The financial elements of the Council's corporate business planning process are included in the Medium Term Financial Strategy, which has a detailed one year budget and high levels for the forthcoming years given the complete lack of clarity from central government regarding future funding for local authorities. The Council has a good track record of financial management and internal control, but resources are necessarily limited and significant net savings year-on-year continue to be required, and are met without the need to identify significant in-year savings.

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

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

Decision Making, Scrutiny and Governance

The Council, the Policy, Finance and Development Committee and the Service Delivery Committee take decisions on service and management matters in line with terms of reference set out in the constitution. The committees meet four times each municipal year. Financial performance is monitored and scrutinised by the Policy, Finance and Development Committee on a quarterly basis the Service Delivery Committee reviews non-financial performance. Scrutiny and challenge is managed within these core committees and further challenge is provided by elected members through meetings with Committee Chairmen, Resident Forums and Member Workshops.

The Council has a separate Audit Committee which receives reports from the Internal Audit service and can require service heads to attend to answer questions as required. Reports from the External Auditor are also received at these meetings.

The Audit Committee provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The Committee also meets quarterly and oversees internal audit and external audit arrangements, the annual accounts and ensures adequate internal controls are in place".

Elected members are responsible for ensuring that effective policy making, scrutiny and monitoring activities occur.

A clear committee structure assists such responsibilities to be effectively carried out. Member expertise and involvement is further enhanced by on-going training and development opportunities.

Internal Audit Arrangements

The Council's internal audit function is currently delivered by an external provider, CW Audit Services, who, from 1st April 2023, merged to become 360 Assurance Ltd. The annual risk-based audit plan contributes to the review of the Council's key internal control systems, risk management processes and corporate governance arrangements. 360 Assurance supports the design and effectiveness of the governance framework. Each internal audit review is given an assurance level. The definition of each of these assurance levels is provided in the table below.

Definition of Assurance Levels

- Full - No significant risk issues identified;
- Significant - Exposure to levels of risk that may only impair the effectiveness of the system or process under review;
- Moderate - Exposure to levels of risk that render some elements of the system's control environment undeliverable;
- Limited - Exposure to unacceptable level of risk that could have a serious impact upon the system or process under review;
- None - Exposure to unacceptable levels of risk that could have a serious impact upon the organisation as a whole.

Regular meetings are held between 360 Assurance and the Section 151 Officer. This ensures the high standard of internal audit support is maintained. The annual audit plan is reviewed on a frequent basis to identify any amendments needed to reflect changing priorities, emerging risks or resourcing challenges. Regular reports are taken on a quarterly basis to the Audit Committee on the progress of internal audits and an annual report is also provided each year.

External Audit Arrangements

The Audit Committee receives regular reports from the Council's External Auditors Grant Thornton LLP and Internal Audit (360 Assurance). The Section 151 Officer has direct access to this committee as well as to the External Auditors. Likewise, Audit Committee members have direct access to the External Auditor.

All members of the Audit Committee receive training in risk management to allow them to appreciate the nature of risks presented to the Council through its activities and on the general function of the Audit Committee itself. The latest training session was held in June 2022.

Financial Management Arrangements

Underpinning the Council's financial management arrangements is a regularity framework comprising Financial Regulations, Contract Procedure Rules, annual audits of key financial systems and audits of other systems undertaken on a risk-based basis. Other processes and procedures such as the Procurement Strategy and Risk Management Strategy are monitored on a regular basis.

From April 2021, the Council adopted the CIPFA Financial Management Code. A self-assessment exercise undertaken in 2022 identified a number of areas where action is required in order to comply in full with the code and these were presented within the 2021/22 Annual Governance Statement. A full update on progress of these actions are included as part of this report.

Role of Statutory Officers

There are governance arrangements in place to ensure that members and officers work together to achieve a common purpose with clearly defined functions and roles. The Council's constitution includes a scheme of delegation and terms of reference for each committee. Responsibilities are set out to make clear how the Council and its committees operate within the organisation. The scheme of delegation also defines the powers granted to the Chief Executive (the Head of Paid Service) and other chief officers within the areas of their service responsibility.

The constitution reflects all relevant legislation impacting on decision making in local government and is published on the Council's website.

The Council has a statutory responsibility to have a Section 151 Officer and a Monitoring Officer. The Council's financial arrangements fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Section 151 Officer is a key member of the Senior Leadership Team. The Section 151 Officer is responsible for the proper administration of the Council's financial arrangements and led a fully resourced and suitably qualified finance function. The Section 151 Officer was actively involved in and able to bring influence to bear on all material business decisions to ensure immediate and long term implications, opportunities and risks, were fully considered and in alignment with the Medium Term Financial Strategy.

The Monitoring Officer role is fulfilled by the Council's Head of Law and Democracy, who acts as guardian of the Council's constitution to ensure lawfulness, probity and fairness in Council decision making. The Monitoring Officer has processes for the review of legislative changes which feed into the annual review of the constitution.

Consultation meetings and other forms of communication between the Monitoring Officer and senior managers as appropriate ensures that managers can contribute to revisions to the constitution including the scheme of delegation.

The annual review includes the constitution's terms of reference.

The Senior Leadership Team

Officer decision making at a strategic level is led by the Senior Leadership Team, comprising the Chief Executive, the Strategic Director and Section 151 Officer, Strategic Director, Head of Finance (Deputy S151 Officer) the Monitoring Officer, the Head of Built Environment and the Head of Customer Service and Transformation. The Team meets formally on a weekly basis and standing items of business include finance, policy, governance, human resources, performance management and the delivery of the Council's priorities.

Standards of Conduct

Officers of the Council are expected to maintain high standards of conduct. The Council has a staff code of conduct that is published on the intranet along with other policies and procedures.

There is an agreed protocol between members and officers to ensure that a constructive working relationship exists and this Annual Governance Statement also promotes and demonstrates the values of good governance through upholding high standards of conduct and behaviour. In addition, Policy, Finance and Development committee fulfils the functions of the Standards Committee and operates to ensure that councillors and any co-opted members of the Council behave in a way that exemplifies high standards of conduct and effective governance and has regard to the member code of conduct.

Regular records of advice and code issues are kept by the Monitoring Officer.

Declaring interests under the code of conduct is a standard item on the agenda at every committee meeting and Council and declarations are minuted by the clerk. A legal advisor attends all Council and committee meetings to advise on the application of the code and other issues where this is requested or otherwise considered appropriate. A planning code of conduct is in place and is adhered to by members who sit on the Development Control Committee.

Members and officers comply with the Council's gift and hospitality policy.

The Council's website explains how complaints can be made against elected members by either downloading a complaint form or making a complaint on-line. The web page also has links to the code of conduct and the constitution.

A register of the Council's contracts is published on the Council's website. In addition, details of the Council's spend on individual items over £250 is published on a quarterly basis.

Compliance

The Council's policies and procedures are drawn up and regularly reviewed to ensure compliance with current legislation and regulations. Legal Services assist with updating and amending policies and advise on legal implications including legislative impacts on recommendations included in committee reports. Equalities implications are also considered as part of committee reports.

Whistle Blowing

Concerns regarding non-compliance with policies, procedures, laws and regulations can be raised through the Council's anti-fraud and confidential reporting policies. Concerns raised are always investigated and acted upon following clearly defined guidelines.

The Whistle Blowing Policy is published on the Council's intranet and internet to raise awareness and outline procedures in place to staff, contractors and the public. It features in the induction of new staff.

The Monitoring Officer, after consultation with the Chief Executive and Section 151 Officer, has statutory powers to report to Council in relation to any function, proposal, decision or omission that s/he considers would give rise to unlawfulness or any decision or omission that might give rise to maladministration. Such a report would have the effect of stopping the proposal or decision being implemented until the report has been considered.

Officer and Member Development

The Council's staff appraisal process assesses performance and delivery of Council objectives and also identifies any skills gaps that need addressing. Each officer has an agreed annual personal development plan. Progress against these plans is reviewed regularly through one-to-one discussions with line managers. The process ensures that the Council continually keeps under review the levels of skills required to carry out functions with due regard to law, policy and regulation.

As part of the Council's business planning process each service plan includes learning and development needs linked to specific actions.

This ensures that the skills sets required delivering the key priorities and actions for the Council are identified and provided.

Training programmes and other development opportunities are circulated and shared more broadly using the Council's internal communication mechanisms. The Council also supports the training and development of members.

Consultation

Engaging with local people and other stakeholders to ensure robust public accountability is a key element of the governance framework. The Council takes every opportunity to consult with relevant stakeholders before taking any decisions likely to impact on the level and quality of services. In addition, the Council's business planning process includes an annual timetable of formal consultation events ensuring statutory, voluntary and business partners have the opportunity to comment on budget proposals under consideration.

The Council has given delegated authority on budget provision to three Resident Forums who can make recommendations to the Policy, Finance & Development Committee on how funds could be allocated to various projects within their geographic area. The Forums' membership is open to people who live in the three areas and this approach has been found to be a very good sources of two-way communication and consultation around the Council's policy initiatives.

The Council also implemented a "Citizens Panel" in 2019/20, comprised of a wider-representative group than would normally interact with the Council to improve our understanding of residents opinions.

Reviewing the Effectiveness of the Governance Framework

The Council has responsibility for conducting at least annually a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed by the work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment. The annual report from the Council's Internal Audit service is a key document in assessing the effectiveness of the Council's governance arrangements. Comments from External Auditors Grant Thornton LLP and other agencies and inspectorates such as the Local Government Association are also important.

The Senior Leadership Team, chaired by the Chief Executive, reviews the Council's governance framework and control environment and is responsible for the preparation of the Annual Governance Statement. Appropriate managers are responsible for producing their own service assurance statements and developing an improvement plan to rectify any identified governance weaknesses within their service areas. The Policy, Finance & Development Committee reviews the Annual Governance Statement and evaluates the strength of the underlying assurance statements and evidence.

External Audit

The Council's external auditors are Grant Thornton. **Each year the external auditors review the Council's arrangements for:**

- Preparing accounts and compliance with statutory and other relevant requirements.
- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice.

- Managing performance to secure economy, efficiency and effectiveness in the use of resources.

In September 2019 Grant Thornton issued their Annual Audit Letter, covering the audit of the Council's 2018/19 financial statements and Value for Money conclusion, providing an unqualified opinion on the accounts and an unqualified conclusion on the Council's arrangements for Value for Money.

There were no recommendations included in the Letter and no significant governance issues were identified.

Internal Audit

The Council's Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the Council's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The Head of Internal Audit's role reflects best practice as set out in the CIPFA Guidance on the Role of the Head of Internal Audit.

For 2022/23, the auditor's opinion was that significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. The Head of Internal Audit presented their report to the Audit Committee on 4 July 2023.

However, there are cost pressures which the Council needs to address and some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk. No significant governance issues were identified by the auditor.

Basis of the Auditors opinion formed

- An initial assessment of the design and operation of the underpinning risk management framework and supporting processes;
- An assessment of the range of individual opinions arising from risk-based audit assignment contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses;
- Any reliance that is being placed upon third party assurances.

Risk Management

During 2022/23 the Council's Strategic Risk Register was monitored by the Risk Management Group – a small, cross-organisational group of officers, managers and Heads of Service who monitor risk on behalf of the Senior Leadership Team. SLT review and sign off risk updates which are then presented to the Policy, Finance & Development Committee on a quarterly basis.

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

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

The Role of the Chief Financial Officer (CFO)

The CFO conforms to the governance requirements and core responsibilities of two CIPFA Statements on the Role of the Chief Financial Officer; in Local Government (2016) and in the Local Government Pension Scheme (2014). The CFO is a key member of the Senior Leadership Team and is able to bring influence to bear on all material business decisions, ensuring that immediate and long-term implications, opportunities and risks, are fully considered and in alignment with the MTFS and other corporate strategies. The CFO is aware of, and committed to, the five key principles that underpin the role of the CFO, and has completed an assurance statement that provides evidence against core activities which strengthen governance and financial management across the Council.

The Role of the Monitoring Officer (MO)

The Monitoring Officer has responsibility for ensuring that decisions taken comply with all necessary statutory requirements and are lawful. Where in the opinion of the Monitoring Officer any decision or proposal is likely to be unlawful and lead to maladministration, he/she shall advise the Council.

The MO is also bound to ensure that decisions taken are in accordance with the Council's budget and its Policy Framework, and provides advice on the scope of powers and authority to take decisions.

In discharging this role the Monitoring Officer is supported by officers within the Legal and Democratic Services Teams.

Local Government Ombudsman

The number of references to the Local Government Ombudsman amounted to two complaints for the 2022/23 year and both have been resolved with no finding of maladministration

Constitutional Matters

The key roles and responsibilities of Council committees, elected members, the Chief Executive, Monitoring Officer and Section 151 Officer are set out in the Council's constitution scheme of delegation.

These three officers are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. No report can be presented to Council or a committee for approval without first being reviewed by these officers or their delegated representative(s). These officers are also responsible for ensuring that legislation and policy relating to health and safety are implemented in practice.

The constitution includes the Contract Procedure Rules and Financial Regulations which detail the processes and improvements required for various levels of purchase and the internal control procedures required for managing the risk across the Council.

The Council adopted a revised Constitution on 16 April 2019 which came into force on 13 May 2019. The Constitution remains under continuous review and a further amendment was made in December 2021.

Code of Conduct

The standards of behaviour expected from members and officers are set out in the Member/Officer Codes of Conduct. The Council adopted the LGA Model Code of Conduct with local amends, in December 2021. A register of members' interests is maintained and the records of interest are declared at Council and committee meetings. All members are required to complete Related Party Declarations at the end of the financial year in support of the statutory financial statements. Members' allowances are examined on an annual basis and a review of the allowance scheme was last undertaken in 2018/19 by an independent remuneration panel and came into force on 13 May 2019 for the 2019/20 municipal year. Following the Borough Elections in May 2019

The Monitoring Officer received one complaint in 2022/23 which was resolved informally without the need to conduct an investigation.

4. Effectiveness

Review of Effectiveness

The Council has responsibility for conducting at least annually, a review of its governance framework including the system of internal control.

The review is informed by the Internal Audit Annual Report, the work of the Audit and Governance Committee, the comments of external auditors and other review agencies and inspectorates, and the work of the Senior Leadership Team who have responsibility for the development and maintenance of the internal control environment.

The review considers evidence identified to support where the Council meets the CIPFA/SOLACE guidance and sets out this in the Assurance Review and Evidence document. Governance areas are given an assessment scoring as follows:

- Good – Good governance exists and there are no improvements required
- Fair – Satisfactory governance exists but improvements are required to meet good governance
- Poor – Significant issues with governance exist which needs addressing.

Areas identified as fair or poor are reported within the annual governance statement and remedial actions are also outlined. The Audit Committee review on a quarterly basis the progress of remedial actions.

Prior Year – 2021/22

During the 2021/22 financial year, no significant governance issues were identified that would lead to internal control issues.

A total of 29 improvements were identified - 12 directly relating to the review of effectiveness and the remaining 17 through the assessment against the CIPFA Financial Management Code.

At the time of publishing this draft governance statement, 16 recommendations were implemented and the remaining 13 will be carried forward into the 2022/23 AGS for monitoring. Table 1 below shows the full update.

Prior Year – 2021/22

Table 1 – Areas of improvement identified during 2021/22 and status update

| Improvement | Owner | Implementation status |
|---|--|--|
| AGS1 Develop approach to tenant engagement and establishment of Tenant Scrutiny Panel, in line with regulatory standards as per (e.g. Residents STAR survey). | Head of Built Environment | Complete |
| AGS2 Review and enhance participation at resident forums | Head of Law and Democracy | Complete |
| AGS3 Wider engagement on the budget consultation for forthcoming year to be captured | Head of Finance | Complete |
| AGS4 Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan and projects established; and a Sustainability Plan for closing budget gaps | Strategic Director & S151 Officer | Complete |
| AGS5 Implement Corporate Peer Review Action to undertake comprehensive customer demographic profiling exercise and use results to inform desired service offering | Head of Customer Service and Transformation | Underway and improvement action carried forward into 2022/23 AGS |
| AGS6 Implement recommendations in the Corporate Peer Review Action Plan associated with the development of a standardised project appraisal and affordability approach | Strategic Director and S151 Officer | Complete |
| AGS7 Review service and financial planning timetable for 2023/24 | Head of Finance | Underway and improvement action carried forward into 2022/23 AGS |
| AGS8 Organisational approach to benchmarking to be reviewed and requirements determined. | Strategic Director | Underway and improvement action carried forward into 2022/23 AGS |
| AGS9 Develop People Strategy | Strategic Director | Underway and improvement action carried forward into 2022/23 AGS |
| AGS10 Review staff performance appraisal approach | Strategic Director | Underway and improvement action carried forward into 2022/23 AGS |
| AGS11 Develop and implement anti-fraud awareness raising programme | Strategic Director/S151 Officer | Underway and improvement action carried forward into 2022/23 AGS |
| AGS12 Revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation. | Head of Law and Democracy | Underway and improvement action carried forward into 2022/23 AGS |
| FMC1 Progress the vision for finance at OWBC and progress all actions arising from the CIPFA Financial Management Code self-assessment exercise. | Strategic Director/S151 Officer Head of Finance | Underway and improvement action carried forward into 2022/23 AGS |
| FMC2 Skills and competency assessment and ongoing training programme for CMT and SLT to be developed and included in the Corporate Peer Challenge Action Plan Training and Development programme. To include training around capability for appraising and managing projects, as outline in the | Strategic Director & S151 Officer | Underway and improvement action carried forward into 2022/23 AGS |

Prior Year – 2021/22

Table 1 – Areas of improvement identified during 2021/22 and status update

| Improvement | Owner | Implementation status |
|---|---|--|
| Corporate Peer Challenge Action Plan. Member training to be captured as part of the Corporate Peer Challenge Action Plan | | |
| FMC3 Undertake training needs analysis identify where skills gaps exist and find appropriate training solutions, in line with key competencies for local government finance teams. | Head of Finance and Deputy S151 Officer | Underway and improvement action carried forward into 2022/23 AGS |
| FMC4 Schedule additional report to Audit Committee to track the progress against recommendations made by the external auditor. | Head of Finance and Deputy S151 Officer | Complete |
| FMC5 Update Finance Procedure Rules and implement Internal Audit findings (from the Financial Systems audit. Set out actions in stand-alone document to draw together all actions relating to Financial Accountability framework improvements to ensure understanding and visibility and link with Vision for Finance (as above). | Strategic Director & S151 Officer | Underway and improvement action carried forward into 2022/23 AGS |
| FMC6 Extension of MTFP to include scenario assessments of service demand and costs. | Strategic Director & S151 Officer. | Complete |
| FMC7 Embed use of financial benchmarking via the CIPFA Financial Resilience Tool and other benchmarking services. | Strategic Director and S151 Officer. | Complete |
| FMC8 A single, consolidated living document that tracks and evidences saving plans currently in development. This will be monitored by SLT and will be presented to members in due course. | Head of Finance and S151 Officer | Complete |
| FMC9 Review stakeholder engagement approach in developing annual budget. | Head of Finance | Complete |
| FMC10 Determine the approach to reviewing accounting treatment of material decisions. | Head of Finance. | Complete |
| FMC11 Embed approach to analyse performance against plans of previous year as part of budget setting. | Finance Manager | Complete |
| FMC12 Review of profiled budgets. Scope and implement financial reporting improvements. | Finance Manager | Underway and improvement action carried forward into 2022/23 AGS |
| FMC13 Ensure the name of the budget holder responsible for the information presented. | Finance Manager | Complete |
| FMC14 Further developmental work required on Monthly management review. | Finance Manager | Complete |
| FMC15 Project Management arrangements require some refinement in respect of financial monitoring - review to be undertaken to identify improvements. Pattern of capital spend slippage present which also requires review and improvement. Link with action to review and reset the annual financial cycle including protocol for managing standard and project budgets, as set out in Corporate Peer Review Action Plan. | Finance Manager Strategic Director and Section 151 Officer | Complete |
| FMC16 Review and identification of appropriate improvements to management accounts to be undertaken. | Finance Manager | Complete |
| FMC17 Q4 outturn at service level to be reviewed with service areas as part of Q1 clinics with a view to capturing proposed changes for the forthcoming year. | Finance Manager | Underway and improvement action carried forward into 2022/23 AGS |

| Improvement | Owner | Implementation status |
|---|--|--|
| AGS1 Develop approach to tenant engagement and establishment of Tenant Scrutiny Panel, in line with regulatory standards as per (e.g. Residents STAR survey). | Head of Built Environment | Complete |
| AGS2 Review and enhance participation at resident forums | Head of Law and Democracy | Complete |
| AGS3 Wider engagement on the budget consultation for forthcoming year to be captured | Head of Finance | Complete |
| AGS4 Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan and projects established; and a Sustainability Plan for closing budget gaps | Strategic Director & S151 Officer | Complete |
| AGS5 Implement Corporate Peer Review Action to undertake comprehensive customer demographic profiling exercise and use results to inform desired service offering | Head of Customer Service and Transformation | Underway and improvement action carried forward into 2022/23 AGS |
| AGS6 Implement recommendations in the Corporate Peer Review Action Plan associated with the development of a standardised project appraisal and affordability approach | Strategic Director & S151 Officer | Complete |
| AGS7 Review service and financial planning timetable for 2023/24 | Head of Finance | Underway and improvement action carried forward into 2022/23 AGS |
| AGS8 Organisational approach to benchmarking to be reviewed and requirements determined. | Strategic Director | Underway and improvement action carried forward into 2022/23 AGS |
| AGS9 Develop People Strategy | Strategic Director | Underway and improvement action carried forward into 2022/23 AGS |
| AGS10 Review staff performance appraisal approach | Strategic Director | Underway and improvement action carried forward into 2022/23 AGS |
| AGS11 Develop and implement anti-fraud awareness raising programme | Strategic Director/S151 Officer | Underway and improvement action carried forward into 2022/23 AGS |
| AGS12 Revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation. | Head of Law and Democracy | Underway and improvement action carried forward into 2022/23 AGS |
| FMC1 Progress the vision for finance at OWBC and progress all actions arising from the CIPFA Financial Management Code self-assessment exercise. | Strategic Director/S151 Officer Head of Finance | Underway and improvement action carried forward into 2022/23 AGS |
| FMC2 Skills and competency assessment and ongoing training programme for CMT and SLT to be developed and included in the Corporate Peer Challenge Action Plan Training and Development programme. To include training around capability for appraising and managing projects, as outline in the Corporate Peer Challenge Action Plan. Member training to be captured as part of Corporate Peer Challenge Action Plan. | Strategic Director & S151 Officer | Underway and improvement action carried forward into 2022/23 AGS |
| FMC3 Undertake training needs analysis identify where skills gaps exist and find appropriate training solutions, in line with key competencies for local government finance teams. | Head of Finance and Deputy S151 Officer | Underway and improvement action carried forward into 2022/23 AGS |
| FMC4 Schedule additional report to Audit Committee to track the progress against recommendations made by the external auditor. | Head of Finance and Deputy S151 Officer | Complete |
| FMC5 Update Finance Procedure Rules and implement Internal Audit findings (from the Financial Systems audit. Set out actions in stand-alone document to draw together all actions relating to Financial Accountability framework improvements to ensure understanding and visibility and link with Vision for Finance (as above). | Strategic Director & S151 Officer | Underway and improvement action carried forward into 2022/23 AGS |
| FMC6 Extension of MTFP to include scenario assessments of service demand and costs. | Strategic Director & S151 Officer | Complete |
| FMC7 Embed use of financial benchmarking via the CIPFA Financial Resilience Tool and other benchmarking services. | Strategic Director & S151 Officer. | Complete |

| | | |
|--|-----------------------------------|--|
| FMC8 A single, consolidated living document that tracks and evidences saving plans currently in development. This will be monitored by SLT and will be presented to members in due course. | Head of Finance a& S151 Officer | Complete |
| FMC9 Review stakeholder engagement approach in developing annual budget. | Head of Finance | Complete |
| FMC10 Determine the approach to reviewing accounting treatment of material decisions. | Head of Finance. | Complete |
| FMC11 Embed approach to analyse performance against plans of previous year as part of budget setting. | Finance Manager | Complete |
| FMC12 Review of profiled budgets. Scope and implement financial reporting improvements. | Finance Manager | Underway and improvement action carried forward into 2022/23 AGS |
| FMC13 Ensure the name of the budget holder responsible for the information presented. | Finance Manager | Complete |
| FMC14 Further developmental work required on Monthly management review. | Finance Manager | Complete |
| FMC15 Project Management arrangements require some refinement in respect of financial monitoring - review to be undertaken to identify improvements. Pattern of capital spend slippage present which also requires review and improvement. | Finance Manager | Complete |
| Link with action to review and reset the annual financial cycle including protocol for managing standard and project budgets, as set out in Corporate Peer Review Action Plan. | Strategic Director & S151 Officer | |
| FMC16 Review and identification of appropriate improvements to management accounts to be undertaken. | Finance Manager | Complete |
| FMC17 Q4 outturn at service level to be reviewed with service areas as part of Q1 clinics with a view to capturing proposed changes for the forthcoming year. | Finance Manager | Underway and improvement action carried forward into 2022/23 AGS |

2022/23 Review of Effectiveness and Areas of improvement identified during 2022/23

No significant governance issues have been identified in the annual assurance review for 2022/23. There are 5 new improvements identified.

Full details of the review can be found in the Assurance Review document for 2022/23 which is published alongside this Annual Governance Statement and can be found later in this document.

Table 2 below is an extract summary from the Assurance Review and includes details of the improvement areas identified, along with likely timescale for implementation. The table also includes improvements that were underway from the 2020/21 AGS, as highlighted in table 1 above.

Table 2 – Areas of improvement identified during 2022/23

| Improvement | Owner | Target date |
|---|---|--------------|
| AGS5 Implement Corporate Peer Review Action to undertake comprehensive customer demographic profiling exercise and use results to inform desired service offering | Head of Customer Service and Transformation | July 2023 |
| AGS7 Review service and financial planning timetable for 2023/24 | Head of Finance | October 2023 |
| AGS8 Organisational approach to benchmarking to be reviewed and requirements determined. | Strategic Director | July 2023 |
| AGS9 Develop People Strategy | Strategic Director | June 2023 |
| AGS10 Review staff performance appraisal approach | Strategic Director | April 2023 |
| AGS11 Develop and implement anti-fraud awareness raising programme | Strategic Director/S151 Officer | July 2023 |
| AGS12 Revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation. | Head of Law and Democracy | June 2023 |
| FMC1 Progress the vision for finance at OWBC and progress all actions arising from the CIPFA Financial Management Code self-assessment exercise. | Strategic Director/S151 Officer/Head of Finance | July 2023 |
| FMC2 Skills and competency assessment and ongoing training programme for CMT and SLT to be developed and included in the Corporate Peer Challenge Action Plan Training and Development programme. To include training around capability for appraising and managing projects, as outline in the Corporate Peer Challenge Action Plan. Member training to be captured as part of Corporate Peer Challenge Action Plan. | Strategic Director & S151 Officer | July 2023 |
| FMC3 Undertake training needs analysis identify where skills gaps exist and find appropriate training solutions, in line with key competencies for local government finance teams. | Head of Finance and Deputy S151 Officer | July 2023 |
| FMC5 Update Finance Procedure Rules and implement Internal Audit findings (from the Financial Systems audit. Set out actions in stand-alone document to draw together all actions relating to Financial Accountability framework improvements to ensure understanding and visibility and link with Vision for Finance (as above). | Strategic Director & S151 Officer | July 2023 |
| FMC12 Review of profiled budgets. Scope and implement financial reporting improvements. | Finance Manager | August 2023 |
| FMC17 Q4 outturn at service level to be reviewed with service areas as part of Q1 clinics with a view to capturing proposed changes for the forthcoming year. | Finance Manager | July 2023 |
| 22AGS1 Align new corporate strategy with Vision | Strategic Director | April 2024 |
| 22AGS2 Review of committee report format to be undertaken to ensure report authors convey the economic, social and environmental impact of policies, plans and decisions | Head of Law and Democracy | April 2024 |
| 22AGS3 Take forward outcome based budgeting approach as part of Sustainability Programme and embed results | Strategic Director/S151 Officer/Head of Finance | April 2024 |
| 22AGS4 Undertake Self-Assessment with Audit Committee | Head of Finance | January 2024 |
| 22AGS5 Embed new values and positive indicators across organisation | Strategic Director | April 2024 |

5. Overall opinion and conclusion

Conclusion

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements, by proactively addressing the cost pressures which have been identified and those issues identified in undertaking the annual review. The Council will continue to seek to enhance and strengthen governance arrangements within these areas for improvement and monitor progress made as part of our next annual review.

6. Statement of Leader and Chief Executive

We have been advised on the implications of the result of the review of the effectiveness of the governance framework carried out by members of the Corporate Leadership Team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed

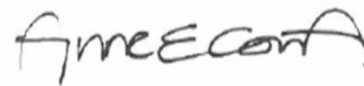


Councillor Samia Haq

Leader of the Council

27/06/2023

Signed



Anne Court

Chief Executive

27/06/2023



Oadby & Wigston
BOROUGH COUNCIL

Annual Governance Statement Assurance Review

July 2023

Assurance and evidence in support of the Council's annual governance statement

Assessment Score:

Good – Good governance exists and there are no improvements required

Fair – Satisfactory governance exists but improvements are required to meet good governance

Poor – Significant issues with governance exist which needs addressing

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Supporting Principle 1: Behaving with Integrity

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|--|--------------------|-----------------------|------|
| 1. Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation. | Good. | Constitution (incl. statutory officers, scheme of delegation, financial and procurement procedure rules) Council, Committee Chairs, Committees. Service policies Complaints procedure Head of Paid Service, Monitoring Officer and s151 Officer HR policies and procedures Fraud policy in place. Induction training for new members and staff. Codes of conduct Staff values - ARTIC Standards and Ethics report taken to Audit Committee quarterly Senior Leadership Team and extended Corporate management Team. External Audit reports. Internal Audit reports. | None. | None. | |
| 2. Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should | Good. | Corporate Plan Council's values | None. | None. | |

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|--|-------|---|-------|-------|--|
| build on the Seven Principles of Public Life (the Nolan Principles) | | | | | |
| 3. Leading by example and using these standard operating principles or values as a framework for decision making and other actions | Good. | Council leadership (Leader of the Council, Committee Chairs and Vice Chairs, Mayor and Deputy Mayor) Declarations of interest noted. Up-to-date register of gifts and hospitality. | None. | None. | |
| 4. Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively | Good. | Anti-fraud and corruption policy in place. Register of interests and annual declaration of related parties. Whistle blowing policy and Complaints policy well established and continually reviewed, improved and reported on. Members and officers code of conduct refers to a requirement to declare interests. Minutes show declarations of interest were sought and appropriate declarations made. | None. | None. | |

Supporting Principle 2: Demonstrating strong commitment to ethical values

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|--|--------------------|--------------------------------------|--------------------|
| 1. Seeking to establish, monitor and maintain the organisation's ethical standards and performance | Good. | Values developed with staff and embedded into induction process for officers and members and appraisals for staff. Standards and Ethics report taken to Audit Committee quarterly. | None. | None. | |
| 2. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation. | Good. | Values embedded into induction process for officers and members and appraisals for staff. New organisational values developed with staff, 2023. | None. | Embed new values across organisation | Strategic Director |
| 3. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values | Good. | Appraisal process built upon values of the Council. Equality and Diversity Policy in place. Equality impact assessments part of our standard approach and taken forward where appropriate or required. | None. | None. | |
| 4. Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation | Good. | Key partnerships have mechanisms in place to define role and scope of partners. Procurement exercises, where appropriate, include assessment criteria around social value which is incorporate into contracts and | None. | None. | |

subsequently monitored. E.g., encouragement of real living wage.

Supporting Principle 3: Respecting the rule of law

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|--|--------------------|-----------------------|------|
| 1. Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations | Good. | Constitution is adhered to and reviewed regularly. Statutory provisions are adhered to. Head of Paid Service, Monitoring Officer and s151 Officer in place. | None. | None. | |
| 2. Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. | Good. | Job descriptions and roles of statutory officers are well defined and understood by the organisation. Structure of SLT ensures statutory officers are included in decision making. The Head of Finance and S151 role complies with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016). Statutory Officers meet separately to the Senior Leadership Team on a monthly basis. Additional meetings coordinated by S151 Officer on financial sustainability matters, to ensure appropriate conditions in place for strategic focus in this area. | None. | None. | |
| 3. Striving to optimise the use of the full powers available for the benefit of citizens, | Good. | Arrangements in place for legal advice and recording of advice. | None. | None. | |

| | | | | | |
|---|-------|--|-------|-------|--|
| communities and other stakeholders | | All reports requiring a decision are considered by Finance and Legal before being considered by the relevant decision making committee/Council. | | | |
| 4. Dealing with breaches of legal and regulatory provisions effectively | Good. | Proper arrangements in place for legal advice and recording of advice, Monitoring Officer referenced to give advice and ensure Council's operates within the law at all times. Monitoring Officer authorised to investigate all breaches and refer to appropriate regulatory bodies. | None. | None. | |
| 5. Ensuring corruption and misuse of power are dealt with effectively | Good. | Whistleblowing policy, anti-fraud and corruption policy in place. Segregation of duties on key financial processes. | None. | None. | |

Core Principle B: Ensuring openness and comprehensive stakeholder engagement

Supporting Principle 1: Openness

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|---|--------------------|-----------------------|------|
| 1. Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness | Good. | Corporate Plan and Annual Report. FOI requests actively responded to, website, online publishing of expenditure. | None. | None. | |
| 2. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided | Good. | Record of decision making and supporting materials. Standard report format used. The Council's governance framework aims to ensure it sets and meets its objectives and responsibilities in a lawful, timely, open, inclusive and honest manner; and that its use of public money and resources are safeguarded, properly accounted for | None. | None. | |

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|---|-------|--|-------|-------|--|
| | | and used economically, efficiently and effectively. | | | |
| 3. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear | Good. | Decisions well documented with supporting information and advice included. Forward Plan detailing report publication on a timely basis. Calendar of dates for submitting, publishing and distributing timely reports is adhered to Council and Committee meetings are normally open to the public unless information is of a commercially sensitive nature. The conduct of business is defined by formal procedures and rules that are set out in the Constitution. | None. | None. | |
| 4. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action | Good | Customer and staff satisfaction surveys carried out regularly. Resident Forums in place for key towns in the borough (Oadby, Wigston and South Wigston). Work undertaken in 2022 sought to enhance participation levels from post-pandemic lows, which saw a 50% increase in Oadby and Wigston, with South Wigston remaining static. The publicity of the Forums has also been reviewed, with the new strategy consisting of a blend of personal emails, social media posts and posters. Community Engagement Forum in place. We follow statutory requirements for consultation and very often go above that in terms of community engagement. Ad-hoc approach to informal consultation in place and utilised. | None. | | |

Recently developed communications strategy post feedback received from the Corporate Peer Challenge in January 2022.

A Tenant and Leaseholder Forum established in Autumn 2022 and will play a key role ensuring that the Council meets its regulatory standards. The Forum, which meets quarterly, has been briefed as to the standards that the Council is required to meet and the members of the Forum will act as tenant ambassadors in helping the Council to meet its duty. The Forum is Chaired by a Strategic Director and attended by the Head of Service, Housing Manager, and key housing officers as well as a range of tenants and leaseholders representative of the Council's housing stock portfolio across the Borough

Comprehensive consultations undertaken in 2022/23 including 2023/24 budget consultation and Customer Experience Strategy.

Supporting Principle 2: Engaging comprehensively with institutional stakeholders

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|--|--------------------|-----------------------|------|
| 1. Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably | Good. | Formal and informal partnerships in place. Regular diarised meetings with appropriate senior officers and partners (including SLM, Helping Hands). Strong example is relationship with University of Leicester and support from the Council to the Civic Agreement. | None. | None. | |
| 2. Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively | Good. | Partnership working across the authority is strong for example the recently formed Building Control partnership. Approach to consideration of shared services embedded as part of alternative service delivery model reviews. Service Level Agreements. Partnership agreements exist. The organisation has a range of partnerships and collaborative relationships. They have appropriate legal agreements and governance commensurate with the nature of the partnership, depending on factors such as legal status, membership, risk, subject matter. | None. | None. | |
| 3. Ensuring that partnerships are based on: trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit | Good. | As above. | None. | None. | |

Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Supporting Principle 1: Defining outcomes

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|--|--------------------|--|--------------------|
| 1. Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions | Fair. | <p>The Corporate Plan defines the vision for the Council, including values and priorities.</p> <p>Service Plans are developed based on the Corporate Plan. The quarterly monitoring report and End of Year report details performance against the performance indicators.</p> <p>New Vision developed in 2022, following stakeholder consultation.</p> <p>New Corporate Plan in development – action recognises this is in progress.</p> | None. | Align new corporate strategy with Vision | Strategic Director |
| 2. Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer | Good. | Intended impacts set out in Corporate Plan and Team Business Plans. | None. | None. | |
| 3. Delivering defined outcomes on a sustainable basis within the resources that will be available | Good. | Team Business Plans developed for each service area. Monthly performance and finance reports monitored by SLT; Quarterly reports monitored by SLT, Service Delivery and | None. | None. | |

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| | | Performance, Finance and Development Committees. | | | |
| 4. Identifying and managing risks to the achievement of outcomes | Good. | <p>Quarterly review of risk with SLT.</p> <p>Risk Management Group mobilised in 2022 involving a cross-organisational set of officers from all management levels who monitor risk.</p> <p>Audit Committee review of risk on a quarterly basis.</p> | None. | None. | |
| 5. Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available | Good. | Performance Indicators within Team Business Plans and Corporate Plan include agreed set of quality standard measures. | None. | None. | |

Supporting Principle 2: Sustainable economic, social and environmental benefits

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|---|--------------------|--|---------------------------|
| 1. Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision | Fair. | We actively consider the social and economic impact of policies in decisions. An example of this is social value considerations in procurement exercises. Risk management plays an active part in considering and balancing impacts. | None. | Review of committee report format to be undertaken to ensure report authors convey the economic, social and environmental impact of policies, plans and decisions. | Head of Law and Democracy |
| 2. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints | Good. | Record of decision making and supporting materials made available publicly on website. New Medium Term Financial Strategy adopted September 2022, which includes new affordability approach to assessing the financial implications of the corporate strategy and a Sustainability Plan for closing budget gaps. New approach sees MTFP updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions. | None. | | |
| 3. Determining the wider public interest associated with balancing conflicting interests between achieving the various | Good. | We follow statutory requirements for consultation and as part of very often go above that in terms of community engagement. Ad-hoc approach to informal consultation in | None. | | |

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| <p>economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</p> | | <p>place and utilised. Elected members act in public interest. Record of decisions made available to public via website. Consultations on key projects with key groups. Members abide by the code of conduct and all committee reports are prepared to reflect all the relevant options, risks and benefits – so members have all the relevant information in front of them when they make a decision. The Council is transparent in decision making. We publish all our agendas and minutes.</p> | | | |
| <p>4. Ensuring fair access to services</p> | <p>Fair.</p> | <p>Nominated Equalities lead. All new policies presented for approval require Equalities Impact Assessment to be completed and regularly reviewed as part of ensuring fair access. Equality and Diversity Policy in place. Process in place for equalities impact assessments and action included in Equalities and Diversity Action Plan to assess current processes.</p> <p>Feedback from Corporate Peer Challenge around need to ensure all residents can access the services and information they need. The customer experience strategy consultation has allowed us to gather basic demographic information. Work continues to build upon this using census and other</p> | <p>None.</p> | <p>Implement Corporate Peer Review Action to undertake comprehensive customer demographic profiling exercise and use results to inform desired service offering.</p> | <p>Head of Customer Service and Transformation</p> |

locally gathered information to produce a local insight document that can be shared with staff to better understand our customer groups.

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

Supporting Principle 1: Determining interventions

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|---|--------------------|-----------------------|------|
| 1. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided | Good. | <p>All reports details options appraisals and risks associated with decisions.</p> <p>New Medium Term Financial Strategy adopted September 2022, which includes new affordability approach to assessing the financial implications of the corporate strategy and a Sustainability Plan for closing budget gaps.</p> <p>New approach sees MTFP updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions.</p> | None. | | |
| 2. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources | Good. | <p>Statutory consultation on budget undertaken annually was expended for the 2023/24 budget to obtain views of service users, with 70 responses received. The responses were collated and presented to PFD and Council, with one change made</p> | None. | | |

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| <p>available including people, skills, land and assets and bearing in mind future impacts</p> | | <p>to the budget as a result. A “your questions answered” article was published on the website in response to comments received. This new approach will be adopted for future years.</p> <p>The Customer Experience Strategy was another key consultation during 2022/23.</p> <p>For other areas, we follow statutory requirements for consultation and very often go above that in terms of community engagement. Ad-hoc approach to informal consultation in place and utilised.</p> | | | |
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Supporting Principle 2: Planning interventions

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|--------------|---|--------------------|-----------------------|------|
| <p>1. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</p> | <p>Good.</p> | <p>Calendar dates for all Council meetings agreed in advance, reports published in a timely manner ensuring a robust planning cycle.</p> <p>Quarterly performance and finance reports monitored by SLT and Service Delivery and Policy, Finance and Development Committees.</p> | <p>None.</p> | <p>None.</p> | |

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| <p>2. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</p> | <p>Good.</p> | <p>Resident Forums in existence for each major town in the borough.</p> <p>We regularly consult where changes to policies are made, over and above statutory requirements.</p> <p>Tenant engagement approach for Housing now established and will develop further in 2023/24.</p> | <p>None.</p> | | |
| <p>3. Considering and monitoring risks facing each partner when working collaboratively including shared risks</p> | <p>Good</p> | <p>Strong partnerships exist. Partnership agreements exist where necessary for financial/legal/governance/risk reasons (e.g. Shared Building Control) formal agreements are put in place.</p> | <p>None</p> | <p>None</p> | |
| <p>4. Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances</p> | <p>Good.</p> | <p>Delegated responsibility in some areas. Constitution is flexible. Delegated decision making can be amended to facilitate urgent decision making.</p> | <p>None.</p> | <p>None.</p> | |
| <p>5. Establishing appropriate key performance indicators (KPIs) as part of the planning process in</p> | <p>Good.</p> | <p>KPIs established and approved for each service and included in Service Plans.</p> | <p>None.</p> | <p>None.</p> | |

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| order to identify how the performance of services and projects is to be measured | | Quarterly Performance Reports are considered by Service Delivery Committee. | | | |
| 6. Ensuring capacity exists to generate the information required to review service quality regularly | Good. | <p>Performance is included to give context for decisions to be made where necessary.</p> <p>Resource dedicated to Transformation which works across the organisation to make customer, process and financial improvements.</p> <p>Programme of service reviews underway in 2023 as part of the council's Sustainability Programme.</p> | None. | None. | |
| 7. Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan | Fair. | <p>Corporate Peer Review identified the need to Align and maintain MTFP to the Corporate Plan and projects to ensure resources are in place to deliver them.</p> <p>Strategic and Financial Planning timetable to be reviewed and aligned for 2023/24 planning, enabling a more integrated approach.</p> <p>Identified need to ensure effective alignment of team and council corporate planning with budget.</p> <p>Work underway as part of the Sustainability Programme will better align corporate</p> | None. | Review service and financial planning timetable for 2023/24 | Head of Finance |

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| | | planning with resource allocation, during 2023/24. | | | |
| 8. Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy | Good. | <p>Corporate Peer Review identified the need to Align and maintain MTFP to the Corporate Plan and projects to ensure resources are in place to deliver them.</p> <p>New Medium Term Financial Strategy adopted September 2022, which includes new affordability approach to assessing the financial implications of the corporate strategy and a Sustainability Plan for closing budget gaps.</p> <p>New approach sees MTFP updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions.</p> <p>Further work through the Sustainability Programme as outlined above will enhance this.</p> | None. | | |

Supporting Principle 3: Optimising achievement of intended outcomes

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|-------------|--|--------------------|--|--|
| <p>1. Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints</p> | <p>Fair</p> | <p>New Medium Term Financial Strategy adopted September 2022, which includes new affordability approach to assessing the financial implications of the corporate strategy and a Sustainability Plan for closing budget gaps.</p> <p>New approach sees MTFP updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions.</p> <p>Further work through the Sustainability Programme as outlined above will enhance this.</p> | <p>None.</p> | <p>Take forward outcome based budgeting approach as part of Sustainability Programme and embed results</p> | <p>Strategic Director – S151 Officer</p> |

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| <p>2. Ensuring the budgeting process is all inclusive, taking into account the full cost of operations over the medium and longer term</p> | <p>Good.</p> | <p>5 year Capital budget planning. Revenue currently only planned 1 year at a time. MTFP focuses on 5 year medium term.</p> | <p>None.</p> | | |
| <p>3. Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage</p> | <p>Good</p> | <p>New Medium Term Financial Strategy adopted September 2022, which includes new affordability approach to assessing the financial implications of the corporate strategy and a Sustainability Plan for closing budget gaps.</p> <p>New approach sees MTFP updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions.</p> <p>Further work through the Sustainability Programme as outlined above will enhance this.</p> | <p>None.</p> | | |

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| 4. Ensuring the achievement of 'social value' through service planning and commissioning. | Good | Social value considered through procurement processes.. | None | None | |
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Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Supporting Principle 1: Developing the entity's capacity

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|--|--------------------|--|---------------------------|
| 1. Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness | Fair. | <p>Reviews of structures, ways of working and performance carried out as necessary.</p> <p>Acquisitions and Disposals Policies.</p> <p>Existing mitigating risk action to revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation.</p> <p>Work is now underway as part of the council's Sustainability</p> | None. | Revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation. | Head of Law and Democracy |

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| | | Programme to close budget gaps to review its assets. This will inform a renewed Asset Management policy. | | | |
| 2. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently | Fair. | <p>Work is underway to determine organisational approach to benchmarking.</p> <p>Initial scoping work undertaken to start to identify benchmarking providers for different service areas.</p> <p>Finance benchmarking subscription in place via LG Inform. Further financial benchmarking for service areas will be addressed by adopting an outcome-based budgeting approach which incorporate data analysis and benchmarking.</p> | None. | Organisational approach to benchmarking to be reviewed and requirements determined. | Strategic Director |

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|--|-------|---|-------|--------------------------|--------------------|
| 3. Recognising the benefits of partnerships and collaborative working where added value can be achieved | Good. | Strong partnership working across the Council. | None. | None. | |
| 4. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources | Fair. | Existing Strategic Risk Register. People Strategy in development and due for sign off June 2023. | None. | Develop People Strategy. | Strategic Director |

Supporting Principle 2: Developing the capability of the entity's leadership and other individuals

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|---|--------------------|-----------------------|------|
| 1. Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained | Good. | Regular meetings between Leader and Chief Executive. Committee Chairs supported by designated SLT leads. Robust member induction programme, with specific and significant training planned. Code of Conduct for all members. | None. | None. | |
| 2. Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body | Good. | Regular review of delegation and financial regulations. Constitution. | None. | None. | |

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| <p>3. Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</p> | <p>Good.</p> | <p>Clear roles and responsibilities with CE's objectives set and monitored by Members.</p> | <p>None.</p> | <p>None.</p> | |
| <p>4. Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> • Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged • Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and | <p>Good.</p> | <p>Comprehensive timetable of member inductions. Members trained as and when required. Formal induction process for new administration and new members. Robust member induction programme, with specific and significant training planned. Code of Conduct for all members.</p> | <p>None.</p> | <p>None.</p> | |

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| <p>ensuring that they are able to update their knowledge on a continuing basis</p> <ul style="list-style-type: none"> Ensuring personal, organisational and system- wide development through shared learning, including lessons learnt from governance weaknesses both internal and external | | | | | |
| 5. Ensuring that there are structures in place to encourage public participation | Good. | Resident Forums, customer feedback. | None. | None. | |
| 6. Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections | Good. | LGA Financial Health Check Summer 2021. LGA Corporate Peer Review January 2022. | None. | None. | |
| 7. Holding staff to account through regular performance reviews which 8. take account of training or development needs | Fair. | Staff development plans linked to appraisals. Review of appraisal approach underway. | None. | Review staff performance appraisal approach. | Strategic Director |
| 9. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing | Good. | Discount on leisure facilities for staff. Employee advice line, 24 hours service providing advice and counselling service around family, personal, debt, workplace, home and health issues. Coaching and mentoring available. | None. | None. | |

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| | | <p>Health and Wellbeing team to develop and implement the employer Workplace health and benefits offer. New Health and Wellbeing Hub on Teams for staff to access.</p> <p>Participation in Survey with Leicestershire and Rutland Sport Workplace Health Needs Assessment to determine health of workforce.</p> <p>Sickness management ongoing.</p> | | | |
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Core Principle F: Managing risks and performance through robust internal control and strong public financial management

Supporting Principle 1: Managing risk

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|---|--------------------|-----------------------|------|
| 1. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making | Good. | Risk Management system in place with regular monitoring at Manager/HoS level and SLT and Audit Committee. New cross-service and role Risk Management Group established to monitor risk. Risk Management Policy updated and adopted by Audit Committee January 2023. | None. | None. | |
| 2. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively | Good. | Risk management policy formally approved and adopted. | None. | None. | |

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| | | Health and Safety Action Plan in place. | | | |
| 3. Ensuring that responsibilities for managing individual risks are clearly allocated | Good. | Risk Management system in place with regular monitoring. Changes made in 2022 so that each risk has an owner responsible (rather than collective SLT). | None. | | |

Supporting Principle 2: Managing Performance

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|---|--------------------|-----------------------|------|
| 1. Monitoring service delivery effectively including planning, specification, execution and independent post implementation review | Good. | Monitoring of service delivery currently completed through service plans. Agreed performance targets reported monthly. SLAs for all service areas, reviewed annually. | None. | None. | |
| 2. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and | Good. | Standardised project appraisal and affordability approach developed as part of | None. | | |

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| risks inherent in the organisation's financial, social and environmental position and outlook | | new MTFs, adopted in September 2022. This new approach was utilised on the funding allocation decision for the office relocation to Council in July 2022 | | | |
| 3. Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making | Good. | Committee system enables all members to contribute towards ensuring policies are effective and objectives are delivered. Support offered to opposition members e.g. as part of budget setting. | None. | None. | |
| 4. Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement | Good. | Regular quarterly reports to SLT and Service Delivery Committee. | None. | None. | |

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| 5. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements) | Good. | Standing orders in place. Approval reports separate from financial updates. | None. | None. | |
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Supporting Principle 3: Robust internal control

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|---|------------|---|--------------------|---|---------------------------------|
| 1. Aligning the risk management strategy and policies on internal control with achieving the objectives | Good. | Risk management policy audit plan and regular audit reports. | None. | | |
| 2. Evaluating and monitoring the authority's risk management and internal control on a regular basis | Good. | Risk management policy with risks reviewed regularly by Risk Management Group, SLT and Audit Committee. | None. | | |
| 3. Ensuring effective counter fraud and anti- corruption arrangements are in place | Fair. | Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014). | None. | Develop and implement anti-fraud awareness raising programme. | Strategic Director/S151 Officer |

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|---|-------|---|-------|--|---------------------------------------|
| | | <p>Anti-fraud policy updated April 2023. Anti-corruption policy in place.</p> <p>Existing action via Strategic Risk Register to develop and implement anti-fraud awareness raising programme.</p> | | | |
| 4. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor | Good. | Annual governance statement, internal audit arrangements adequate with internal audit actively involved in service improvement. | None. | None. | |
| 5. Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon. | Fair. | <p>Audit committee complies with best practice. See Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2018). Terms of Reference in place for Committee. Training for committee members provided June 2022, included session to enable committee members to approve the financial statements undertaken in 2018.</p> | None. | Undertake self-assessment with Audit Committee | Head of Finance – Deputy S151 Officer |

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| | | In recognition of external auditors suggestion to undertake self-assessment, plans for this to be carried out in 2023. | | | |
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Supporting Principle 4: Managing Data

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

Supporting Principle 5: Strong public financial management

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--------------------------------------|------------|----------|--------------------|-----------------------|------|
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|--|--------------|--|--------------|--|---------------------|
| <p>1. Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance</p> | <p>Fair.</p> | <p>New Medium Term Financial Strategy adopted September 2022, which includes new affordability approach to assessing the financial implications of the corporate strategy and a Sustainability Plan for closing budget gaps.</p> <p>New approach sees MTFP updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions.</p> <p>Further work through the Sustainability Programme as outlined above will enhance this.</p> | <p>None.</p> | <p>Progress all outstanding actions to meet the CIPFA Financial Management Code:</p> <ul style="list-style-type: none"> • Progress the vision for finance at OWBC • Undertake skills and competency assessment and develop ongoing training programme for CMT and SLT • Undertake training needs analysis of finance team and develop training and development plan • Update Financial Procedure Rules • Review of profiled budgets • Review outturn at Q1 budget monitoring sessions. | <p>S/D and S151</p> |
| | | <p>Work undertaken to adopt the CIPFA Financial Management Code in 2022 identified a range of areas where the Council did not achieve the Code requirements and the majority of these have now been taken forward with 6 actions outstanding that will be implemented in 2023.</p> | | | |
| <p>2. Ensuring well-developed financial management is integrated at all levels of planning and control, including</p> | <p>Fair.</p> | <p>Budget monitoring reports and regular reviews, however greater engagement required between finance and services. Finance system upgrade required and more automation of reporting required.</p> <p>As above, areas where the Council does not currently meet the requirements of the CIPFA financial management code have been identified and actions scoped to progress improvements in these areas.</p> | | | <p>S/D and S151</p> |

management of financial risks and controls

Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principle 1: Implementing good practice in transparency

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|---|--------------------|-----------------------|------|
| 1. Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate | Good. | Website user friendly, annual report, reports written in 'plain English'. | None. | None. | |
| 2. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand | Good. | Website user friendly, annual report, reports written in 'plain English'. Annual Report produced in accessible format, including translation tool. | None. | None. | |

Supporting Principle 2: Implementing good practices in reporting

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|---|--------------------|-----------------------|------|
| 1. Reporting at least annually on performance, value for money and the stewardship of its resources | Good. | Council Annual report, Statement of Accounts, End of Year report. Regular customer satisfaction surveys with results published in Annual reports. | None. | None. | |
| 2. Ensuring members and senior management own the results | Good. | Members and SLT receive and approve reports. | None. | None. | |
| 3. Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement) | Good. | Annual governance statement. | None. | None. | |
| 4. Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate | Good. | Annual governance statement. | None. | None. | |
| 5. Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations | Good. | Format follows best practice. | None. | None. | |

Supporting Principle 3: Assurance and effective accountability

| Requirement of local authorities to: | Assessment | Evidence | Significant Issues | Areas for Improvement | Lead |
|--|------------|---|--------------------|-----------------------|------|
| 1. Ensuring that recommendations for corrective action made by external audit are acted upon | Good. | <p>Recommendations from external audit acted upon.</p> <p>Regular communication between S151 Officer and External Auditor.</p> <p>Progress made against external audit recommendations will be reported to Audit Committee alongside this AGS.</p> | None. | None. | |
| 2. Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon | Good. | <p>Internal Audit report directly to Audit Committee.</p> <p>Recommendations from internal audit acted upon.</p> <p>Compliance of Internal Audit arrangements with Public Sector Internal Audit Standards. Regular communication between S151 Officer and Internal Auditor.</p> | None. | None. | |

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| 3. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations | Good. | Corporate Peer Challenge undertaken January 2022. A number of recommendations were made and accepted by Council which were implemented. | None. | None. | |
|--|-------|---|-------|-------|--|



Independent auditor's report to the members of Oadby & Wigston Borough Council

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Oadby & Wigston Borough Council (the 'Authority') for the year ended 31 March 2023, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Interim Strategic Director and Section 151 Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Interim Strategic Director and Section 151 Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Interim Strategic Director and Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Interim Strategic Director and Section 151 Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Interim Strategic Director and Section 151 Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Interim Strategic Director and Section 151 Officer

As explained more fully in the Statement of Responsibilities (set out on pages 30 and 31), the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Interim Strategic Director and Section 151 Officer. The Interim Strategic Director and Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Interim Strategic Director and Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Interim Strategic Director and Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, Local Government Act 1972, Local Government and Housing Act 1989, the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012).

We enquired of management and the Audit Committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and improper revenue and expenditure recognition. We determined that the principal risks were in relation to:

- unusual journals
- significant accounting estimates in respect of the land & buildings (including council dwellings) and defined benefit pensions liability valuations.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on unusual journals, which included:
 - Large and unusual manual journals
 - Material journals posted after year end at a weekend
 - Post year end journals
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land & buildings (including council dwellings) and defined benefit pensions liability valuations, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for management override of controls. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector in which the Authority operates
- understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Oadby & Wigston Borough Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Patterson

Grant Patterson, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

16 April 2024