

To Members of the Audit and Corporate Governance Committee

Cllr. Mike Shirley (Chairman)
Cllr. Mark Jackson (Vice-Chairman)

Cllr. Lee Breckon JP
Cllr. Alex DeWinter

Cllr. Richard Holdridge
Cllr. Dillan Shikotra

Cllr. Roger Stead
Helen King (Independent
Member)

Dear Councillor,

A meeting of the **AUDIT AND CORPORATE GOVERNANCE COMMITTEE** will be held in the Council Chamber - Council Offices, Narborough on **MONDAY, 25 NOVEMBER 2024 at 5.30 p.m.** Please find attached a number of supplemental items that are required for the meeting and are in addition to the agenda and report pack that has already been circulated.

Yours faithfully



Gemma Dennis
Corporate Services Group Manager and Monitoring Officer

SUPPLEMENTAL ITEMS

4. Completion Report Financial Years 2020/21, 2021/22 and 2022/23 (Pages 3 - 472)

To consider the report of the Finance Group Manager (to follow).



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Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting	25 November 2024
Title of Report	Completion Report Financial Years 2020/21, 2021/22 and 2022/23
Report Author	Finance Group Manager

1. What is this report about?

- 1.1 The report details the closedown of 2020/21, 2021/22 and 2022/23 Financial Accounts undertaken by Ernst & Young, including the value for money findings.
- 1.2 The report seeks formal approval of the audited accounts for 2020/21, 2021/22 and 2022/23 and seeks delegated authority for the Section 151 Officer to finalise the financial statements in consultation with the Chair of the Audit and Corporate Governance Committee.

2. Recommendation(s)

- 2.1 That the external auditor's report is accepted.
- 2.2 That Committee grants delegated authority to the Executive Director (Section 151) in consultation with the Chair of the Audit and Corporate Governance Committee to approve and sign off the Council's audited Financial Statements for 2020/21, 2021/22 and 2022/23 once all outstanding matters have been finalised.

3. Reason for Decision(s) Recommended

- 3.1 To bring to Members' attention the findings of our external auditors, Ernst & Young (EY) in relation to the audit of the 2020/21 accounts.
- 3.2 The Accounts and Audit Regulations require local authorities to have their 2020/21, 2021/22 and 2022/23 accounts approved by a resolution of "a committee or by the members meeting as a whole", and no later than 13th December 2024.

4. Matters to consider

4.1 Background

Since the onset of Covid-19, local authorities in general have experienced significant delays with the timely completion of the audit of accounts, even though publication dates were relaxed between 2020/21 and 2022/23. These delays have mainly centred around the difficulties that external audit firms have experienced in recruiting suitably qualified public sector auditors, and consequently being unable to adequately resource their audits.

In Blaby's case, the Accounts for 2020/21, 2021/22 and 2022/23 have not yet been fully audited and approved.

To overcome the audit backlog, secondary legislation has now been laid to provide a backstop date of 13 December 2024 for financial years up to and including 2022/23 to be approved.

The unaudited accounts for all outstanding years have been presented to the Audit and Governance Committee previously for review and consideration. The accounts for each year were published on the Council's website for Public Inspection for a single 30 working-day period, however for years 2020/21 and 2021/22 it was noticed that a Bank Holiday was included in the period. As such the Public Inspection Periods for 2020/21 and 2021/22 have been repeated and will close on the 12th December prior to the backstop date.

EY are required to comply with the Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies. The Code requires them to produce a "Report to Those Charged with Governance", i.e., this Committee, and the draft of that report is attached at Appendix A.

Given the closure of the Public Inspection period closing on the 12th December, EY have stated in their report that:

"In accordance with the requirements of the Financial Reporting Councils Escalated Reporting Framework, and given that the inspection period for the 2020/21 and 2021/22 Statement of Accounts runs to 4pm on 12 December 2024, there is a risk that the Council will not meet the backstop date of 13 December 2024. We have alerted the FRC to this matter."

4.3 Relevant Consultations

Officers have consulted with EY regarding the draft report.

5. What will it cost and are there opportunities for savings?

- 5.1 Scale fees are detailed in the closure report. The final fees are to be confirmed, and EY will be liaising with Public Sector Audit Appointments Ltd (PSAA Ltd) to discuss and agree.

6. What are the risks and how can they be reduced?

- 6.1 The detailed risks are covered within EY's report (Appendix A), including the potential for management override of controls, and the recognition of revenue and expenditure in the accounts. No areas of weakness or material misstatements have been identified by the auditors.

7. Other options considered

- 7.1 None

8. Appendix

- 8.1 Appendix A - Ernst & Young Completion Report Years Ended 31st March 2021, 31st March 2022, 31st March 2023

Appendix B – The audited accounts for 2020/21 and Annual Governance Statement

Appendix C – The audited accounts for 2021/22 and Annual Governance Statement

Appendix D – The audited accounts for 2022/23 and Annual Governance Statement

10. Background paper(s)

- 10.1 None

11. Report author's contact details

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Blaby District Council Completion Report for Those Charged with Governance

Years ended 31 March 2021, 31
March 2022, 31 March 2023

Report issued - 15 November 2024

Page 7





Audit and Corporate Governance Committee
Blaby District Council
Council Offices, Narborough,
Leicester LE19 2EP

15 November 2024

Dear Audit and Corporate Governance Committee

Blaby District Council - Completion Report for Those Charged With Governance - 2020/21, 2021/22 and 2022/23 financial years

Attached is our Completion Report for Those Charged With Governance. The purpose of this report is to provide the Audit and Corporate Governance Committee of Blaby District Council (the Council) with a detailed complete report covering our approach and outcomes of the 2020/21, 2021/22 and 2022/23 audits.

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2021, 31 March 2022 and 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

In completing our work for this audit year, we have taken into account Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", Local Authority Reset and Recovery Implementation Guidance. We have also taken into account the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice (including recent 2024 updates), the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. Against this backdrop, we have also considered the Committee's service expectations.

This report considers the impact of Government proposals to clear the backlog in local audit and put the local audit system on a sustainable footing. The joint statement on the update to proposals to clear the backlog and embed timely audit recognises that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Audit and Corporate Governance Committee, as the Authority's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Authority's wider arrangements to support the delivery of a timely and efficient audit.

We consider and report on the adequacy of the Authority's external financial reporting arrangements and the effectiveness of the Audit and Corporate Governance Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

We draw the Audit and Corporate Governance Committee members and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix A).

This report is intended solely for the information and use of the Audit and Governance Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully



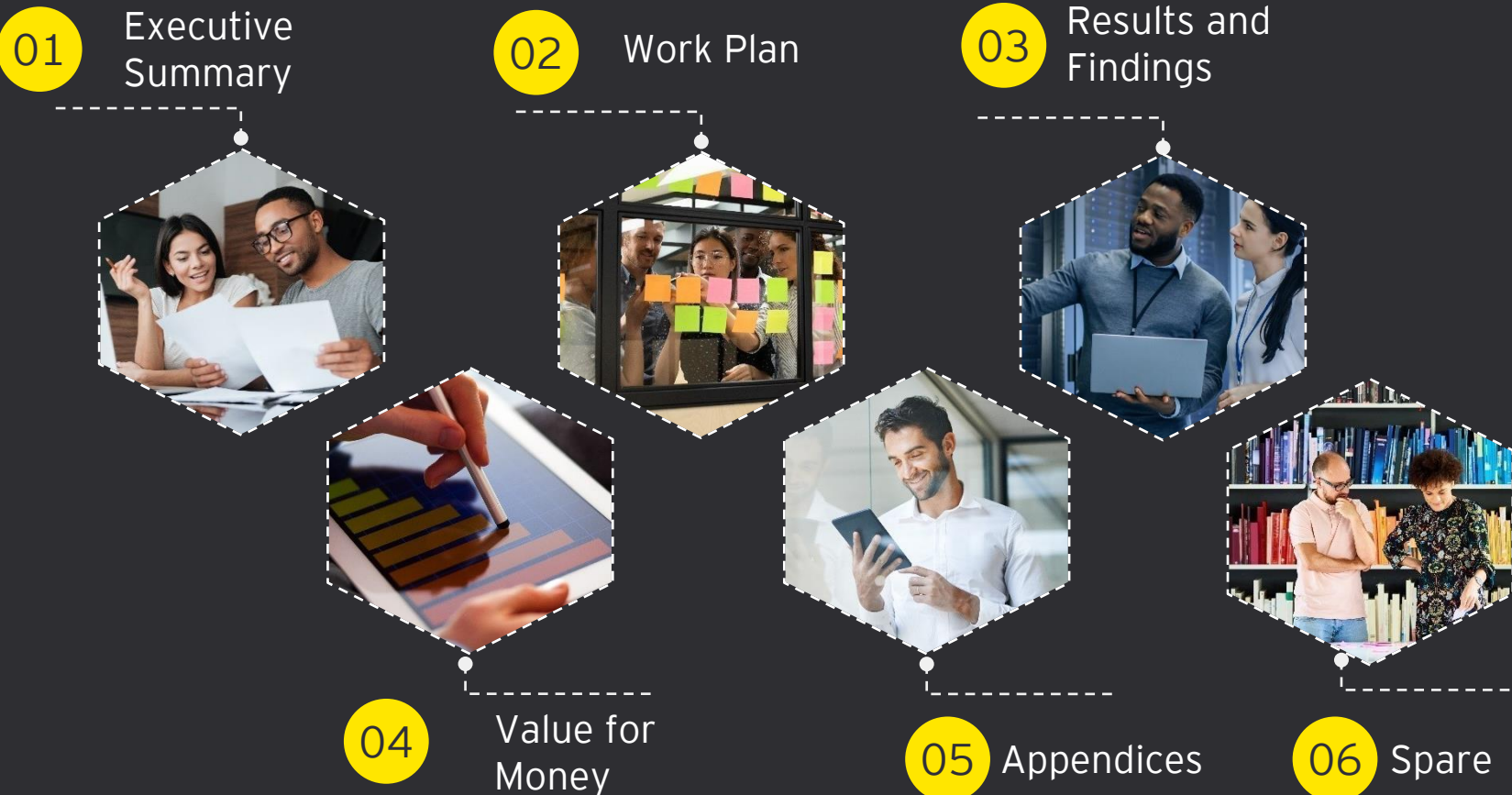
Hayley Clark

Partner

For and on behalf of Ernst & Young LLP

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Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website. The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psaa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Corporate Governance Committee and management of Blaby District Council. Our work has been undertaken so that we might state to the Audit and Corporate Governance Committee and management of Blaby District Council those matters we are required to state to them in this 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 Audit and Corporate Governance Committee and management of Blaby District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary

Executive Summary – System wide and local context

Context for the audit – Ministry of Housing, Communities and Local Government (MHCLG) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- ▶ Lack of capacity within the local authority financial accounting professions
- ▶ Increased complexity of reporting requirements within the sector
- ▶ Lack of capacity within audit firms with public sector experience
- ▶ Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed

Page 12 MHCLG (previously the Department for Levelling Up, Housing and Communities (DLUHC)) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. Statutory Instrument (2024) No. 907 - “The Accounts and Audit (Amendment) Regulations 2024” (the SI), together with the updated NAO Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, which have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)), consist of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- ▶ Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

The National Audit Office (NAO) has amended the Code of Audit Practice to:

- ▶ Require auditors to issue audit opinions according to statutory backstop dates for historic audits, and place specific duties on auditors to co-operate during the handover period for the new PSAA contract for the appointment of local authority auditors covering the years 2023/24 to 2027/28.
- ▶ Allow auditors to produce a single Value for Money commentary for the period to 2022/23 and use statutory reporting powers to draw significant matters to the attention of Councils and residents.

As a result of the system wide implementation of backstop dates we anticipate issuing a disclaimed audit opinion on the Council’s 2020/21, 2021/22 and 2022/23 accounts. The proposed disclaimer of the Council’s 2020/21, 2021/22 and 2022/23 accounts impacts the audit procedures that we have planned and undertaken to gain assurance on the 2020/21, 2021/22 and 2022/23 financial statements and the form of the audit report.

Executive Summary - Local context

Local Background and Context

The position at this Council has developed over recent years resulting in unaudited financial statements for 31 March 2021, 31 March 2022 and 31 March 2023.

The main reasons for the Council's financial statements not being prepared, audited and signed to date include:

- ▶ The post pandemic timelines resulted in audit teams trying to move delayed audits on to completion, whilst finance teams were trying to catch up, deal with current priorities and plan for the future. This used a significant amount of our finite audit resource, leading to a lack of capacity to complete the 2020/21, 2021/22 and 2022/23 audits.
- ▶ In addition, there were a number of new technical issues and challenges to address during this period, including taking into account the updated pension fund valuations.
- ▶ The Authority has been in a position to present draft statements of account for audit which have been within the regulatory timeframe. Whilst inspection periods have been run for each financial year from 2020/21 to 2022/23, for 2020/21 and 2021/22, the Council has had to re-run these from 1 November 2024 to 12 December 2024 as a result of the original periods not covering the full 30 working day requirement.
- ▶ The 2019/20 audit was completed, with our audit opinion signed on 27 August 2021. As a result, we were unable to schedule the 2020/21 audit in order to meet the reporting timeline of 30 September 2021. We commenced our audit for 2020/21 in Autumn 2021. As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2020/21, 2021/22 or 2022/23 financial statements before the 13th December 2024 backstop date. Therefore, we are disclaiming our opinion on the financial statements.

As you will be aware, in October 2024 the Financial Reporting Council (the FRC) launched its Escalated Reporting Framework (ERF). The principal objective of the ERF is to identify issues that give rise to the risk of the local audit backlog recurring, and where possible mitigate that risk. This involves the FRC's Local Audit team gathering intelligence from audit firm updates to assess system risks and convene system partners on appropriate mitigations. The ERF places a requirement on audit firms to provide an early warning of matters which may impact on the achievement of the Government's backstop date of 13 December 2024. Audit firms are required to notify audited bodies that an issue will be reported to the FRC, apart from in exceptional circumstances where this may not be appropriate - for instance where a matter may compromise the audit firm's independence and objectivity.

In accordance with the requirements of the FRC's ERF and given that the inspection period for the 2020/21 and 2021/22 Statement of Accounts runs to 4pm on 12 December 2024, there is a risk that the Council will not meet the backstop date of 13 December 2024. We have alerted the FRC to this matter

Executive Summary – Report structure and work completed

Report structure and work completed

This report covers the work we have completed to meet the requirements of the International Standards on Auditing (UK&I), (ISAs) and the Local Audit Reset and Recovery Implementation Guidance (LARRIGs) along with the National Audit Office Value for Money Code (NAO VFM Code). It has been split into the following sections.

Section 1 - Executive Summary - this section setting out the national and local context and the structure of our report.

Section 2 - Work Plan - We have completed the following planning tasks:

- ▶ Required independence procedures.
- ▶ Set a level of materiality.
- ▶ Issued letters of inquiry to Management, Those Charged with Governance, the Head of Internal Audit and the Monitoring Officer.
- ▶ Updated our understanding of the business, including through review of responses to inquiry letters, minute review and in discussion in our internal planning meeting,
- ▶ Identified significant, inherent and other areas of higher risk or focus.
- ▶ Considered any other matters that may require reporting to regulators or which may result in a modification to the audit report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.

Section 3 - Results and findings - Work completed to issue the disclaimer, findings and results:

- ▶ Review of the financial statements.
- ▶ Consideration of any matters that came to light during our planning and review procedures in relation to laws and regulations, fraud, related parties, litigation and claims, significant changes to contracts and systems, service organisations, which we report as appropriate.
- ▶ Reporting on any other matters that may require the use of the auditor's powers, formal reporting or a modification to the auditor's report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.

Section 4 - Value for money reporting

- ▶ The value for money report covering the years to 31 March 2021, 31 March 2022 and 31 March 2023.

Section 5 - Appendices



BOARDROOM



02

Work Plan

Work Plan – Audit Scope

Audit scope

This Completion report covers the work that we performed in relation to:

- ▶ Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2021, 31 March 2022 and 31 March 2023 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 4.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

Page 16

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2021, 31 March 2022 and 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

Work Plan - Materiality

Materiality

Planning materiality

£0.78m

Materiality for y/e 31 March 2021 has been set at £0.78m, which represents 2% of 2021 gross expenditure on provision of services.

£0.85m

Materiality for y/e 31 March 2022 has been set at £0.85m, which represents 2% of 2022 gross expenditure on provision of services.

£0.84m

Materiality for y/e 31 March 2023 has been set at £0.84m, which represents 2% of 2023 gross expenditure on provision of services.

Performance materiality

£0.59m

Performance materiality for y/e 31 March 2021 has been set at £0.59m, which represents 75% of planning materiality.

£0.63m

Performance materiality for y/e 31 March 2022 has been set at £0.63m, which represents 75% of planning materiality.

£0.63m

Performance materiality for y/e 31 March 2023 has been set at £0.63m, which represents 75% of planning materiality.

Audit differences

£0.04m

We will report all uncorrected misstatements relating to the primary statements greater than £0.04m for y/e 31 March 2021; £0.04m for y/e 31 March 2022; £0.04m for y/e 31 March 2023. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit and Corporate Governance Committee.

£0.04m

£0.04m

In order to ascertain the significance of issues in the draft financial statements we have set materiality based on the published draft financial statements for 2020/21, 2021/22 and 2022/23. We determined that our audit procedures would be performed using a materiality set above. This level of materiality remains appropriate for the actual financial year.

These levels are being used to assess our response to any issues identified in the Council's financial statements.

sults for

Work Plan – Significant, inherent and other risk areas

The following 'dashboard' summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the 31 March 2021, 31 March 2022 and 31 March 2023.

Audit risks and areas of focus

Risk/area of focus	Applicable years	Risk identified	Change from PY	Details
Misstatement due to fraud or error	All years covered by this report	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of fraud in revenue recognition: Cut-off of other income	All years covered by this report	Fraud Risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure. Our risk is focused on cut off, where income is recorded in the incorrect accounting period.
Risk of fraud in revenue recognition: Incorrect recognition of Covid-19 Grants	2020/21 and 2021/22	Fraud Risk	Change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure. Our risk is focused on the recognition and treatment of additional grants received in year for Covid-19. The Council has received a number of grants in 2020/21 as a result of the pandemic and there is a risk that the accounting treatment of these grants will not appropriately reflect the underlying terms and conditions of the grant agreement.
Valuation of PPE (Land and Building)	All years covered by this report	Significant Risk	Change in risk or focus	Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. We have identified an additional risk factor with respect to PPE valuation due to lack of correspondence and difficulty in obtaining relevant data from the PPE valuers by the Council resulting in an increase in the risk assessment of PPE valuations from higher inherent risk to a significant risk.

Work Plan – Significant, inherent and other risk areas

The following 'dashboard' summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the 31 March 2021, 31 March 2022 and 31 March 2023.

Audit risks and areas of focus

Risk/area of focus	Applicable years	Risk identified	Change from PY	Details
Risk of fraud in expenditure recognition: Overstatement of expenditure	All years covered by this report	Fraud Risk	No change in risk or focus	Our risk is focused on Overstatement of expenditure to manage the financial position year on year.
Understatement of bad debt provision	2020/21	Inherent Risk / Higher risk estimate	Change in risk or focus	No specialist was involved by the auditors to obtain assurance over the estimate as it is not too complex for audit to complete. Management did not utilize a specialist to assist them in calculating the provision and the calculations were performed internally by the finance team. We have assessed the point estimates made by management including their methodology and assumptions and challenged these by determining subsequent data and whether a different method exists or whether the assumptions were valid.
Valuation of NNDR appeals provision	All years covered by this report	Inherent Risk / Higher risk estimate	No change in risk or focus	No specialist was involved by the auditors to obtain assurance over the estimate as it is not too complex for audit team to complete. Management utilized a specialist to assist them in calculating the provision, which is used a numerous Councils. We have assessed the point estimates made by the expert including their methodology and assumptions.
Accounting for pension liability	All years covered by this report	Inherent Risk / Higher risk estimate	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Council / Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates. We have challenged the management on any areas of which we were unsure or need further clarification.

Work Plan - Independence

The FRC Ethical Standard 2019 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Work Plan - Independence

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Hayley Clark, your audit engagement partner and the audit engagement team have not been compromised.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your company. Examples include where we have an investment in your company; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES). None of the services are prohibited under the FRC's ES. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary, agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 0:1 (see table below). We have adopted the following safeguards as a result. A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

The table below sets out the other self-interest threats that exist as the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements. The table below sets out the self-review threats that exist as the date of this report

Description of relationship or service	Related independence threat	Period provided/ duration	Safeguards adopted and reasons considered to be effective
Housing Benefit (Subsidy) Assurance Process (HBAP)	- Self-review - Self interest	2020/21 2021/22 2022/23	- Self-review threat: Safeguard: The specific testing of individual benefit claims and associated subsidy calculations undertaken in respect of this AUP engagement is distinct and separate to any work we have or will undertake on the financial statements of the Authority. The results of the AUP testing is not reflected in the amounts included/disclosed in the financial statements. In respect of the checking of benefit system parameters, this work is common across our external audit procedures and this AUP engagement. Where the AUP engagement is conducted ahead of our external audit, it remains the responsibility of the external audit team to satisfy themselves that the parameters work has been appropriately performed, should they wish to use it for the purposes of the audit. Therefore, the external audit conclusion is not reliant upon the conclusion of our AUP engagement. No advice will be given in relation to accounting treatment. The report provided will be prepared or given solely for the purposes of the agreed upon procedures and will not be used or relied upon for any other purposes. - Self-interest threat: Safeguard: The NAO's AGN01 excludes HBAP from the PSAA and ethical standards fee caps because this service is required by the awarding central government department. In addition, the fees for this work are relatively limited.

Work Plan - Independence

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

EY Transparency Report 2024

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 30 June 2024: [EY UK 2024 Transparency Report | EY - UK](#)



03 Results and findings

Results and findings

Status of the audit

Our audit work in respect of the Council opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- ▶ Completion of subsequent events procedures;
- ▶ Receipt of approved and signed financial statements, annual governance statement and management representation letter.

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion, a current draft of which is included later in this section.

Value for Money

Our value for money (VFM) work is complete and reported in Section 4 of this report. We had identified no risks of significant weaknesses in arrangements. Having updated and completed the planned procedures in these areas we did not identify a significant weakness. See Section 4 of the report for further details.

Audit differences

In relation to our 2020/21 audit, we reported a number of audit differences (both adjusted and unadjusted) in our draft audit results report presented to the Audit and Corporate Governance Committee on 12 October 2022. This reported our findings at a point in time, however, these were all subject to review. As a result we cannot confirm if the findings reported in October 2022 are complete.

In relation to the 2021/22 and 2022/23 audits we have not identified any audit differences, either adjusted or unadjusted to bring to your attention.

For 2020/21, 2021/22 and 2022/23 we have noted that some of the comparative figures do not agree to the prior year signed financial statements. The Council should ensure that in approving the Statement of Accounts, all prior year comparative figures agree to the final set of prior year Statement of Accounts, or explanations for prior year adjustments have been set out by the Section 151 officer. The Council should also ensure that casting and internal consistency checks have been performed and the financial statements are prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom for 2021/22 and 2022/23, including all disclosure requirements.

Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

The Comptroller and Auditor General has confirmed that he plans to issue his opinion and certificate on the 2022-23 Whole of Government Accounts on 22 November 2024. We therefore expect to be able to certify completion of the audit as part of our final 2020/21, 2021/22 and 2022/23 audit reports.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

Results and findings

Areas of audit focus

Section 2 of this report includes the areas of audit focus for our audits of the 2020/21, 2021/22 and 2022/23 financial statements. In relation to 2020/21 we presented a separate Audit Plan to the Audit and Corporate Governance Committee on 12 October 2021. We concluded we would disclaim the audits and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete. The status of our 2020/21 audit, including and audit findings to that point were reported to the Audit and Corporate Governance Committee in October 2022. No detailed testing has been undertaken in relation to 2021/22 or 2022/23 but instead have reported any matters that came to light from the work we did complete. We request that you review these and other matters set out in this report to ensure:

- ▶ There are no further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit and Corporate Governance Committee or full Council.

Control observations

During the 2020/21 audit we identified observations and improvement recommendations in relation to management's financial processes and controls. We first reported these in our draft audit results report to the Audit and Corporate Governance Committee in October 2022. As we have not been able to conclude our 2020/21 audit, we cannot confirm that these are complete.

Independence

Further to our review of independence in section 2 of this report we have not identified any issues to bring to your attention..

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations; and
- ▶ Group audits

We have no other matters to report.

Results and findings – Draft Audit Report

Draft audit report

Our draft opinion on the financial statements – 2020/21

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLABY DISTRICT COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of Blaby District Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2021. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- the related notes 1 to 38 including a summary of significant accounting policies,
- Collection Fund and the related notes 1 to 5.

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 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907), which came into force on 30 September 2024, requires the accountability statements for this financial year to be approved not later than 13th December 2024.

This requirement meant that we were unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion as we had insufficient resources in the time available to perform all necessary procedures to support the local government audit reset.

We commenced our audit for 2020/21 in Autumn 2021. As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit

procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2020/21, 2021/22 or 2022/23 financial statements before the 13 December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014
- 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
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014
- we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

Responsibility of the Strategic Director (Section 151)

As explained more fully in the Statement of the Strategic Director (Section 151) s Responsibilities set out on page 29, the Strategic Director (Section 151) 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 2020/21 as amended

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements – 2020/21

- by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Strategic Director (Section 151) 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 Strategic Director (Section 151) is responsible for assessing the Council'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 the Council either intends to cease operations, or has no realistic alternative but to do so.

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Council 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 the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in April 2021, as to whether Blaby District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Blaby District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Blaby District Council had put in place proper arrangements to secure 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 satisfy ourselves 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.

Certificate

We certify that we have completed the audit of the accounts of Blaby District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Blaby District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements – 2021/22

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLABY DISTRICT COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of Blaby District Council ('the Council') for the year ended 31 March 2022. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- the related notes 1 to 38 including a summary of significant accounting policies,
- Collection Fund and the related notes.

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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

The audit of the 2020/21 financial statements for Blaby District Council was not completed for the reasons set out in our opinion on those financial statements dated xxxx. As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2021/22 financial statements before the 13th December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- 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 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the **Council** has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

Responsibility of the Strategic Director (Section 151)

As explained more fully in the Statement of the Strategic Director (Section 151)'s Responsibilities set out on page 44, the Strategic Director (Section 151) 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Strategic Director (Section 151) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements – 2021/22

In preparing the financial statements, the Strategic Director (Section 151) is responsible for assessing the Council'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 the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Council 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 the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether Blaby District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Blaby District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Blaby District Council had put in place proper arrangements to secure 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 (as amended) to satisfy ourselves 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.

Certificate

We certify that we have completed the audit of the accounts of Blaby District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Blaby District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements – 2022/23

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLABY DISTRICT COUNCIL

Disclaimer of opinion

We were engaged to audit the financial statements of Blaby District Council ('the Council') for the year ended 31 March 2023. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- the related notes 1 to 38 including a summary of significant accounting policies,
- Collection Fund and the related notes.

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 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

The audit of the 2021/22 financial statements for Blaby District Council was not completed for the reasons set out in our opinion on those financial statements dated xxxx. As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements before the 13th December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- 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 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
 - we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Council 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 these respects.

Responsibility of the Strategic Director (Section 151)

As explained more fully in the Statement of the Statement of the Strategic Director (Section 151)'s Responsibilities set out on page 46, the Statement of the Strategic Director (Section 151) 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 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Statement of the Strategic Director (Section 151) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements – 2022/23

In preparing the financial statements, the Statement of the Strategic Director (Section 151) is responsible for assessing the Council'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 the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Council 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 the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in January 2023, as to whether Blaby District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Blaby District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Blaby District Council had put in place proper arrangements to secure 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 (as amended) to satisfy ourselves 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.

Certificate

We certify that we have completed the audit of the accounts of Blaby District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Blaby District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.



04 Value for Money

VFM - Executive Summary

Purpose

Auditors are required to be satisfied that Blaby District Council have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an annual commentary on arrangements published as part of the Auditor's Annual Report to comply with the requirements of the 2020 Code of Audit Practice (updated for 2024) and Auditor Guidance Note 3 (AGN 03). For 2020/21, 2021/22 and 2022/23, the annual commentary is included in this report.

The 2024 Code has reduced the scope of the VFM reporting up to and including the 2022/23 financial year. However, in the February 2024 consultation on the new Code, the NAO stated that where auditors have begun or already undertaken work that no longer falls under the reduced scope, they may still report on it in accordance with paragraph 13 of Schedule 3 of the 2024 Code. EY are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

Risks of Significant Weakness

Page 33 In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of committee reports;
- meetings with officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with management and the finance team.

In our 2020/21 Audit Planning Report, dated 30 September 2021, we reported that we had not yet completed our value for money risk assessment procedures, but that we had identified a potential value for money risk in relation to the Council's financial resilience. Following completion of our risk identification procedures we determined that there was not a risk of significant weakness in this area. No risks of significant weaknesses were identified for 2021/22 and 2022/23.

Reporting

Our interim commentary for 2020/21, 2021/22 and 2022/23 is set out on the following pages and summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2020/21, 2021/22 and 2022/23. We include within the VFM commentary below the associated recommendations we have agreed with the Council.

Appendix F includes the detailed arrangements and processes underpinning the reporting criteria.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, we have concluded that there is a significant weakness in the body's arrangements.

VFM - Executive Summary (continued)

Reporting (cont'd)

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements, and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the years ended 31 March 2021, 31 March 2022 and 31 March 2023. Our risk assessment did not identify any risks of significant weaknesses in arrangements to secure financial sustainability.

Blaby District Council (BDC) maintains a financial management strategy that encapsulates aspects of budgeting, risk management, and long-term financial planning to enhance Value for Money (VFM) for ratepayers.

The Medium-Term Financial Strategy (MTFS) serves as the roadmap for the council's financial planning, incorporating the Revenue Budget, the General Fund Budget, and the Capital Programme. This strategy is updated annually taking into consideration the changing financial landscape, funding uncertainties and external factors that might affect the council's operations. The council's approach to achieving this has been through stringent budget monitoring, forecasting and by taking a prudent approach to risk management. In addition to this, the introduction of Transformational initiatives, Gap Closing initiatives, and Prioritisation and Rationalization schemes under the MTFS plays a vital role in reducing the funding gap.

Due to the lack of certainty over the future of local government funding, the MTFS was not updated at the time of setting the 2021/22 budget. The Council approved an updated MTFS as part of the 2022/23 budget setting process in February 2022. The 2023/24 MTFS identifies a funding gap of £0.166 million for 2023/24 and £1.097 million for 2024/25. There are larger funding gaps from 2025/26, mainly due to the uncertainty over future funding and the Council's prudent approach to budgeting. We recommend that the Council continues planning to close future financial budget gaps.

In 2022/23, the Council displayed financial resilience by generating a £0.020 million surplus in comparison to a projected deficit, an aspect attributed to efficient financial planning and management. One key strategy adopted to achieve revenue savings involved using internal balances and reserves on a temporary basis to fund capital expenditure, bringing an innovative approach to financial resource allocation. Quarterly reviews of financial risks, led to the Council making informed decisions and taking appropriate measures to control risks.

For the period 2024-2028, the Council further presents a District Plan that underscores its strategic move towards sustainable service delivery, maximising income, and seeking innovative methods of reducing costs to give the best value to the residents. Furthermore, every financial decision and strategy is made with a strong commitment to align with the council's constitution and its corporate, financial and people strategy.

The focus on monitoring actual expenditure against budget allocations and seeking remedial action to bridge gaps will continue to remain important for the Council to maintain financial sustainability in the future and in uncertain times. The use of the Financial Resilience Benchmarking Service confirms its commitment to compare and maintain its financial position against similar local authorities, ensuring optimal value for money for the residents.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2020/21, 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the years ended 31 March 2021, 31 March 2022 and 31 March 2023. Our risk assessment did not identify any risks of significant weaknesses in arrangements in governance.

The Council has a Risk Management Policy and Strategy in place to ensure the management of risk, is embedded within the organisation at both the strategic and operational level with both Members and senior officers having specific roles and responsibilities identified. The Audit and Corporate Governance Committee plays an important role in the management of risk in considering the effectiveness of the authority's risk management arrangements and control environment and reviewing the risk profile of the organisation and assurances that action is being taken. The Committee receives quarterly reports highlighting the latest position and any significant changes in relation to corporate risks.

Cabinet agree the budget setting process timetable which is then adhered to by the Finance team. Budget proposals are reviewed by the Scrutiny Committee in January before recommendation to Cabinet/Council in February. Regular consultation with SLT and Cabinet is performed throughout the process.

The Council's Annual Governance Statement (AGS) sets out a number of ways the Council is able to gain assurance over the effective operation of governance framework and system of internal controls. These include a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE: Delivering Good Governance in Local Government, as well as the work of internal and external audit and other inspection bodies completed during the year.

Internal Audit is provided under a Shared Service Agreement with Northwest Leicestershire District Council and Charnwood which provides independent assurance that the system is working effectively and draw any deficiencies in the system. A risk based internal audit plan is presented and approved annually by the Audit and Corporate Governance Committee. The Internal Audit Annual Reports for 2020/21, 2021/22 and 2022/23 have concluded reasonable assurance on the overall control environment.

The Council published the draft 2020/21, 2021/22 and 2022/23 Statement of Accounts in line with the Audit and Accounts Regulations.

Overall, the Council places strong emphasis on maintaining a robust governance framework, rigorous risk management strategies, and disciplined financial control to deliver maximum value for money to our constituents.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2020/21, 2021/22 and 2022/23 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the years ended 31 March 2021, 31 March 2022 and 31 March 2023. Our risk assessment did not identify any risks of significant weakness in arrangements in place to ensure economy, efficiency and effectiveness.

The Council's vision is set out in the Blaby District Plan which was developed with officers, Members and stakeholders in the district. The latest Plan covers the period 2024-2028 and sets out the vision, values and priorities for the District. The Council's priorities are grouped under the three key themes based on the District being "a great place to live, work and visit". The Plan comprises elements of the Council's Corporate Plan, Medium-Term Financial Strategy (MTFS) and the People Strategy.

The Council carried out a review of compliance with the Financial Management Code in advance of 2022/23. It was considered by the Audit and Corporate Governance Committee in July 2021 and the action plan arising from the review approved by Cabinet Executive in September. Whilst the Authority was found to be compliant with many aspects of the FM Code, there were a number of areas that were partially compliant. An action plan was developed, and all areas addressed to ensure compliance.

The Council invited the LGA to carry out a Finance Health Check which gave a view of the robustness of the Council's financial arrangements. The report received concluded that the Council is well managed financially and has consistently spent within its budget. The report provided three recommendations all of which have been incorporated into the Council's financial considerations on an ongoing basis.

A Corporate Peer Challenge (Peer Review) was performed in March 2022, which gave a positive review that "Blaby District Council (BDC) is a well-run local authority; it has a sound financial position, strong leadership, particularly through its Leader and Chief Executive, and committed staff. There is real ownership by members and officers, and everyone wants to do their best for Blaby as a council, place and for its communities." The final report was reported to Council in July 2022 alongside an action plan that has been put in place to address recommendations made for improvement. In December 2022 the LGA Peer Challenge team returned to the Council to assess progress and confirmed that "Blaby DC is clearly committed to addressing all the CPC's recommendations and has made excellent progress in doing so."

The Council has shown to value partnerships greatly, and believe they contribute significantly to service delivery. Interaction with local public bodies, community groups, and voluntary groups helps understand how we can enhance services. The Corporate Peer Challenge progress review in December 2022 commented that there is good evidence of the council's continuing positive relationships with Leicestershire DCs, East Midlands Councils and others.

In conclusion, Blaby District Council takes a disciplined, inclusive, and transparent approach to maximise the value for money Council offers to our constituents. Council strategies and operations are rigorously assessed and continually improved, ensuring that they are consistently deliver high-quality services and maintain financial resilience.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2020/21, 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



05 Appendices

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young

This letter of representations is provided in connection with your audit of the [consolidated and parent] Authority financial statements of [name of entity] ("the [Group and] authority") for the year ended [balance sheet date]. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and parent Authority financial statements give a true and fair view of (or 'present fairly, in all material respects,') the [Group and] authority financial position of [name of entity] as of [balance sheet date] and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the [Group and] the Authority, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our [consolidated and parent] Authority financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist. Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the [Group and the parent] Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the [Group and] authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We believe the [consolidated and parent] Authority financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the [Group and parent] Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the [Group and] authority financial statements are appropriately described in the [Group and] authority financial statements.
4. As members of management of the [Group and] authority, we believe that the [Group and] authority have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with [applicable financial reporting framework] for the Group and [applicable financial reporting framework] for the Authority that are free from material misstatement, whether due to fraud or error.

Appendix A – Management representation letter

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Management Rep Letter

5. *[When there are unadjusted audit differences in the current year]* We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and parent Authority financial statements taken as a whole. We have not corrected these differences because *[specify reasons for not correcting misstatement]*.
6. *[When the comparative figures have been restated]* The comparative amounts have been restated to reflect the below matter(s) and appropriate note disclosure of this (these) restatement(s) has (have) also been included in the current year's consolidated and parent Authority financial statements. *[Add a paragraph providing a brief description of each matter giving rise to a restatement and the amount(s) concerned.]* There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's consolidated and parent Authority financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and parent Authority financial statements for the year ended *[date]* are solely the result of reclassifications for comparative purposes.
7. We confirm the *[Group and]* authority does not have securities (debt or equity) listed on a recognized exchange.
8. We have confirmed to you any changes in service organizations within the *[Group and]* authority since the last audited financial year.

B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the *[Group and]* authority's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the *[consolidated and parent]* Authority financial statements may be materially misstated as a result of fraud.
4. *[When management is aware of the occurrence of non-compliance with laws or regulations, or has received allegations of non-compliance with laws and regulations.]* We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with laws and regulations, including fraud, known to us that may have affected the *[Group or]* Authority (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the *[consolidated and parent]* Authority financial statements
 - Related to laws or regulations that have an indirect effect on amounts and disclosures in the *[consolidated and parent]* Authority financial statements, but compliance with which may be fundamental to the operations of the *[Group and]* authority's business, its ability to continue in business, or to avoid material penalties

Appendix A – Management representation letter

Management representation letter

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Management Rep Letter

- Involving management, or employees who have significant roles in internal control, or others
- In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the [consolidated and parent] Authority financial statements.
3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the [period] to the most recent meeting on the following date: [list date].

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the [Group and] authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the [consolidated and parent] Authority financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with [applicable financial reporting framework].
6. We have disclosed to you, and the [Group and] authority has complied with, all aspects of contractual agreements that could have a material effect on the [consolidated and parent] Authority financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the [consolidated and parent] Authority financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Appendix A – Management representation letter

Management representation letter

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Management Rep Letter

8. We have disclosed to you, and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the [consolidated and parent] Authority financial statements, including disclosures.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the [consolidated and parent] Authority financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the consolidated and parent Authority financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note [X] to the consolidated and parent Authority financial statements discloses all the matters of which we are aware that are relevant to the Group and authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than the events described in Note [X] to the [consolidated and parent] Authority financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Authority financial statements or notes thereto.

G. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst parent Authority, subsidiary undertakings and associated undertakings.

H. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information contained within the Narrative Statement and also the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

I. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and the [Group and] authority have reflected these in the consolidated and parent financial statements.

Yours faithfully,

(Chief Financial Officer/Finance Director)

(Chairman of the Audit and Corporate Governance Committee)

Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table to the right.

The original fees for these years were based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

Due to the reset, the above clearly will not be achieved and we will be liaising with PSAA Ltd to discuss and agree fees.

	Current Year - 2022/23	Prior Year - 2021/22	Prior Year - 2020/21
	£	£	£
Scale fee - Code work	38,293	36,400	36,400
Determined scale fee variation	TBC - see note 1	TBC - see note 1	TBC - see note 1
Total audit	TBC	TBC	TBC
Other non-audit services not covered above (Housing benefits)	TBC	17,600 - see note 2	13,500
Total other non-audit services	TBC	TBC	13,500
Total fees	TBC	TBC	TBC

All fees exclude VAT

Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fee in respect of 2020/21, 2021/22 and 2022/23.

In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

Note 2 - The fee payable for the housing benefit non-audit services is estimated as work remains in progress. Final fees will be discussed and agreed with management.

Appendix C – Required communications with the Audit and Corporate Governance Committee

We have detailed the communications that we must provide to the Audit and Corporate Governance Committee .

Our Reporting to you

Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit and Corporate Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of: ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	This Completion report for Those Charged with Governance
Significant findings from the audit	▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit)	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit and Corporate Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements	This Completion report for Those Charged with Governance
Misstatements	▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management	This Completion report for Those Charged with Governance
Fraud	▶ Enquiries of the Audit and Corporate Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit and Corporate Governance Committee responsibility	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit and Corporate Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity	This Completion report for Those Charged with Governance
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence ▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.	This Completion report for Those Charged with Governance
External confirmations	▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures	This Completion report for Those Charged with Governance
Consideration of laws and regulations	▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Audit and Corporate Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Corporate Governance Committee may be aware of	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit and Corporate Governance Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Internal controls	► Significant deficiencies in internal controls identified during the audit	This Completion report for Those Charged with Governance
Representations	Written representations we are requesting from management and/or those charged with governance	This Completion report for Those Charged with Governance
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	This Completion report for Those Charged with Governance
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Completion report for Those Charged with Governance
Auditors report	► Key audit matters that we will include in our auditor's report ► Any circumstances identified that affect the form and content of our auditor's report	This Completion report for Those Charged with Governance

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR)

Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations

Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that... so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations ..."

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

Auditor Responsibilities

[The International Ethics Standard Board of Accountants' International Code of Ethics](#) (IESBA Code) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

Examples of Non-Compliance with Laws and Regulations (NOCLAR)

Matter

- ▶ Suspected or known fraud or bribery
- ▶ Health and Safety incident
- ▶ Payment of an unlawful dividend
- ▶ Loss of personal data
- ▶ Allegation of discrimination in dismissal
- ▶ HMRC or other regulatory investigation
- ▶ Deliberate journal mis-posting or allegations of financial impropriety
- ▶ Transacting business with sanctioned individuals

Implication

- ▶ Potential fraud/breach of anti-bribery legislation
- ▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
- ▶ Potential breach of Companies Act 2006
- ▶ Potential GDPR breach
- ▶ Potential non-compliance with employment laws
- ▶ Suspicion of non-compliance with laws/regulations
- ▶ Potential fraud / breach of Companies Act 2006
- ▶ Potential breach of sanctions regulations

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR) (cont'd)

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years



Management response:

Timely communication of the matter to auditors (within a couple of days)

Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both

Scope the investigation, in discussion with the auditors

Evaluate findings and agree next steps

Determine effect on financial statements including disclosures

Prepare a paper, summarising the outcome of the investigation and management's conclusions

Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

Key Reminders:

- ▶ Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
- ▶ Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups
- ▶ Engage external specialists where needed
- ▶ Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- ▶ Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor

Audit response:

Initial assessment of the NOCLAR matter and its potential impact

Initial consultation with risk team to determine responsive procedures and the involvement of specialists

Understand and agree scope of management's investigation with support from specialists as needed

Evaluate findings and undertake appropriate audit procedures

Determine audit related impact including accounting and disclosure and audit opinion implications

Document and consult on the outcome of our procedures

Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

Appendix E – VFM - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the years 2020/21, 2021/22 to 2022/23.

Reporting criteria considerations

Arrangements in place

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

As part of its financial planning, the Council prepares the Medium Term Financial Strategy (MTFS) incorporating the Revenue Budget, the General Fund Budget, and the Capital Programme. The Section 151 Officer is responsible for ensuring that the General Fund budget is prepared on an annual basis together with the MTFS. In its budget preparation, a guideline is issued to Group Managers and Strategic Managers following agreement from the Cabinet Executive which will consider various items, including the spending pressures. Examples of which include reductions in the Government Grant Settlement over and above that which had been built into the MTFS, withdrawal of external funding and Change to the Business Rate Retention Scheme and the Fair Funding Review. These led to the Council taking a prudent approach in forecasting its core grant funding for the MTFS and have modelled scenarios based on information currently available, base budget has only incorporated external funding that has been confirmed by external partners and consultation papers are released to officers to attempt to understand how the changes may impact the Council.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council has prepared a Blaby District Plan which encompasses plans for different categories for a particular period. The latest plan considers the period 2024-2028. These categories include the Council's financial plan, which is mostly laid out in the MTFS as discussed above. Through the MTFS, there is continuous monitoring and managing of income and expenditure, delivering of sustainable services and placing Blaby District Council in the best financial position possible. This is done by seeking new, innovative ways of maximising income or reducing costs in order to support service delivery. The Plan attempts to balance charging for services against keeping the customer at the heart of everything they do, actively considering opportunities to work with partners to deliver effective, efficient, services that provide best value for the residents and maximising the use of assets.

At the Council's request the LGA performed a Corporate Peer Challenge review in March 2022. The feedback reported that the Council had delivered significant achievements, which aligned with the priorities in Blaby DC's corporate plan. These achievements include community services' individual, timely support to the district's most vulnerable residents to ensure their health, wellbeing and safety. This support has been informed by services' good understanding of their local residents and how they should best respond to their needs, for example through their joint Lightbulb home improvement and Hospital Housing Enablement Teams with other Leicestershire councils and health partners.

Appendix E - VFM - Summary of arrangements (continued)

Financial Sustainability (continued)

Reporting criteria considerations	Arrangements in place
How the body plans to bridge its funding gaps and identifies achievable savings	The main considerations for the Council when drafting the annual MTFS is the degree of certainty to funding with the Fair Funding Review and the reset of Business Rates baseline, which are two of the main sources of revenue for the Council. In the preparation of the MTFS, the Council performs sensitivity analysis where an assumption is built in an anticipation that the government will introduce some form of “damping mechanism” to address the impact of the reduced funding. This helped in adjusting the initially identified funding gap. The 2022/23 outturn position, presented to Cabinet in July 2023, showed a positive outturn with £0.020 million surplus in comparison to the forecast funding gap of £0.398 million. As part of its strategy to achieve a balanced revenue position, the Council has made the decision to use internal balances and reserves to fund expenditure on a temporary basis. To achieve the 2022/23 outturn position the Council had to contribute £0.653 million from reserves. The 2023/24 MTFS identifies a funding gap of £0.166 million for 2023/24 and £1.097 million for 2024/25. There are larger funding gaps from 2025/26, mainly due to the uncertainty over future funding and the Council's prudent approach to budgeting. To address the longer-term budget gaps, the council has formed a transformation strategy team to develop a plan that can help address these challenges. The Council has introduced saving schemes in the form of transformational initiatives, closing gap initiatives and prioritisation and rationalisation schemes that will be reducing the gap over the period of MTFS till 2028/2029. There are also one-off savings that helped achieved a better financial performance such as staffing vacancies and impact of home working. Overall, investments have been made in resources to drive the transformation agenda and the newly adopted transformation strategy "Transforming Blaby Together" includes the Council commitment to embrace new technology, deliver affordable and efficient services in addition to embracing business-like thinking to seek new and innovative ways of maximising income. It is through these initiatives and investment in ICT that plans have been made to close the future gaps. Recommendation: That the Council continues planning to close future financial budget gaps identified in the MTFS.

Appendix E - VFM - Summary of arrangements (continued)

Financial Sustainability (continued)

Reporting criteria considerations

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

Arrangements in place

The Blaby District Plan incorporates the Council's Corporate Plan, Medium Term Financial Strategy and People Strategy. This means that this plan is prepared having regard to the policy framework set out in the Council's constitution. In preparing the budget and MTFS, these further incorporate the Capital Strategy and Capital Programme. The Section 151 Officer is responsible for ensuring that the General Fund budget is prepared on an annual basis together with a medium-term budget strategy for consideration by the Cabinet Executive, before submission to the full Council. To ensure that budget estimates reflected the agreed services plans and are prepared in line with the overall guidance issued by the Cabinet Executive, the Group Managers and Strategic Managers are given the full responsibility. There is also consultation with SLT and Members, with reference to Blaby District Plan priorities and alignment with budget setting process/MTFS.

The budget and MTFS is based on estimates which have been prepared on prudent assumptions, these changes in demand and challenges to assumptions are regularly monitored and updated through the regular review of financial performance. The Section 151 Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. Actual expenditure and income are monitored against budget allocations and is reported to the Cabinet Executive on the overall position on a regular basis.

Every quarter, there is a report presented to the Members in a Cabinet Executive meeting to provide an overview of the financial performance against the budget. Any material budget variances are reviewed in detail and reported through this robust governance framework, with appropriate action taken to understand the implications of variances and to take corrective action where necessary to manage the financial impact to the organisations as part of this good financial management and control. The Council has also subscribed to a Financial Resilience Benchmarking Service to enable it to monitor and compare its financial position and resilience with other similar local authorities.

At the end of 2022/23 the Council was in a relatively sound financial position, having sufficient reserves and balances to provide financial resilience in the short term. The Council have formed plans to make address financial resilience over the long-term by introducing the transformational strategy. Through this, the arrangements are applied to reduce the funding gap and make the Council financial sustainable.

As at 31 March 2023, the Council has sufficient reserves available along with strong cash and cash equivalent position. The unaudited 2022/23 statement of accounts show that the Council had £25.829 million of cash and cash equivalents and short-term investments. External borrowing of £6.409 million is within the operational boundary of £20.700 million. The general fund and earmarked reserves balance was £15.839 million.

Appendix E - VFM - Summary of arrangements (continued)

Governance

We set out below the arrangements for the governance criteria covering the years 2020/21, 2021/22 to 2022/23.

Reporting criteria considerations

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Arrangements in place

The Council has a Risk Management Strategy which sets out roles and responsibilities for managing risk and defines how risk should be consistently managed, recorded and assessed throughout the Council. Corporate risks are owned and monitored by the Corporate Risk Group, which consists of the Chief Executive and Strategic Directors. The risks and associated control measures are maintained on Iplan Software package and are subject to quarterly review by the Corporate Risk Group. Audit and Corporate Governance Committee receive quarterly reports in respect of the Council's corporate risks, in which details of any new, changing, or deleted risks will be included.

The Council has an Independent Internal Audit function provided in accordance with the statutory responsibility under Section 151 and is managed on a day-to-day basis by the Audit Manager who reports to the Strategic Director. The Internal Audit objectively examines, evaluates and reports on the adequacy of internal controls and governance as a contribution to the proper, economic and effective use of resources. The Audit Plan is approved by the Audit and Corporate Governance Committee on annual basis and progress and key issues arising are subsequently reported to the Committee quarterly. The 2022/23 Internal Audit Annual Report concluded **reasonable assurance** on the overall control environment, demonstrating that there is a generally sound system of governance, risk management and control in place. There were two Internal Audit reports concluding with limited assurance in 2022/2023:

1. Corporate Policy Management: The main areas identified for improvement were around the corporate policy review and publication processes, in particular the updating of HR policies and officer acceptance of these policies.
2. Environmental Health - Houses in Multiple Occupation: The main areas identified for improvement were around the retention of key documents and the supervisory checking process. It is noted that these were addressed immediately, and recommendations have been fully implemented.

The Council is required to review its governance arrangements on an annual basis, along with its arrangements for achieving economy, efficiency and effectiveness, and ensuring it is identifying and managing risk effectively. The annual review has been undertaken and the outcome of that review is reported in the annual governance statement (AGS) which is published as part of the statement of accounts.

The Council has an Anti-Fraud & Corruption Policy and a designated officer to help prevent and detect fraud.

Appendix E - VFM - Summary of arrangements (continued)

Governance (continued)

Reporting criteria considerations

How the body approaches and carries out its annual budget setting process

Arrangements in place

As set out in the Council's Constitution, the Council will be responsible for the adoption of its budget and policy framework. Once a budget or a policy framework is in place, it will be the responsibility of the Cabinet Executive to implement it.

The Cabinet agree timetable for the budget setting process which is set by Finance team. Review of individual portfolio budgets is undertaken by Business Accountants and Budget Managers. The Council carries a review of budgets in line with previous year spend and current year budget. Budget proposals are reviewed by the Scrutiny Committee in January before recommendation to Cabinet/Council in February. Regular consultation with SLT and Cabinet is performed throughout the process.

Before the MTFS is presented to Cabinet the draft portfolio budget proposals and the budget overview are scrutinised by the Scrutiny of the Administration's Budget Proposals committee in January. This committee meet weekly during January until proposed recommendations are finalised. The Scrutiny Commission committee then receive and review the Scrutiny of the Administration's Budget Proposals in early February. Cabinet receive the draft budget and MTFS following review from the two scrutiny committees before the end of February.

The LGA Corporate Peer Challenge review in March 2022 commented that the council has a robust and trusted financial function, and the finance team are highly respected by members and officers. Particular examples of good work included that on the budget including pre-scrutiny work and the right level of detail, which helped gain members' trust and confidence in the finance function. There is good understanding and management of the Council's finances. The Council has robust budget setting and monitoring procedures and has consistently spent within its budget.

Appendix E - VFM - Summary of arrangements (continued)

Governance (continued)

Reporting criteria considerations

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

Arrangements in place

This is manifested by the contents of the Financial Regulations. The Financial Regulations provide the framework for managing the Council's financial affairs. This identifies the financial responsibilities of the full Council, the Cabinet Executive, the Head of Paid Service, the Chief Finance Officer and the Monitoring Officer and other Officers. It sets out the sound systems and procedures that are essential to an effective framework of accountability and control on financial regulation.

In October 2021 the Council had a Financial Health Check report performed by the Local Government Association. The report concluded that the Council has robust budget setting and budget monitoring procedures. In relation to budget management the report reflected that the Council's budget monitoring is mature and based on an analysis of service expenditure with a focus on the establishment budget and levels of key income. Formal reporting to Cabinet Executive occurs on a quarterly basis, with two separate reports in September and November, and an update as part of the budget setting report in February. The Cabinet reports set out the financial issues facing the Council, and the appendices contain a breakdown of service and Directorate variances.

There were three recommendations at the end of the report:

Recommendation 1: The Council needs to take a strategic long-term approach to Financial Planning

Recommendation 2: Minor improvements to reporting to Cabinet Executive

Recommendation 3: Be clearer about future commercialisation plans

The Council have addressed these recommendations. The Council created their Commercialisation Strategy 2022-27 in March 2022. Through the annual budget setting process, the MTFS now forecasts up to 5 years ahead.

Appendix E - VFM - Summary of arrangements (continued)

Governance (continued)

Reporting criteria considerations

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/Audit and Corporate Governance Committee

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

Arrangements in place

Council decisions are made in accordance with the Council's Constitution including the Council's Financial Regulations. This includes the roles and responsibilities of the Executive, Committees, Full Council and chief officers and the rules under which they operate. In particular, how decisions are made and how procedures are to be followed to ensure that actions are efficient, legal, transparent and accountable to the community. The responsibility for overseeing Corporate Governance is formally delegated and documented through the Financial Regulations which is an element of the overall Council Constitution. The terms of reference for the Audit and Corporate Governance Committee are contained within these regulations. The Council has an Audit and Corporate Governance Committee which reviews the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances. Its full function can be read in the Council's website.

The Council has published the draft statement of accounts for 2020/21, 2021/22 and 2022/23 in line with the statutory deadlines set out in the Accounts and Audit Regulations.

The Council maintains employee and member code of conduct protocols, noted within its Constitution. The Constitution and financial procedures rules also include key detail around conduct and behaviour for employees and staff. The Constitution includes specific guidance for members in relation to gifts and hospitality and that these should be recorded in the Register of Interest forms and disclosed with the Monitoring Officer.

Management has a disciplinary committee that is in place that investigates and makes recommendations when there are departures from approved policies and procedures. Policies and arrangements are in place and standing item on agendas, as such, Councillors are required to complete and update Registers of Interest which are publicly available on the Council's website.

Appendix E - VFM - Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2020/21, 2021/22 to 2022/23.

Reporting criteria considerations

Arrangements in place

How financial and performance information has been used to assess performance to identify areas for improvement

Regular reporting of performance and financial information is undertaken. As part of this, the Council consider the delivery of services and the Council priorities and previous performance. The Annual Report and Annual Governance Statement set out the review of performance for the year.

The monitoring of the revenue budget and capital programme is performed quarterly and reported to Cabinet. There is also an annual performance report detailing out the Council's financial performance against the General Fund revenue budget, Business Rates Retention, Council Tax, and the Capital Programme in respect of the financial year that has ended.

An annual report is taken to Council on the progress against the Blaby District Plan. The report aims to provide a summary of the Councils' progress and performance against the strategic priorities. It also includes a selection of statutory indicators and performance measures.

The Council also has an internal audit to provide an independent and objective opinion on the body's governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. The internal audit can provide specific recommendation for areas where improvements are required.

How the body evaluates the services it provides to assess performance and identify areas for improvement

The Council reports its performance against a variety of data quality measures, financial or otherwise at the accounts and Audit and Corporate Governance Committee, this gives a flavour of the direction of travel and also the level of performance itself.

The Council has in place a range of key performance indicators which it uses to measure its performance. These indicators are developed for each of the council's main priorities in the corporate plan. The main organizational assessment is around Value for Money, the council's external auditor's judge and report back to the council on arrangements for securing financial resilience and challenging and improving value for money.

Budget monitoring is key at the Council to ensure they meet the budget without overspending. The Finance Team prepared the budget monitoring reports which are sent to Cabinet for review on a quarterly basis to approve any revised contributions from the General Fund Balances, before going to Full Council for approval. The reports will also include the budget risks what actions are being taken to reduce these.

Appendix E - VFM - Summary of arrangements (continued)

Improving economy, efficiency and effectiveness (continued)

Reporting criteria considerations

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

Arrangements in place

Partnership working is a vital component in the way the Council delivers its services and many of its achievements would not be possible without the significant contribution made by its partners. This takes place in all aspects of its services and ambitions and the authority works closely with other local public bodies, community, and voluntary groups via a partnership approach to ensure effective delivery of its services. There is an active voluntary forum through which the Authority provides support to those in the community whilst engaging with them to understand how the Council can improve the services. Customer satisfaction with services is monitored through local and service specific surveys, and electronic means to provide feedback on a range of activities and issues. The Council produces regular newsletters for all residents and businesses within the district which, in addition to providing information and advice, seeks to receive the views of the residents on a wide range of issues. The Council carries out a biannual Residents Survey which includes consultation on potential Council Tax increases and satisfaction levels for a range of Council services. To keep the public informed, the Authority proactively prepares appropriate press releases and maintains a user-friendly and well-designed website to create channels for communication and information dissemination.

The Corporate Peer Challenge progress review in December 2022 commented that there is good evidence of the council's continuing positive relationships with Leicestershire DCs, East Midlands Councils and others. It continued to say that the Council should continue this work to make the most of everyone's resources and opportunities.

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

Local Authorities must comply with European Union procurement Directives and the Public Contracts Regulations 2006. Failure to comply could raise to the risk of challenge and penalties and also result in ultra vires expenditure. Thus, the Constitution of the Council contains the procurement strategy, the procurement process and ensuring proper process are in place and approval is given as per the processes. The constitution sets out a detailed contract procedure rules to ensure that all procurements realise value for money through the optimum combination of whole life costs and quality of outcome. Different mechanisms are in place based on threshold for procurement contracts. The details of which are laid out in the Contract Procedure Rules.

The Council does not have an in-house procurement service but is instead supported by Welland Procurement, a shared service hosted by Melton Borough Council. Welland Procurement provides advice and ensures that procurement activity is carried out in accordance with the Council's Contract Procedure Rules and prevailing legislation. The SLT sits as a Programme Board who review progress against major corporate and service projects, including project closure to measure outcomes.

Appendix F – VFM – Summary of recommendations

Recommendations

The table below sets out the recommendations arising from the value for money work in the years covered in this report, 2020/21, 2021/22 to 2022/23. All recommendations have been agreed by management.

Issue	Recommendation	Management response
Financial Sustainability - Financial Resilience	We recommend that the Council continues planning to close future financial budget gaps identified in the Medium-Term Financial Strategy.	The Council will continue to review annually the budget gaps identified in the Medium Term Financial Strategy and put in place plans to address and close the budget gaps.

Appendix G – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- *prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- *ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- *assign responsibilities clearly to staff with the appropriate expertise and experience;*
- *provide necessary resources to enable delivery of the plan;*
- *maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- *ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- *ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- *during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

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BLABY DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2020/21

Contents

Narrative Report by Sarah Pennelli, Strategic Director (Section 151)	Page 3
Statement of Responsibilities for the Statement of Accounts	Page 29
Approval of Accounts	Page 30
Core Financial Statements and Explanatory Notes	Page 31
Comprehensive Income and Expenditure Statement	Page 31
Movement in Reserves Statement	Page 32
Balance Sheet	Page 33
Cash Flow Statement	Page 34
Notes to the Core Financial Statements	Page 35
Supplementary Financial Statements and Explanatory Notes	Page 93
The Collection Fund	Page 93
Notes to the Collection Fund	Page 94
Glossary of Financial Terms	Page 97
Appendix A	
Annual Governance Statement	Page 103

NARRATIVE REPORT BY SARAH PENNELLI, STRATEGIC DIRECTOR (SECTION 151)

I am pleased to present Blaby District Council's Statement of Accounts for the financial year ended 31st March 2021. The published accounts are an important element of the overall arrangements for demonstrating the Council's financial stewardship of public money, and also provide the context for the challenging financial position it faces going forward. Those challenges present themselves both in terms of uncertainties over the future of local government funding and, more immediately, the ongoing impact of the COVID-19 pandemic.

Part of my role as Strategic Director (Section 151) is to ensure that the Council's financial affairs are properly administered, and its financial position remains stable and robust. This is essential to ensure that the Council is able to continue to provide quality services to our residents.

The Ministry of Housing, Communities and Local Government (MHCLG) has put in place revised regulations that came into force on 31st March 2021. The Accounts and Audit (Amendment) Regulations 2021 extend the statutory audit deadlines for 2020/21 and 2021/22 for all local authorities. As a result, the publication date for audited accounts has moved from 31st July to 30th September for the two financial years referred to above. The public inspection period must now commence on or before the first working day of August which effectively means that I must sign-off the unaudited accounts for publication by 31st July 2021 at the latest.

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code). It aims to provide sufficient information to ensure that members of the public, including electors and residents of Blaby, Council Members, partners, stakeholders and other interested parties can:

- Understand the overarching financial position of the Council and the outturn for 2020/21;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner;
- Understand the impact of the COVID-19 pandemic, both financially and otherwise; and
- Be assured that the financial position of the Council is sound and secure.

This Narrative Report provides an organisational overview of Blaby District Council and the external environment within which it operates. It also provides a summary of the financial position at 31st March 2021, including the following:

- About Blaby – key facts and figures
- The Blaby District Plan
- The 2020/21 Budget and Council Tax Setting Process
- The Capital Programme 2020/21
- The Council's financial performance in 2020/21
- Performance against Corporate Objectives
- Corporate risks
- COVID-19
- Summary position
- Receipt of further information
- Acknowledgements

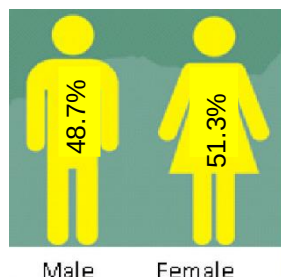
This is followed by an explanation of the Financial Statements and content of the Statement of Accounts.

About Blaby District Council

Blaby District Council is located in the south west corner of Leicestershire within the East Midlands region. It is one of seven districts within the County, also bordering the City of Leicester. Blaby District covers a geographical area of about 129 km² and is a mix of urban and rural areas with a diverse nature and size of settlements



Key Facts and Information about Blaby



According to the ONS mid 2019 population estimates, there are 101,526 people living in the District. The table below shows the age profile of residents living within Blaby District compared with Leicestershire as a whole, the East Midlands, and England.

Age	Blaby	Leicestershire	East Midlands	England
	2019	2019	2019	2019
0-17	21.2%	20.7%	20.7%	21.4%
18 to 64	58.4%	59.7%	59.8%	60.2%
65 to 84	17.7%	17.0%	17.0%	15.9%
85 and over	2.7%	2.6%	2.5%	2.5%

The average life expectancy of our residents is slightly above the national average at nearly 80.9 years for men and 84.9 years for women (79.6 and 83.2 years in England). (ONS 2016-18).

In terms of ethnicity, 88.5% of residents are White British and 11.5% are from Minority Ethnic Groups. (Census 2011).

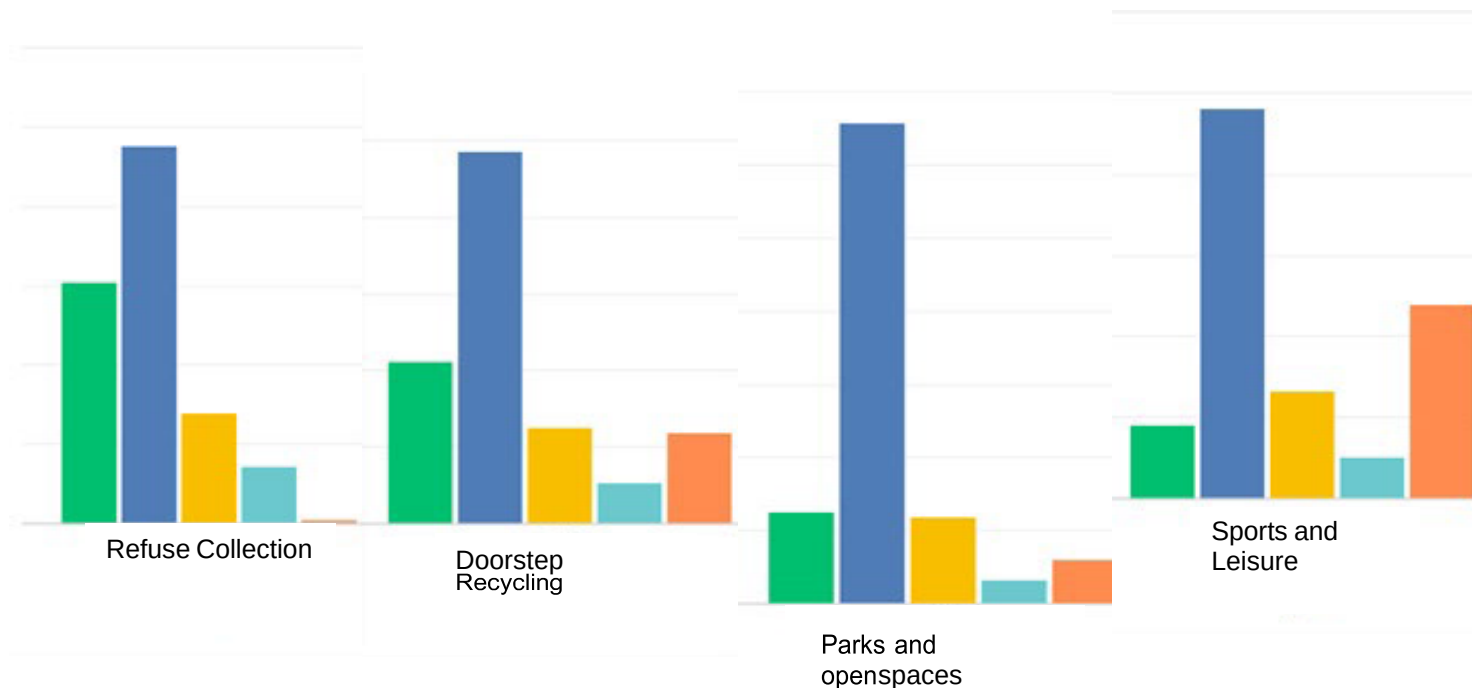
Blaby is well linked to major transport networks with the M1 and M69 both within the district, the M6 just south of the district, train links to Leicester and Birmingham, and 2 international airports less than 1 hour away. These links contribute to making Blaby District an attractive place for businesses to locate. The Fosse Park retail park is located just off of junction 21 of the M1, and the district is home to the headquarters of major businesses such as Next, Everards and Santander, as well as the main offices of Leicestershire County Council and the Office of the Police and Crime Commissioner.

The proportion of people claiming out of work benefits (Universal Credit) for the year as at March 2021 stands at 3.8% compared with 6.5% nationally. 81% of residents own their own home and the average house price is £246,129 (March 2021) which is around eight times the average Blaby District Resident's salary of £30,341 in 2020.

Health and recreation is well catered for in the district. We have nine strategic green spaces including the Green Flag Award-winning Glen Parva Local Nature Reserve, Bouskell Park in Blaby, and Fosse Meadows in the south of the district. Our community garden 'A Place to Grow' helps to support positive health and wellbeing. The Council owns two leisure centres, one at Enderby and the Pavilion at Huncote which are operated by SLM Limited. 83% of our residents say they are in good health, which compares favourably with the national average of 81%. However, 16% of residents say they have a long term health problem or disability. The provision of unpaid care is becoming increasingly common, with 11% of the local population declaring that they provide 1 hour or more unpaid care for others compared to the national average of 10%.

Blaby is ranked as the 281st most deprived district in England out of 398 with no areas in the district falling into the 10% of the most deprived areas in the country.

We undertook our bi-annual Residents Survey in early 2020, receiving over 2,500 complete responses. Over 60% of residents were either Very Satisfied or Satisfied with the way Blaby District Council runs its services, whilst 41% were satisfied with the value for money the Council provides. Over 75% were satisfied with the district as a place to live.



Top 4 Services with which residents were Very Satisfied

Table of Top 4 Services	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied	Don't Know	Total
Refuse	30.51%	47.67%	14.07%	7.39%	0.36%	
Doorstep Recycling	772 21.19%	1,206 48.77%	356 12.53%	187 5.53%	9 11.98%	2,530
Parks and Open Spaces	536 12.61%	1,234 65.89%	317 11.98%	140 3.40%	303 6.13%	2,530
Sports and Leisure	319 9.21%	1,667 48.14%	303 13.48%	86 5.14%	155 24.03%	2,530
	233	1,218	341	130	608	2,530

Political Structure

The Council comprises 39 elected members from 18 wards across the District. Elections are held every four years with the most recent District Election having been held on May 2019. However, following the retirement of one Conservative Party member in February, the resulting by-election was unable to be held due to the onset of COVID-19. This meant that during 2020/21 there were only 38 elected members on the Council. The political make-up of the Council during the 2020/21 financial year was, therefore, as follows:

Conservative Party	24 Members (64%)
Labour Party	6 Members (15%)
Liberal Democrat Party	6 Members (15%)
Green Party	1 Member (3%)
Independent	1 Member (3%)

Blaby operates a Cabinet Executive model which comprises six Cabinet Members. The Leader of the Council is Councillor Terry Richardson (Conservative), and the Deputy Leader is Councillor Maggie Wright (Conservative). The Leader has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of executive functions.

As far as possible, the Cabinet's portfolio areas are aligned to the Council's key service area, enabling the joint sharing of priorities. Cabinet members meet regularly with their respective senior officer leads to monitor the delivery of key priorities, consider service developments and improvements, and address any areas of concern.

Cabinet members are held to account by a system of scrutiny which is set out in the Constitution. The setting of a balanced budget was subject to detailed review by Scrutiny Commission during January 2020.

The diagram below sets out the Cabinet's portfolio responsibilities that were in place during 2020/21.



In terms of the demographic make-up, 12 (32%) of the 38 members, during 2020/21, were female. The average age of members was 57 years. 5% of members were from a black and minority ethnic background.

Management Structure

Corporate management is provided by the Strategic Leadership Team (SLT) which is responsible for implementing the strategic goals of the Council as decided by Members.

The SLT comprises the following officers:

- The Chief Executive
- Strategic Director (Section 151)
- Strategic Director
- Corporate Services Group Manager (Monitoring Officer)
- Housing and Community Services Group Manager
- Leisure and Regulatory Services Group Manager
- Neighbourhood Services and Assets Group Manager
- Planning and Economic Development Group Manager
- Strategic HR Manager
- Strategic Finance Manager

Workforce

The Council's workforce remained fairly stable during the financial year. On 31st March 2021 the Council employed 339 members of staff working across a range of services, compared with 333 on 31st March 2020. The number of full time equivalents (FTEs) at 31st March 2021 was 310.25 (304.2 at 31st March 2020).

The Blaby District Plan

Council approved the Blaby District Plan, covering the period 2018 to 2021, on 12th December 2017. The plan serves as a roadmap for Members, partners and Council officers, and demonstrates to our customers that the Council has the interests of the district at heart.

In developing the Blaby Plan we considered data such as the level of unemployment in the district, demographics and health statistics as well as reviewing the work we are doing with partners around the growth of the district, and key public sector partners on health, public safety and wellbeing. Through the plan we have shaped a set of priorities and objectives that reflect the aspirations that the Council has for its residents, as well as ensuring that we deliver a sustainable Council in the future.

The following significant issues have been identified:

- Although the district is considered to be one of the least deprived areas in the country, there are parts of the district that are in greater need. We need to support these areas in particular to ensure that inequalities are reduced.
- There are vulnerable people within all of our communities, who may have more significant needs to be able to live and access opportunities fairly and lead fulfilling lives.
- Businesses need a wide skill set to operate successfully. It is vital that residents are equipped with the necessary education and skills to gain high quality jobs within local businesses to ensure the prosperity of the district as a whole.
- It is important to recognise our existing historic areas of natural beauty and public facilities. We also have many new, exciting leisure facilities under development. We need to support and encourage all of these facilities and promote the district as a place to visit.
- When considering new development and access to existing services and jobs, the design of supporting infrastructure needs to be taken into account.

Our Vision

Blaby District is made up of thriving and vibrant communities where people are happy to live, work and visit.

Our Corporate Priorities and Objectives

Our priorities are, therefore, that Blaby is:

- A Place to Live
- A Place to Work
- A Place to Visit

Key objectives sit below each priority and services will develop operational action plans which support the delivery of those objectives.

2021/22 Key Corporate Objectives

Council approved the new Blaby District Plan, covering the period 1st April 2021 to 31st March 2024, in January 2021. A more detailed annual plan, setting out the specific aims and objectives for 2021/22, was subsequently approved by Cabinet Executive in March 2021, following approval of the annual budget. Delivery against the plan will be monitored by the Senior Leadership Team, Portfolio Holders and will be subject to Scrutiny. A half yearly update is planned for presentation to Council in October 2021.

The annual plan for 2021/22 will largely be focused on recovery from the COVID-19 pandemic and a return to a redefined “business as usual”. The overarching focus will be on “the Way we Work”, delivering digitally, continuing to ensure that our most vulnerable residents and communities are well supported, supporting businesses to recover from the pandemic, understanding our ambitions around the green agenda, and development of our Local Plan.

Our Values

- Put the customer at the heart of everything we do.
- Listen, learn and make a positive difference.
- Continue to build and maintain strong partnerships
- Be ambitious, creative and resourceful.

The vision and values reflect our commitment to improving our services through Systems Thinking principles, focussing on what is important and meeting the needs of customers.

Medium Term Financial Strategy

The Medium Term Financial Strategy (MTFS) is the Council's key financial planning document, and forms part of the Blaby District Plan. The MTFS contains a financial forecast which is updated each year to reflect the changes to funding. The forecast has now been extended to 2027/28 to ensure the Council continues to consider the financial picture with a long term strategic view and have an understanding of the financial resources available. The latest MTFS now takes into account the additional financial pressures that have arisen out of the COVID-19 pandemic, as well as the current economic climate.

The Government announced just a single year settlement for the 2020/21 financial year. Planned changes to the Business Rate Retention Scheme, New Homes Bonus Grant, and the proposed implementation of Fair Funding were once again deferred. The general lack of certainty over local government funding has been further exacerbated by COVID-19 and the cost of living crisis that took hold in 2022/23 on the back of the war in Ukraine. The Council approved an updated MTFS as part of the 2023/24 budget setting process in February 2023. The MTFS is predicated on the assumption that the business rates baseline will be rebased from 1st April 2025, which will lead to a significant loss of business rates growth accumulated in the last 10 years. This is expected to lead to a budget deficit of around £2.6m in 2025/26 even if some form of damping is introduced to cushion the effect of the loss in funding. The shortfall is forecast to increase to £3.7m in 2026/27 and £4.9m in 2027/28. The future funding estimates within the MTFS are based upon the best available information that could be gained from the national picture and documents within the public domain at the time.

The key risks to the Council's future financial position, the outcome of which remain uncertain, are:

- New Homes Bonus – it is the government's stated intention to discontinue New Homes Bonus, although it remains unclear as to whether it will be replaced by an alternative funding stream.
- Business Rates – indications were that there would be a reset of the business rates baseline, likely to be effective from 2024/25. Given the current cost of living crisis, any such reset is now unlikely to take effect before 2025/26 at the earliest but this remains to be confirmed. Any baseline reset could lead to Blaby losing the benefit of much of the significant growth in business rate income that it has achieved over recent years.
- Fair Funding Review – the government had previously stated its intention to review the formula that it uses to determine the distribution of funding to local authorities, but delays over the EU Exit, followed by the onset of COVID-19, have pushed this back to 2025/26 at the earliest.
- COVID-19 - the pandemic represented the biggest global crisis for a generation. The impact on the economy and public sector finances was considered likely to be similar to that felt during the World Wars or Great Depression of the 1930s. In 2020/21, the Government provided huge public sector investment to support key sectors, including additional funding to local government. It is unclear whether the strain on public finances created by the current situation will lead to austerity measures being reinstated.

People Strategy

The Council recognises that our employees are our most valuable asset and our most significant resource. The best way of continuing to deliver high quality services to our residents is to ensure that our workforce has the right skills and support to succeed. We value the views and ideas of our employees and care about their development and well-being. Therefore, it is important for us to engage with and communicate with employees in various ways. Since the start of the COVID-19 pandemic, in addition to our bi-annual Staff Survey, we have undertaken a series of other surveys to gauge staff satisfaction, wellbeing, views on the work arrangements and what is stopping them doing their job to the best of their abilities. More regular communication channels are through monthly 'Blaby Matters' briefings to all staff, 'Sounding Board' meetings between senior managers and a group of officers, regular team meetings, and our intranet site (i-Blaby).

In recognition of the importance of our employees, The People Strategy sets out our ambitions around equipping our staff to enable them to best deliver the Council's priorities. Without motivated and empowered staff we cannot deliver our ambitious plans. It builds upon firm foundations of our previous strategies and continues to develop a range of workforce initiatives. The aims included within the strategy are linked to the

council's values and overarching principles, the responses from the Staff Surveys and also other feedback from staff. An action plan is in place to monitor progress on the necessary tasks and to ensure its success. The annual action plan will remain a 'living' document so progress can be tracked and updated.

The objectives of the People Strategy are grouped under three broad themes:

- Being developed
- Being healthy
- Being valued

Climate Change Strategy 2020 – 2030

The Council recognises the urgent nature of the climate crisis and has demonstrated its commitment to tackling climate change through the Climate Change Strategy approved on 19th May 2020. The strategy makes clear Blaby's ambitions to become carbon neutral by 2030, and for the district to achieve that same target by 2050.

We are committed to minimizing the environmental impacts arising out of our own activities, by aiming to achieve 100% clean energy across our buildings and services. All strategic decisions, budget considerations and planning decisions will also be made in accordance with our aim for carbon neutrality by 2030.

Further details can be found within the Climate Change Strategy which is available to download from the Council's website.

Risk Management

We manage risk in a number of ways and revised our Risk Management Strategy in November 2019 to reflect this.

- Corporate Risks – the Corporate Risk Register is monitored on a quarterly basis by the Corporate Risk Group, which comprises the Chief Executive, two Strategic Directors, and the Strategic Finance Manager. The group re-evaluates risks in light of actions that have been put in place, and considers potential future risks, as well as reviewing significant service risks.
- Service Risks – Service Managers closely monitor the top risks within their own services and update the Service Risk Register on a quarterly basis to reflect any changes to perceived risk.
- Project-related Risks – the Council has introduced a robust project management process that includes a specific requirement to consider all risks associated with new projects. The Project Programme Board (SLT) maintains an overview of project risks as part of its monthly meetings.
- Specific COVID-19 Risks – a distinct risk register has been created in the wake of the COVID-19 pandemic which has brought with it a new set of challenges not necessarily covered by the Corporate Risk Register. These risks are also monitored by the Corporate Risk Group on a quarterly basis.

The Audit and Standards Committee plays an important role in the management of risk in considering the effectiveness of the authority's risk management arrangements and control environment, and reviewing the risk profile of the organisation and assurances that action is being taken. The Committee receives half yearly reports highlighting the latest position and any significant changes in relation to corporate risks. All committee reports are required to include a risk assessment.

Partnership Working

Partnership working is a vital component in the way we deliver our services and many of our achievements would not be possible without the significant contribution made by our partners. The ambitions in the Blaby Plan have been identified and supported by our partners as a Vision for the district.

Partnership working takes place in all aspects of our services and our ambitions. Some current examples include:

- The Lightbulb project – a multi-award winning, integrated housing support service involving many and varied partners including Leicestershire County Council and the other Leicestershire districts. The Lightbulb Programme has benefited more than 18,500 people across Leicestershire from inception to date. The Housing Enablement Team, a dedicated team to support health colleagues with delayed discharges was introduced in 2015 as a pilot project. It has concurrent funding, and is part of the integrated discharge hub within the hospitals in Leicester.
- The Council further extended its Building Control Partnership during 2019/20 and now covers Harborough, Hinckley & Bosworth, Melton, and Oadby & Wigston in addition to Blaby's own building control service.
- New Lubbesthorpe development – Blaby has won numerous awards for the New Lubbesthorpe Development, including the National Local Government Award for 'Best Housing Initiative'. One key area of judging was our ability to work with other organisations and members of the public to provide solutions. Blaby District Council was instrumental in incorporating an Innovative Employment, Skills and Training Pilot within the S106 agreement for the New Lubbesthorpe development. The pilot included the employment of a project coordinator for a two year period. The Drummond Estate (landowners) and their land agent Mather Jamie have been fully supportive of the EST pilot and partly financed the post. Since the first houses became occupied, a dedicated Community Worker has been employed to create a close-knit neighbourhood, due to the success of this post Blaby have provided a community development worker to deliver dedicated community development projects. Blaby's commitment to employment, skills and training in the district have seen placements, apprenticeships and work experience secured for local people on the development, enabling them to start their careers. We have established relationships with the contractors and working in partnership has been key i.e. ex-offenders have been placed through the Wire Project and recruited by the supply chain. Work experience with schools and colleges has been very successful. A Sector Based Work Academy has taken place with candidates achieving a CSCS card and taking part in work experience.

Economic Development Planning

The Council recognises that we are experiencing unprecedented disruption as a result of COVID-19 and the impact it is having on the economy in all sectors.

We are working hard to support our local businesses and will be working with partners like the LLEP and the Chamber to make sure that businesses have access to all the information and guidance they require. Blaby has set up dedicated information on our website to provide the latest government guidance. The next iteration of our Economic Development Strategy will address the economic challenges we face in the future due to COVID-19, and this will be part of the recovery action plan that will be the delivery arm of the strategy.

Community Engagement

Increasingly we have tried to understand our customer's preferences and experiences through engagement, and profiling. A new consultation strategy was adopted in 2014, supported by an action plan and consultation toolkits. We use a variety of information sets from various sources, such as the Public Health England, Neighbourhood Statistics and Leicestershire Statistics and Research. We also use profiling tools such as MOSAIC.

We carry out a number of activities with residents to encourage feedback. We are reviewing the methods of capturing customer surveys through different online systems for more automated collection and analysis of data to get more value out of the feedback. Examples of consultation we have conducted include:

- Extensive annual consultation on Council Tax increases, resulting in a majority of residents who responded agreeing with a £5 increase to assist in maintaining services.
- Bi-annual Residents surveys.
- Community Safety Partnership Priorities
- Customer involvement in the review of the web site.
- A customer feedback leaflet available on the Council website.

We aim to ensure that harder to reach customers are engaged and our services are developed to respond to their needs. Our Engaging Harder to Reach Groups Toolkit provides guidance to services. One example is our engagement with young people through our local secondary schools in order to develop the Children's and Young People's Strategy.

The 2020/21 Budget Process

The Medium Term Financial Strategy presented to Council in February 2019 highlighted a potential budget gap of approximately £1.354m for 2020/21. This was based on the assumptions that the phasing out of New Homes Bonus and rebasing of the business rate baseline would take effect from 1st April 2020. Ultimately, the Government was preoccupied with the looming deadline for the United Kingdom's exit from the European Union (EU Exit), and this led to the review of both of the above, as well as Fair Funding, being deferred until 2021/22.

The 2020/21 budget process commenced in September 2019 with the Finance team meeting with services to formulate a base budget. The estimates were refined over the course of the next few months before being presented to Scrutiny Commission in January 2020, where Scrutiny Members were provided with the opportunity to question Portfolio Holders about their service plans for the forthcoming financial year. By this time, the Government had announced a single year financial settlement for 2020/21 meaning that a balanced budget was viable. However, this effectively represented a "stay of execution" with the updated MTFS predicting a budget gap of £1.061m for 2021/22.

At its meeting on 17th February 2020 the Cabinet Executive considered the final budget proposals which were based around a net expenditure budget of £12.857m, supported by a contribution of £199,578 from Earmarked Reserves and enabling a contribution of £217,709 added to General Fund Balance. The contribution to balances was largely made possible on the back of forecast growth in business rates from the forthcoming redevelopment at Fosse Park.

A revised MTFS was presented to Cabinet as part of the budget report and gave some indication of the expected reduction in future funding and the consequent financial risks the Council faces in future years. The MTFS was based upon the financial picture at the time, taking into account the information available regarding the expected changes to Business Rate Reform and the Fair Funding Review. No certainty could be given as to how either would impact Blaby's financial position but the financial gaps arising from 2021/22 onwards were potentially significant.

The Cabinet Executive recommended the budget proposals to Council, and the budget was approved by Council at its meeting on 20th February 2020. At the same meeting the Council also approved the Council Tax for 2020/21, the fees and charges which support the delivery of the revenue budget, the Prudential Indicators and Treasury Management Strategy, and the five year Capital Programme.

Council Tax

Council Tax is the largest single revenue stream that is used to support the Council's revenue budget, contributing just over 44% towards the net budget requirement.

Each year the government sets out the principles which determine whether or not a local authority's proposed council tax increase is excessive. For 2020/21, the basic amount of council tax for a shire district council, such as Blaby, would be considered excessive if:

- It was 2%, or more than 2%, greater than the basic amount of council tax in 2019/20; and
- It was more than £5 greater than the basic amount of council tax in 2019/20.

This means that Blaby was able to increase its Band D council tax by the greater of 1.99% or £5 in 2020/21 without triggering a referendum. In the event that a referendum was triggered this would require the local electorate to be given an opportunity to vote to support or veto the increase in council tax.

Given the uncertainty over the future of local government funding, Council decided to increase the Band D Council Tax by £5, the maximum increase permissible under the referendum rules. The results of a public consultation on the budget proposals, undertaken in January 2020, indicated that residents were supportive of an increase in Council Tax in order to protect the existing services and to contribute towards the financial shortfall. A comparison of Council Tax levels for 2019/20 and 2020/21 is shown in the following table.

	2019/20 £	2020/21 £	Change %
Leicestershire County Council			
- Main element*	1,200.35	1,226.06	2.14
- Adult Social Care element*	91.83	117.67	28.14
- Total	1,292.18	1,343.73	3.99
Leicestershire, Leicester & Rutland Combined Fire Authority	66.64	67.96	1.98
Office of the Police & Crime Commissioner for Leicestershire	223.23	233.23	4.48
Blaby District council	162.32	168.32	3.06
Average Parish Councils	101.98	107.17	5.09
Total	1,847.35	1,920.14	3.95

*In accordance with Government guidance each percentage is calculated as an increase to the 2019/20 total precept of £1,292.18.

Council Tax Base

The Council Tax Base for 2020/21 was set at £33,886.49, an increase of £444.78 Band D equivalent properties compared with the previous year (£33,441.71).

Income Generation and Commercialisation

The Council's Commercial Strategy aligns closely with the Blaby District Plan and other key strategies, contributing towards our ambition to make Blaby District Council financially sustainable and creating a district where people are happy to live, work and visit.

We aim to achieve this ambition in the following ways:

- By creating a commercial culture/ethos
- Maximising income but still retaining the status as the 'safety net for the vulnerable'
- Maximising the Blaby pound
- Better Communication with residents
- Focus on the larger ticket items
- Non-Statutory Services to be cost neutral as a minimum

The Commercial Strategy was approved by Council on 4th December 2018, and is available to download on the Council's website.

Reserves and Balances

The 2020/21 budget was formulated and approved on the basis that a contribution of £217,709 would be made to General Fund Balances, although it was planned to support specific one-off expenditure to the value of £199,578 from earmarked reserves, in order to set a balanced budget. The estimated balance at 31st March 2021 would, therefore, be £3.436m representing 26.7% of the proposed net revenue budget for 2020/21. This is within the Council's policy limit of holding between 10% and 35% of the proposed relevant annual net revenue budget.

In addition to the unallocated General Fund Balance, the Council maintains a number of earmarked reserves set aside to provide for future expenditure plans, as mentioned above. These are covered in detail in Note 9 to the Financial Statements.

Although the Council's current reserves and balances remain in a healthy state it is not prudent to expect that they are sufficient to sustain the Council's current level of spending in the longer term, in the light of uncertainties over the future of local government funding.

Budget Monitoring

The Council has well established and robust financial management procedures in place to monitor budgets and to identify and mitigate any forecast over spending. The process for the management and monitoring of budgets is continuously refined to help ensure that the Council's longer term financial position is sustainable. The Financial Management System software was upgraded at the end of October 2020 to ensure that it remains compliant and fit for purpose. As part of the upgrade the Finance team will be rolling out new budget monitoring and forecasting modules during the summer of 2021. This will serve to further strengthen our budget monitoring capabilities.

Budget managers are aligned to named Business Accountants to ensure continuity and understanding of the budgetary needs of the service. The Finance team provides monthly budget reports to services and facilitate regular meetings to jointly monitor progress against the budget. The Finance team continues to look to strengthen and bring greater resilience to the budget monitoring process, which will become increasingly important over the next few years as the Council strives to meet its savings targets.

Quarterly revenue and capital budget monitoring reports are presented to the Cabinet Executive and/or Council throughout the financial year.

Very early in the financial year it became apparent that the COVID-19 pandemic would potentially have a significant impact on the Council's financial position. The first quarterly revenue monitoring report to Cabinet highlighted that additional spending pressure was being experienced in areas such as homelessness, support for our leisure management operator, agency support for refuse and recycling, and IT costs in relation to home working. On top of this additional expenditure, the Council was also experiencing significant reductions in its key income streams. All of this pointed to a potential contribution from General Fund balances of £685,280, a negative swing of over £900,000.

However, emergency funding made available by the Government, including compensation for certain income losses, helped to stabilise the position somewhat and, by the time the 2021/22 budget was presented to Council in February 2021, the expected contribution from balances had been scaled back to £360,000.

Financial Performance of the Council 2020/21

General Fund Revenue Account

The Council's 2020/21 revenue outturn position is shown in the table below. The original budget set at the Council meeting on 20th February 2020 was £12,856,956, supported by contributions of £217,709 to General Fund Balances and £199,578 from earmarked reserves. The Council reported a surplus of £975,756 when comparing actual expenditure against the approved budget. This surplus has been credited to General Fund balances, contributing to the Council's financial resilience in the future.

As part of the Government's response to the COVID-19 pandemic, the Council received additional grants and payments in advance, over and above those that were budgeted, to support cash flow and to enable the Council to help the residents and businesses in our district. Perhaps the most significant of these was a Section 31 grant received in recognition of the expanded retail relief given to certain businesses, and £9.489m of this grant has been transferred to an earmarked reserve to mitigate the NNDR Collection Fund deficit in 2021/22.

2020/21 Outturn	2020/21 Approved Budget £	2020/21 Revised Budget £	2020/21 Actual Outturn £
Corporate Services & Neighbourhood Services	4,291,728	4,503,997	4,135,098
Finance, Efficiency & Assets	2,258,592	2,061,854	2,152,716
Health, Wellbeing & Regulatory Services	3,297,415	4,313,722	3,540,002
Housing & Community Services	3,811,709	3,830,867	2,391,436
Leader	1,518,962	1,536,487	1,294,943
Planning, Housing Strategy & Economic Development	1,718,504	2,536,922	1,524,275
	16,896,910	18,783,849	15,038,470
Central Items:			
Revenue Contributions towards Capital Expenditure	186,513	361,603	95,202
Minimum Revenue Provision	1,116,328	1,022,219	1,022,219
Capital Accounting Adjustments	(3,867,533)	(2,581,849)	(2,220,202)
Pension Fund Adjustments	(1,749,393)	(917,438)	(789,843)
Employee Benefits Adjustments	0	0	4,134
Property Fund Adjustments	0	0	(16,625)
Unallocated provisions	256,000	0	0
Contribution to/(from) Earmarked Reserves	(199,578)	6,721,916	11,039,413
Net Revenue Expenditure	12,639,247	23,390,300	24,172,768
Financed by:			
Income from National Non Domestic Rates	(3,435,049)	(3,435,049)	(3,843,120)
New Homes Bonus Grant	(2,694,837)	(2,694,837)	(2,694,837)
COVID-19 Grants	0	(1,802,871)	(1,949,584)
Other Non-Ringfenced Government Grants	(1,012,634)	(9,419,705)	(11,164,256)
Council Tax Demand on the Collection Fund	(5,703,649)	(5,703,649)	(5,703,649)
Council Tax (Surplus)/Deficit	(10,787)	(10,787)	(10,787)
	(12,856,956)	(23,066,898)	(25,366,233)
Contribution to/(from) General Fund Balances	217,709	(323,402)	1,193,465

Reserves and Balances – Financial Resilience

The level of General Fund balances, included in the Balance Sheet at £5.215m, contribute to the Council's financial health. The General Fund balance plays an important part in maintaining the financial stability of the authority primarily by:-

- Meeting unforeseen expenditure pressures and income reductions that arise in the financial year;
- Meeting the cost of one-off items of expenditure; and
- Supporting the stability of the Council's financial position by providing a source of funding in times of uncertainty.

As referred to above, the Council added £1.193m to its General Fund balances at 31st March 2021, increasing the available balance to £5.215m.

The Council's policy in respect of its General Fund balances is that they must sit within a range of 10% to 35% of the net budget requirement in any given year. The addition of £1.193m in 2020/21 means that balances represent 34.6% of the 2021/22 net budget requirement, after taking into account planned contributions to support the budget. This compares favourably with the 26.7% estimated at budget stage, enhancing the Council's resilience going into 2021/22.

The Council also holds earmarked reserves on the Balance Sheet with a total value of £18.594m at 31st March 2021 (£7.575m at 31st March 2020). Further detail on the balance and purpose of each earmarked reserve appears in note 9 to the Financial Statements. These reserves are held to manage future risks and expenditure priorities.

The most significant movement on earmarked reserves in 2020/21 relates to Section 31 grants received from the Government in compensation for lost business rate income due to expanded retail relief given to certain business sectors in response to the COVID-19 pandemic and lockdown. Blaby received £22.201m of Section 31 funding on account, to support its cash flow position, including shares relating to the Government and major preceptors that must be repaid. The balance of Blaby's entitlement has been carried forward to 2021/22, via the S31 Grants Reserve, to offset the unusually high Collection Fund deficit created by COVID-19. Government also announced its intention to provide further support for financial losses in respect of both business rates and council tax, through the Tax Income Guarantee scheme. Blaby has also carried this income forward to 2021/22, via an earmarked reserve, towards the Collection Fund deficits. Therefore, £10.868m of the earmarked reserves balance stated above (£18.594m) has been set aside to meet the Collection Fund deficit, and is not available for any other purpose. When taking this into account, the Council effectively only holds £7.725m in usable earmarked reserves at 31st March 2021.

At its meeting in July 2021, Cabinet Executive reviewed the financial performance for 2020/21 and, in view of the unusually high positive variance, approved the transfer of £1.140m from General Fund balances to earmarked reserves, in recognition of the ongoing pressures arising from COVID-19 and for future revenue and capital planning purposes. This transfer will take place in 2021/22 and is, therefore, not reflected in the Balance Sheet at 31st March 2021.

The level of reserves and balances are a key element of CIPFA's Financial Resilience Index, published for the first time in December 2019. Although the indicators in respect of reserves sustainability and change in reserves were on the low side when compared to other authorities, they do indicate a stable but increasing trend. However, given the uncertainty over the future of major funding streams, such as new Homes Bonus and Retained Business rates, this is an area that will require greater focus and attention in 2021/22 and beyond.

Financial Management Code

CIPFA's Financial Management Code was issued in 2019/20 and is designed to support good practice in financial management and assist local authorities in demonstrating their financial sustainability. The Code introduces a range of principles, supported by specific financial standards, which are considered necessary

to provide a sound foundation for management of local authority finances in the short, medium and long term, to manage finance resilience, and to manage unexpected shocks to the financial position.

The implementation date for the Code is 1st April 2021. Finance, in conjunction with the Council's leadership team and internal audit, has monitored progress against the action plan during the financial year to ensure full compliance with the Code.

Treasury Management

The importance of the treasury management function cannot be understated. As a key component of the Council's day to day operations, it deals with:

- Cash flow planning – ensuring that cash is available when needed and investing surplus balances whilst minimising risk to the Council's financial position.
- Funding capital spending plans – capital expenditure often requires longer term cash flow planning. This may involve arranging loans or using longer term cash flow surpluses.

The Council has the facility to raise finance for capital expenditure and operational requirements from a number of approved borrowing institutions subject to it not exceeding its authorised limit for external debt, as required by the Prudential Code for Capital Finance in Local Authorities. The Council's Treasury Management Strategy, approved on 20th February 2020, sets a range of prudential indicators including the authorised and operational limits on borrowing.

Borrowing

As at 31st March 2021 the Council had total borrowings of £8.349m.

The following table illustrates the limits and levels of borrowing as at 31st March 2021 as compared to the preceding year end.

Borrowing Limits and Levels	31 st March 2021 £	31 st March 2020 £
Borrowing Limits:		
Authorised Limit for External Debt	15,200,000	13,200,000
Operational Boundary	13,680,000	11,880,000
Actual Borrowing:		
Long Term Borrowing	8,141,780	8,349,066
Short Term Borrowing	207,286	202,836
	8,349,066	8,551,902

Although the Council has a borrowing requirement of £14.667m its actual external borrowing is just £8.349m. This is due to the Council's stated decision to use internal balances and reserves to fund capital expenditure on a temporary basis in order to manage interest rate risk and make revenue savings.

Investing

At the end of the financial year the Council had £22.792m of cash invested.

The Council's investment strategy set out a benchmark for the average rate of return on investments. However, the pursuit of a target rate of return is tempered by the need to maintain sufficient liquidity for the Council's day to day operations and, most importantly, to ensure that funds are invested with secure institutions. In 2020/21 the Council achieved a rate of return of 0.28% against its benchmark (the un compounded 7 day LIBID rate) which was 0.07%. It should be noted that investment returns have fallen dramatically during the COVID-19 pandemic.

The Council has an investment of £1m with the Lothbury Property Trust which yielded dividends in year of £0.036m with an average rate of return of 3.81%. This much higher rate of return reflects the longer term nature of the investment. COVID-19 has also had a detrimental impact on property prices and consequently

the value of the Council's investment in the fund was only £0.955m at 31st March 2021, although the fund value has begun to show signs of recovery in recent months.

Capital Programme

The 2020/21 Capital Programme of £3,593,736 was approved by Council on 20th February 2020 as part of the rolling 5 year capital planning process. The 5 year Capital Programme, along with the accompanying Capital Strategy for the same period, provided the framework within which the Council's capital investment plans were to be delivered. The following table shows the original proposed capital expenditure plan for 2020/21 through to 2024/25.

Capital 5 Year Plan	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Corporate Aims & Objectives	904,500	554,500	554,500	554,500	554,500
Asset Management Planning	2,639,236	588,000	188,500	943,000	1,332,500
Contingency	50,000	50,000	50,000	50,000	50,000
Total Expenditure	3,593,736	1,192,500	793,000	1,547,500	1,937,000

As the financial year progressed, the initial plans were revised to incorporate unspent budget reprofiled from the previous financial year, new assumptions, approvals and scheme updates, as information became available. This led to a Revised Capital Programme total of £6,536,188 for 2020/21.

However, the final expenditure on capital schemes in 2020/21 was £2,854,964 compared to the revised forecast spend above. The variance between the forecast and outturn was £3,681,224 or 56.32%. This was due to schemes which were not completed by the end of the financial year. The majority of incomplete schemes, amounting to £3,169,123, will be carried forward to 2021/22 together with the associated resources.

The following table provides an analysis of capital expenditure and how it was financed, compared with the revised forecast.

Analysis of Capital Expenditure to Revised Forecast	2020/21 Revised Forecast £	2020/21 Actual Expenditure £	Variance Overspend (Underspend) £
Corporate Aims & Objectives	2,485,341	735,968	(1,749,373)
Asset Management Planning	3,094,015	1,555,693	(1,538,322)
Section 31-backed Schemes	893,298	550,303	(342,995)
Other Capital Schemes	63,534	13,000	(50,534)
Total Expenditure	6,536,188	2,854,964	(3,681,224)
Financed by:			
Borrowing	3,086,672	1,504,036	(1,582,636)
Capital Receipts	562,489	274,841	(287,648)
Government Grants	1,445,881	342,306	(1,103,575)
S31 Contributions	893,298	550,303	(342,995)
Other Contributions	125,864	88,276	(37,588)
Revenue Contributions	267,907	50,540	(217,367)
Reserves	154,077	44,662	(109,415)
Total Resources	6,536,188	2,854,964	(3,681,224)

The most significant variances between actual expenditure and planned expenditure in 2020/21 are as follows:

	Planned Capital Expenditure £	Actual Capital Expenditure £	Variance Overspend (Underspend) £
Disabled Facilities Grants	1,339,853	287,432	(1,052,421)
Refurbishment of Council Offices	525,489	80,095	(445,394)
Revenues & Benefits System	400,000	0	(400,000)
Section 31-backed Schemes	893,298	550,303	(342,995)
Refurbishment of Enderby & Huncote Leisure Centres	492,420	167,128	(325,292)
Conversion of the Grange, Narborough	454,581	170,285	(284,296)
Replacement of Fleet Vehicles	1,270,511	1,154,255	(116,256)
Replacement Electronic Document Management System	100,000	0	(100,000)
All Other Schemes	1,060,036	445,466	(614,570)
Totals	6,536,188	2,854,964	(3,681,224)

The Balance Sheet Position

The Council's Balance Sheet reflects a net liability position due to the presence of the pension liability explained on in the following paragraph. Long term assets comprise property, plant and equipment, as well as intangible assets and long term debtors.

	31 st March 2021 £	31 st March 2020 £
Long Term Assets	34,821,368	35,464,130
Current Assets	40,602,575	28,048,821
Current Liabilities	(30,903,632)	(18,164,317)
Long Term Liabilities (Including net Pension Liability)	(54,602,671)	(40,394,052)
Net Assets/ (Liabilities)	(10,082,360)	4,954,583
Funded by:		
Usable Reserves	26,454,817	14,306,641
Unusable Reserves	(36,537,177)	(9,352,058)

Pension Liability

The Council participates in the Local Government Pension Scheme (LGPS), administered by Leicestershire County Council, through which pension provision is made for those officers who wish to join the scheme. The Council's share of the net pension liability at 31st March 2021 amounted to £45,686,000 (£31,226,000 as at 31st March 2020) and is offset by the Pensions Reserve, movements on which are disclosed in the Movement in Reserves Statement, ensuring that there is no impact on the level of Council Tax.

The most significant contributory factor leading to the increase in the net pension liability above is the fall in the real discount rate during the year. This is due to a combination of a lower discount rate assumption used by the Actuary, and a significantly higher Consumer Price Index (CPI) assumption.

The existence of a net pension liability has significance for the Council's contributions to the scheme, which may need to increase in the long-term, subject to the outcome of the next triennial valuation.

Provisions, Contingencies and Material Write-offs

The Balance Sheet includes provisions totalling £3,272,377 as at 31st March 2021 – these are detailed in note 22 to the Financial Statements. The most significant of these is the provision in respect of outstanding business rates appeals which stands at £3,092,000 at 31st March 2021 (£1,740,000 at 31st March 2020).

Where a liability is possible but not likely, or the cost cannot be reliably estimated, the Council is required to disclose a contingent liability. Further details concerning contingent liabilities recognised in 2020/21 are provided in note 37.

Write offs are processed during the course of the financial year in line with Financial Regulations. Total write offs against key income streams are summarised below:

Write Offs	2020/21 £
Collection Fund Write Offs	162,096
General Fund Write Offs	24,504
	186,600

Non-Financial Performance of the Council 2020/21

Achievements

The Council continues to develop operational action plans to meet its objectives. Some of the achievements during 2020/21 against the corporate priorities were -

A Place to Live:

- Carbon Neutral Action Plan launched to support the aims and objectives of our Climate Change Strategy. The plan provides a road map to carbon neutrality and seeks to bring about carbon reductions through a wide range of practical steps for the Council and the District.
- Throughout the COVID-19 pandemic, our Community Hub has offered help to over 600 residents, including assisting Clinically Extremely Vulnerable people with shopping and prescriptions, social isolations and accessing local community groups for help.
- The Housing Services team managed an unprecedented increase in demand from homeless households and those threatened with homelessness, working with established partners to offer temporary accommodation to those in need.
- Our Sport and Physical Activity team have helped hundreds of our residents to keep active throughout the pandemic.
- Trained 10 volunteers to become telephone befrienders to provide much needed support to lonely and isolated residents.

A Place to Work:

- Over £16m in grants paid out to support our businesses through the COVID-19 pandemic.
- Blaby's website (blaby.gov.uk) achieved 1st place on the league table of council websites for accessibility.
- Hosted "Mentoring Circles" courses to help increase confidence, motivation and aspirations for the unemployed aged between 16 and 24.
- As an employer, Blaby has maintained normal recruitment levels in spite of the disruption caused by the pandemic. We continue to hold the Disability Confident Level 2 award and are in the process of applying to upgrade our Armed Forces Covenant recognition from bronze to silver level.

A Place to Visit:

- Bouskell Park Ice House restoration works were completed at the end of May 2021.
- Funding of over £0.5m from the Leicester and Leicestershire Enterprise Partnership towards the Blaby Digital Tourism and Heritage Trail, and our ambitious Walk Ride Blaby project.
- Fosse Park West extension opened on 12th April 2021.

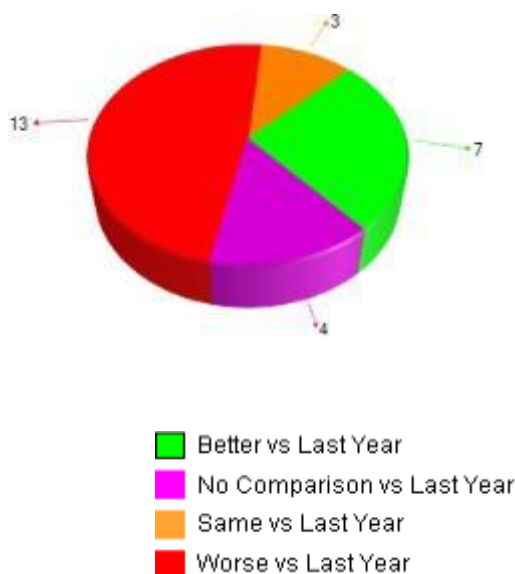
More information is available in the Annual Leader's Statement presented to the Annual Council meeting on 25th May 2021

Performance against Corporate Objectives

Key Performance indicators are monitored and reported regularly and six monthly performance reports are presented to Cabinet.

The Corporate Dashboard shows key indicators which have been agreed as the most relevant to the 'health' of the district, and are directly related to the delivery of the Corporate Strategy document 'The Blaby Plan 2018-2021.

The pie chart below shows of the 27 key performance indicators which could be compared in 2020/21 against the previous year.



Of the measures that could be compared, 13 performed less well than the year before. Some of these were due to national and regional trends such as increases in, unemployment, fly tipping instances and homelessness. 10 measures have improved or stayed the same compared to last year including the improvement in staff sickness and empty homes returned to use.

Corporate Risks

The management of risk is a critical success factor in helping the Council to achieve its objectives. The Audit and Standards Committee, supported by Finance, has the role of evaluating the effectiveness of the Council's risk management procedures, and commenting upon areas of improvement as appropriate. Risks are assessed for their impact on the Council's business, and the likelihood that those risks might arise. Scores for impact and likelihood are combined using a "5x5" matrix to arrive at a rating of high, medium, or low.

Risk Score	Matrix Category
16-25	High
9-15	Medium
1-8	Low

Corporate Risks are monitored by the Corporate Risk Group which comprises the Chief Executive and Directors, together with the Strategic Finance Manager. Risks are reviewed on a quarterly basis, and an update provided to Audit and Corporate Governance Committee.

The Corporate Risk Group has identified 18 corporate risks. The following table provides a summary of the status of those corporate risks both before and after control measures are put in place.

Summary by Risk Type	Red	Amber	Green	Total
All Corporate Risks Uncontrolled Rating	6	10	2	18
All Corporate Risks Controlled Rating	3	9	6	18

The Council's Corporate Risks on 31st March 2021 were:

Risk Description	Uncontrolled Rating	Controlled Rating
Lack of certainty around future funding streams	High	High
Failure to identify, record, monitor and report health and safety risks	High	Low
Closure or relocation of a major district employer	High	High
Failure to provide housing and supporting infrastructure in line with need	High	High
Transition to new ICT Partnership	High	Medium
Failure of ICT systems	High	Medium
Effectiveness of elected Members	Medium	Low
Blaby District Plan not deliverable within existing resource	Medium	Medium
Failure to have effective safeguarding arrangements in place	Medium	Medium
Failure to ensure adherence to internal control arrangements	Medium	Medium
Lack of effective emergency planning and business continuity arrangements	Medium	Low
Failure of contracts to deliver intended outcomes	Medium	Low
Failure to host partnerships and engage effectively with partners	Medium	Medium
Structural, legislative, and budgetary changes in other organisations	Medium	Medium
Inability to deliver a new Local Plan and/or identify housing land	Medium	Medium
Impact of leaving the EU	Medium	Medium
Failure to recruit and retain the right people for the right jobs	Low	Low
Failure to comply with legislation	Low	Low

Further information, including the control measures in place, is available on the Council's website – see agendas and minutes of the Audit and Corporate Governance Committee.

COVID-19

The COVID-19 pandemic has brought unprecedented challenges in 2020/21, to the Council, to our residents and to our businesses. The Council has been responsive, transformational, and agile in our approach to dealing with the significant demand that has arisen over the last twelve months, working in partnership with public sector colleagues but also with numerous community groups that have provided invaluable support.

Community Hub

Blaby was the first Leicestershire district to establish a Community Hub. Throughout the course of the pandemic the Community Hub has supported over 600 residents affected by COVID-19 and its associated restrictions. The Blaby workforce was quickly diverted to help support our residents. This included phone calls to residents, food distribution and delivery of medicines. The Council has worked closely with partners who have been essential in helping support the Community Hub and strong links have been established with all our existing volunteer groups and new ones too. Our Community Hub has now been subsumed into our “business as usual” model.

Homelessness and Rough Sleeping

The pandemic has led to a significant increase in demand from homeless households and residents threatened with homelessness. Local authorities were also instructed by Government to ensure that temporary accommodation was found for all rough sleepers. At the peak, in June and July 2020, the Housing Services team placed 43 households in bed and breakfast accommodation, compared with a “normal” average of 7 households.

Financial Support for Residents

There was a noticeable increase in the need for financial support by our residents as a result of being out of work or furloughed as a direct result of COVID-19. The Council received a hardship grant from Government, and this has resulted in around 2,500 residents receiving over £345,000 in additional council tax hardship support during 2020/21.

The Council also paid out £90,500 in Government funding to individuals who were unable to work as a result of having to self-isolate following a positive COVID-19 test.

Financial Support for Businesses

The Council has worked hard to support its business community through the administration of various government-funded business grant schemes announced at different stages during the financial year. As at 31st March 2021, business grants totalling over £16m had been paid out to businesses across Blaby District. For most of these grants the Council was acting as agent of the Government for the purpose of distributing funding to businesses, and in these cases the grant payments were made in accordance with set criteria. However, for certain schemes – the Local Authority Discretionary Grant, the Additional Restrictions Grant (ARG), and the Local Restrictions Support Grant (Open) – the Council had more discretion as to the criteria to be used in awarding funding. These have been reflected in the Taxation and Non-Specific Grant Income and Expenditure section of the Comprehensive Income and Expenditure Statement (CEIS).

Grant Scheme	No. Paid	Amount Paid (£)
Small Business Grants	786	7,880,000
Retail, Hospital and Leisure Grants	158	2,940,000
Local Authority Discretionary Grants	65	511,324
Local Restrictions Support Grants (Closed) Addendum	1,052	2,308,063
Local Restrictions Support Grants (Closed)	520	296,138
Local Restrictions Support Grants (Open)	20	10,636
Additional Restrictions Grant	112	403,800
Christmas Support Package (Wet-led Pubs)	29	25,000
Closed Business Lockdown Payments	353	1,712,000
	3,095	16,086,961

Blaby Staff

Blaby has been working hard to support its employees, ensuring that technology is available for staff to be able to work from home, and continue to provide the essential services required for our residents. New ways have been found to enable meetings to continue with the use of Zoom, which have been invaluable to ensure social interaction continued and helped support positive mental health. A reduced number of staff have been able to return to the office, and the workplace has seen a physical change to enable social distancing and encourage increased awareness of the importance for good hygiene. Enhanced signage, one way systems, cleaning and hand sanitisers are some of the measures that have been put in place.

The Financial Impact on Blaby

COVID-19 is having a significant ongoing impact on the Council's finances. In 2020/21 the pandemic has put a considerable strain on the Council's financial position, both in terms of additional spending pressures and losses in key income streams. Additional expenditure has been incurred in maintaining the council's own services and the cost of responding to government initiatives aimed at alleviating the economic consequences of the pandemic. This has cost the Council around £1.139m in 2020/21. Losses in income have arisen principally because of a decline in fees and charges. The most notable reduction in income is the management fee usually payable by our leisure centre operator, which has not been received in 2020/21 because our leisure centres were unable to open for much of the financial year. This alone has accounted for £0.550m of the total loss of income of £1.314m in 2020/21.

Blaby has received COVID-19 emergency funding of £1.256m from the Government in 2020/21 plus further support in the way of compensation for loss of income; this is expected to contribute a further £0.694m.

Overall this means that the increased financial pressures arising from the pandemic have exceeded Government support by around £0.503m. Despite this, the Council's financial performance for the year was better than expected as some income streams exceeded initial expectations, and some one-off savings were achieved as a result of staffing vacancies and the impact of home working.

There is an additional longer term impact of COVID-19 in terms of lower growth estimates from housing and business rates as well as the potential for higher bad debts which may eventually have to be written off will also impact significantly on the Council's financial position. The Government is allowing local authorities to spread any abnormal council tax and business rates deficits across three years rather than one, in order to smooth the impact on future year's budgets, and has also underwritten 75% of any losses in 2020/21.

To date there has been no significant impact on cash flow as a result of COVID-19 because the Government has made business grant funding available up front to support payments being made. We have ensured that there is sufficient money available in more liquid funds, such as call accounts and money market funds, to cover any urgent cash flow requirements that might arise. All controls and prudential indicators have been maintained in accordance with the Treasury Management Strategy.

Summary Position

In spite of the financial background Blaby is maintaining its reputation for sound financial stewardship, and continues to seek innovative ways of delivering services and income generation. This approach has been reflected in the financial performance for 2020/21, generating a surplus of just over £1.193m. This is, in no small part, due to the diligence and hard work of officers across the Council. The Council is in a relatively sound position as it enters the new financial year, having sufficient reserves and balances to provide financial resilience in the short term. Our MTFS shows an uncertain picture and recognises that there are significant risks posed to our financial position arising from the Government's proposals for Fair Funding and changes to the Business Rates Retention Scheme, the impact of which are expected to become clearer in the coming months.

Receipt of Further Information

For further information about these accounts please email finance@blaby.gov.uk or write to Finance Services, Blaby District Council, Council Offices, Narborough, Leicester LE19 2EP.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the hard work and dedication of staff across the Council. I would like to express my thanks to all colleagues, from the Finance team and other services, for their contribution towards the preparation of this document. I would also like to thank them for all their support during the financial year.

Sarah Pennelli
Executive Director (Section 151)
XX XXXXXXXXXX 2024

Explanation of the Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

Comprehensive Income and Expenditure Statement

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

Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The Statement shows how the movements in the Council's reserves in the year are broken down between gains and losses incurred in accordance with generally accepted accounting practices, and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following these adjustments.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. 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 to repay debt. The second category of reserves includes those that the authority is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "adjustments between accounting basis and funding basis under regulations".

Cash Flow Statement

The Cash Flow Statement shows the changes 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 authority 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.

Notes to the Financial Statements

These provide further explanation of specific items within the Financial Statements to which they relate.

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates and its distribution to precepting bodies and the Government. For Blaby, the council tax precepting bodies are Leicestershire County Council, the Office of the Police and Crime Commissioner, and the Leicester, Leicestershire and Rutland Combined Fire Authority.

The Statement of Responsibilities for the Statement of Accounts - sets out the principal responsibilities of the Authority and its officers in relation to the Accounting Statements. It confirms that the Statement of Accounts has been prepared in accordance with the requirements of the Code.

The Annual Governance Statement - sets out the framework within which financial and operational control is managed and reviewed and the main components of the system of control, including the arrangements for internal audit.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Strategic Director (Section 151).
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

The Strategic Director (Section 151)'s Responsibilities

The Strategic Director (Section 151) 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 Strategic Director (Section 151) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code

The Strategic Director (Section 151) has also:

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

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council as at 31st March 2021 and the Council's income and expenditure for the year then ended.

Sarah Pennelli
Executive Director (Section 151)
XX XXXXXXXXXX 2024

APPROVAL OF ACCOUNTS

Approval for delegated authority to enable the Executive Director (S151), in conjunction with the chair of Audit and Corporate Governance Committee to approve and sign off the audited Financial Statement is to be requested at the Audit and Corporate Governance Committee meeting on 25th November 2024.

The accounts were duly approved on XX XXXXXXXX 2024.

Sarah Pennelli
Executive Director (Section 151)
xxth xxxxxx 2024

Councillor Mike Shirley,
Chairman, Audit and Corporate Governance Committee,
xxth xxxxxx 2024

CORE FINANCIAL STATEMENTS & EXPLANATORY NOTES

Comprehensive Income and Expenditure Statement

2019/20 Gross Expenditure	2019/20 Gross Income	2019/20 Net Expenditure		2020/21 Gross Expenditure	2020/21 Gross Income	2020/21 Net Expenditure
£	£	£		£	£	£
15,467,895	(13,765,136)	1,702,759	Community Services	16,383,707	(14,971,222)	1,412,485
6,828,977	(1,711,471)	5,117,506	Corporate Services and Neighbourhood Services	6,648,158	(1,852,048)	4,796,110
4,459,192	(195,825)	4,263,367	Finance, Efficiency and Assets	3,924,648	(80,042)	3,844,606
2,643,685	(1,330,767)	1,312,918	Health Improvement, Leisure and Regulatory Services	3,135,396	(1,361,734)	1,773,662
1,561,028	(265,206)	1,295,822	Leader	1,198,378	(8,930)	1,189,448
2,880,868	(1,023,268)	1,857,600	Planning, Housing Strategy, Economic and Community Development	2,719,471	(804,118)	1,915,353
33,841,645	(18,291,674)	15,549,971	Cost of Services	34,009,757	(19,078,094)	14,931,663
3,390,011	(149,950)	3,240,061	Other Operating Expenditure(Note 10)	4,389,651	0	4,389,651
1,269,635	(757,593)	511,682	Financing and Investment Income and Expenditure (Note11)	1,131,471	(490,841)	640,577
0	(16,757,061)	(16,757,061)	Taxation and Non- Specific Grant Income and Expenditure(Note 12)	0	(18,037,601)	(18,037,601)
		2,544,653	(Surplus)/Deficit on Provision of Services			1,924,289
		(823,430)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			169,497
		(9,736,911)	Re-measurement of the net defined benefit liability			12,943,157
		(10,560,341)	Other Comprehensive Income and Expenditure			13,112,654
		(8,015,688)	Total Comprehensive Income and Expenditure			15,036,943

Movement in Reserves Statement

2020/21	General Fund Balance £	Collection Fund Reserve £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	Total Authority Reserves £
Balance at 31st March 2020	11,596,164	0	1,290,250	1,420,226	14,306,640	(9,352,058)	4,954,582
Movement in Reserves during 2020/21							
Surplus/(Deficit) on provision of Services	(1,924,289)	0	0	0	(1,924,289)	0	(1,924,289)
Other Comprehensive Income & Expenditure	0	0	0	0	0	(13,112,654)	(13,112,654)
Total Comprehensive Income & Expenditure	(1,924,289)	0	0	0	(1,924,289)	(13,112,654)	(15,036,943)
Adjustments between accounting basis & funding basis under regulations (Note 8)	3,268,164	10,868,476	(202,446)	138,272	14,072,466	(14,072,466)	0
Increase/(Decrease) in 2020/21	1,343,875	10,868,476	(202,446)	138,272	12,148,177	(27,185,120)	(15,036,943)
Balance at 31st March 2021	12,940,039	10,868,476	1,087,804	1,558,498	26,454,817	(36,537,178)	(10,082,360)

2019/20	General Fund Balance £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	Total Authority Reserves £
Balance at 31st March 2019	10,925,856	1,129,115	1,343,532	13,398,503	(16,459,609)	(3,061,106)
Movement in Reserves during 2019/20						
Surplus/(Deficit) on Provision of Services	(2,544,653)	0	0	(2,544,653)	0	(2,544,653)
Other Comprehensive Income & Expenditure	0	0	0	0	10,560,341	10,560,341
Total Comprehensive Income & Expenditure	(2,544,653)	0	0	(2,544,653)	10,560,341	8,015,688
Adjustments between accounting basis & funding basis under regulations (Note 8)	3,214,961	161,135	76,694	3,452,790	(3,452,790)	0
Increase/(Decrease) in 2019/20	670,308	161,135	76,694	908,137	7,107,551	8,015,688
Balance at 31st March 2020	11,596,164	1,290,250	1,420,226	14,306,640	(9,352,058)	4,954,582

Balance Sheet

31 st March 2020 £		Note	31 st March 2021 £
34,085,207	Property, Plant and Equipment	13	33,376,992
170,000	Investment Property	15	340,285
124,070	Intangible Assets	16	42,642
978,224	Long Term Investments	17	954,820
106,629	Long Term Debtors	17	106,629
35,464,130	Long Term Assets		34,821,368
38,122	Inventories		20,767
3,033,493	Short Term Investments		7,023,410
4,872,066	Short Term Debtors	18	16,080,481
18,656,140	Cash and Cash Equivalents	19	16,352,917
1,449,000	Assets Held for Sale	20	1,125,000
28,048,821	Current Assets		40,602,575
0	Cash and Cash Equivalents	19	0
(236,590)	Short Term Borrowing	17	(240,490)
(15,010,203)	Short Term Creditors	21	(26,437,032)
(966,662)	Grants Receipts in Advance - Capital		(953,733)
(1,950,862)	Provisions	22	(3,272,377)
(18,164,317)	Current Liabilities		(30,903,632)
(8,804,685)	Long Term Borrowing	17	(8,597,179)
(31,589,366)	Other Long Term Liabilities		(46,005,492)
(40,394,052)	Long Term Liabilities		(54,602,671)
4,954,582	Net Assets/(Liabilities)		(10,082,360)
(14,306,640)	Usable Reserves		(26,454,817)
9,352,058	Unusable Reserves	23	36,537,177
(4,954,582)	Total Reserves		10,082,360

Sarah Pennelli
Executive Director (Section 151)
XX XXXXXXXXXX 2024

Cash Flow Statement

2019/20 £		Note	2020/21 £
2,544,653	Net (surplus)/deficit on the provision of services		1,924,289
	Adjustments to the net (surplus)/deficit on the provision of services for non-cash movements:		
(1,815,554)	Depreciation		(1,878,402)
(1,154,208)	Impairment and downward valuation		0
(58,252)	Amortisations		(58,448)
506,181	(Increase)/decrease in creditors		(17,108,352)
1,268,121	Increase/(decrease) in debtors		142,164
(6,306)	Increase/(decrease) in inventories		(17,354)
(2,365,911)	Movement in pension liability		(1,516,843)
(35,148)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised		(807,425)
384,093	(Increase)/decrease in provisions		(1,321,515)
6,329	Other non-cash items charged to the net (surplus)/deficit on the provision of services		(8,605)
(726,002)			(20,650,491)
1,244,204	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	24	1,148,720
518,202	Net cash flows from Operating Activities		(19,501,771)
2,638,186	Investing Activities	25	5,461,923
(5,476,025)	Financing Activities	26	16,343,071
(2,319,637)	Net (increase)/decrease in cash and cash equivalents		2,303,223
(16,336,503)	Cash and cash equivalents at the beginning of the reporting period		(18,656,140)
(18,656,140)	Cash and cash equivalents at the end of the reporting period		(16,352,917)

Notes to the Core Financial Statements - Index

Note	Page Description	Page
1	Accounting Policies	36
2	Accounting Standards Issued but Not Yet Adopted	50
3	Critical Judgements in Applying Accounting Policies	50
4	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	51
5	Material Items of Income and Expense	52
6	Events After the Reporting Period	52
7	Expenditure and Funding Analysis	52
8	Adjustments Between Accounting Basis and Funding Basis	54
9	Movements in Earmarked Reserves	60
10	Other Operating Expenditure	63
11	Financing and Investment Income and Expenditure	63
12	Taxation and Non-Specific Grant Income and Expenditure	64
13	Property, Plant and Equipment	64
14	Heritage Assets	66
15	Investment Properties	67
16	Intangible Assets	67
17	Financial Instruments	68
18	Debtors	70
19	Cash and Cash Equivalents	71
20	Assets Held for Sale	71
21	Creditors	71
22	Provisions	71
23	Unusable Reserves	72
24	Cash Flow Statement – Operating Activities	76
25	Cash Flow Statement – Investing Activities	76
26	Cash Flow Statement – Financing Activities	76
27	Reconciliation of Liabilities Arising from Financing Activities	76
28	Agency Arrangements	77
29	Members Allowances	78
30	Officer Remuneration	79
31	External Audit Costs	80
32	Grant Income	81
33	Related Party Transactions	82
34	Capital Expenditure and Capital Financing	82
35	Leases	83
36	Defined Benefit Pension Schemes	84
37	Contingent Assets and Liabilities	89
38	Nature and Extent of Risks Arising from Financial Instruments	89

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end 31st March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS).

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 accounts have been prepared on a going concern basis which assumes that the Council will continue in existence for the foreseeable future.

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

ii. Accruals of Income and Expenditure

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

- Income from contracts with service recipients, whether for services or the provision of goods, is recognised when or as the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for respectively as expenditure and income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Expenditure is accrued where goods or services have been received before 31st March but the invoice relating to the goods or services is paid after 31st March. Similarly, income is accrued where it is due before 31st March but an invoice has not been raised or payment has not been received. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.
- Where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (receipt in advance) or debtor (payment in advance) is recorded in the Balance Sheet and the Comprehensive Income and Expenditure Statement adjusted accordingly.

iii. Basis of preparation

Underlying Principle

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

Impact of COVID-19 and the Economic Climate

Further detail in relation to the impact of the pandemic on the Council's financial position is contained within the Narrative Statement, along with information about the Council's response.

At the time of writing, January 2024, the immediate impact of the pandemic is over but some of the Council's key income streams have yet to recover to pre-pandemic levels, most notably planning fees, building control fees and car parking income. Following on from the pandemic, the UK economy, and consequently the Council's financial position, have been placed under further stress by the war in the Ukraine and the impact of spiralling inflation.

Despite these factors, and other consequential demands such as an increase in homelessness, the Council has managed to add to its reserves and balances in each of the financial years between 2020/21 and 2022/23. However, the current economic climate continues to prove challenging for the Council in terms of financial management, and there remains a great deal of uncertainty over the future of local government funding.

General Fund and earmarked reserves position

Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
31/03/21	£5.2m	£18.6m

Our expected General Fund and Earmarked Reserve position has a predicted balance of £4.2 million and £7.0 million at 31 March 2025. This remains within the range of General Fund balances as set out within council's policy of 10% to 35% of the net budget requirement in any given year.

Cash Position

The Council had a cash balance of £1.8m at the end of December 2023. The Council also has £11.7m in instant access money market funds and a further £2.0m in notice accounts, also available within a few days. Whilst there is uncertainty on income, the Council remains confident in its ability to maintain sufficient cash for its services throughout the medium term. The Council is of course also able to borrow short term for revenue purposes if ever needed.

In a 'stressed' case scenario whereby income is constrained further, the Council has sufficient levels of reserves and investments that it would not run out of cash.

The Council's cash forecasts show that it has adequate cash to cover its liabilities as they fall due beyond

the going concern assessment period of March 2025. The forecast cash position as at 30th April 2025 is £27.1m, including short term investments.

Conclusion

The Council believes that, based on the information above, the going concern basis of accounting is appropriate for a period of at least 12 months from the date of the approval of the financial statements.

iv. Council Tax and Business Rates

The Council, as a billing authority, acts as agent in the collection of council tax and business rates (or non-domestic rates/NDR) on behalf of the major preceptors and government. The Council is principal in terms of collecting council tax and business rates for itself. Billing authorities are required by statute to maintain a separate account, known as the Collection Fund, for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework, billing authorities, precepting authorities, and central government share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

Accounting for Council Tax and Business Rates

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of the accrued income for the year. However, regulations determine the amount of council tax and business rates that must be included in the General Fund. As a result, the difference between the income included in the CIES and the amount credited to the General Fund under regulation is credited to the Collection Fund Adjustment Account and included as a reconciling amount in the Movement in Reserves Statement.

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

Where debtor balances for the above are identified as impaired, due to 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.

v. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty or notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months 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 Council's cash management.

vi. 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.

vii. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the 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 where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

This is known as the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

MRP is determined as follows:

- Historic debt – 4% of the opening balance for the financial period (the Regulatory Method)
- Debt arising from new borrowing since 1st April 2008 – equal annual instalments charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of the expenditure.
- Finance leases – a charge equal to that part of the annual rental applied to writing down the finance lease liability (i.e. the total annual rental payment less interest payable).

viii. Employee Benefits

Benefits Payable During Employment – short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. car loans) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Short Term Accumulated Absences Account, 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. They are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

Post-Employment Benefits - employees of the Council are members of the Local Government Pensions Scheme, administered by Leicestershire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

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

- The liabilities of the Leicestershire 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 estimates of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the 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 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 services for which the employee worked.
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
 - Net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Local Government Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense,

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are transfers 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 pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits - 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.

ix. Events After the Reporting Period

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

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

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

x. 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 the type of 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.

Financial Assets

Financial assets are classified on a “classification and measurement” approach that reflects the business model for holding the financial assets, and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

The Council’s business model is to hold investments to collect contractual cash flows. Financial assets are, therefore, measured at amortised cost. The only exception to this would be financial assets 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.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in 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 financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest)

and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

Where material, the Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair Value Measurements of Financial Assets

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

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

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

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

Any gains and losses that arise on derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xi. Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the

relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ringfenced revenue grants 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. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xii. Heritage Assets

Heritage assets are assets that are held principally for their contribution to knowledge or culture. The Council's only heritage asset is the Ice House situated in the grounds of Bouskell Park, Blaby, a grade 2 listed building but currently in a state of disrepair. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an asset has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note xvi below.

xiii. Intangible Assets

Expenditure on non-monetary assets that do not have any physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xiv. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. They are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure

line in the Comprehensive Income and Expenditure Statement. The same treatment is also applied to gains or losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements 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.

xv. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. The Council recognises “substantially all” as being at least 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction. All other leases are classified 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 Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower).

The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council 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 period in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contributions is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant and 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).

Finance Leases

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

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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 therefore appropriated to the Capital Adjustments Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council 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 Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvi. 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.

xvii. 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 on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement – assets are initially measured at cost, comprising

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst 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 authority). 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.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- 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 – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value 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.

The Revaluation Reserve contains revaluation gains recognised since 1st 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 there 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:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset, based on the historic cost of that asset
- Infrastructure – straight-line allocation over 1 to 15 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components 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 and Non-current Assets Held for Sale – when it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale), and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, 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. Receipts from disposals (if any) are 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). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts in relating to housing disposals (75% for dwellings. 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government.

The balance of receipts is required to be credited to the Capital Receipts Reserve, and 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 General Fund Balance in 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 General Fund Balance in the Movement in Reserves Statement.

xviii. Provisions, Contingent Liabilities and Contingent Assets

Provisions – Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. 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 as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

Estimated settlements are reviewed at the end of each financial year – where it becomes less probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

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 authority 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.

xix. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and they do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xx. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxi. Value Added Tax (VAT)

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

2. Accounting Standards Issued But Not Yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information in relation to the anticipated impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The code also requires that changes in accounting policy are applied retrospectively unless transitional arrangements are specified by the Code. This would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2020/21 code are as follows:

- Amendment to IFRS 3 Business Combinations: changes to the definition of a business.
- Amendments to IFRS 9, IAS 39 and IFRS 7: interest rate benchmark reform.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: interest rate benchmark reform – phase 2.

None of the above standards are expected to have a significant impact on the Council's accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Local Government Funding

There is a high degree of uncertainty about future levels of funding for local government, particularly with regard to the rebasing of the business rates baseline and the Fairer Funding Review. However, the Council's view is that this uncertainty is not yet sufficient to provide an indication that the Council's assets might be impaired as a result of a need to close facilities and reduce levels of service provision.

Embedded Leases and Derivatives

All material contractual arrangements have been reviewed in order to determine whether they contain embedded leases or embedded derivatives, although none have been identified as such.

Provision for Business Rates Appeals

The Council has set aside a provision which reflects its estimate of the potential cost of refunding ratepayers who successfully appeal against the rateable value of their property. The value of this provision has been determined as follows:

1. 2010 Rating List – based on an assessment of outstanding appeals at 31st March 2021 in conjunction with an external expert. One key judgement made in arriving at the value of the provision is that appeals that are assessed as likely to be withdrawn have not been included.
2. 2017 Rating List – The Council has engaged an external expert to assist in gauging the potential losses in current and future rating liability as a result of reductions in rateable values. The provision is based upon challenges submitted as at 31st March 2021, potential threats based on our external expert's assessment of the rating list, and an internal review of businesses with a rateable value of £250,000 or more. The COVID-19 pandemic has led to an increase in appeals based on Material Changes in Circumstances.
3. The Government has stated its intention to legislate against such appeals and, therefore, they have not been included in the provision.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31st March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Assets are depreciated over useful lives that 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 Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

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 £69,107 for every year that useful lives had to be reduced.

The outbreak of COVID-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence for comparative purposes, to inform opinions of value. The current response to COVID-19 means that there is an unprecedented set of circumstances on which to base a judgement.

As at 31 March 2021, there is an absence of any new and specific evidence to quantify the impact of COVID-19 on valuations of properties.

A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement.

An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Hymans Robertson LLP, is engaged by Leicestershire County Council on behalf of all Leicestershire authorities to provide specialist advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of 10% (£11,590,000).

The Council's share of the net pension liability at 31st March 2021 had increased by £14,460,000. The most significant contributory factor leading to this increase is the fall in the real discount rate during the year.

During 2020/21, the actuaries advised that the net pension liability had decreased by £815,000 as a result of experience and increased by £25,870,000 attributable to updating of the financial and demographic assumptions.

Arrears

At 31st March 2021, the Council had a balance of sundry debtors of £2,100,488. A review of significant balances suggested that on average an impairment of doubtful debts of just under 56% (£1,171,637) was

appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.

If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £250,713 to be set aside as an allowance.

5. Material Items of Income and Expense

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement.

The Council received the following Grants which they had no control over and was considered to be acting as an Agent.

Small Business Grant and Retail, Hospitality & Leisure Grant Fund, Local Restrictions Support Grants (Closed) Addendum, Local Restrictions Support Grant (Closed, Christmas Support Package, Closed Business Lockdown Payment and Test & Trace Support Main Scheme. The total amount received was £16,845,806 and out of this £ 15,234,201 was paid out by 31st March 2021.

6. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Strategic Director (Section 151) on 30 July 2021. Events taking place after this date are not reflected in the financial statements or notes.

There were no material post balance sheet events arising between 31st March 2021 and the date on which the accounts were authorised for issue.

7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, 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 various Portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2019/20	2019/20	2019/20		2020/21	2020/21	2020/21
Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
£	£	£		£	£	£
1,482,169	(220,590)	1,702,759	Community Services	1,550,460	(137,975)	1,412,485
3,988,901	(1,128,605)	5,117,506	Corporate Services and Neighbourhood Services	3,860,141	935,969	4,796,110
1,602,227	(2,661,140)	4,263,367	Finance, Efficiency and Assets	2,711,001	1,133,605	3,844,606
741,447	(571,471)	1,312,918	Health Improvement, Leisure and Regulatory Services	1,481,700	291,962	1,773,662
1,397,054	101,232	1,295,822	Leader	1,191,954	(2,506)	1,189,448
1,048,220	(809,379)	1,857,600	Planning, Housing Strategy, Economic and Community Development	1,211,428	703,925	1,915,353
10,260,018	(5,289,953)	15,549,971	Net Cost of Services	12,006,684	2,924,979	14,931,663
(10,930,326)	2,074,933	(13,005,319)	Other Income and Expenditure	(24,219,035)	(11,211,662)	(13,007,373)
(670,308)	3,214,961	2,544,653	(Surplus) or Deficit	(12,212,351)	(14,136,640)	1,924,289
10,925,856			Opening General Fund Balance	11,596,164		
670,308			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	12,212,351		
11,596,164			Closing General Fund Balance at 31st March	23,808,516		

The General Fund Balance is made up of reserves which have been earmarked for specific purposes (see note 9) and those which are as yet unallocated.

	Earmarked Reserves £	Unallocated General Fund Balances £	Total General Fund Balance £
Balance as at 1st April 2020	7,574,952	4,021,213	11,596,165
Movement in Earmarked Reserves	11,018,886	0	11,018,886
Movement in Unallocated General Fund Balances	0	1,193,465	1,193,465
Balance as at 31st March 2021	18,593,838	5,214,678	23,808,516

The balance includes £10,868,476 in an Earmarked Reserve specifically set aside to meet the Collection Fund Deficit.

7a. Notes to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2020/21

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 £
Community Services	(337,243)	197,451	1,817	(137,975)
Corporate Services and Neighbourhood Services	704,579	233,386	(1,996)	935,969
Finance, Efficiency and Assets	1,028,135	103,773	1,697	1,133,605
Health Improvement, Leisure and Regulatory Services	(78,535)	148,030	222,466	291,961
Leader	0	(1,561)	(945)	(2,506)
Planning, Housing Strategy, Economic and Community Development	598,615	108,764	(3,455)	703,924
Net Cost of Services	1,915,551	789,843	219,584	2,924,978
Other income and expenditure from the Expenditure and Funding Analysis	(595,699)	727,000	11,080,361	11,211,662
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,319,852	1,516,843	11,299,945	14,136,640

Adjustments between Funding and Accounting Basis 2019/20

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 £
Community Services	(153,551)	371,198	2,943	220,590
Corporate Services and Neighbourhood Services	617,202	512,427	(1,024)	1,128,605
Finance, Efficiency and Assets	2,215,226	138,655	307,259	2,661,140
Health Improvement, Leisure and Regulatory Services	55,636	275,969	239,864	571,470
Leader	6,894	(107,472)	(654)	(101,232)
Planning, Housing Strategy, Economic and Community Development	580,639	228,133	608	809,380
Net Cost of Services	3,322,046	1,418,910	548,996	5,289,953
Other income and expenditure from the Expenditure and Funding Analysis	(2,030,940)	947,000	(991,052)	(2,074,993)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,291,106	2,365,910	(442,056)	3,214,960

Adjustments for Capital Purposes

This column adds in depreciation and impairment, and revaluation gains and losses in the service 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. the 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 for 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.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits related expenditure and income:

- **For services** this represents the removal of 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.

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 accrual of compensated absences (holiday pay). Other items such as investment property, interest payable and receivable, and trading operations

are reallocated between this line and services.

- The charge under **Taxation and non-specific grant income and expenditure** 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.

7b. Expenditure and Income Analysed by Nature

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

	2020/21 £	2019/20 £
Expenditure		
Employee benefits expenses	13,658,386	13,150,224
Other services expenses	17,650,641	16,741,817
Depreciation, amortisation and impairment	2,709,243	3,965,956
Interest payments	1,122,904	1,253,284
Precepts and levies	3,652,059	3,390,011
Loss on the disposal of assets	737,592	0
Total Expenditure	39,530,825	38,501,291
Income		
Fees, charges and other service income	(3,897,036)	(4,575,932)
Interest and investment income	(126,543)	(232,211)
Income from council tax	(9,207,638)	(8,878,854)
Net of Non Domestic Rates Income	(2,760,267)	(3,602,359)
Government Grants and Contributions	(21,250,754)	(18,036,249)
Gain on disposal of assets	0	(149,950)
Surplus on Trading Operations	(364,298)	(481,085)
Total Income	(37,606,536)	(35,956,639)
(Surplus)/Deficit on the Provision of Services	1,924,289	2,544,653

Income received from services on a segmental basis is analysed in the following table:

	2020/21 £	2019/20 £
Community Services	(1,002,742)	(1,133,040)
Corporate Services & Neighbourhood Services	(1,807,518)	(1,647,573)
Finance, Efficiency & Assets	(464,118)	(615,300)
Health Improvement , Leisure & Regulatory Services	(476,230)	(967,663)
Leader	(32,991)	(49,371)
Planning, Housing Strategy, Economic & Community Development	(630,979)	(782,743)
Total Revenue from External Customers	(4,414,578)	(5,195,690)

8. Adjustments between Accounting Basis and Funding Basis Under Regulations

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. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all of the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Collection Fund Earmarked Reserve

The Collection Fund Reserve holds the surplus of Business Rates Section 31 grant and Tax Income Guarantee payment which is to be used to offset the Collection Fund Deficit. The legislation that governs Collection Fund accounting means the related deficit as a result of the loss of Business Rates income in-year will not be charged to the councils General Fund until 2021/22. The reserve balance will then be used to mitigate against this deficit.

2020/21	General Fund Balance £	Collection Fund Earmarked Reserve £	Capital Receipts Reserve £	Capital Grants Unapplied £
Adjustments to Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Section 31 grants surplus and Tax Income guarantee transferred to the Collection Fund Reserve	(10,868,476)	10,868,476	0	0
Pensions costs (transferred to/from the Pensions Reserve)	1,516,843	0	0	0
Council tax and NNDR (transfers to/from Collection Fund Adjustment Account)	11,287,454	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	(4,135)	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	2,526,294	0	0	361,294
Total Adjustments to Revenue Resources	4,457,980	10,868,476	0	361,294
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(72,394)	0	72,394	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(1,022,219)	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(95,202)	0	0	0
Total Adjustments between Revenue and Capital Resources	(1,189,816)	0	72,394	0
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(274,840)	0
Application of capital grants to finance capital expenditure	0	0	0	(223,022)
Repayment of Capital Loans (Transfer to Capital Adjustment Account)	0	0	0	0
Total Adjustments to Capital Resources	0	0	(274,840)	(223,022)
Total Adjustments	3,268,164	10,868,476	(202,446)	138,272

2019/20	General Fund Balance £	Capital Receipts Reserve £	Capital Grants Unapplied £
Adjustments to Revenue Resources			
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>			
Pensions costs (transferred to/from the Pensions Reserve)	2,365,911	0	0
Council tax and NNDR (transfers to/from Collection Fund Adjustment Account)	(470,701)	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	90	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	3,083,747	0	268,622
Total Adjustments to Revenue Resources	4,979,047	0	268,622
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(185,098)	185,098	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(845,272)	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(733,717)	0	0
Total Adjustments between Revenue and Capital Resources	(1,764,086)	185,098	0
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure	0	(34,987)	0
Application of capital grants to finance capital expenditure	0		(191,928)
Repayment of Capital Loans (Transfer to Capital Adjustment Account)	0	11,024	0
Total Adjustments to Capital Resources	0	(23,963)	(191,928)
Total Adjustments	3,214,961	161,135	76,694

9. Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/21.

	Balance at 1 st April 2019 £	Transfers Out 2019/20 £	Transfers In 2019/20 £	Balance at 31 st March 2020 £	Transfers Out 2020/21 £	Transfers In 2020/21 £	Balance at 31 st March 2021 £
Leisure Centre Renewals	(79,364)	0	0	(79,364)	0	0	(79,364)
IT Reserve Fund	(250,000)	85,359	0	(164,641)	36,623	0	(128,018)
Licensing Reserve	(27,868)	0	0	(27,868)	0	0	(27,868)
Insurance Reserve Fund	(100,000)	0	0	(100,000)	0	0	(100,000)
Special Schemes - capital	(600,000)	305,239	0	(294,761)	8,039	0	(286,722)
Special Schemes - revenue	(600,000)	280,355	0	(319,645)	42,760	0	(276,885)
General Reserve Fund	(1,840,005)	117,241	0	(1,722,764)	25,000	0	(1,697,764)
Ongoing Projects Reserve	(943,644)	943,644	(1,663,849)	(1,663,849)	1,663,849	(2,179,548)	(2,179,548)
Elections Reserve	(175,349)	112,886	0	(62,463)	0	(30,000)	(92,463)
Choice Based Lettings Reserve	(952)	0	0	(952)	0	0	(952)
Lubbesthorpe Parish Council	0.00	0	(20,527)	(20,527)	20,527	0	0
New Homes Bonus Reserve	(59,627)	18,300	0	(41,327)	0	0	(41,327)
Economic Development Initiatives	(50,000)	0	0	(50,000)	0	0	(50,000)
Provision - ERIE Sinking Fund	0	0	(38,900)	(38,900)	0	(2,817)	(41,717)
Community Rights	(48,724)	0	0	(48,724)	0	0	(48,724)
Council Tax Support Grant	(250,000)	0	0	(250,000)	0	0	(250,000)
New Homes Bonus	(881)	0	0	(881)	0	0	(881)
NNDR Income Reserve	(2,237,598)	228,443	0	(2,009,155)	306,981	0	(1,702,174)
Flexible Working Reserve	(100,000)	5,322	0	(94,678)	0	0	(94,678)
Planning Fee Income Reserve	(41,188)	41,188	0	0	0	0	0
Local Plan Reserve	(240,750)	0	(242,845)	(483,595)	0	0	(483,595)
Lottery Reserve	(14,452)	0	(825)	(15,277)	0	(5,435)	(20,712)
IT System Replacement	(100,000)	28,685	0	(71,315)	0	0	(71,315)
Property Fund Reserve	0	0	(14,266)	(14,266)	0	(36,390)	(50,656)
Tax Income Guarantee	0	0	0	0	0	(1,379,730)	(1,379,730)
S31 Grant Reserve	0	0	0	0	0	(9,488,745)	(9,488,745)
Total	(7,760,402)	2,166,662	(1,981,212)	(7,574,952)	2,103,779	(13,122,665)	(18,593,838)
Collection Fund – timing difference				0			10,868,475
Useable Earmarked Reserves				(7,574,952)			(7,725,363)

The government granted business rates relief to retail, hospitality, and leisure services during 2020/21, and compensated local authorities via a Section 31 grant. The relief forms part of the Council's share of the Collection Fund deficit, whilst the grant income must be shown within the Council's General Fund. In 2021/22 the Section 31 grant above will be utilised to fund the Collection Fund deficit charged to the General Fund.

These earmarked reserves have been established to provide funding for the following purposes:

Earmarked Reserve	Purpose
Leisure Centres Renewals Fund	Periodic replacement of major plant and equipment.
I.T. Reserve Fund	Maintained in order to meet the costs of Information and Communications Technology (ICT) infrastructure issues, including plant and equipment.
Licensing Reserve	Licensing software developments and service improvements.
Insurance Reserve	Unforeseen claims liabilities in relation to self-funded public liability insurance policy.
On-Going Projects	Expenditure commitments from non-repeating budgets where delayed delivery results in deferral to a subsequent year.
General Reserve Fund	To offset the anticipated future reduction in grant funding from central Government.
Special Schemes Reserves - Capital	Major capital projects of a specific nature.
Special Schemes Reserve – Revenue	A reserve for future expenditure on one off revenue and/or capital projects.
Elections Reserve	To cover the cost of future District Council elections.
Choice Based Lettings Reserve	Support for setting up and development of new lettings system.
Lubbesthorpe Parish Council	Lubbesthorpe Parish Precept withheld pending the new Parish Council setting up their own bank account.
New Homes Bonus Reserve	Grant set aside to fund specific housing projects.
Local Authority Mortgage Scheme Default Reserve	To underwrite the Council's share of any potential future costs in relation to mortgage defaults. Now closed.
Economic Development Initiatives Reserve	To cover future economic development related projects.
Supporting Families Project Reserve	Set aside monies to cover costs in relation to a County-wide project commencing in 2016/17. Project ended during 2018/19.
ERIE Sinking Fund	To recognise the Service Charge income held in relation to future maintenance requirements at Enderby Road Industrial Estate.
Community Rights Reserve	Set aside monies to cover potential future costs associated with the Community Right to Challenge and/or Community Right to Bid initiatives.
Waste Collection Grant Reserve	To hold the unused element of Weekly Collection Support Scheme Grant received in 2013/14 to pay for the retention of the weekly refuse and recycling scheme. Now fully utilised.
Council Tax Support Reserve	Set aside to mitigate the potential risks and uncertainties in funding arising from the introduction of council tax localisation in 2013/14.
Parish New Homes Bonus Reserve	To hold the share of New Homes Bonus Grant awarded to parish councils/meetings which do not maintain their own bank account.
NNDR Income Reserve	Set aside to mitigate the potential risks and uncertainties in funding arising from the introduction of business rates retention in 2013/14.
Agile Working Reserve	Set aside monies to cover potential future costs of introducing mobile and flexible working processes, a major corporate project.

Earmarked Reserve	Purpose
Planning Fee Income Reserve	The Government introduced legislation permitting local authorities to increase planning fees and charges by 20%, on the condition that any surplus income generated will be reinvested in the Planning service. This reserve has been set up to enable the Council to ring-fence the surplus income received but not yet applied.
Local Plan Reserve	To cover non-recurring expenditure linked to the delivery of the Council's Local Plan.
Lottery Reserve	To ring-fence the Council's share of proceeds from the Blaby Lottery, which will be used to support the Community Grants Programme.
IT System Replacement Reserve	Set aside to offset the cost of implementation of new IT systems, including additional maintenance and licensing costs.
Property Fund Reserve	To hold the interest earned from the Lothbury Property Fund to mitigate potential future fluctuations in the fund value.
Tax Income Guarantee Reserve	To hold the one off compensatory Tax Income Guarantee payment to be used to offset the Collection Fund deficit.
S31 Grant Reserve	To hold the Council's share of Section 31 Grant, which will be used to offset the Collection Fund deficit across the next three financial years.

10. Other Operating Expenditure

	2020/21 £	2019/20 £
Parish Council Precepts	3,652,059	3,390,011
(Gains)/losses on the disposal of non-current assets	737,592	(149,950)
Total	4,389,651	3,240,061

11. Financing and Investment Income and Expenditure

	2020/21 £	2019/20 £
Interest payable and similar charges	379,279	277,729
Net interest on the net defined benefit liability	727,000	947,000
Interest receivable and similar income	(126,543)	(232,355)
Expenditure in relation to investment properties and changes in their fair value	8,513	16,350
Income on investment properties	0	(44,513)
Movement in value of Property Fund	16,625	28,555
Net (Surplus)/Deficit on Trading Operations	(364,297)	(481,085)
Impairment of Financial Assets	0	0
Total	640,577	511,681

12. Taxation and Non Specific Grant Income and Expenditure

	2020/21 £	2019/20 £
Council tax income	(9,207,638)	(8,878,854)
Non domestic rates	(2,760,267)	(3,602,359)
Non ring-fenced government grants	(5,742,405)	(3,860,652)
Capital grants and contributions	(327,291)	(415,197)
Total	(18,037,601)	(16,757,062)

13. Property, Plant and Equipment

Movement on Balances in 2020/2021	Other Land & Buildings £	Vehicles, Plant, Furniture & Equipment £	Infrastructur e Assets £	Community Assets £	Surplus Assets £	Assets under Construction £	Total Property, Plant & Equipment £
Cost or Valuation							
At 1 st April 2020	28,638,388	7,920,355	482,312	1,732,949	241,600	0	39,015,604
Additions	216,283	1,392,092	0	193,580	0	0	1,801,955
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,174,321)	0	0	0	0	0	(1,174,321)
Derecognition – disposals	(205,000)	(1,260,747)	0	0	0	0	(1,465,747)
Transfers between asset groups	0	0	0	0	0	0	0
Assets reclassified to/from held for sale	0	0	0	0	0	0	0
At 31st March 2021	27,475,350	8,051,700	482,312	1,926,529	241,600	0	38,177,491
Accumulated Depreciation and Impairment							
At 1 st April 2020	(143,890)	(4,400,736)	(346,073)	(39,699)	0	0	(4,930,398)
Depreciation charge	(980,754)	(865,340)	(33,681)	(23,399)	0	0	(1,903,174)
Derecognition – disposals	0	1,057,804	0	0	0	0	1,057,804
Other movements in depreciation and impairment	975,270	0	0	0	0	0	975,270
At 31st March 2021	(149,374)	(4,208,272)	(379,754)	(63,098)	0	0	(4,800,498)
Net Book Value							
At 31st March 2021	27,325,976	3,843,428	102,558	1,863,431	241,600	0	33,376,993
At 31st March 2020	28,494,499	3,519,619	136,238	1,693,250	241,600	0	34,085,206

Movements in 2019/20	Other Land & Buildings £	Vehicles, Plant, Furniture & Equipment £	Infrastructure Assets £	Community Assets £	Surplus Assets £	Assets under Construction £	Total Property, Plant & Equipment £
Cost or Valuation							
At 1 st April 2019	26,241,908	7,677,200	482,312	1,690,712	842,400	333,333	37,267,865
Additions	4,263,167	1,211,764	0	70,823	0	0	5,545,754
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(2,200,020)	0	0	0	(800)	0	(2,200,820)
Derecognition – disposals	0	(968,609)	0	(28,586)	0	0	(997,195)
Transfers between asset groups	333,333	0	0	0	0	(333,333)	0
Assets reclassified to/from held for sale	0	0	0	0	(600,000)	0	(600,000)
At 31st March 2020	28,638,388	7,920,355	482,312	1,732,949	241,600	0	39,015,604
Accumulated Depreciation and Impairment							
At 1 st April 2019	(138,818)	(4,606,512)	(311,744)	(32,223)	0	0	(5,089,297)
Depreciation charge	(1,016,489)	(755,602)	(34,330)	(9,133)	0	0	(1,815,554)
Derecognition – disposals		961,378	0	1,657	0	0	963,035
Other movements in depreciation and impairment	1,011,418	0	0	0	0	0	1,011,418
At 31st March 2020	(143,889)	(4,400,736)	(346,074)	(39,699)	0	0	(4,930,398)
Net Book Value							
At 31st March 2020	28,494,499	3,519,619	136,238	1,693,250	241,600	0	34,085,206
At 31st March 2019	26,103,090	3,070,687	170,569	1,658,489	842,400	333,333	32,178,568

Depreciation

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

- Other Land and Buildings – 1 to 50 years
- Vehicles, Plant, Furniture & Equipment – 1 to 50 years
- Infrastructure – 1 to 15 years
- Community Assets – 1 to 10 years

Assets under construction are not depreciated until brought into use.

Capital Commitments

At 31st March 2021, the Council has entered into a number of contracts for the enhancement of Property, Plant and Equipment in 2021/22 and future years budgeted to cost £861,472. Similar commitments at 31st March 2020 were £932,564.

The major commitments are –

Capital Commitments	£
Disabled Facilities Grants	130,945
Conversion of The Grange, Narborough in to Residential Apartments	284,296
Affordable Housing Contribution - Warwick Road, Littlethorpe	207,000
Other	239,231
	861,472

The commitments for the prior year have been restated to ensure that they only reflect capital schemes to which the Council was contractually committed at 31st March 2020. The corresponding figure in the 2019/20 accounts erroneously included all unspent budgets carried forward from the preceding year, even where those budgets were not yet committed. The impact of the restatement reduced the amount disclosed by £1,608,496.

Effects of Changes in Estimates

The Council has reviewed its assumptions with regard to the useful economic life of its non-current assets but has concluded that no material changes are required to its accounting estimates.

Revaluations

The Council's valuation programme ensures that all Property, Plant and Equipment required to be measured at fair value is formally revalued at least every five years, although any material changes to valuations are adjusted in the interim period.

Land and buildings are valued by an independent external valuer and subject to annual desktop reviews. A desk top valuation was undertaken as at 31st March 2021 by Mr M. Wilson (Associate – RICS Registered Valuer), of the Bruton Knowles Property Consultants. The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. For non-specialised operational assets, fair value equates to existing use value, and for specialised operational assets fair value is estimated using a depreciated replacement cost approach.

Vehicles, plant and equipment are valued internally by reference to current replacement costs provided by suppliers and estimated disposal values (open market value in existing use). Assets not yet re-valued are shown at depreciated value based on historical cost but are not considered to be materially under or over valued. The Council is not aware of any material change in value and these valuations have not been updated.

Surplus assets are measured at fair value, representing highest and best use value from a market participant's perspective.

	Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£	£	£	£	£	£	£
Carried at historical cost	0	3,843,428	102,558	1,863,431	0	0	5,809,417
Valued at fair value as at:							
31 st March 2021	27,325,976	0	0	0	241,600	0	27,567,576
31 st March 2020	0	0	0	0	0	0	0
31 st March 2019	0	0	0	0	0	0	0
Total	27,325,976	3,843,428	102,558	1,863,431	241,600	0	33,376,993

14. Heritage Assets

A heritage asset is defined by the Code as an asset with "historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture".

The Council currently has only one asset that meets the definition of a heritage asset, and that is the Ice House situated in Bouskell Park, Blaby. Most of the Ice House is underground and part has been dated back to medieval times. It is a grade 2 listed building and is considered to be of historical interest but presently it is in a state of disrepair and consequently closed to the public. The Council secured external funding to enable it to undertake structural works during 2020/21 that will improve accessibility to the Ice House.

The Ice House is not currently reported in the Balance Sheet as the Council holds no information as to its cost or value, and it is considered that the cost of obtaining such information outweighs the benefit to the users of the financial statements. This position will be reviewed once planned improvements works have been completed.

15. Investment Properties

The Council owns just one investment property, the Grange, Narborough which was formerly leased to the Royal Bank of Scotland Group (see note 35 for further details). The property was vacated on 16th October 2018. Works are being carried out to redevelop the property into flats, which the Council intends to let out at market rent.

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

	2020/21 £	2019/20 £
Rental income from investment property	0	0
Dilapidations	0	(44,513)
Operating expenses arising from investment property	(6,687)	16,351
Net gain/(loss) from fair value adjustments	(1,826)	0
Net gain/(loss)	(8,513)	(28,162)

The movement in the fair value of investment property during the year is set out in the table below.

	2020/21 £	2019/20 £
Balance as at 1 st April	170,000	148,500
Additions	170,285	12,326
Net gain/(loss) from fair value adjustments	0	9,174
Balance as at 31st March	340,285	170,000

16. Intangible Assets

The Council accounts for its software 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. The intangible assets include purchased licences but the Council has no internally generated software.

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 Council has no Intangible Assets that it has assessed as having an indefinite useful life.

The useful lives assigned to the major software suites used by the Council are:

Useful Life	Intangible Asset
10 years	Northgate Revenues & Benefits System
5 years	- Customer Relationship Management/Electronic Document and Records Management System (CRM/EDRM) - Xpress Elections Software - Real Asset Management (Asset Register System) - Idox/CAPS Planning System - Bottomline BACS Submission Software - Home Connections Choice Based Lettings System
3 years	COA Solutions eFinancials (Financial Management System)

The movement on Intangible Asset balances during the year is as follows:

Movement on Intangible Asset Balances	2020/21 £	2019/20 £
Balance at 1 st April		
• Gross carrying amount	509,159	756,795
• Accumulated amortisation	(385,089)	(627,551)
Net carrying amount at 1 st April	124,070	129,244
Additions	0	54,067
Disposals	(276,831)	(301,704)
Amortisation for the period	(58,448)	(58,252)
Write back amortisations on disposals	253,850	300,715
Net carrying amount at 31st March	42,642	124,070
Comprising:		
• Gross carrying amount	232,328	509,159
• Accumulated amortisation	(189,686)	(385,089)
	42,642	124,070

There have been no changes in accounting estimates (e.g. residual values, useful lives, amortisation method) for Intangible Assets that have had an effect on the current period or that are expected to have an effect in subsequent financial years. Software assets are valued at historic cost.

17. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets	Non-Current 31 st March 2021 £	Current 31 st March 2021 £	Non-Current 31 st March 2020 £	Current 31 st March 2020 £
Cash and Bank balance	0	482,330	0	0
Investments at amortised cost	0	22,893,997	0	21,796,789
Investments at Fair Value through Profit or Loss	954,820	0	978,224	0
Debtors carried at contract amounts	106,629	1,445,392	106,629	2,462,838
Total Financial Assets	1,061,449	24,821,719	1,084,853	24,259,627

Financial Liabilities	Non-Current 31 st March 2021 £	Current 31 st March 2021 £	Non-Current 31 st March 2020 £	Current 31 st March 2020 £
Cash and Bank balance	0	0	0	(107,156)
Borrowings at amortised cost	(8,141,780)	(240,490)	(8,349,066)	(236,591)
Other Long Term Liabilities at amortised cost	(455,399)	0	(455,619)	0
Creditors carried at contract amounts	0	(8,419,769)	0	(6,540,873)
Total Financial Liabilities	(8,597,179)	(8,660,259)	(8,804,685)	(6,884,620)

Income, Expense, Gains and Losses

Income, Expense, Gains and Losses in 2020/21	Financial Liabilities measured at amortised cost £	Financial Assets measured at amortised cost £	Financial Assets Fair Value through profit or loss £	Total £
Interest expense – financial liabilities measured at amortised cost	(379,279)			(379,279)
Interest revenue – financial assets measured at amortised cost		90,153		90,153
Interest revenue – financial assets measured at Fair Value through Profit or Loss			36,391	36,391
Losses on Revaluation of Property Fund			(45,180)	(45,180)
Net gain/(loss) for the year	(379,279)	90,153	(8,789)	(297,915)

Income, Expense, Gains and Losses in 2019/20	Financial Liabilities measured at amortised cost £	Financial Assets measured at amortised cost £	Financial Assets Fair Value through profit or loss £	Total £
Interest expense – financial liabilities measured at amortised cost	(277,729)			(277,729)
Interest revenue – financial assets measured at amortised cost		218,090		218,090
Interest revenue – financial assets measured at Fair Value through Profit or Loss			14,266	14,266
Losses on Revaluation of Property Fund			(28,555)	(28,555)
Net gain/(loss) for the year	(277,729)	218,090	(14,289)	(73,928)

Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and investments and long-term debtors and creditors 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 take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, new loan rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark rates have been used to provide the fair value
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be 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:

	Carrying Amount 31 st March 2021 £	Fair Value 31 st March 2021 £	Carrying Amount 31 st March 2020 £	Fair Value 31 st March 2020 £
PWLB Debt	6,374,762	6,557,055	6,578,168	6,265,764
Non PWLB Debt	2,007,288	2,056,086	2,007,288	1,997,590
Short Term Creditors	8,419,769	8,419,769	6,540,873	6,540,873
Short Term Finance Lease Liability	220	220	200	200
Long Term Finance Lease Liability	455,399	455,399	455,619	455,619
Total Financial Liabilities	17,257,438	17,488,529	15,582,148	15,260,046

The fair value of Public Works Loan Board (PWLB) and market loans of £8,613,141 measures the economic effect of the terms agreed with the PWLB and other lenders compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB and other lenders, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £6,374,762 would be valued at £6,557,055. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans, including the penalty charge, would be £7,996,454. Applying a similar principle to the Council's non-PWLB loans would see an exit price, including penalty charges, of £2,071,450 compared with the fair value of £2,056,086 in the table above.

	Carrying Amount 31 st March 2021 £	Fair Value 31 st March 2021 £	Carrying Amount 31 st March 2020 £	Fair Value 31 st March 2020 £
Cash and Bank balance	482,330	482,330	0	0
Money Market Loans less than 1 Year	23,848,816	23,848,816	22,775,013	22,775,013
Short Term Debtors	1,445,392	1,445,392	2,462,838	2,462,838
Long Term Debtors	106,629	106,629	106,629	106,629
Total Financial Assets	25,883,167	25,883,167	25,344,480	25,344,480

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

The Council's long term debtors include mortgage advances and renovation loans in excess of twelve months. The balances are increased by payments/loans advanced during the financial year and reduced as repayments are made.

18. Debtors

	31 st March 2021 £	31 st March 2020 £
Central government bodies	10,410,638	339,931
Other local authorities	3,655,553	2,346,695
NHS Bodies	55,948	75,032
Other entities and individuals	1,958,342	2,110,408
Total	16,080,481	4,872,066

£244,366 included within the other local authorities balance as at 31st March 2021 relates to the County Council and Fire Authorities share of the Collection fund deficit and the Government's share of £10,309,298 is included within the Central government bodies line in the above table. The large deficit has arisen due to retail, hospitality and leisure relief given to certain businesses to support them during the pandemic, which resulted in a reduction in business rates collectable. This is offset by Section 31 grant held in earmarked reserves (see Note 8). Each line item in the table above is presented net of impairment (i.e., any allowance for non-collection). The impairment allowance for short term debtors (including council tax and non-domestic rate income) as at 31st March 2021 is £1,457,265 (£1,156,523 at 31st March 2020). In respect of the total local taxation debt outstanding as at 31 March 2021, this value is £963,699 (31 March 2020 £674,255). The total level of impairment to 31st March 2021 is £279,426 (31 March 2020 £155,359). To calculate the impairment an appropriate rate is applied to summonsed and unsummonsed debt, based on the age of the debt and the likelihood of recovery. Write offs are processed during the year. During 2020/21 a total of £186,600 was written off (£165,047 during 2019/20), £24,504 in relation to the General Fund (£8,545 in

2019/20) and £162,096 was in relation to Local Taxation (£156,502 in 2019/20).

19. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 st March 2021 £	31 st March 2020 £
Cash held by the Council	626	577
Bank current accounts	481,730	(107,485)
Deposits in Money Market Funds	5,472,060	3,652,897
Short-term deposits with banks and building societies	10,398,501	7,106,005
Deposits with other Local Authorities	0	8,004,146
Total Cash and Cash Equivalents	16,352,917	18,656,140

20. Assets Held for Sale

As at 31st March 2021, the Council had one Current Asset held for sale. The value of the Council Depot, Warwick Road Narborough is shown in the below table.

	Current 2020/21 £	Current 2019/20 £
Balance as at 1st April	1,449,000	0
Assets newly classified as Held for Sale	177,500	1,449,000
Revaluation Losses	(125,000)	0
Disposals	(376,500)	0
Impairment losses	0	0
Balance as at 31st March	1,125,000	1,449,000

21. Creditors

Creditors	31 st March 2021 £	31 st March 2020 £
Central government bodies	(12,415,155)	(2,824,163)
Other local authorities	(4,207,953)	(7,067,784)
NHS bodies	(1,137,282)	(1,289,672)
Other entities and individuals	(8,676,642)	(3,828,584)
Total	(26,437,032)	(15,010,203)

Included within Central government bodies as at 31st March 2021 is £12,414,686 relating to the balance of Section 31 Grant which is owed back to the Government.

22. Provisions

The Council maintains an Insurance Reserve Fund to meet its own liability in relation to claims which may be made against the Council, not currently notified, which would not be fully met within the terms and conditions of its insurance policies. The principal policy to which this applies is the Council's public liability policy under which the Council is required to meet the first £12,500 costs of any claim. Movements in the Insurance Reserve Fund are included within note 9.

A provision has also been made in respect of potential claims liabilities arising under the above policies, based on Insurers' assessment of claims notified, limited to the amount of claim excess. Although the timing of outcomes is

uncertain, claims may be paid either fully or in part, or may be repudiated, and so the cost cannot be estimated with certainty. The level of provision required is reviewed annually.

The Council also holds a provision to cover potential liabilities in relation to the Municipal Mutual Insurance (MMI) Scheme of Arrangement. In November 2012 it was announced that a levy of 15% would be applied to the total value of insurance claims paid through MMI since 1993 (less £50,000). For Blaby this amounts to £295,000 in settled claims, less £50,000. Due to the uncertain position in respect of the most volatile classes of claim, such as mesothelioma, the scheme administrator has increased the levy by 10% to 25%.

A provision for the Council's share of the cost of settling outstanding business rates appeals was created as a result of the introduction of the Business Rates Retention Scheme in April 2013. Although the Council is able to retain a larger share of business rates locally it also bears the risks and uncertainties linked to the level of rateable value appeals, which may lead to a reduction in business rates payable. The Council was part of the Leicestershire 75% Business Rates Pilot during 2019/20, so its share of the overall provision reduced from 40% (under the 50% Business Rates Retention Scheme) to 37.5% for 2019/20 only. This has now increased back to 40% for 2020/21.

	Insurance Claims Provision £	MMI Scheme of Arrangement £	NNDR Appeals Provision £	Total £
Balance at 1st April 2020	(30,507)	(180,355)	(1,740,000)	(1,950,862)
Conversion from 75% to 50% Pilot	0	0	(116,000)	(116,000)
Reduction in provision in year	18,747	0	0	18,747
Additional provision made in year	0	0	(1,576,000)	(1,576,000)
Amounts used in year	11,760	(22)	340,000	351,737
Balance as at 31st March 2021	0	(180,377)	(3,092,000)	(3,272,377)

23. Unusable Reserves

	31 st March 2021 £	31 st March 2020 £
Revaluation Reserve	(11,894,241)	(12,850,177)
Capital Adjustment Account	(8,430,697)	(8,899,934)
Pensions Reserve	45,686,000	31,226,000
Collection Fund Adjustment Account	11,053,446	(234,008)
Accumulated Absences Account	77,489	81,623
Financial Instruments Adjustment Account	45,180	28,555
Total	36,537,177	9,352,059

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 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2020/21 £	2019/20 £
Balance at 1st April	(12,850,178)	(12,456,311)
Upward revaluation of assets	(324,292)	(3,806,700)
Downward revaluation of assets	469,017	2,982,820
Impairment Losses	0	450
Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	144,725	(823,430)
Difference between fair value depreciation and historical cost depreciation	324,968	429,560
Accumulated gains/(losses) on assets sold or scrapped	461,472	3
Reversal of Impairment charge from prior year	24,771	0
Balance at 31st March	(11,894,241)	(12,850,178)

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties.

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

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2020/21 £	2019/20 £
Balance at 1st April	(8,899,934)	(9,999,307)
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	1,880,229	2,970,212
Amortisation of intangible assets	58,448	58,252
Revenue expenditure funded from capital under statute	882,724	1,050,687
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	807,424	35,148
	3,628,824	4,114,298
Difference between fair value depreciation and historical cost depreciation	(324,968)	(429,560)
Accumulated gains/(losses) on assets sold or scrapped	(461,472)	(3)
Net amount written out of the cost of non-current assets consumed in the year	2,842,384	3,684,735
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	(274,841)	(34,987)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(757,863)	(790,484)
Application of grants to capital financing from the Capital Grants Unapplied Account	(223,022)	(191,927)
Statutory provision for the financing of capital investment charged against the General Fund balance.	(1,022,219)	(845,272)
Capital expenditure charged against the General Fund balance	(95,202)	(733,717)
	(2,373,147)	(2,596,387)
Repayment of private sector housing loan	0	11,024
Balance at 31st March	(8,430,697)	(8,899,934)

Pensions Reserve

The Pensions 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 employed 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 ensure that benefits earned are financed as the Council makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions 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.

	2020/21 £	2019/20 £
Balance at 1st April	31,226,000	38,597,000
Re-measurements of the net defined benefit liability	12,943,157	(9,736,911)
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	3,778,000	4,380,000
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,261,157)	(2,014,089)
Balance at 31st March	45,686,000	31,226,000

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2020/21 £	2019/20 £
Balance at 1st April	(234,008)	236,693
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	138,330	(13,584)
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	11,149,124	(457,117)
Balance at 31st March	11,053,446	(234,008)

The increase in the Collection Fund Adjustment Account is due to the NNDR and Council Tax income moving from a surplus position in 2019/20 to a deficit in 2020/21. This is mainly due to expanded retail relief that was given by Government to certain business sectors in response to the COVID-19 pandemic and lockdown. Blaby has received S31 Grant of which £10.868m has been carried forward in an Earmarked reserve to 2021/22 to help offset the deficit.

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at forward 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2020/21 £	2019/20 £
Balance at 1st April	81,623	81,533
Settlement or cancellation of accrual made at the end of preceding year	(81,623)	(81,533)
Amounts accrued at the end of the current year	77,489	81,623
Balance at 31st March	77,489	81,623

Financial Instruments Adjustments Account

The Financial Instruments Adjustments Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to the Council's Property Fund investment and for bearing losses or benefiting from gains per statutory provisions.

	2020/21 £	2019/20 £
Balance at 1st April	28,555	0
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	16,625	28,555
Balance at 31st March	45,180	28,555

24. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2020/21 £	2019/20 £
Interest received	(143,405)	(233,532)
Interest paid	379,851	266,224

The (surplus)/deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2020/21 £	2019/20 £
Movement in fair value of investments	(42,831)	0
Proceeds from the sale of property, plant, and equipment	72,395	185,097
Capital grants and contributions received	1,119,156	1,059,107
	1,148,720	1,244,204

25. Cash Flow Statement – Investing Activities

	2020/21 £	2019/20 £
Purchase of property, plant and equipment, and intangible assets	2,739,139	4,777,895
Purchase of short term and long-term investments	10,026,206	3,971,445
Proceeds from the sale of property, plant and equipment	(197,195)	(74,367)
Proceeds from short term and long-term investments	(6,000,000)	(5,000,000)
Other receipts from investing activities	(1,106,227)	(1,036,787)
	5,461,923	2,638,186

26. Cash Flow Statement – Financing Activities

	2020/21 £	2019/20 £
Cash receipts of short- and long-term borrowing	0	(5,801,531)
Cash payments for the reduction of finance lease liabilities	200	182
Repayments of short- and long-term borrowing	202,813	0
Other payments/receipts for financing activities	16,140,058	325,324
	16,343,071	(5,476,025)

27. Reconciliation of Liabilities Arising from Financing Activities

	1 st April 2020	Financing Cash Flows	Non-Cash Changes Acquisition	Non-Cash Changes Other	31 st March 2021
Long Term Borrowing	(8,349,066)	207,287	0	0	(8,141,779)
Short Term Borrowing:	(236,390)	(4,451)	0	571	(240,270)
Lease Liabilities	(455,819)	200	0	0	(455,619)
Total Liabilities from Financing Activities	(9,041,275)	203,036	0	571	(8,837,668)

28. Agency Arrangements

Blaby District Council is the lead authority for Lightbulb which brings together the various services involved in the provision of Disabled Facilities Grants under one umbrella, including Occupational Therapists employed by Leicestershire County Council. As lead authority, Blaby employs Housing Support Co-ordinators, Technical Officers and Administrative Officers on behalf of most of the districts across Leicestershire, as well as running the Central Hub that oversees the delivery of services through Lightbulb. The district councils and the County Council contribute towards the cost of running the Central Hub, as well as reimbursing Blaby for the running costs associated with the various district localities. This ensures that Blaby's financial position remains cost neutral in terms of the services it provides to its partners. Expenditure and income is included within the Community Services line in the Comprehensive Income and Expenditure Statement.

As part of the Lightbulb service, Blaby also manages, administers and pays for Disabled Facilities Grants on behalf of Harborough District Council, Melton Borough Council, North West Leicestershire District Council, and Oadby and Wigston Borough Council. Under this arrangement the partner authorities have agreed to transfer their capital grant funding to Blaby in return for Blaby paying the disabled facilities grants on their behalf. Blaby also has responsibility for the procurement and administration of stairlift installations on behalf of the above authorities as well as Hinckley & Bosworth Borough Council and Charnwood Borough Council. This function was previously performed by Leicestershire County Council, prior to 2018/19.

The table below provides a summary of the expenditure and income for the year.

2020/21	Harborough District Council £	Melton Borough Council £	NW Leics. District Council £	Oadby & Wigston Borough Council £	Hinckley & Bosworth Borough Council £	Charnwood Borough Council £	Total £
Balance at 1st April 2020	(185,277)	(415,710)	(1,206,404)	(537,024)	(10,000)	0	(2,354,416)
Income received	(467,365)	(299,710)	(760,574)	(415,232)	(100,961)	(94,065)	(2,137,908)
Other contributions	0	0	40,081	0	(3,000)	0	37,081
Grant expenditure	284,456	238,197	284,473	152,508	100,961	94,065	1,154,661
Balance as at 31st March 2021	(368,187)	(477,223)	(1,642,424)	(799,747)	(13,000)	0	(3,300,581)

Comparative figures for 2019/20 are shown in the table below.

2019/20	Harborough District Council £	Melton Borough Council £	NW Leics. District Council £	Oadby & Wigston Borough Council £	Hinckley & Bosworth Borough Council £	Charnwood Borough Council £	Total £
Balance at 1st April 2019	(224,564)	(86,189)	(655,381)	(103,758)	(6,000)	(8,175)	(1,084,067)
Income received	(500,216)	(517,377)	(822,615)	(698,718)	(59,752)	(120,483)	(2,719,161)
Other contributions	(2,347)	0	(8,297)	(7,495)	(4,000)	0	(22,139)
Grant expenditure	541,850	187,856	279,889	272,948	59,752	128,658	1,470,953
Balance as at 31st March 2020	(185,277)	(415,710)	(1,206,404)	(537,023)	(10,000)	0	(2,354,414)

The balances carried forward are included within debtors or creditors in the Balance Sheet.

29. Members Allowances

Allowances are paid to elected members in accordance with the Council's Members' Allowance scheme.

	2020/21 £	2019/20 £
Basic Allowances	205,150	202,521
Special Responsibility Allowances	84,412	77,957
Travel and Other Expenses	10	1,591
	289,572	282,069

30. Officer Remuneration

The Accounts and Audit Regulations require authorities to disclose details of senior officers' remuneration. In cases where the individual's salary exceeds £150,000 per annum (or pro rata to that amount) then the individual's name shall be disclosed. There were no senior officers of Blaby District Council whose salary exceeded £150,000 per annum in either 2020/21 or the preceding year. Where the salary exceeds £50,000 per annum (or pro rata to that amount), the authority is required to provide a disclosure by job title.

Position	Year	Salary, Fees and Allowances £	Expenses Allowances £	Compensation for loss of office £	Pension Contribution £	Total £
Chief Executive	2020/21	109,050	1,239	0	20,680	130,969
	2019/20	106,131	1,239	0	25,037	132,407
Strategic Director (S151)	2020/21	89,262	1,239	0	16,781	107,282
	2019/20	86,873	1,239	0	17,887	105,999
Strategic Director	2020/21	87,018	1,245	0	16,359	104,622
	2019/20	82,580	1,337	0	17,003	100,920
Corporate Services Group Manager	2020/21	75,311	1,239	0	14,159	90,709
	2019/20	72,396	1,248	0	14,906	88,550
Regulatory & Leisure Services Group Manager	2020/21	70,047	1,239	0	13,169	84,463
	2019/20	67,688	1,267	0	13,937	82,892
Housing & Community Services Group Manager	2020/21	70,915	979	7,122	12,465	91,481
	2019/20	70,396	942	0	14,495	85,833
Neighbourhood Services Group Manager	2020/21	70,047	1,239	0	13,369	84,455
	2019/20	65,833	1,239	0	13,555	80,627
Planning & Economic Development Group Manager	2020/21	72,332	1,239	0	(1,170)	72,401
	2019/20	68,172	1,257	0	1,170	70,599
Strategic HR Manager	2020/21	40,960	1,239	0	7,701	49,899
	2019/20	38,144	1,239	0	7,854	47,237
Strategic Finance Manager	2020/21	55,796	0	0	10,490	66,286
	2019/20	52,416	3	0	10,792	63,211

The Housing and Community Services Group Manager left the Council on 28th February 2021.

The Strategic HR Manager works 26.25 hours per week, and the annualised salary for the post in 2020/21 was £57,734.

There was one employee, other than senior staff disclosed separately above, who's remuneration for the year, excluding pension contributions, fell between £50,000 and £54,999.

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

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies 2020/21	Number of Compulsory Redundancies 2019/20	Number of Other Departures Agreed 2020/21	Number of Other Departures Agreed 2019/20	Total Number of Exit Packages by Cost Band 2020/21	Total Number of Exit Packages by Cost Band 2019/20	Total Cost of Exit Packages in each Band 2020/21	Total Cost of Exit Packages in each Band 2019/20
£0 - £20,000	0	0	5	0	5	0	£36,818	£0
£20,001 – £40,000	1	0	0	0	1	0	£23,772	£0
Total	1	0	5	0	6	0	£60,590	£0

31. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims provided by the Council's external auditors, Ernst & Young:

	2020/21 £	2019/20 £
Fees payable to the external auditors with regard to external audit services carried out by the appointed auditor	36,400	63,385
Fees payable to the external auditors for the certification of grant claims and returns	10,000	8,400
Total	46,400	71,785

The fee included in the table above for 2019/20 in regards to the external audit service includes an initial estimate for the scale fee of £26,985, the final fee is yet to be agreed with Public Sector Audit Appointments (PSAA). The final invoice for the works carried out is due to be received.

32. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2020/21:

	2020/21 £	2019/20 £
Credited to Taxation and Non Specific Grant Income		
Non Domestic Rates Contribution	(2,760,267)	(3,602,359)
New Homes Bonus Grant	(2,694,837)	(2,851,626)
Section 31 Grants – Business Rates	(1,097,984)	(962,266)
Other Non Ringfenced Government Grants	(1,949,584)	(46,760)
Section 106 Contributions	(327,291)	(415,197)
Total	(8,829,963)	(7,878,208)
Credited to Services		
Housing Benefit Subsidy	(10,737,773)	(11,214,861)
Other DWP Grants	(42,438)	(61,254)
NNDR Cost of Collection Allowance	(103,266)	(104,427)
Disabled Facilities Grant	(648,727)	(643,909)
Land Charges New Burdens Grant	(415,378)	0
Individual Electoral Registration Grants	(6,490)	(5,106)
Air Quality Monitoring Grants	0	(123,378)
Government contributions towards the cost of Elections	38,654	(172,511)
Covid 19 Grant	(1,054,727)	0
Local Authority EU Exit Preparation Grant	0	(34,968)
New Burdens Grant – Transparency	(8,103)	(8,103)
Home Office Grant – Syrian Vulnerable Persons Resettlement Scheme	(55,674)	(66,146)
Custom Build Grant	0	(17,446)
Neighbourhood Planning Grant	(20,000)	0
Whetstone Garden Village	(150,000)	(150,000)
NNDR New Burdens	(200,200)	(9,225)
Council Tax Billing, Collection & Recovery New Burdens	(8,614)	0
Other Grants	(505,943)	(84,674)
Leicestershire & Rutland Sport Commissioning Programme	(85,715)	(75,903)
Better Care Fund – Hospital Housing Enabler	(107,120)	(104,000)
Leicestershire Partnership NHS Trust – Hospital Housing Enabler	(101,404)	(77,000)
Leicester City Clinical Commissioning Group – Hospital Housing Enabler	(155,000)	(165,000)
Bradgate Mental Health Unit	0	(8,532)
Children's Support Contributions – Other Local Authorities	(35,777)	(23,000)
Police & Crime Commissioner Contributions	0	(33,000)
Major Schemes Funding	0	(45,198)
Early Years Physical Activity	(11,020)	(6,430)
Council Tax Support Administration & Discretionary Fund	0	(1,856)
GP Referral Scheme	(25,491)	(25,491)
Other Contribution	(740,852)	(118,341)
Total	(15,181,058)	(13,379,759)

The Council sometimes receives grants and contributions that are not immediately recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at the year end are as follows:

	2020/21 £	2019/20 £
Grants Receipts in Advance (Capital Grants)		
Section 106 Contributions	(953,733)	(966,662)
Total	(953,733)	(966,662)

Revenue grants and contributions which do not have conditions attached to their use are transferred to an earmarked reserve pending use in the following financial year.

33. Related Party Transactions

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.

Central Government

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its 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). Grants received from government departments are set out in Note 7b, Expenditure and Income Analysed by Nature. Grant receipts outstanding at 31st March 2021 are shown in Note 32.

Other Local Authorities

The Council administers, manages, and pays for disabled facilities grants on behalf of certain other Leicestershire districts. Further details are contained within Note 28, Agency Arrangements, on page 71.

Members and Senior Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2020/21 is shown in Note 29. Members are appointed to represent the Council on various outside bodies, some of which give or receive funding to/from the Council. Members and senior officers are required to complete an annual return in which they must declare any related party transactions in which they have been involved during the financial year. This exercise highlighted no material transactions requiring disclosure in 2020/21.

34. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, including the value of assets acquired under finance leases, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be financed, and is analysed in the second part of this note.

	2020/21 £	2019/20 £
Opening Capital Financing Requirement	14,184,794	10,118,348
Capital Investment		
Property, Plant and Equipment	1,972,240	5,558,079
Intangible Assets	0	54,067
Revenue Expenditure Funded from Capital under Statute	882,724	1,050,687
Sources of Finance		
Capital receipts applied	(274,841)	(34,987)
Government grants and other contributions	(223,022)	(191,927)
Sums set aside from revenue:		
• Direct revenue contributions	(853,065)	(1,524,201)
• Minimum revenue provision	(1,022,219)	(845,272)
Closing Capital Financing Requirement	14,666,611	14,184,794
Explanation of movements in year		
Increase/(decrease) in underlying need for borrowing:		
- unsupported by Government financial assistance	482,017	4,066,628
Assets acquired under finance leases	(200)	(182)
Increase/(decrease) in Capital Financing Requirement	481,817	4,066,446

35. Leases

Authority as Lessee

Finance Leases - the Council has acquired buildings at Enderby Road Industrial Estate, Whetstone under finance leases. This was subject to a desktop revaluation at 31st March 2021 as part of the Council's annual asset revaluation exercise. The assets acquired under this lease are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

	31 st March 2021 £	31 st March 2020 £
Other Land and Buildings	2,413,824	2,528,768
Total	2,413,824	2,528,768

The Council is committed to making minimum payments under this lease comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 st March 2021 £	31 st March 2020 £
Finance lease liabilities (net present value of minimum lease payments)		
• Current	220	200
• Non-current	455,399	455,619
Finance costs payable in future years	2,108,173	2,153,755
Minimum lease payments	2,563,792	2,609,574

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments 31 st March 2021 £	Minimum Lease Payments 31 st March 2020 £	Finance Lease Liabilities 31 st March 2021 £	Finance Lease Liabilities 31 st March 2020 £
Not later than one year	45,782	45,782	200	200
Later than one year and not later than five years	183,128	183,128	1,123	1,021
Later than five years	2,334,882	2,380,664	454,276	454,598
	2,563,793	2,609,574	455,619	455,819

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21 contingent rents amounting to £153,718 were payable by the Council (2019/20 £153,718).

Operating Leases –

The future minimum lease payments due under non-cancellable leases in future years are:

	31 st March 2021 £	31 st March 2020 £
Not later than one year	28,590	27,659
Later than one year and not later than five years	85,141	82,375
Later than five years	1,731,933	1,750,856
	1,845,665	1,860,890

Authority as Lessor

Finance Leases – the Council does not lease any property, plant or equipment to a third party under the terms of a finance lease.

Operating Leases – the Council leases units at the Enderby Road Industrial Estate, Whetstone to various local businesses and received rental income of £394,233 in 2020/21 (£335,916 in 2019/20).

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 st March 2021 £	31 st March 2020 £
Not later than one year	239,525	315,882
Later than one year and not later than five years	466,223	509,204
Later than five years	444,240	328,092
	1,149,988	1,153,178

36. Defined Benefit Pension Schemes

Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme, administered locally by Leicestershire County Council - this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions Relating to Post-Employment Benefits

The Council recognises 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 charge the Council is 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 via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2020/21 £	2019/20 £
Comprehensive Income and Expenditure Statement		
Cost of Services		
• Current Service Cost	3,022,000	3,640,000
• Past Service Cost/(Gain)	29,000	(207,000)
• (Gain)/Loss from Settlements	0	0
Financing and Investment Income and Expenditure		
• Net Interest Expense	727,000	947,000
Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	3,778,000	4,380,000

	2020/21 £	2019/20 £
Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:		
• Return on plan assets (excluding the amount included in the net interest expense)	(12,116,000)	5,855,000
• Actuarial gains and losses arising on changes in financial assumptions	24,517,000	(9,738,000)
• Actuarial gains and losses arising on changes in demographic assumptions	1,353,000	(3,107,000)
• Other experience gains and losses	(815,000)	(2,714,000)
Total Post Employment Benefits charged to Comprehensive Income and Expenditure Statement	16,717,000	(5,324,000)
Movement in Reserves Statement		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(3,778,000)	(4,380,000)
Actual amount charged against the General Fund Balance for pensions in the year		
• Employer's contributions payable to the scheme	2,205,165	1,962,061
• Retirement benefits payable to pensioners	55,992	52,028

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2020/21 £	2019/20 £
Present value of the defined benefit obligation	(112,852,000)	(84,352,000)
Fair value of plan assets	67,166,000	53,126,000
Net liability arising from defined benefit obligation	(45,686,000)	(31,226,000)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	2020/21 £	2019/20 £
Opening fair value of scheme assets	53,126,000	57,081,000
Interest income	1,229,000	1,379,000
Re-measurement gain/(loss):		
• The return on plan assets, excluding the amount included in net interest expense	12,116,000	(5,855,000)
Contributions from employer	2,257,000	2,047,000
Contributions from employees into the scheme	594,000	539,000
Benefits paid	(2,156,000)	(2,065,000)
Closing fair value of scheme assets	67,166,000	53,126,000

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

	2020/21 £	2019/20 £
Opening balance at 1 st April	84,352,000	95,678,000
Current service cost	3,022,000	3,640,000
Interest cost	1,956,000	2,326,000
Contributions from scheme participants	594,000	539,000
Re-measurement (gains) and losses:		
• Actuarial (gains)/losses arising from changes in financial assumptions	24,517,000	(9,738,000)
• Actuarial (gains)/losses arising from changes in demographic assumptions	1,353,000	(3,107,000)
• Other	(815,000)	(2,714,000)
Past service cost	29,000	(207,000)
Benefits paid	(2,156,000)	(2,065,000)
Closing balance at 31st March	112,852,000	84,352,000

Local Government Pension Scheme assets comprised:

	31 st March 2021 Quoted prices in active markets £	31 st March 2021 Quoted prices not in active markets £	Total £	31 st March 2020 Quoted prices in active markets £	31 st March 2020 Quoted prices not in active markets £	Total £
Equity securities	1,169,400	0	1,169,400	925,000	0	925,000
Debt securities:						
• UK Government	5,676,300	10,700	5,687,000	4,490,000	8,000	4,498,000
• Other	869,900	0	869,900	688,000	0	688,000
Private equity	0	3,097,200	3,097,200	0	2,450,000	2,450,000
Real estate:						
• UK property	0	5,020,200	5,020,200	0	3,971,000	3,971,000
Investment funds and unit trusts:						
• Equities	13,583,100	13,393,200	26,976,300	3,856,100	17,480,900	21,337,000
• Bonds	2,838,200	0	2,838,200	2,245,000	0	2,245,000
• Hedge funds	5,600	0	5,600	4,000	0	4,000
• Commodities	0	2,375,500	2,375,500	0	1,879,000	1,879,000
• Infrastructure	0	3,532,400	3,532,400	0	2,794,000	2,794,000
• Other	6,723,500	6,944,100	13,667,600	5,318,000	5,492,000	10,810,000
Derivatives	(85,400)	0	(85,400)	(67,000)	0	(67,000)
Cash and cash equivalents	2,012,100	0	2,012,100	1,592,000	0	1,592,000
	32,792,700	34,373,300	67,166,000	19,051,100	34,074,900	53,126,000

Following completion of the audit of the Leicestershire County Council Pension Fund, a disclosure error was noted in respect of the Investment Funds and Unit Trusts – Equities line in the above table, which has necessitated the restatement of both 2020/21 pension fund assets and the prior year comparatives for 2019/20. The impact of the restatement of the 2019/20 equities disclosure is as follows:

- Quoted prices in active markets reduced by £17,480,900 to £3,856,100.
- Quoted prices not in active markets increased from £0 to £17,480,900.

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 assessed by Hymans Robertson, an independent firm of actuaries, with estimates for the Local Government Pension Scheme being based on the latest full valuation of the scheme as at 31st March 2019. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme 2020/21	Local Government Pension Scheme 2019/20	Discretionary Benefits 2020/21	Discretionary Benefits 2019/20
Mortality Assumptions:				
Longevity at 65 for current pension:				
• Men	21.7 years	21.5 years	21.7 years	21.5 years
• Women	24.2 years	23.8 years	24.2 years	23.8 years
Longevity at 65 for future pensioners:				
• Men	22.6 years	22.2 years	22.6 years	22.2 years
• Women	25.9 years	25.2 years	25.9 years	25.2 years
Rates of Inflation	2.9%	1.9%	2.9%	1.9%
Rates of Increase in Salaries	3.4%	2.4%	3.4%	2.4%
Rates of Increase in Pensions	2.9%	1.9%	2.9%	1.9%
Rates for Discounting Scheme Liabilities	2.0%	2.3%	2.0%	2.3%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The Sensitivity analyses in the following table have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all the other assumptions remain constant. For example, the assumptions in longevity assume that life expectancy increases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis in the following table did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £	Decrease in Assumption £
Rate of increase in salaries (increase or decrease by 0.1%)	266,000	(266,000)
1 year increase in member life expectancy	4,514,000	(4,514,000)
Rate of increase in pensions (increase or decrease by 0.1%)	2,025,000	(2,025,000)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(2,318,000)	2,318,000

Pension Fund Risk Management Strategy

The pension fund's primary long term risk is that the fund's assets will fall short of its liabilities (i.e. the promised benefits payable to members of the scheme). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level.

In addition the fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the fund's required cash flows. These investment risks are managed as part of the overall pension fund risk management programme. Responsibility for the fund's risk management strategy rests with the Pension Fund Management Board, and is monitored annually or more frequently if required.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to public servants.

The Council anticipated to pay £2,356,000 expected contributions to the scheme in 2021/22.

As at the date of the most recent valuation, the duration of the funded obligations is 22 years.

37. Contingent Assets and Liabilities

Contingent Assets

The Royal Mail has historically been treating certain services as exempt from VAT, when the correct treatment should have been standard rated. As a consequence of this, the recipients of such supplies have been prevented from reclaiming VAT that should have been properly included in the charge. In 2014/15, along with a number of other local authorities the Council submitted a claim through the High Court against the Royal Mail seeking to recover the VAT which it was historically unable to reclaim. The initial value of the claim was £321,305. In May 2022, information was received that suggested the likelihood of the claim being successful was less than 50% and consequently the Council has withdrawn from the group litigation.

Contingent Liabilities

- The Council has made a provision for loss of income from business rates resulting from appeals by ratepayers against the rateable value of their business. At 31st March 2021 this provision amounts to £7,730,000, of which Blaby's share is £3,092,000 (40%).

In response to the COVID-19 pandemic many businesses, nationally, have submitted appeals on the grounds of a material change of circumstance. If allowed to proceed, such appeals would have potentially resulted in a significant reduction in business rates income for local authorities. The Government, therefore, declared its intention to introduce legislation that would rule out COVID-19 related appeals against material changes in circumstance. On the back of this announcement, the Council has not included such appeals in determining its NNDR appeals provision for 2020/21.

38. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring 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.

Overall Procedure for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework based on the *Local Government Act 2003* and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services, 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 CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations, standing orders and constitution;
- By approving annually in advance prudential and treasury indicators for the following three years limiting;
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;

- Its maximum and minimum exposures for the maturity structure of its debt;
 - Its maximum annual exposure to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 18th February 2021 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2020/21 was set at £15,200,000. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £13,360,000. This is the expected level of debt and other long term liabilities during the year.
- The maximum and minimum exposures to the maturity structure of debt are detailed in the strategy.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. 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.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria in accordance with the Fitch, Moody's and Standard & Poors credit rating services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after the initial criteria are applied.

The Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies named above, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following data:

- Credit watches and credit outlooks from credit rating agencies
- Credit default swap (CDS) spreads to give an early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries.

Details of the Investment Strategy can be found on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31st March 2021 that this was likely to occur.

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 and bonds.

The Council does not generally allow credit for customers and amounts that are due, but not impaired, can be analysed by age as follows:

	31 st March 2021 £	31 st March 2020 £
Less than three months	289,967	635,831
Three to six months	220,141	647,639
Six months to one year	161,777	197,735
More than one year	1,444,121	894,076
	2,116,006	2,375,281

Collateral – During the reporting period the Council held no collateral as security.

Liquidity Risk

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

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loans Board and money markets for access to longer term funds. 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 no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

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

The approved treasury 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 treasury and investment strategies address the main risks and the central treasury team address 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 provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council as part of the Treasury Management Strategy on 20th February 2020):

	Approved Minimum Limits	Approved Maximum Limits	31 st March 2021 £	31 st March 2020 £
Less than one year	0%	100%	207,286	202,836
Between one and two years	0%	100%	2,211,841	207,286
Between two and five years	0%	100%	1,929,939	3,284,178
Between five and ten years	0%	100%	0	857,602
Over ten years	0%	100%	4,000,000	4,000,000
			8,349,066	8,551,902

Market Risk

Interest rate risk - The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

Price Risk

The Council does not generally invest in equity shares or marketable bonds.

The Council invested £1m in the Lothbury Property Trust on 2nd December 2019, and the price of shares in the property fund can vary. At the end of financial year 2019/20 the value of the fund had fallen to £971,445 largely due to the impact of COVID-19 on property prices. The fund continued to fall during 2020/21 with the lowest point value reaching £936,202. However as at the 31st March 2021 the fund had begun to recover and the value at the end of the financial year was £954,820. Any movements in price will not impact on the General Fund Balance as regulations are in force to ameliorate the impact of fair value movements.

SUPPLEMENTARY FINANCIAL STATEMENTS & EXPLANATORY NOTES

The Collection Fund

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

	Note	2020/21 £	2019/20 £
INCOME			
Council tax	2	(64,604,791)	(62,047,525)
Non-domestic rates	3	(25,065,465)	(47,607,794)
Contributions towards previous year's estimated Collection Fund deficit: - Non-domestic rates		0	0
Total Income		(89,670,256)	(109,655,319)
EXPENDITURE			
Precepts and demands from major preceptors and the authority – council tax	4	65,075,822	61,778,613
Shares of non-domestic rating income to major preceptors and the authority		24,914,752	35,942,358
Payment of the central share of non-domestic rating income to be paid to central government by the billing authority		24,914,753	11,980,787
Transitional protection payments – non-domestic rates		418,958	5,260
Impairment of debts/appeals for council tax: - write-offs and uncollectable amounts - allowance for impairment		74,427 340,243	144,838 77,287
Impairment of debts/appeals for non-domestic rates: - write-offs and uncollectable amounts - allowance for impairment - allowance for appeals		87,670 187,872 3,090,000	11,664 18,753 (734,000)
Charge to General Fund for allowable collection costs for non-domestic rates		103,266	104,427
Contributions towards previous year's estimated Collection Fund surplus: - Council tax - Non-domestic rates		75,108 (853,703)	(47,608) (881,657)
Total Expenditure		118,429,167	108,400,722
Movement on Collection Fund Balance – (surplus)/deficit for the year		28,758,911	(1,254,597)
Opening Collection Fund Balance: - Council tax - Non-domestic rates	5	49,526 (620,161) (570,635)	143,921 540,041 683,962
Closing Collection Fund Balance: - Council tax - Non-domestic rates	5	1,010,334 27,177,942 28,188,276	49,526 (620,161) (570,635)
Analysis of Movement on Collection Fund Balance: - Council tax - Non-domestic rates		960,808 27,798,103 28,758,911	(94,395) (1,160,202) (1,254,597)

Notes to the Collection Fund

1. General Information

The Collection Fund is an agent's statement that reflects the Council's transactions, as a billing authority, in relation to the collection of Council Tax and Business Rates from taxpayers, and its distribution to local government bodies and the Government. Billing authorities have a statutory obligation to maintain a Collection Fund as a separate account to the General Fund. The administrative costs associated with the collection of Council Tax and Business Rates are, however, charged to the General Fund.

Collection Fund surpluses or deficits in relation to Council Tax are credited or charged to the relevant precepting bodies in the subsequent financial year, in proportion to the precepts levied by those organisations. For Blaby, the precepting bodies are Leicestershire County Council, The Office of the Police and Crime Commissioner for Leicestershire (OPCC) and the Leicester, Leicestershire and Rutland Combined Fire Authority.

The current Business Rates Retention Scheme was introduced for local government in April 2013. The main aim of this scheme is to give local authorities a greater incentive to encourage business growth. However, it brings with it a greater financial risk in terms of non collection and the voluntary of the Business rates base. The scheme allows the Council to retain 40% of the total rates received, with the remainder going to the Government (50%), the County Council (9%), and the Fire Authority (1%). Surpluses or deficits are credited or charged to the relevant precepting bodies in the subsequent financial year in line with their respective proportions.

2. Council Tax

Council Tax is based upon the value of residential properties which have been classified into nine valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund for the forthcoming year and dividing this by the Council Tax Base. The Council Tax Base represents the estimated number of Band D equivalents dwellings in the district.

The calculation of the Council Tax base for 2020/21 is set out in the table below:

	A*	A	B	C	D	E	F	G	H	TOTAL
Properties	0.00	4,949.00	15,268.00	9,850.00	6,657.00	4,439.00	1,572.00	513.00	35.00	43,283.00
Exemptions	0.00	-144.58	-148.16	-80.56	-65.57	-27.41	-7.00	-6.00	0.00	-479.28
Disabled Relief	19.00	74.00	-14.00	-13.00	-18.00	-30.00	-2.00	-11.00	-5.00	0.00
Discounts	-2.06	-702.08	-1,278.65	-526.06	-206.61	-136.70	-53.94	-18.66	-0.26	-2,925.02

	A*	A	B	C	D	E	F	G	H	TOTAL
Council Tax Support	0.00	-1,004.22	-1,036.48	-408.21	-164.24	-67.71	-14.74	-4.34	0.00	-2,699.94
Effective Properties	16.94	3,172.12	12,790.71	8,822.17	6,202.58	4,177.18	1,494.32	473.00	29.74	37,178.76
Ratio	0.56	0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00	
Band D Equivalents	9.42	2,114.76	9,948.34	7,841.94	6,202.58	5,105.45	2,158.46	788.35	59.48	34,228.78

Table Notes: *Band A with Disabled Relief. Expected in year collection rate = 99.00% Tax Base = 33,886,49. Income received from Council Tax payers in 2020/21 was £64,604,791 (£62,047,525 in 2019/20).

3. National Non-Domestic Rates

National Non-Domestic Rates (NNDR) is another name for Business Rates. The Council collects NNDR from Business Rate payers within the district based on local rateable values provided by the Valuation Office

Agency (VOA) multiplied by a uniform business rate set nationally by the Government. The following table provides details of the total rateable value and the multipliers for 2020/21 compared with the previous financial year.

		2020/21	2019/20
		£	£
Total Non-Domestic Rateable Value at 31 st March		106,797,161	107,519,897
National Non-Domestic Multipliers for Year:	StandardRate	0.5120	0.5040
National Non-Domestic Multipliers for Year:	Small BusinessRate	0.4990	0.4910

The Business Rates shares payable are estimated in advance of the financial year and are drawn from the Collection Fund in the year.

	2020/21	2019/20
	£	£
Central Government	24,914,753	11,980,787
Blaby District Council	19,931,802	17,971,179
Leicestershire County Council	4,484,655	17,491,948
Leicester, Leicestershire and Rutland Combined Fire Authority	498,295	479,231
	49,829,505	47,923,145

Upon the introduction of the Business Rates Retention scheme, the Government set a baseline level for each local 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 payable from authorities to the Government are used to finance the top-ups for authorities who do not achieve their targeted baseline funding. In 2020/21, Blaby paid a tariff of £14,528,846 into the Leicestershire Pool (£14,295,915 in 2019/20).

Total income received from Business Rates payers in 2020/21 was £25,065,465 (£47,607,794 in 2019/20).

In addition to the tariff, a 50% levy is payable on any growth above the baseline funding level. The levy payable by Blaby to the Leicestershire Business Rates Pool in 2020/21 was £1,284,287 (£1,781,399 in 2019/20).

4. Precepts and Demands on the Collection Fund – Council Tax

Details of the precepting authorities are set out below together with the respective precept amount.

	2020/21	2019/20
	£	£
Leicestershire County Council	45,534,362	43,212,743
Leicestershire Police Authority	7,903,353	7,465,200
Leicester, Leicestershire and Rutland Combined Fire Authority	2,302,926	2,228,556
Blaby District Council (including Parish Councils)	9,335,181	8,872,114
	65,075,822	61,778,613

5. Collection Fund (Surplus)/Deficit

The Council Tax Collection Fund deficit as at 31st March 2021 is £1,010,334 (£49,526 as at 31st March 2020). The Council Tax deficit is apportioned between the Council and the three major precepting authorities as shown in the table below.

	31/03/2021	31/03/2020
	£	£
Leicestershire County Council	706,688	34,671
Leicestershire Police Authority	122,202	6,061
Leicester, Leicestershire and Rutland Combined Fire Authority	36,021	1,701
Blaby District Council	145,423	7,093
	1,010,334	49,526

The deficit in respect of non domestic rating income is £27,177,942 as at 31st March 2021 (£620,161 surplus as at 31st March 2020). The deficit is apportioned between the Council, Central Government, and major precepting authorities as follows:

	31/03/2021	31/03/2020
	£	£
Central Government	13,957,437	(240,444)
Leicestershire County Council	2,040,702	(132,414)
Leicester, Leicestershire and Rutland Combined Fire Authority	271,779	(6,202)
Blaby District Council	10,908,023	(241,101)
	27,177,942	(620,161)

Glossary of Financial Terms

Accruals

The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is received or paid.

Acquired Operations

Operations comprise services and divisions of service as defined in CIPFA's Service Reporting Code of Practice (SeRCOP). 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) Actuarial assumptions have changed.

Amortisation

The term used to describe the charge made for the cost of using intangible fixed assets. The charge for the year will represent the amount of economic benefits consumed (i.e. wear and tear).

Assets Held for Sale

Non-current assets which meet the relevant criteria to be classified as held for sale.

Capital Adjustment Account

This is a capital reserve largely comprising of resource applied to capital financing and is not available to the Council to support new investment.

Capital Charge

A charge to service revenue accounts to reflect the costs of fixed assets used in the provision of service.

Capital Expenditure

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

Capital Grant

A grant that is intended to fund capital expenditure.

Capital Grants Unapplied Account

A capital reserve reflecting the value of capital grants received where there are no conditions outstanding, and where expenditure on the associated asset has not yet been incurred.

Collection Fund Adjustment Account

A revenue reserve representing the difference between the council tax income received by a local authority and the amount attributable to that authority.

Community Assets

Assets held in perpetuity for the benefit of residents of the District, and which may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

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

Contingent Liability

Potential costs that the Council may incur in the future because of something that happened in the past, but there is no certainty that a cost will occur.

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 scheme sometimes known as a final salary scheme. A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investment of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation

Depreciation is the measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Derecognition

The process upon which assets are no longer deemed to belong to the authority either by sale, destruction, or other form of disposal.

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 statements are approved:

- (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) 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.

Discounted Cash Flow

A method of analysing future cash flows, by removing the impact time has on the value of money, and producing an equivalent current value.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which 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.

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

Finance Costs

Reflects the element of annual payment for leased assets which relates to the interest payable on the loan liability.

Finance Lease

A finance lease transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Assets

A right to future economic benefits controlled by the authority.

Financial Liabilities

An obligation to transfer economic benefits controlled by the authority.

Going Concern

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

Government Grants

Assistance by Government and intra-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.

Impairment

Impairment is a reduction in the valuation of a fixed asset or goodwill below its balance sheet value, and occurs where something adverse has happened either to the asset itself or to the economic environment in which the asset is operated.

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets

Non-current assets which do not have physical form, such as software.

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.

Inventories

Fair value of current assets purchased which have not yet been consumed.

Investment Property

Assets held solely for the purpose of rental generation or for increasing the value pre-sale (capital appreciation).

Loans and Receivables

Financial assets which are not quoted in an active market and have either a fixed or determinable payment.

Long Term Contract

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 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 contracts if they are sufficiently material to the activity of the period.

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Minimum Revenue Provision

A minimum amount, set by legislation, which the Council must charge to the Comprehensive Income and Expenditure Statement, for debt redemption or for the discharge of other credit liabilities (e.g. a finance lease).

Non-Current Assets

Assets that yield benefits to the Council for a period of more than one year, such as land, buildings and vehicles.

Non Distributed Costs

These are overheads for which no user now benefits and should not be apportioned to services.

Operating Lease

An operating lease is a lease other than a finance lease, and where an asset is used only for a small proportion of its economic life.

Past Service Cost

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

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is authorised, by the responsible financial officer, for issue.

Prior Period Adjustment

These are material adjustments to the accounts for a prior period, arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior periods.

Projected Unit Method

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

- a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- b) the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN36 issued by the Faculty and Institute of Actuaries.

Provisions

Potential costs that the Council may incur in the future because of something that happened in the past, which are likely or certain to be incurred and a reliable estimate can be made of the costs.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

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.

Revenue Expenditure Funded From Capital Under Statute

This is expenditure that is classified as capital although it does not result in the creation of a fixed asset (e.g. improvement grants).

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.

Service Reporting Code of Practice (SeRCOP)

Establishes proper practice with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.

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 pension 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.

Straight Line Basis

The method of calculating depreciation by way of charging services with the same amount each year over the life of an asset.

Total Cost

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.

Useful Life

The useful life of a fixed asset is the period over which the local authority will derive benefits from that asset.

Vested Rights

In relation to a defined benefit scheme, these are:

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

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

Scope of Responsibility

Blaby District Council is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Blaby District 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, Blaby District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

Blaby District Council has approved a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the authority's code is on our web-site or can be obtained from the Finance Division at the Council Offices in Narborough. This statement explains how Blaby District Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the preparation and approval of an Annual Governance Statement.

Significant Events/Covid-19 Pandemic

The Council started to experience the impacts of the pandemic in late 2019/20 year, however this escalated during 2020/21 and there was a requirement to ensure governance arrangements were appropriate given the changed manner of working; the need to respond quickly to demands of our community and to make provision for decisions to be made urgently.

Measures taken by the Council included:

- Ability for office based staff to work remotely and adhere to social distancing
- Delegated authority to take urgent decisions
- Member meetings held virtually
- The formation of a Community Hub providing direct support during lockdown to the most vulnerable residents
- Supporting & co-ordinating voluntary organisations to support our residents and providing emergency funding where necessary (i.e. food banks)
- Ensuring adequate housing accommodation was provided for the homeless
- Setting Business Hub to support businesses and implementing the governments business grants

The required change in focus that the pandemic brought had a significant impact on the delivery of the Blaby Plan and the Council's financial resources. Members were kept abreast of the ongoing work of the Council to deal with the pandemic through less formal channels but continued to be updated on the Council's financial resources through the normal reporting channels. The revised Blaby District Plan, adopted by Council on the 19th January 2021, reflects the change in strategic and operational priorities to enable the district to recover.

Apart from specific delegations brought before Council to allow decisions to be taken, governance arrangements continued to be in place with officers and members communicating through virtual means.

The Council's ability to work in partnership has been evident throughout with enhanced engagement with partners through the Leicester, Leicestershire & Rutland Local Resilience Forum and this has continued as we move into the recovery phase.

The impact of the pandemic has been significant with regard to both the workload of officers and the range of services that the Council has been required to provide. It has however had a positive impact in bringing us closer to our community. This has taken two forms; a number of individuals needing assistance have come forward and we have retained connection with them through our new befriending service for example and residents have become more aware of the services the Council is responsible for and have shown greater appreciation of staff. This has been particularly evident for our refuse and recycling operatives and grounds maintenance staff.

Further reference is made within this document regarding measures specifically taken relating to the pandemic.

The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The systems of internal control are a significant part of that framework and are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of internal control are based on an ongoing process designed to identify and prioritise the risks to the achievement of Blaby District Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Blaby District Council for the year ended 31st March, 2021 and up to the date of approval of the Statement of Accounts.

The Governance Framework

The Authority's vision is set out in the Blaby District Plan which was developed with officers, Members and stakeholders in the district. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes and behaviours required to deliver good governance to all.

Communicating the Authority's Vision

During this financial year The Blaby Plan, 2018-21 was reviewed and a new Blaby District Plan was adopted by Council on the 19th January 2021 and has set our Vision, Values and Priorities for the District spanning 2021-2024. Our priorities are grouped under the three key themes based on the District being "a great place to live, work and visit".

a) This document encompasses our ambitions and, with partners, how we will deliver these to the community. It recognises the need for actions and support that is required to aid the recovery of our district following the pandemic. The Blaby Plan comprises of our Corporate Plan, our Medium Term Financial Strategy (MTFS) and our People Strategy. It is not just a list of things we want to achieve but also details how we have planned all our resources, both financial and staffing to deliver these.

b)
Alongside the new Blaby District Plan, priorities for the People Strategy and MTFS have been developed. An updated summarised MTFS was not produced this year but instead a commentary drew attention to the financial risk and impact associated with the changes to Business Rates and the Fair Funding Review.

Translating the vision into objectives for the authority and its partnerships

The Council's objectives reflect the overall vision and are detailed in a series of critical activities which are regularly planned and also form part of individual goals.

The following section lists the key elements of the systems and processes that comprise the Council's governance framework with a commentary setting out how the Council's arrangements comply with each of the principles in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government as follows:

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

The Council has adopted the national Code of Conduct for Members supported by the Audit and Standards Committee which monitors issues in relation to standards of behaviour. The Audit Committee and the Standards Committee were brought together as one Committee in May 2019.

There is a separate officer code of conduct.

The roles and responsibilities of the Cabinet Executive, the Non-executive members, the Scrutiny Commission and the Senior Leadership Team are set out in the Council's Constitution which provides a comprehensive framework for the management of the authority's business. This is supported by a formal Scheme of Delegation, based on a delegation by exception principle. A Member/Officer protocol ensures effective and appropriate communication between the paid establishment and elected Members. The Cabinet Executive has previously approved a recommendation from the Member Development Steering Group to adopt a comprehensive "Members Roles and Responsibilities" paper which sets out role profiles and the required skills and knowledge for the various roles Members fulfil in discharging their responsibilities.

Council policies are produced in accordance with the principles set out in the Constitution and recommended for approval following review by the Senior Leadership Team. Decision making which falls within the policy and budgetary framework rests with the Cabinet Executive whilst those decisions falling outside the framework are reserved to full Council. The call-in procedure enables the Scrutiny Commission to review decisions made by the Cabinet Executive. Day to day decision making is carried out by appropriate officers in accordance with the Scheme of Delegated Powers (which is based on a delegation by exception principle) and in accordance with the Financial Regulations. These arrangements all contribute to the economic, efficient and effective operation of the Council. The whole suite of standing orders, financial regulations and scheme of delegation are reviewed and updated as required through regular reports to Council.

In response to the pandemic the Council made temporary amendments to the Constitution to enable financial decisions to be taken outside the budgetary framework and treasury management limits were amended to be able to manage funds now being administered by the Council for the Department for Business, Energy & Industrial Strategy (BEIS).

Ensuring effective arrangements are in place for the discharge of the monitoring officer function

The “Monitoring Officer” function is carried out by the Corporate Services Group Manager who reported to the Chief Executive during this financial year. The Democratic Services, Scrutiny and Governance Manager, who has responsibility for legal matters and is also the “Deputy Monitoring Officer”, reports to the Corporate Services Group Manager.

Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

The “Head of Paid Service” role is undertaken by the Council’s Chief Executive. The

Strategic Director (Section 151 Officer) has responsibility for all HR matters and this position reports to the Chief Executive position.

Undertaking the core functions of an Audit Committee, as identified in CIPFA’s Audit Committees – Practical Guidance for Local Authorities

The Council has an established Audit Committee (the Audit and Standards Committee) whose remit and functions are based on the guidance set out in a CIPFA publication which identifies best practice in relation to roles and responsibilities. The Committee meets quarterly and receives regular reports from both the Section 151 Officer and the Audit Manager. Arrangements are in place for the Audit Manager to report independently to the Audit Committee should he/she feel it appropriate to do so.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two statutory officers (the Section 151 Officer and the Monitoring Officer) have responsibility for ensuring that the Council does not act in an ultra vires manner, supported by the Strategic Finance Manager and the Council Tax, Income & Debt Manager who facilitate the management and mitigation of risk and the Audit Manager who provides assurance on matters of internal financial control. The Human Resources function, through the use of Performance Development Appraisals assesses (and provides a means of improving) competencies to ensure that officers are equipped to discharge their duties in accordance with the requirements of the Council.

Whistle-blowing and for receiving and investigating complaints from the public

The Council has in place and promotes appropriate whistle blowing policies and procedures which are regularly reviewed and updated where required. A revised Whistle Blowing (Raising Concerns) policy was reviewed and updated in June 2017 and is due to be reviewed shortly. Staff are aware of the Whistle Blowing policy and it has been highlighted in Blaby Matters. There is also a well-established and responsive complaints procedure to deal with both informal and formal complaints from its customers and the residents of the District. Regular information relating to performance in respect of complaints (and compliments) is presented to the Senior Leadership Team.

Principle B. Ensuring openness and comprehensive stakeholder engagement

The Blaby Plan sets out the Authority’s vision, values and priorities, the resources that the Council has to deliver these (within the MTFS) and how we support our officers to deliver the plan within

our People Strategy. Objectives are set that link with the priorities and these are monitored through the year by the Senior Leadership Team within the Project Management reporting structure. The authority works closely with other local public bodies, community and voluntary groups via a partnership approach to ensure effective delivery of its services.

We have an active voluntary forum through which the Authority provides support to those in our community whilst engaging with them to understand how we can improve our services. Engagement with our voluntary community and new/temporary volunteers increased during the pandemic and we have taken measure to ensure we retain connection with these groups.

Customer satisfaction with services is monitored through local and service specific surveys, and electronic means to provide feedback on a range of activities and issues.

The Council produces regular newsletters for all residents and businesses within the District which, in addition to providing information and advice, seeks to receive the views of the residents on a wide range of issues. During the pandemic the Council moved to electronic means of communication with more regular updates to our residents. Targeted service priority consultation exercises are undertaken to inform the future allocation of resources. The Council carries out a bi-annual Residents Survey which includes consultation on potential Council Tax increases and satisfaction levels for a range of Council services. In December 2020 a consultation was carried out asking for residents views on the priorities to be included within the new Blaby District Plan. 756 responses were received with over 80% of residents agreeing with the proposed priorities. These results went on to inform the Blaby District Plan.

The Council works closely with its 24 Parish Councils. Officers attend a Parish Liaison Group, which has representatives from all other districts and Leicestershire County Council. We regularly send information through to our parishes in relation to funding opportunities.

Over the last year we have supported our parishes in relation to establishing a Parish Liaison role (to provide a single point of contact), supporting the work of the Community Hub and ensuring all our vulnerable residents were supported through the pandemic. We have also offered free PPE to our parishes and this offer will continue until March 2022. In addition we have provided support regarding the completion of COVID risk assessments when needed.

The Council has established effective Business Breakfast meetings and holds regular meetings with the head teachers of the Academies in the district. It has a Youth Council which has played an active role, this year, in raising awareness about the green agenda and helping to communicate key messages during COVID to our younger population. They have also engaged with our private sector partners taking part in a Green Agenda project at Glen Parva Prison and are looking to share their learning wider within their school environment.

The Council has in recent years held a Youth Conference, which was an opportunity for young people to have their say with elected members regarding issues most important to them. The event also provides an insight in to what the Youth Council does, the opportunity to take part in a debate and make decisions about youth grants. This year this event could not go ahead but the Council is hoping that our Youth Conference can be held again in 2021/22.

Engagement with some of our academies and primary schools in the district, working with them to explore career opportunities, has been more difficult this year, but we will continue to deliver opportunities in the forthcoming year with a schedule of events.

In order to demonstrate its openness the Authority also publishes:

- A Forward Plan 28 days before the Cabinet Executive meets and provides:

- a) The public with details of all key, non-key and budget and policy framework decisions to be taken by Members over a minimum period of four months ahead.
 - b) An aide-memoire for the Council's informal board of senior Members and officers to identify future issues for further discussion.
 - c) The Scrutiny Commission with information to consider areas where it may wish to seek involvement in policy development.
- Its pay policy
 - Council, Cabinet and Committee Reports
 - Payments over £500

In order to keep the public informed the Authority proactively prepares appropriate press releases. The Council has an award winning website which is user friendly and well-designed and the frequent use of social media channels of communication have enabled the Council to reach more of our residents effectively.

Scrutiny of the Council's budget for 2020/21 took place over three meetings in January. These meetings were open to all Members and attendance levels were high.

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

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

The Council participates in a range of joint working arrangements with other bodies, some of which are more significant than others. For those that deliver services to our customers there are service level agreements or contractual arrangements in place to ensure delivery and protect reputational risk. Should there be corporate risks based on partnership arrangements these will be detailed within the corporate risk register. The Council is particularly mindful of the financial and reputational risks that can arise through entering into joint working and collaborative arrangements, including the potential for a detrimental reputation impact on the Council should the partnership fail. It therefore actively supports and encourages an "open book" approach wherever possible.

Enhancing the accountability for service delivery and effectiveness of other public service providers

The Council has established and leads on a Staying Healthy Forum which has set its own objectives and priorities to improve the health and well-being of the community. This includes locality specific areas for improvement which are linked to the Joint Strategic Needs Assessment (JSNA). These include; increased awareness and diagnosis of dementia; initiatives regarding mental health, obesity and getting our residents more active as well as collectively looking at workplace health. The forum includes representatives from the NHS, community safety and health providers.

Social Prescribing is part of the NHS long-Term Plan to make personalised care business as usual across the health and care system. Social prescribing works for a wide range of people and issues, including people with one or more long term conditions, who need support with their mental health, who are lonely or isolated or who have complex social needs which affect their wellbeing. In Blaby we have a unique set up with our Primary Care Networks which sees Blaby District Council staff

seconded in to these roles. This arrangement continues for North Blaby PCN from 1st September 2020 to the 31st August 2021. For the South Blaby and Lutterworth PCN the new contract covers the period from mid November 2020 to mid November 2021.

The Council chairs the Leicestershire Housing Services Partnership which is made up of local authorities, registered providers and third sector organisations who work to deliver a joint action plan aimed at improving outcomes. One of the positive outcomes from this group has been the success of the Rapid Rehousing Pathway bid and the establishment of a working group to look at issues and solutions to hoarding as well as providing a comprehensive housing 'picture' of housing across Leicestershire.

The Leicester, Leicestershire and Rutland Chief Housing Officers Group forms part of the Housing Services Partnership and is cognisant of the wider housing impacts and as a partnership are concentrating on:

- Understanding the housing impact of increase levels of household unemployment and financial instability
- Identifying and then meeting (wherever possible) the wider support needs of housing customers
- Effectively supporting staff to maintain positive mental wellbeing and health
- Understanding and responding to new and often enhanced customer demand requirements

Throughout the pandemic the Chief Officers Group have been instrumental, particularly with reference to homelessness and rough sleepers. They have also worked well with health colleagues to promote the uptake of vaccinations within the homeless communities. Blaby DC has worked exceptionally well with its strategic housing partners to minimise the use of scarce temporary accommodation within the district.

The Council leads on the Lightbulb programme; a transformational project designed to improve and transform housing related support services across the County as well as improving hospital discharge services. Lightbulb has won 3 major accolades:-

- Winning the Local Government Chronicle award for best Public/Public Partnership
- Named the best collaborative working initiative by the Association for Public Service Excellence
- Highly commended at the Home Improvement Agency Awards

In the year 2019/20 Lightbulb had reduced the time taken from application to completion to 13 weeks under the target 20 weeks delivery time. In 2020/21 the average time taken reduced further to 10 weeks despite obstacles due to the pandemic. The introduction of digital accessibility and reactive changes to assessments meant that services continued to be delivered to support vulnerable residents.

The Housing Support Coordinators continue to improve the services offered to residents, including temporarily supporting hospitals with follow up discharge calls to patients during the pandemic.

In 2020/21, 2959 residents were supported generating over 500 referrals per quarter for equipment, minor adaptations as well as for things to make their homes safer, such as smoke alarms. From the Housing MOTs services were delivered at an average of 35 days during the pandemic, despite all the barriers, which is below the 42 day average of service delivery pre Lightbulb.

Also in 2020/21 there was further development of the Housing Assistance Policy (under the Regulatory Reform Order) this allowed introduction of an adaptations grant and hospital discharge grant which received over 100 applications and supported recovery work. Lightbulb continues to develop services to meet the changing needs of residents with plans underway this year to introduce a hoarding pilot and developing an assistive technology offer by way of assisting residents for example in early stages of Dementia diagnosis.

The Council formally merged the Community Safety Partnership (CSP) of both Blaby and Hinckley and Bosworth in April 2016. Together the CSP's across Leicestershire work with the Police, Fire, Probation Services, County Council and Clinical Commissioning Groups to develop and implement strategies to protect local communities from crime and to help people feel safe. Local approaches to deal with issues including antisocial behaviour, drug or alcohol misuse and re-offending are also developed through the joint working. The Community Safety Partnership won the Leicestershire Police and Crime Commissioner Safer Community Award for partnership working in 2020.

The Council has over recent years invested considerably to promote the economic development of the district. Our approach is illustrated in the Economic Development Strategy adopted by the Council: "Building Blaby – Shaping Futures". This strategic plan sets out a way forward to maximise the benefits from economic growth and development to create a thriving place with opportunities for business and residents to be successful. We have, this year seen the continuation of how our strategy and pro-active approach to good business development in our district and working in partnership with local business has generated growth, with the construction of sites such as Everards Meadows and the Fosse West development both now open for business.

The Council has, during the pandemic, set up a Business Hub to support local businesses. This is a support mechanism which will continue to provide support during the recovery phase and beyond. Alongside this, the Council's Business Rate Team have distributed over £19m in Business Support Grants during the course of the pandemic to date.

The Council leads a Building Control Partnership on behalf of five other local authorities including Harborough, Oadby & Wigston, Hinckley & Bosworth and Melton. A governance structure has been set up which includes a Management Board that meets quarterly to review performance of the service, income generation and make decisions on future priorities. By operating this service through a shared service agreement all the local authorities are able to share the costs of key posts within the structure and work together on Marketing and Communications. Alongside this from July 2021 Rutland County Council will also join the partnership under a shared service arrangement and Blaby are also picking up inspections for Leicester City on an adhoc basis when they have staff shortages.

Through a delegation of statutory responsibility, Blaby provides a Local Land Charge service for both Hinckley & Bosworth Borough Council and Oadby & Wigston Borough Council. Through this arrangement Blaby maintains local land charges registers, processes official searches and provides access to the local land charges register under the Environmental Information Regulations for personal searches.

This arrangement has provided resilience in service across all authorities the service being highly commended at the Local Land Charges awards 2019.

The Council continues to work closely with the academies in our District and meetings cover a wide breadth of matters including; creating work place opportunities in Blaby District and gaining benefit from developments under construction in our district; work place health initiatives and creating linkages in our community to promote community safety. This meeting has also facilitated closer relationships being developed with the academies and both the police, local community groups and officers from children's support services at Leicestershire County Council.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome

The Blaby District Plan sets out our ambitions for the Council and sits alongside our Medium Term Financial Strategy and our People Strategy and these detail how we have planned all our resources, both financial and staffing to deliver these.

The Council's service and financial planning process ensures that resource re-direction and allocation is aligned to the priorities emanating from the Blaby Plan. The Council has in place Contract Standing Orders and Financial Regulations designed to ensure that the Council achieves value for money in discharging its procurement requirements.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability.

Development and maintenance of the system is undertaken by the Senior Leadership Team within the Council and its effectiveness is reviewed by either external or internal audit. In particular, the arrangements include:

- The Medium Term Financial Strategy is now part of the Blaby plan but includes a Financial Summary spanning future years which is revised annually
- A 5 Year Capital Programme including asset investment
- An effective system of budgetary control
- The preparation and review of regular and timely financial reports which indicate financial performance against the forecasts
- Clearly defined capital appraisal, funding and expenditure controls
- Formal project management disciplines where appropriate
- Regular performance management reports

The Council continues to embed a “project board” approach to implementing change and transformation. A focus has been placed on project management and the regular monitoring of project delivery with the SLT meeting monthly to review progress. Ultimately this is led by the Chief Executive and will continue to ensure focus is placed on continuing improvement and learning. Members are fully engaged in this process with both a Cabinet Executive portfolio holder having specific responsibility for driving and monitoring the change process. The Scrutiny Commission, through its performance working group are actively involved in examining the detail of processes and change reviews.

Principle E – Developing the entity's capacity including the capability of its leadership and the individuals within it.

Members who joined the Council in 2019/20 underwent a comprehensive induction programme and this has continued to be built upon throughout the member's term, with various training sessions to ensure they are fully equipped to fulfil their roles. A number of prospective member events were delivered to assist and encourage members of the public to stand for district and parish seats and a full induction programme has been developed to deliver to new Members following the district elections.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The Council fully supports the requirements to ensure that both Members and senior officers have the necessary skill sets to fulfil their strategic role in the organisation. The Council continues to

invest in development for officers and managers. All people managers were trained in supporting staff wellbeing and manager participation in HR workshops continued virtually. Two degree level apprenticeships continued and two post graduate qualifications have been supported for professional council officers.

The Leader of the Council undertook a Member Leadership Programme course at the Warwick Business School. The Council delivers specific Member training around planning, local government finance, good governance and the risks and responsibilities that go with their individual roles. We undertake a full induction programme for new Members and those starting mid-term.

The Council continues to adhere to the principles of the East Midlands Councils Elected Member Development Charter. The Charter provides a set of national standards for authorities to achieve, ensuring elected Members are equipped to have the knowledge and skills to be effective community leaders.

Principle F – Managing risks and performance through robust internal control and strong public management

The Council has in place an agreed clear and coherent framework for managing and monitoring performance.

A Six monthly Performance Report is presented to Council which provides a summary of progress and performance against the priorities within the Blaby District Plan. This report encompasses a whole Council approach focused on the three priorities; A Place to Live, A Place to Work, A Place to Visit, and it is recognised that all services contribute to the successful delivery of the Council's Plan.

It also includes a selection of statutory indicators and the most up to date comparable data for all English District Councils. This report is also presented at Scrutiny Commission meetings. The Leader of the Council has responsibility for Performance Management, and provides challenge, as do the Cabinet members. The pandemic had a huge impact on the delivery of the priorities within Blaby District Plan as resource was diverted from normal activity to those to support the pandemic response. As such performance reporting was suspended however, members were regularly updated as to the activities of the Council to support our community throughout the pandemic.

The Council uses the InPhase system to record performance indicators and officers have access to the InPhase performance data in order that monitoring can be carried out across services.

The Council has in place a Risk Management Policy and Strategy to ensure that the management of risk, is embedded within the organisation at both the strategic and operational level with both Members and senior officers having specific roles and responsibilities identified. A Corporate Risk Management Group, headed by the Chief Executive and supported by the performance team provides leadership, whilst the post of Strategic Finance Manager has specific responsibility to co-ordinate the management of risk across the Council. Both Members and officers are trained so that they are equipped to manage risk in a way appropriate to their duties. Risk assessments are a pre-requisite for all capital project appraisals and form an integral element of Project Plans. The Council utilises a software package (InPhase) to assist with the management and monitoring of both performance and risks. This includes a risk tracking facility to continuously monitor the Council's corporate exposure to areas classified as high risk. Members of the Audit Committee receive regular risk monitoring reports.

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

Ensuring the Authority's Financial Management Arrangements Conform with the Governance

Requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government

The CIPFA Statement was originally published in March 2009 in respect of the Role of the Chief Financial Officer in public services as a whole and was considered by the Council's Cabinet Executive in July of that year. The following year a further version was produced which was specifically directed towards Chief Financial Officers serving in local government. The five underlying principles however remained the same. The Council's financial management arrangements conform with the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

Ensuring the authority's assurance arrangements addresses the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019)

The Council's internal reporting arrangements are designed to ensure the independence of the internal audit function. Appropriate resources are made available to provide an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It brings a systemic disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Audit Manager reports directly to the Council's Audit and Standards Committee on all matters appertaining to audit outcomes.

Review of Effectiveness

Blaby District Council undertakes, on an annual basis, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by a) the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, b) the Audit Manager's annual report and c) by comments made by the external auditors and other review agencies and inspectorates.

Part of this process is to carry out an assurance review which identifies examples of assurances in respect of those governance arrangements which are key to mitigate against significant risks to the achievement of the corporate objectives of the Council. Whilst a number of actions were identified through this process they don't relate specifically to governance matters, but illustrate the Council's commitment to continuous improvement. The actions are listed in the table below for completeness. The comprehensive detail of the assurance review completed can be found as an appendix to the Annual Governance Report considered by Cabinet Executive in July 2021.

Assurance Review

Core Principal 1: A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Supporting Principle 1 : Behaving with Integrity

Action - Whistleblowing policy to be reviewed in the forthcoming year & highlighted again to staff.

Supporting Principle 2 : Demonstrating strong commitment to ethical values

Action – Increase visibility of all values for staff & members.

Supporting Principle 3 : Respecting the rule of law

Action - Whistleblowing policy to be reviewed in the forthcoming year & highlighted again to staff.

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

Supporting Principle 1 : Defining outcomes

Action – Detailed risk management process to continue to be embedded with focus on risks that allow SLT to manage the authority.

Supporting Principle 2 : Sustainable economic, social and environmental benefits

Action – Briefing for all members regarding Council finance following Fair Funding and Business Rate Review outcomes to ensure awareness of future financial outlook.

Core Principal F : Managing risks and performance through robust internal control and strong public financial management

Supporting Principle 3 : Robust internal control

Action – Continued training for Audit & Standards Committee members.

There were no actions from previous years that had not been addressed.

Review of Compliance with the Financial Management Code 2021/22

The Council has carried out a review of compliance with the FM Code in this shadow year. It is intended that this will be brought before the Audit and Standards Committee in July, Cabinet Executive in September and be a publically available document. Whilst the Authority has been found to be compliant with many aspects of the FM Code, there are a number of areas that are partially compliant and where improvements have been identified. These are listed in the table below.

CHAPTER 1 – The Responsibilities of the Chief Finance Officer and Leadership Team

B Principle 3: The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.

Improvement - Develop a financial training package for managers to provide them with the necessary skills to undertake their role effectively.

CHAPTER 2 – Governance and Financial Management Style

E. The financial management style of the authority supports financial sustainability

Improvement - Further development of capital expenditure plans. Understand the implications for future funding streams following completion of Government reviews of Business rates Retention, New Homes Bonus, and Fair Funding.

CHAPTER 3 – Medium to Long Term Financial Management

F. The authority has carried out a credible and transparent financial resilience assessment

Improvement - Consider options for independent resilience review, including Pixel, Local Government Association.

I. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans

Improvement - Wider involvement of SLT in development of the MTFS.

CHAPTER 5 – Stakeholder Engagement and Business Cases

L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

Improvement - Consider wider consultation on the longer term MTFS and budget proposals.

M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

Improvement - Introduce post implementation review for the more significant capital projects; outcomes, timelines, budget.

CHAPTER 6 – Monitoring Performance

O. The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.

Improvement - Incorporate the reserves position within quarterly monitoring reports to Cabinet Executive.

Role of the Council

The extent of the role of full Council in reviewing and monitoring effectiveness of internal control is set out in Article 4 of the Council's constitution. Article 4 provides that the Council is responsible for setting the policy and budgetary framework.

It is the responsibility of the statutory officers to report to Council on any issues concerning the review of the effectiveness of internal control arrangements where such cases fall outside the delegated power of other decision making bodies of the Council. There have been no issues arising during 2020/21 which have required the full Council to exercise its role.

The Constitution of the Council is subject to a continuous review process and a delegation by exception scheme forms an integral part of the arrangements. The Constitution underwent a revision in 2016/17 and the new version, which was actively reviewed by Members, was approved by Council on 24th May 2016. Amendments to the Constitution are brought before Council as part of the continuous review process.

The Council formally reviews its Financial Regulations on a regular basis albeit on-going updates are implemented as part of the regular reviews of the Constitution.

Role of Cabinet Executive

The role of the Cabinet Executive is to receive, consider and approve the Annual Governance Statement and to monitor the implementation of any Action Plans arising out of the review of its governance arrangements.

Role of Audit Committee

A formal Audit Committee, constituted on the basis of the guidance issued by the Chartered Institute of Public Finance, including the adoption of a “Statement of Purpose”, was established in 2008.

The Audit Committee (The Audit and Standards Committee) meets on a quarterly basis. It has responsibility for considering the findings of the annual review of the effectiveness of the internal audit function in addition to receiving regular monitoring reports from the Audit Manager. The annual external audit plan is also approved by the Audit Committee.

Role of Scrutiny Committee

The Council has a well established and effective Scrutiny Commission supported by working panels who are assigned specific projects to be undertaken. The Commission can “call in” a decision which has been made by the Cabinet Executive but not yet implemented, to enable them to consider whether the decision is appropriate.

Risk Management

The Corporate Risk Group regularly reviews the Risk Management Strategy to ensure its continued relevance to the Council. The reviews also assess performance against the aims and objectives of the Risk Management Strategy.

The Strategic Finance Manager provides regular progress reports to the Corporate Risk Group and the Senior Leadership Team bringing to their attention any significant risks which have been identified. The Corporate Risk Group/Senior Leadership Team also:

- Reviews the Council’s strategic/operational risk registers and associated action plans
- Ensures that the appropriate management action is taken to minimise/eliminate risk

Audit & Standards Committee review the Strategic Risk Register and mitigating actions regularly. They also have responsibility for reviewing and recommending the Risk Management Strategy at regular intervals.

Role of Internal Audit

Internal Audit is provided in accordance with the statutory responsibility under Section 151 of the Local Government Act 1972, the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. It is managed on a day to day basis by the Audit Manager who reports to the Strategic Director. There is however also an indirect reporting line to the Strategic Director (Section 151 Officer) in relation to matters of a technical or professional nature.

Internal Audit objectively examines, evaluates and reports on the adequacy of internal controls and governance as a contribution to the proper, economic and effective use of resources. During 2020/21 this responsibility was carried out following an approved risk based annual audit plan. The Audit Manager produces quarterly progress monitoring reports against the plan to the Audit & Standards Committee.

The internal reporting process for audit work requires a report of each audit to be submitted to the relevant Group/Corporate Manager and/or Service Manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by the relevant managers. The process also includes regular reviews of recommendations to ensure that they are acted upon. A summary of all audits carried out, including a grading rating which reflects the effectiveness of the controls in place and an analysis of the recommendations is submitted to each quarterly Audit & Standards Committee meeting.

The Public Sector Internal Audit Standards (PSIAS), introduced on 1 April 2013, and revised in April 2016 and again in 2017, require an external assessment of compliance with the Standards to be carried out at least once every five years.

The assessment was carried out in November 2020 and found that the internal audit function at Blaby District Council conforms with the PSIAS and there were no areas of non-compliance identified. The final report was presented to the Audit & Standards Committee on 1st February 2021 along with an action plan containing minor action points which the Audit Manager is implementing to improve overall compliance with the Standards.

The Shared Service Audit Manager provides an independent opinion on the internal control environment to the Audit & Standards Committee which then feeds into the Annual Governance Statement process. For the 12 months ended 31 March 2021, based upon the work undertaken by Internal Audit during the year and additional information provided by relevant managers on their responses to audit recommendations, the Audit Manager has formed the opinion that she is able to give **reasonable assurance** on the Council's overall internal control arrangements. To be consistent with our Internal Audit opinion definitions, this means that there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the areas audited. This is a positive assurance opinion overall which will be detailed in the report of the Audit Manager's 'Internal Audit Annual Report 2020/2021' which will be presented to the Audit & Standards Committee on 21st July 2021.

All internal audit reports issued during 2020/21 were issued with either substantial or reasonable assurance opinions. A small number of high priority recommendations were made in respect of audit reviews undertaken, however as they relate to specific systems and/or service areas, it is not considered necessary to include them in the Annual Governance Statement.

Other Explicit Review/Assurance Mechanisms

The Corporate Services Group Manager (the "Monitoring Officer") has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Constitution underwent a revision in 2016/17 and the new version, which was actively reviewed by Members, was approved by Council on 24th May 2016.

Statements of Assurance are received from senior officers regarding internal control issues in line with the guidance set out in "Delivering Good Governance in Local Government".

A Peer Review carried out by the LGA in 2015 described Blaby District Council as "a great council which is performing well with no major concerns. There are many examples of good services and projects with a strong focus on doing the right thing for Blaby's residents and customers at all levels of the organisation."

A further review was carried out in 2018 and was again very positive in terms of staff engagement, progress against our action plan and as excellent partners. The Peers also flagged up improvements and opportunities that needed to be taken by the Council. An action plan was formulated and a number of these recommendations have been delivered.

The pandemic has resulted in a delay of a further review being carried out in 2020, however this is now being planned to take place after a new Chief Executive has been appointed. The current Chief Executive will be leaving the authority in August 2021.

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 Senior Leadership Team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Significant governance issues

Whilst there are no significant governance issues to report, nevertheless the Council continues to seek to enhance and strengthen our governance arrangements where improvements can be identified. We will monitor progress made as part of our next annual review.

Signed_____

Signed_____

Leader of the Council

Chief Executive

XX XXXXXXXX 2024

XX XXXXXXXX 2024

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BLABY DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2021/22

Contents

NARRATIVE REPORT BY SARAH PENNELLI, STRATEGIC DIRECTOR (SECTION 151)	10
About Blaby District Council	12
Key Facts and Information about Blaby	13
Overall, how satisfied, or dissatisfied are you with the way Blaby District Council runs their service?	15
Political Management Arrangements.....	16
Management Structure	18
Our Staff	18
The Blaby District Plan.....	19
Our Vision.....	19
Our Corporate Priorities and Objectives.....	19
Medium Term Financial Strategy	21
People Strategy.....	22
Net Zero	22
Risk Management.....	23
Partnership Working.....	25
Local Plan	26
Community Engagement.....	27
How satisfied or dissatisfied are you with the following individual services in your area?	27
LGA Corporate Peer Challenge (CPC).....	28
The 2021/22 Budget Process.....	28
Council Tax.....	29
Council Tax Base.....	30
Income Generation and Commercialisation	30
Reserves and Balances	30
Budget Monitoring.....	31
Financial Performance of the Council 2021/22	31
General Fund Revenue Account	31
Reserves and Balances – Financial Resilience.....	33
Treasury Management.....	33
Borrowing	34
Investing	34
Capital Programme	35
The Balance Sheet Position.....	36
Pension Liability	36
Provisions, Contingencies and Material Write-offs	37
Non-Financial Performance of the Council 2021/22	37
Achievements	37

A Place to Live:.....	37
A Place to Work:	37
A Place to Visit:.....	38
Performance against Corporate Objectives.....	38
COVID-19.....	39
Other Issues	40
Council Tax Energy Rebate	40
Homes for Ukraine	40
Huncote Leisure Centre	40
Summary Position.....	40
Receipt of Further Information.....	41
Acknowledgements	41
Explanation of the Financial Statements	42
Comprehensive Income and Expenditure Statement.....	42
Movement in Reserves Statement.....	42
Balance Sheet	42
Cash Flow Statement.....	42
Notes to the Financial Statements.....	43
Collection Fund.....	43
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	44
The Authority's Responsibilities.....	44
The Strategic Director (Section 151)'s Responsibilities	44
Certification of Accounts.....	44
APPROVAL OF ACCOUNTS.....	44
CORE FINANCIAL STATEMENTS and EXPLANATORY NOTES	46
Comprehensive Income and Expenditure Statement.....	46
Movement in Reserves Statement	48
Balance Sheet	49
Cash Flow Statement	50
Notes to the Core Financial Statements - Index.....	51
1. Accounting Policies	53
i. General Principles.....	53
ii. Accruals of Income and Expenditure.....	53
iii. Council Tax and Business Rates.....	54
iv. Cash and Cash Equivalents	54
v. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors	54
vi. Charges to Revenue for Non-Current Assets.....	55
vii. Employee Benefits.....	55
viii. Events After the Reporting Period	57

ix. Financial Instruments	58
x. Government Grants and Contributions.....	59
xi. Heritage Assets.....	60
xii. Intangible Assets	60
xiii. Investment Property.....	60
xiv. Leases.....	61
xv. Overheads and Support Services	63
xvi. Property, Plant and Equipment.....	63
xvii. Provisions, Contingent Liabilities and Contingent Assets	65
xviii. Reserves.....	66
xix. Revenue Expenditure Funded from Capital under Statute	66
xx. Value Added Tax (VAT)	67
2. Accounting Standards Issued But Not Yet Adopted	67
3. Critical Judgements in Applying Accounting Policies	67
Local Government Funding.....	67
Embedded Leases and Derivatives	67
Provision for Business Rates Appeals	67
4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	68
Property, Plant and Equipment.....	68
Pensions Liability	68
Arrears	69
5. Material Items of Income and Expense	69
6. Events after the Reporting Period	69
7. Expenditure and Funding Analysis	69
7a. Notes to the Expenditure and Funding Analysis	71
Adjustments between Funding and Accounting Basis 2021/22	71
Adjustments between Funding and Accounting Basis 2020/21	72
Adjustments for Capital Purposes	72
Net Change for the Pensions Adjustments.....	73
Other Differences	73
7b. Expenditure and Income Analysed by Nature	73
8. Adjustments Between Accounting Basis and Funding Basis Under Regulations.....	74
General Fund Balance	74
Capital Receipts Reserve	74
Capital Grants Unapplied	74
Collection Fund Earmarked Reserve.....	74
9. Movement in Earmarked Reserves.....	77
10. Other Operating Expenditure.....	80
11. Financing and Investment Income and Expenditure.....	81

12. Taxation and Non Specific Grant Income and Expenditure	81
13. Property, Plant and Equipment.....	82
Movement on Balances	82
Depreciation.....	83
Capital Commitments.....	83
Effects of Changes in Estimates	84
Revaluations	84
14. Heritage Assets	85
15. Investment Properties.....	85
16. Intangible Assets	86
17. Financial Instruments	87
Categories of Financial Instruments.....	87
Income, Expense, Gains and Losses.....	88
Fair Value of Assets and Liabilities.....	88
18. Debtors.....	89
19. Cash and Cash Equivalents	91
20. Assets Held for Sale	91
21. Creditors.....	91
22. Provisions.....	92
23. Unusable Reserves	93
Revaluation Reserve.....	93
Capital Adjustment Account	93
Pensions Reserve.....	94
Collection Fund Adjustment Account	95
Accumulated Absences Account.....	95
Financial Instruments Adjustments Account.....	96
24. Cash Flow Statement – Operating Activities	96
25. Cash Flow Statement – Investing Activities.....	97
26. Cash Flow Statement – Financing Activities.....	97
27. Reconciliation of Liabilities Arising from Financing Activities.....	97
28. Agency Arrangements	97
29. Members Allowances	98
30. Officer Remuneration	99
31. External Audit Costs	101
32. Grant Income.....	101
33. Related Party Transactions	102
Central Government.....	102
Other Local Authorities.....	103
Members and Senior Officers	103

34. Capital Expenditure and Capital Financing.....	103
35. Leases.....	104
Authority as Lessee	104
Finance Leases -	104
Authority as Lessor	105
Finance Leases –	105
Operating Leases –	105
36. Defined Benefit Pension Schemes	105
Participation in Pensions Schemes	105
Transactions Relating to Post-Employment Benefits	105
Pension Assets and Liabilities Recognised in the Balance Sheet	106
Reconciliation of the Movements in the Fair Value of Scheme Assets	107
Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	107
Local Government Pension Scheme assets comprised:.....	108
Pension Fund Risk Management Strategy.....	109
Impact on the Council's Cash Flows	109
37. Contingent Assets and Liabilities.....	110
Contingent Assets.....	110
Contingent Liabilities.....	110
38. Nature and Extent of Risks Arising from Financial Instruments.....	110
Overall Procedure for Managing Risk	110
Credit Risk	111
Liquidity Risk.....	112
Refinancing and Maturity Risk	112
Market Risk.....	113
Interest rate risk -	113
Price Risk.....	114
SUPPLEMENTARY FINANCIAL STATEMENTS AND EXPLANATORY NOTES	115
The Collection Fund	115
Notes to the Collection Fund	116
General Information	116
Council Tax.....	116
National Non-Domestic Rates.....	118
Precepts and Demands on the Collection Fund – Council Tax.....	119
Collection Fund (Surplus)/Deficit	119
Glossary of Financial Terms	120
Accruals.....	120
Acquired Operations.....	120
Actuarial Gains and Losses.....	120

Amortisation	120
Assets Held for Sale	120
Capital Adjustment Account	120
Capital Charge	120
Capital Expenditure	120
Capital Grant	120
Capital Grants Unapplied Account	120
Collection Fund Adjustment Account.....	121
Community Assets	121
Consistency.....	121
Contingent Liability	121
Current Service Cost (Pensions)	121
Curtailment.....	121
Defined Benefit Scheme	121
Depreciation	121
Derecognition	121
Discontinued Operations	122
Discounted Cash Flow	122
Discretionary Benefits	122
Exceptional Items	122
Expected Rate of Return on Assets	122
Fair Value	122
Finance Costs	123
Finance Lease.....	123
Financial Assets	123
Financial Liabilities	123
Going Concern	123
Government Grants.....	123
Impairment	123
Infrastructure Assets	123
Intangible Assets	123
Interest Cost (Pensions)	123
Inventories.....	123
Investment Property	124
Loans and Receivables	124
Long Term Contract	124
Materiality	124
Minimum Revenue Provision.....	124
Non-Current Assets	124

Non-Distributed Costs	124
Operating Lease	124
Past Service Cost.....	124
Post Balance Sheet Events	124
Prior Period Adjustment.....	125
Projected Unit Method	125
Provisions.....	125
Prudence	125
Retirement Benefits	125
Revenue Expenditure Funded from Capital Under Statute	125
Scheme Liabilities	125
Service Reporting Code of Practice (SeRCOP)	126
Settlement	126
Straight Line Basis	126
Total Cost.....	126
Useful Life	126
Vested Rights	126
Appendix A: ANNUAL GOVERNANCE STATEMENT – 2021/2022	127
Scope of Responsibility	127
Significant Events	127
Covid-19 Pandemic and Recovery	127
Emergency Situation relating to Huncote Leisure Centre Site	128
Emergency Situation Ukraine Crisis and UK Support Programme	128
The purpose of the governance framework.....	128
The Governance Framework.....	129
Communicating the Authority's Vision	129
Translating the vision into objectives for the authority and its partnerships	129
Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.....	129
Ensuring effective arrangements are in place for the discharge of the monitoring officer function	130
Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function	130
Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities	130
Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful	130
Whistle-blowing and receiving and investigating complaints from the public	131
Principle B. Ensuring openness and comprehensive stakeholder engagement	131
Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits.....	132

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements	132
Enhancing the accountability for service delivery and effectiveness of other public service providers	133
Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome	135
Principle E – Developing the entity's capacity including the capability of its leadership and the individuals within it.....	136
Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.....	136
Principle F – Managing risks and performance through robust internal control and strong public management	136
Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability	137
Ensuring the Authority's Financial Management Arrangements Conform with the Governance Requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.....	137
Ensuring the authority's assurance arrangements addresses the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).....	137
Review of Effectiveness.....	137
Review of Compliance with Financial Management Code 2021/22	139
Role of the Council	140
Role of Cabinet Executive.....	141
Role of Audit Committee	141
Role of Scrutiny Committee	141
Risk Management.....	141
Role of Internal Audit	141
Other Explicit Review/Assurance Mechanisms.....	142
Statement of Leader and Chief Executive	144
Significant governance issues	144

NARRATIVE REPORT BY SARAH PENNELLI, STRATEGIC DIRECTOR (SECTION 151)

I am pleased to present Blaby District Council's Statement of Accounts for the financial year ended 31 March 2022. The published accounts are an important element of the overall arrangements for demonstrating the Council's financial stewardship of public money. Although the accounts are backward-looking, they provide the context for the challenging financial position, exacerbated by the pandemic that has, and continues to have, an impact on the Council's financial position. The 2021/22 financial year has again been challenging due to the ongoing impact of the COVID-19 pandemic on the Council's resources. Despite this, thanks to the considerable efforts of officers across all services, the Council has been able to make another positive contribution to reserves. This gives a timely boost to reserves at a time when the country is feeling the pressure of spiralling inflation.

There have been several government grants provided to the Council in 2021/22 where the associated costs of administration cover both 2021/22 and 2022/23. As the Council has responded to COVID-19 related workstreams, such as administering the business grants scheme, some core business has, out of necessity, been deferred resulting in backlogs in some areas. The costs associated with addressing these backlogs in core activities will need to be met in 2022/23.

A great deal of uncertainty remains over the future of funding for local government, with the Fair Funding Review and expected reset of the business rates baseline being deferred for at least a further year. It is hoped that, as part of any future funding review, local government's valuable contribution to local communities, economic and housing growth will be recognised and rewarded, particularly given the response provided by local authorities during the pandemic.

Part of my role as Director (Section 151) is to ensure that the Council's financial affairs are properly administered, and its financial position remains stable and robust. This is essential to ensure that the Council can continue to provide quality services to our residents.

The Department for Levelling Up, Housing and Communities (DLUHC) has once again amended the regulations covering the production and publication of local authority accounting statements. The Accounts and Audit (Amendment) Regulations 2022 extend the statutory audit deadlines for 2021/22 from 30 September to 30 November for all local authorities. The public inspection period has remained unchanged and must commence on or before the first working day of August which effectively means that I must sign-off the unaudited accounts for publication by 31 July 2022 at the latest.

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code). It aims to provide sufficient information to ensure that members of the public, including electors and residents of Blaby, Council Members, partners, stakeholders and other interested parties can:

- Understand the overarching financial position of the Council and the outturn for 2021/22
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner
- Understand the impact of the COVID-19 pandemic, both financially and otherwise; and
- Be assured that the financial position of the Council is sound and secure

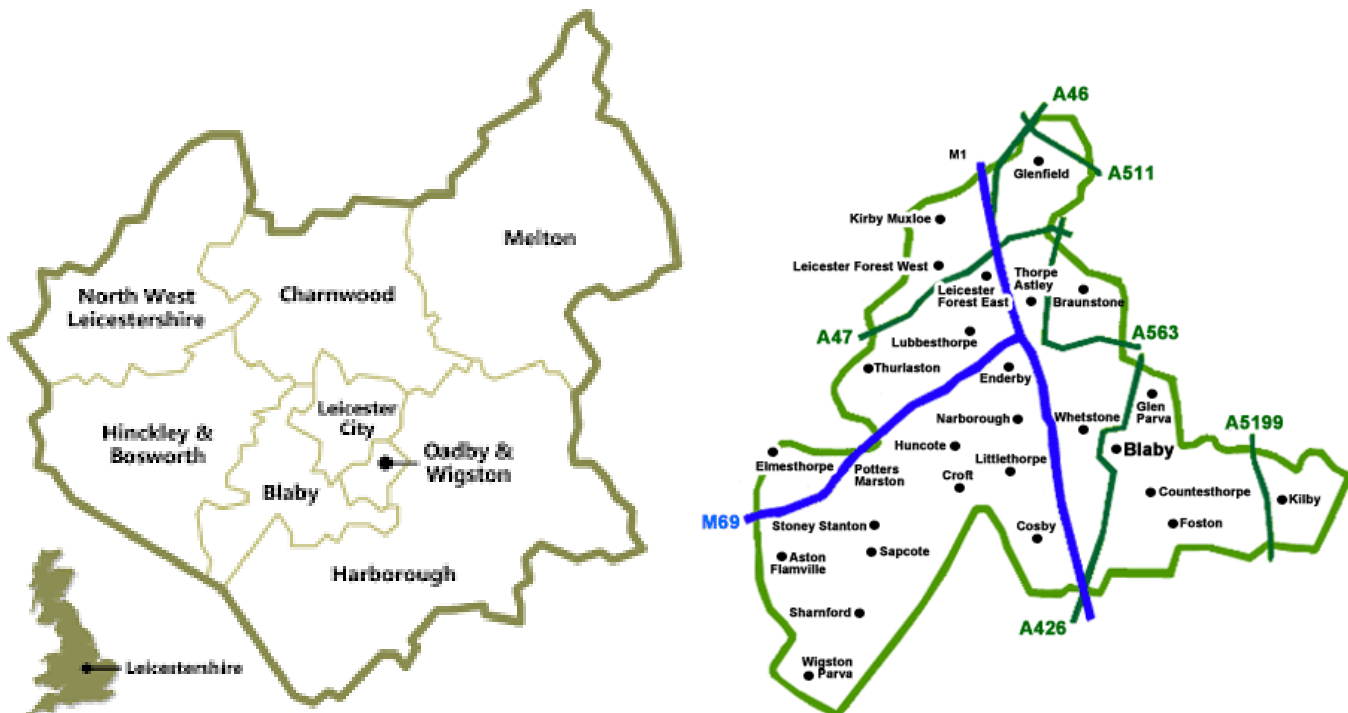
This Narrative Report provides an organisational overview of Blaby District Council and the external environment within which it operates. It also provides a summary of the financial position on 31 March 2022, including the following:

- About Blaby – key facts and figures
- The Blaby District Plan
- The 2021/22 Budget and Council Tax Setting Process
- The Capital Programme 2021/22
- The Council's financial performance in 2021/22
- Performance against Corporate Objectives
- COVID-19
- Other Issues
- Summary position
- Receipt of further information
- Acknowledgements

This is followed by an explanation of the Financial Statements and content of the Statement of Accounts.

About Blaby District Council

Blaby District Council is located in the southwest corner of Leicestershire within the East Midlands region. It is one of seven districts within the County, also bordering the City of Leicester. Blaby District covers a geographical area of about 129 km² and is a mix of urban and rural areas with 80% of the population living in areas classed as 'urban'. There are 27 settlements, which are diverse in nature and size.



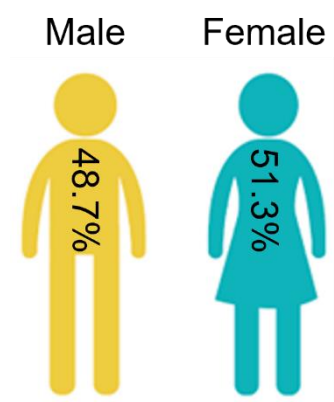
There are major transport links running through the district including the M1 and the M69 the A563, A5460 and the B4114. Travel-to-work patterns indicate a strong functional relationship between the city and many settlements in the district.

The railway station at Narborough has direct links to Leicester and Birmingham. The district is within easy travelling distance of two international airports.

Fosse Park is within the district boundary and is one of the busiest retail parks in the country, attracting 11 million visitors a year. There are also large-scale business parks and business headquarters including Next and Santander within the District. There are also a number of headquarters for public sector organisations such as Leicestershire Police and Leicestershire County Council.

Key Facts and Information about Blaby

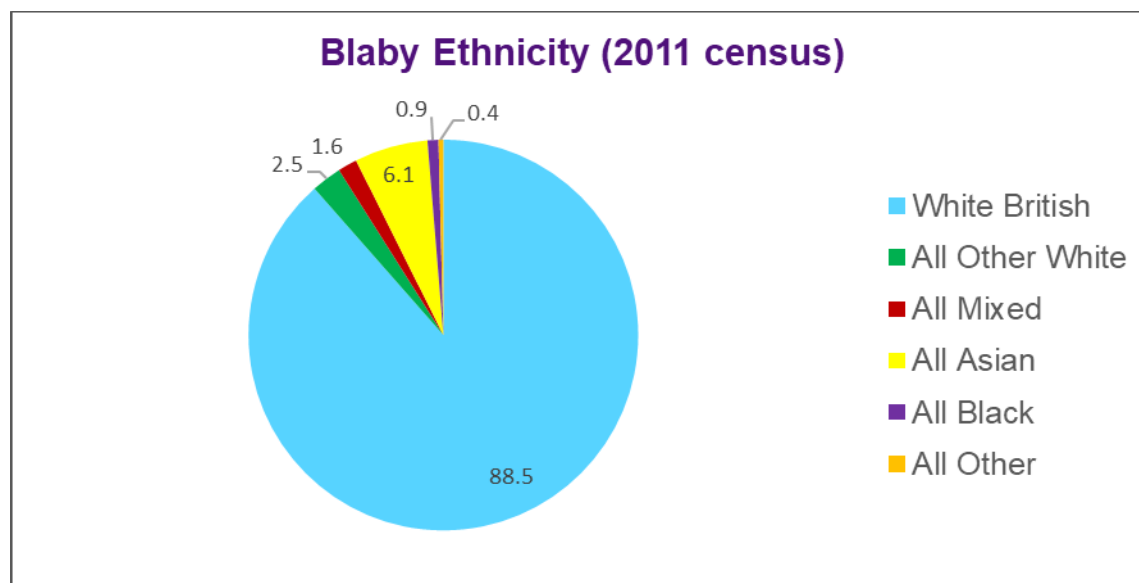
The district is home to 101,950 people (ONS 2020 est.) living in 43,400 households (July 2021).



Age	2020
0-17	21.0%
18-29	12.1%
30-39	13.3%
40-49	12.8%
50-59	14.4%
60+	26.5%

Life expectancy is good at nearly 82 years for men and 85 years for women compared to 80 and 83 years nationally.

The minority ethnic population of the district is 11.5% of the total (2011 Census). This is an increase from 5.7% in 2001. Not all data from the 2021 Census has been released yet.



Unemployment stands at 2.4% (Dec 2021).

	Blaby	Leicester City	Leicestershire County	East Midlands	Great Britain
Unemployment* Dec 2021	2.4%	5.8%	2.6%	3.8%	4.4%

Source: www.nomisweb.co.uk

* Unemployment rate in terms of the number of people who claim JSA and Universal Credit only++

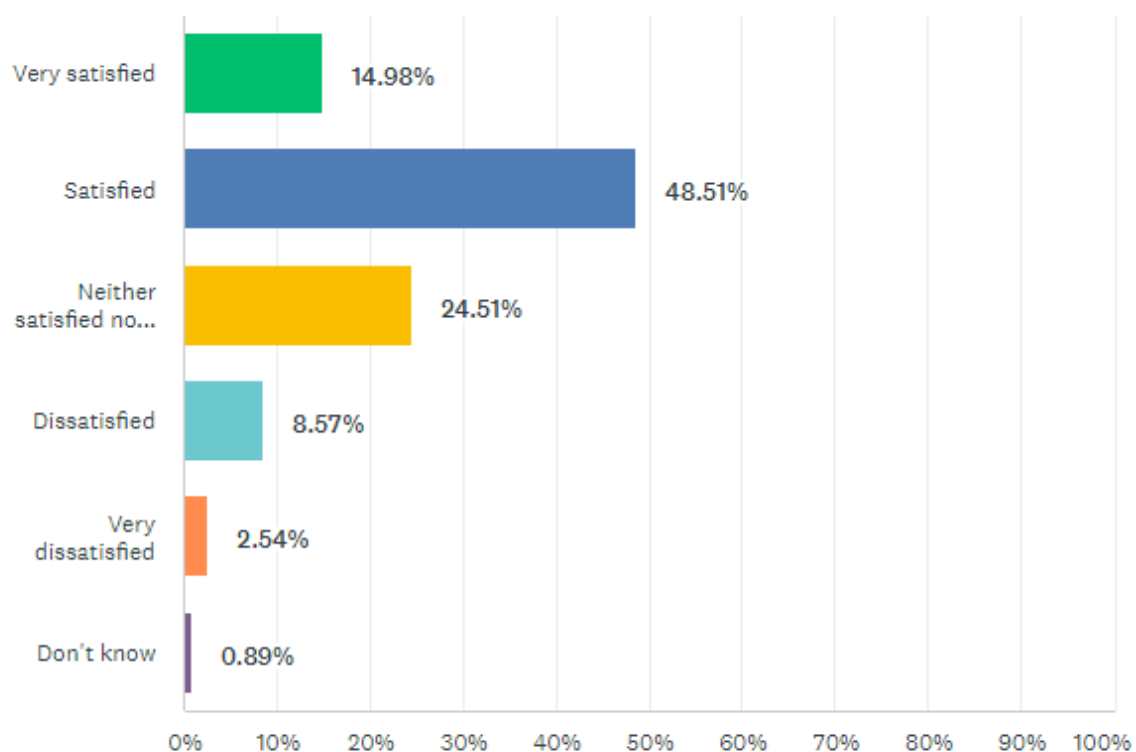
The unemployment rate is lower than other areas as we have a higher number of people living in our district that are undertaking qualified or skilled roles.

The average house price in the district is £236,400 compared to £233,400 for the whole of Leicestershire, the average house price being eight times the average salary of £29,137 (ONS 2021). Homeownership is high, with 81% of residents in Blaby District owning their own home.

Health and recreation is well catered for in the district. We have nine strategic green spaces including Glen Parva Local Nature Reserve which received a Green Flag Award. Our community garden 'A Place to Grow' helps to support positive health and wellbeing. There are two council owned leisure centres managed on our behalf by Sport and Leisure Management Ltd. According to our latest Resident's survey nearly 88% say they are in good or average health. However, 28% of those who answered stated that they had a disability or long-term health problem. 16% of the respondents provide unpaid care for others compared to 10% average nationally (Census 2011), over 50% of those are caring for people with a disability or Dementia/Alzheimer's.

Most residents are satisfied with the way that the council runs things and delivers services (63.5%). (2022 Resident's Survey). This has improved since the last survey in 2020.

Overall, how satisfied, or dissatisfied are you with the way Blaby District Council runs their service?



Political Management Arrangements

There are currently 39 councillors who represent 18 Wards in the District with elections held every four years. The Cabinet Executive is made up of six Members and the Leader of the Council appoints the Deputy Leader plus four Members to sit on this Committee.

The council is currently undergoing a review of warding with the Local Government Boundary Commission, with consultation taking place on their proposals closing on 11 April 2022. The number of councillors will reduce from 39 to 36.

The Council's Constitution is subject to a continuous review process and a delegation by exception scheme forms an integral part of the arrangements. The Constitution underwent a major revision and the new version, which was actively reviewed by Members, was approved by Council on 24 May 2016. Amendments to the Constitution are brought before Council as part of the continuous review process.

The Council has a majority Conservative administration, with the political make up as follows:

- 25 – The Conservative Party
- 6 – Liberal Democrats
- 6 – The Labour Party
- 1 – Independent
- 1 – Green Party

Blaby operates a Cabinet Executive model which comprises six Cabinet Members. The Leader of the Council is Councillor Terry Richardson (Conservative), and the Deputy Leader is Councillor Maggie Wright (Conservative). The Leader has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of executive functions.

Most of Blaby District falls under the South Leicestershire Parliamentary Constituency and is represented by Mr Alberto Costa, Conservative Member of Parliament. The exceptions are the Blaby District Wards of Ellis, Fairestone, Muxloe and Forest represented by Mr Edward Argar, Conservative MP for Charnwood Constituency. There is currently a parliamentary boundary review taking place as part of the national 2023 review. It is proposed that the constituencies will lie within the boundaries of Leicestershire. It is proposed that the district will fall within the Blaby Oadby and Wigston, Leicester West and Glenfield and the Mid Leicestershire County Constituencies.

A predominantly in-house, comprehensive member induction package has been delivered across the Council. It is recognised that there needs to be an ongoing development programme that equips members with the skills and appropriate levels of knowledge to face future challenges and ensure effective succession planning. A Member Development Steering Group takes a proactive approach to the training programme and guiding projects such as Member ICT.

There are currently six portfolios which broadly reflect the service groups within the Council. Each Member has an area of special responsibility covering numerous service areas:

1. Leader
2. Finance, People and Performance
3. Neighbourhood Services and Assets
4. Health, Wellbeing, Community Engagement and Business Support
5. Housing, Community and Environmental Services
6. Planning Delivery and Enforcement, and Corporate Transformation

The Council has previously approved a recommendation from the Member Development Steering Group to adopt a comprehensive "Members Roles and Responsibilities" paper which sets out role profiles and the required skills and knowledge for the various roles Members fulfil in discharging their responsibilities. This includes the role of a Portfolio Holder and what is required of them.

Portfolio Holder roles are intensive with a broad range of responsibilities, some are also appointed to other appropriate committees including the Appointments and Appeals Committees. Executive Members can also be appointed to Outside Bodies and represent the Council on external partnerships. Cabinet Members cannot be Members of the Scrutiny Commission; however, they are required to attend meetings. They are supported by the Senior Leadership Team. Although, the role is not a full-time position, Portfolio Holders currently combine their role with employment and/or a range of caring responsibilities.

The Scrutiny process provides an opportunity for councillors and, in some cases, external representatives, to examine various functions of the council, to ask questions about how decisions have been made and to consider whether service improvements can be put in place. It provides an opportunity for them to champion issues of public concern and to participate in the development of new policies.

Scrutiny facilitates debate about priorities, budget, the strategy of the council and its vision for the district. Scrutiny reinforces the local authority's leadership role in promoting the well-being of the local community because it can enable reviews of services, provided by other organisations to be carried out.

Scrutiny Commission has the power to review and scrutinise:

- The priorities and objectives of the Council
- The policies the Council adopts to meet those objectives
- The Council's performance in meeting its objectives
- The decisions taken by the Cabinet Executive, committees, and officers
- Services, bodies, or issues which affect the well-being of people in the district

Scrutiny has, in the past, won awards for the quality of its work, and it is hoped that this success and effective challenge will continue with added focus, following the outcome of the Corporate Peer Challenge. Most non-executive members serve on Scrutiny Working Groups with 18 members making up the Scrutiny Commission.

Councillors are kept informed of the activity of the council through a variety of channels such as: Portfolio briefings, Informal Cabinet, presentations and briefings at Council meetings, member newsletter emails.

Management Structure

Corporate management is provided by the Strategic Leadership Team (SLT) which is responsible for implementing the strategic goals of the Council as decided by Members.

The SLT comprised the following officers during 2021/22:

- The Chief Executive
- Strategic Director (Section 151)
- Strategic Director
- Business, Partnerships and Health Improvement Group Manager
- Corporate Services Group Manager (Monitoring Officer)
- Environmental Health, Housing and Community Services Group Manager
- Neighbourhood Services and Assets Group Manager
- Planning and Strategic Growth Group Manager
- Strategic HR Manager
- Strategic Finance Manager

Our Staff

On 31 March 2022, the Council employed 342 members of staff working across a range of services, compared with 339 on 31 March 2021. The number of full-time equivalents (FTEs) on 31 March 2022 was 315 (310 on 31 March 2021).

The demographic make-up of our staff	%
Females	55%
Males	45%
Employees disclosing that they have a disability	6.43%
White British	83.92%
Minority Ethnic	9.35%
Undeclared	6.73%
18 to 29	11.11%
30 to 39	15.79%
40 to 49	25.15%
50 to 59	37.13%
60 and over	10.82%

At the end of March 2022 sickness stood at 8.49 days/employee and is currently at 2.05 days/employee to end June 2022. Absence trends in 20 months to end May 2022 show a very slight increase in absence rates overall. Average absence rates are still significantly lower than pre-pandemic absence levels. Long term absence rates have decreased since a significant peak in November/December 2021. Short term sickness absence rates have increased following a dip in the last quarter of 2021/22 with the most common reason for absence reported as "Colds, Influenzas, Virus" (13.7%). Absence reported as caused by mental ill health show an overall decline since October 2020 from an average of 1.3% in Oct - Dec 2020 to an average of 0.61% in March - May 2022. Absences numbers for this reason go in peaks and troughs often due to periods of long-term absence caused by mental ill health however there does seem to be an overall decrease. This may indicate an improvement in staff mental health since the removal of Covid restrictions and may also reflect the ongoing focus of the Council on staff health and wellbeing.

The Blaby District Plan

The Council's priorities were last reviewed at the end of 2020 and are set out in the Blaby District Plan 2021-24. The plan serves as a roadmap for Members, partners and Council officers, and demonstrates to our customers that the Council has the interests of the district at heart.

In developing the Blaby Plan we considered data such as the level of unemployment in the district, demographics and health statistics as well as reviewing the work we are doing with partners around the growth of the district, and key public sector partners on health, public safety, and wellbeing. Through the plan we have shaped a set of priorities and objectives that reflect the aspirations that the Council has for its residents, as well as ensuring that we deliver a sustainable Council in the future.

Our Vision

Blaby District is made up of thriving and vibrant communities where people are happy to live, work and visit.

Our Corporate Priorities and Objectives

Our Corporate Priorities are set every three years to enable us to continue to support the achievement of our Vision for the District.

Our priorities are:

- **A Place to Live** - Strong, healthy, safe, sustainable communities where the most vulnerable are supported
- **A Place to Work** - A thriving, prosperous, innovative local economy with a skilled and healthy workforce contributing to the local community
- **A Place to Visit** - A strong leisure and tourism sector and well maintained and accessible attractions available in the local area encourage visitors to the district

Delivery of these priorities are supported by:

- **Our People Strategy** – Ensuring that Blaby District Council remains a great place to work
- **Our Financial Plans** – Medium Term Financial Strategy (MTFS)

The priorities, ambitions and objectives were based on resident's surveys, national priorities, analysis of local data and feedback from staff, members, residents, and partners. In order to ensure that the ambitions are realistic, we support these through the MTFS and People Strategy to ensure that we have the resources in place, with the skills and knowledge required to deliver these.

Key objectives sit below each priority and services will develop operational action plans which support the delivery of those objectives.

All projects are expected to come to Programme Board with a Business Case stating how they contribute to the Blaby District Plan Priorities. Programme Board provides both challenge and support, ensuring that there is a clear link to our priorities, that they are fully costed and resourced. Each month Project Managers report progress along with new issues and risks. Requests for additional finance or staff and so on must be approved by Programme Board.

We monitor the delivery of our priorities regularly through our annual plans, which set out our delivery for the year against these, and report progress to Programme Board each quarter.

Currently we produce a formal report of outcomes to Full Council every 6 months, along with performance monitoring.

The Leader also delivers a statement of achievements to each Council meeting as part of the Leader's Statement. We also monitor our resident's priorities through our annual Resident's Surveys and Budget Surveys when gathering feedback on our performance, priorities, council tax and communication.

It is recognised that since the adoption of the Blaby District Plan 2021-24 there have been significant changes nationally which will impact the local area. These include, household fuel increases, increasing inflation, the National Insurance increase, changes to Universal Credit rules and the continued impact of the COVID Pandemic. The plan has informally been reviewed with the Cabinet in December 2021 to ensure it was fit for purpose, and further reviews are planned in light of our current budget position.

The council is currently revisiting its Performance Management Framework. Over the past year we have re-contracted our Performance Management Software suppliers and we are working closely with their consultants to refresh the look and feel of the product to make it more user friendly. It is therefore timely to examine our performance management regime and our service transformation plans.

We are basing the framework on having the right information available at the right time for the right people. We are also working towards the route of input once, use many times. This is particularly important when considering the number of reports, we produce both internally for officer use and members and externally to partners and stakeholders. Performance is an area that was deprioritised as part of the COVID response and is now a focus for improvement.

Performance improvement and service transformation will be owned by the people who know and deliver the services best, our staff and service managers. We will make it clear how everybody contributes to the Council priorities and ambitions.

Our philosophy is to put the customer at the heart of everything that we do, and it is only by listening to our residents and learning from them, that we can truly improve our processes and outcomes to our customers. We need the new performance framework to support our service delivery and to be outcome focussed.

As a Council we feel that it is important to look outside of the organisation. We include benchmarking data in our regular Blaby District Plan Progress and performance reports. We are also active members of the East Midlands Performance Group and Benchmarking Subgroup and members of APSE.

Medium Term Financial Strategy

The Medium-Term Financial Strategy (MTFS) is the Council's key financial planning document, and forms part of the Blaby District Plan. The MTFS contains a financial forecast which is usually updated each year to reflect the changes to funding. Due to the lack of certainty over the future of local government funding, the MTFS was not updated at the time of setting the 2021/22 budget.

The Government announced a further single year settlement for the 2021/22 financial year just ended. Planned changes to the Business Rate Retention Scheme, New Homes Bonus

Grant, and the proposed implementation of Fair Funding were deferred again. This cycle has continued into 2022/23 with a further single year settlement and an intention to consult on changes to the main funding streams during Spring 2022. However, the onset of the cost of living crisis, caused predominantly by rising oil, gas and electricity prices has made it unlikely that the funding reviews will take place before 2024/25.

The Council approved an updated MTFS as part of the 2022/23 budget setting process in February 2022. Whilst the over-riding uncertainties remain, indications at the time were that a potential reset of the business rates baseline could lead to a budget shortfall of £1.598m, increasing to as much as £4.550m by 2026/27. The future funding estimates within the MTFS are based upon the best available information that could be gained from the national picture and documents within the public domain at the time. However, the MTFS does not currently reflect the impact of rising inflation, predicted to reach as much as 11% during 2022, and further work is required to reflect the latest position

The key risks to the Council's future financial position, the outcome of which remain uncertain, are:

- New Homes Bonus – already reduced to legacy streams only, it is already the government's stated intention to discontinue New Homes Bonus. It remains unclear as to whether it will be replaced by an alternative funding stream, but that eventuality appears unlikely
- Business Rates – indications were that there would be a reset of the business rates baseline, likely to be effective from 2023/24. Again, given the current cost of living crisis, any such reset is unlikely to take effect before 2024/25 at the earliest but this remains to be confirmed. Any baseline reset could lead to Blaby losing the benefit of much of the significant growth in business rate income that it has achieved over recent years
- Fair Funding Review – the government had previously stated its intention to review the formula that it uses to determine the distribution of funding to local authorities. Implementation of this review has been subject to successive deferrals due to the EU Exit, the onset of COVID-19, and now the cost of living crisis. Unlikely to be implemented until 2024/25 at the earliest
- Inflation, driven by rising oil, gas and electricity prices and the war in the Ukraine, is forecast to reach as much as 11% in 2021/22. This not only creates additional budgetary pressures for the Council, but also jeopardises the wellbeing and living standards of our residents

People Strategy

The Council recognises that our employees are our most valuable asset and our most significant resource. The best way of continuing to deliver high quality services to our residents is to ensure that our workforce has the right skills and support to succeed. We value the views and ideas of our employees and care about their development and well-being. Therefore, it is important for us to engage with and communicate with employees in various ways. Since the start of the pandemic the corporate “Way We Work” group have been developing the longer-term plan for ‘Agile’ working and responding to the constantly changing requirements arising from COVID-19; most recently ‘Living with COVID’ and supporting staff to return to the offices. More regular communication channels are through monthly ‘Blaby Matters’ briefings to all staff, ‘Sounding Board’ meetings between senior managers and service representatives, regular team meetings, and our intranet site (iBlaby).

In recognition of the importance of our employees, The People Strategy sets out our ambitions around equipping our staff to enable them to best deliver the Council’s priorities. Without motivated and empowered staff, we cannot deliver our ambitious plans. The People Strategy builds upon firm foundations of our previous strategies and continues to develop a range of workforce initiatives. The aims included within the strategy are linked to the Council’s values and overarching principles, the responses from Staff Surveys and other feedback from staff. An action plan is in place to monitor progress on the necessary tasks and to ensure its success. The annual action plan will remain a ‘living’ document so progress can be tracked and updated.

The objectives of the People Strategy are grouped under three broad themes:

- Being developed
- Being healthy
- Being valued

Net Zero

Blaby District Council has taken its responsibilities for climate change seriously and recognises the need to ensure engagement and action are embedded across the organisation. The Council has also employed a dedicated Green Officer and support officer to focus solely on delivering green Initiatives.

The Council has adopted a Climate Change Strategy and Carbon Neutral Action Plan to achieve a commitment of carbon neutral by 2030. To support this aim we have delivered Carbon Literacy Training to around 30 members of staff representing all service areas and including the council leader and chief executive. As an organisation we are taking action to reduce our own carbon footprint by switching to 100% green energy tariff, installing LED lighting, developing a pathway to a low/zero carbon fleet, and investing in on site renewable energy generation and low carbon heating.

Blaby is working hard to deliver county wide renewable projects to address the district net zero target of being carbon neutral as a District by 2050. We are leading on Solar Together Leicestershire in which all 6 districts and the County Council are collaborating on to support residents to install solar panels on their properties reducing emissions and driving investment in renewable energy generation.

We are also tackling energy efficiency and fuel poverty across the district by delivering government funding through the Local Authority Deliver (LAD 2) with our social housing provider EMH. This will see the installation of low carbon heating and insulation for low income and energy inefficient households.

Blaby is also part of the Sustainable Warmth Competition delivery steering group which has successfully formed a partnership with neighbouring districts and the county council to deliver the next phase of government funding (LAD3/HUG1) worth around £3million.

This complements our existing Blaby Help to Heat Homes scheme which is a partnership with Street Home Solutions to deliver funding via the Energy Company Obligation Scheme (ECO 3 and 4), again to provide further energy efficiency upgrades to low-income households.

Our progress on climate change action was recently recognised in a review of our Climate Change Strategy and Action Plan by Climate Emergency UK. Blaby came 36 of 181 UK District councils and was the top scoring district in Leicestershire.

To address air quality and district carbon emissions from transport we have installed 24 x 7kw public EV Chargers in our car parks to provide access to charging for residents without off-street parking. This will facilitate the transition to electric vehicles for residents and in particular those who live in flats or terrace house who cannot install home chargers.

Risk Management

The management of risk is a critical success factor in helping the Council to achieve its objectives. We manage risk in several ways and revised our Risk Management Strategy in November 2019 to reflect this.

- **Corporate Risks** – the Corporate Risk Register is monitored on a quarterly basis by the Corporate Risk Group, which comprises the Chief Executive, two Strategic Directors, the Strategic Finance Manager, and the Council Tax Income and Debt Manager. The group re-evaluates risks considering actions that have been put in place, and assesses potential future risks, as well as reviewing significant service risks
- **Service Risks** – Service Managers closely monitor the major risks within their own services and update the Service Risk Register on a quarterly basis to reflect any changes to perceived risk
- **Project-related Risks** – the Council has introduced a robust project management process that includes a specific requirement to consider all risks associated with new projects. The Project Programme Board (SLT) maintains an overview of project risks as part of its monthly meetings
- **Specific COVID-19 Risks** – a distinct risk register was created in response to the COVID-19 pandemic which has brought with it a new set of challenges not necessarily covered by the Corporate Risk Register. These risks were also monitored by the Corporate Risk Group on a quarterly basis. As from 1 April 2022, any residual COVID-related risks have been incorporated into the Corporate Risk Register

The Audit and Standards Committee plays an important role in the management of risk in considering the effectiveness of the authority's risk management arrangements and control environment and reviewing the risk profile of the organisation and assurances that action is being taken. The Committee receives quarterly reports highlighting the latest position and any significant changes in relation to corporate risks. All committee reports are required to include a risk assessment. Risks are assessed for their impact on the Council's business, and the likelihood that those risks might arise. Scores for impact and likelihood are combined using a "5x5" matrix to arrive at a rating of high, medium, or low.

Risk Score	Matrix Category
16-25	High
9-15	Medium
1-8	Low

The Corporate Risk Group has identified 23 corporate risks. The following table provides a summary of the status of those corporate risks both before and after control measures are put in place.

Summary by Risk Type	Red	Amber	Green	Total
All Corporate Risks Uncontrolled Rating	9	13	1	23
All Corporate Risks Controlled Rating	6	9	8	23

Partnership Working

Partnership working is a vital component in the way we deliver our services and many of our achievements would not be possible without the significant contribution made by our partners. The ambitions in the Blaby Plan have been identified and supported by our partners as a Vision for the district.

Partnership working takes place in all aspects of our services and our ambitions. Some current examples include:

- **Joint Community Safety Partnership** which represents both Blaby district and Hinckley and Bosworth borough. It comprises a range of organisations that work together to make safer places to live, work, and visit. Community safety remains a top priority to the district and our communities. Blaby District Council and Hinckley and Bosworth Borough Council have joined together, along with Leicestershire Police and Leicestershire Fire and Rescue Service, to share their expertise to help deliver effective and efficient community safety services across both areas
- **Blaby District Tourism Partnership** – launched in March 2018 to deliver opportunities for growth in the tourism sector within Blaby district. The partnership quickly established a tourism website for the district called Visit Blaby and has successfully attracted funding through the Heritage Lottery Fund to support local restoration and archaeological projects. The partnership has been active in creating a Tourism Growth Plan to 2025. The Growth Plan sets out ambitious targets of growing the value of tourism in the district by £50m, increasing tourism sector jobs from 2,000 to 2,800 and increasing the number of visitors by 1.3m to 4.5m
- **Lightbulb** – a multi-award winning, integrated housing support service that brings together county and Leicestershire district council's and other local partners, such as adult social care and health, to help people stay safe and keep well in their homes for as long as possible by bringing together a range of practical housing support. Prior to the introduction of Lightbulb some individuals in some local authority areas could wait up to 12 months to have adaptations completed in their home under the Disabled Facilities Grant; now on average adaptations are completed within 17 weeks, within our stated target of the 20 weeks. Lightbulb continues to be innovative with the introduction of a hospital discharge grant to help people leave hospital and return home, a smart technology project which helps people remain independent in their own home and a safe spaces project which supports those individuals who live in hoarded properties
- **The Housing Enablement Team (HET)** places specialist housing professionals into the University Hospitals Leicester and the Bradgate Mental Health Unit, with the goal of assisting patients with housing issues so that they can be safely discharged, reducing, or preventing discharge delays and improving patient outcomes. HET is a service that is offered across Leicester, Leicestershire and Rutland (LLR), also covering patients from out-of-area and those with no recourse to public funds, where they are occupying an inpatient bed and have a housing related barrier. The team is funded by the Clinical Commissioning Group for LLR and the Leicestershire Partnership Trust, and the service is run on their behalf by the Council
- Our **Building Control Partnership** initially started between Blaby and Harborough District Council in April 2018. The shared service arrangement enabled the delivery

of a more robust, resilient, and competitive Building Control service that was able to operate more efficiently in an increasingly competitive environment. As a result of the initial successful partnering arrangements a further three authorities subsequently joined the partnership, Oadby and Wigston Borough Council, Hinckley and Bosworth Borough Council and Melton Borough Council. We also provided assistance to Rutland County Council in respect of their dangerous building out of hours call out services and from 1 July 2021 they too joined as a full partner for all Building Control services. Prior to moving to delegation, the partnership has already aligned its fees and seen the development of a recruitment and retention plan for all staff. In December 2021, a business case was approved by all partner authorities to move to a fully delegated operating model led by Blaby with effect from 1 April 2022

Local Plan

We are proud of our place shaping approach to growth, which is a clear shared priority across members and officers. We have invested considerable resource in ensuring we can not only deliver on this but can genuinely be leaders in this field.

Several years ago, we restructured our planning department to create a dedicated Strategic Growth Team, to ensure a clear focus on the right homes in the right places and infrastructure to support this. This culture runs through the whole organisation and has resulted in five awards for our Sustainable Urban Extension at New Lubbethorpe.

In practice this approach is demonstrated in a range of ways such as strong partnership working, a clear political mandate, and a strong focus on areas such as urban design. We have had a cross-organisational Affordable Housing Working Group for several years, which ensures that we can deliver on a pipeline of affordable housing and other specialist requirements.

There is a considerable amount of joint strategic planning taking place at the Leicester and Leicestershire level, and this is delivered by a high-level Strategic Planning Group and Members Advisory Group (MAG) which is chaired by the Leader of Blaby District Council.

These groups are currently driving forward a number of key pieces of work, which seek to deliver growth across the City and County.

One of these is the current work to agree housing distribution, and individual housing requirement targets, for districts and boroughs. This is particularly challenging given the significant increase in housing need given to Leicester City by the Government in 2020, which has led to the identification of extensive unmet need. The work is progressing well due to the strong partnership arrangements in place.

We are working on a new Local Plan, which will deliver our vision for the district to 2038. Our current Local Plan runs to 2029, but we started work on the new plan as soon as this was adopted to ensure that we stay proactive in our delivery of growth.

The new Local Plan will cover housing and employment allocations, as well as a range of development policies to deliver our Blaby Growth Plan and place shaping aspirations. It is anticipated that it will be adopted during 2023, and a formal public consultation is planned in around 12 months' time on a final draft.

Community Engagement

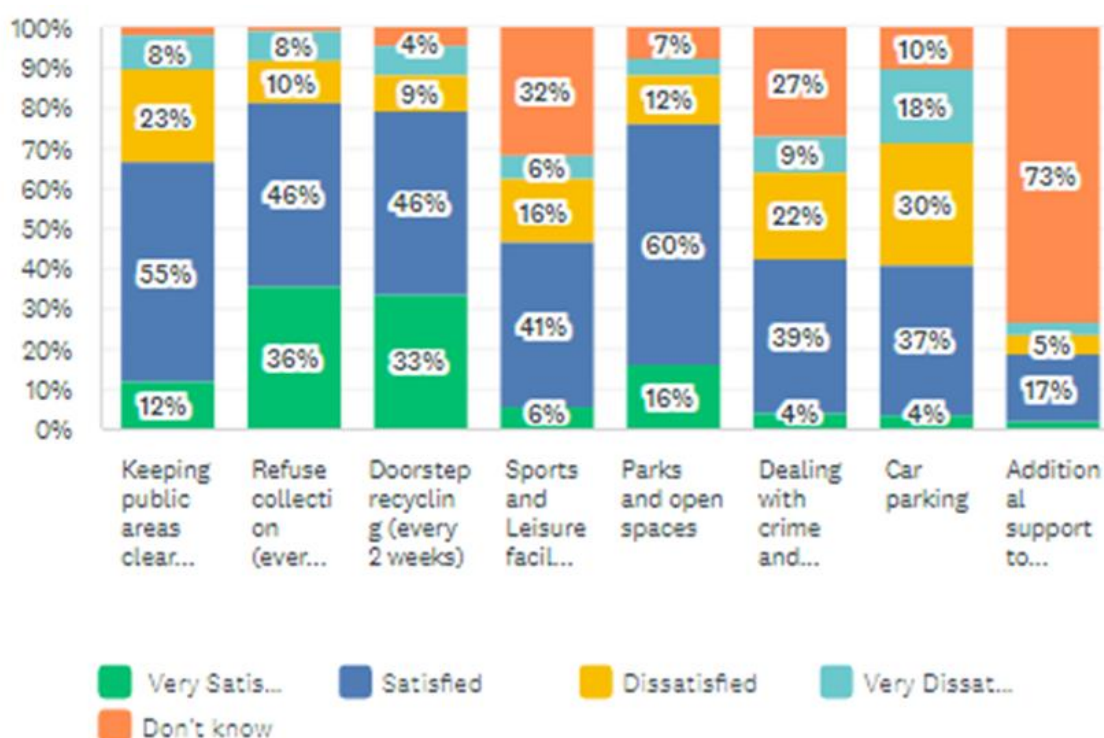
As we work to put the customer at the heart of everything we do, we strive to continually improve services to residents. Consultation supports this by involving people and ensuring services are appropriate to the needs of the customer. In order to deliver fit for purpose services, projects and policies it is important that we consult our residents, stakeholders and partners in a co-ordinated, well-planned, robust and accessible way.

The Council regularly engages with residents, partners, and stakeholders. We undertake corporate consultation and engage at a service specific level. We want to listen to the needs of our residents and ensure we understand their needs and views.

We have recently completed our corporate Resident's Survey for 2022. Each year we alternate a full resident's survey with a shorter, budget focused questionnaire. Both cover value for money, potential council tax increases, and an assessment of the priorities for the district.

However, during each year several consultation exercises take place. Some of these are regular service satisfaction surveys such as for health and well-being, while others are one off surveys to inform our plans, policies, and changes to services. Examples of these include consultation on the Blaby District Plan 2021-24, the New Local Plan Options Consultation and the Bin Service Review.

How satisfied or dissatisfied are you with the following individual services in your area?



LGA Corporate Peer Challenge (CPC)

In March 2022, the Council welcomed a Peer Review team comprising senior officers, a council leader, and representatives from the Local Government Association (LGA) from across the UK, to undertake a corporate peer challenge. The CPC gave Blaby a valuable opportunity to gain insight, guidance, and feedback as to how we run as an organisation.

The Peer Review team considered the following themes that are critical to a local authority's performance and improvement:

- Local priorities and outcomes
- Organisational and place leadership
- Governance and culture
- Financial planning and management
- Capacity for improvement

Over a period of four days in March, the team reviewed documents provided to them by the Council, gathered information, and spoke to a range of Council officers, Members, and external stakeholders.

The final feedback report, issued in June 2022, was very positive and concluded that the Council is a well-run local authority with a sound financial position, strong leadership, and committed staff.

A number of key recommendations arose from the CPC, and the Council has already begun to take action to respond to these:

- Develop and lead a long-term vision for Blaby as a place/district with partners
- Review the Council's corporate plan to drive the Council and its priorities forward, post pandemic
- Develop a corporate performance management framework, including service plans and personal appraisals
- Develop an overall delivery/business plan, including targets, building on our Medium-Term Financial Strategy and other plans, to address local government financial challenges
- Define what transformation means to the Council and any consequent organisational change required
- Define what commerciality will mean for the Council, and challenge Members' and officers' appetite for risk
- Use communications to full effect throughout the Council, for example, to best engage with customers, promote our achievements and services and so on
- Review and refresh the scrutiny function

The 2021/22 Budget Process

The 2021/22 budget process commenced in September 2020 with the Finance team meeting with services to formulate a base budget. The estimates were refined over the course of the next few months before being presented to Scrutiny Commission in January 2021, where Scrutiny Members were provided with the opportunity to question Portfolio Holders about their service plans for the forthcoming financial year.

Scrutiny Members were advised of the results of the provisional financial settlement, received on 17 December 2020, and the impact on the Council's 2021/22 budget. The settlement was for one year only, making it difficult to predict the level of funding in future financial years. It was recognised that there was a great deal of uncertainty surrounding how changes to business rates

retention and the Fair Funding Review might impact on Blaby. The government had also announced its intention to consult on the future of New Homes Bonus, and the expectation was that this significant funding stream was likely to come to an end after 2021/22. At this point a budget gap of £1.071m was forecast for 2021/22, and Scrutiny was presented with a range of options in terms of increasing council tax.

In its response to the administration's budget proposals, Scrutiny recognised that it had been necessary to divert resources to more immediate priorities because of the pandemic and accepted that this may have an impact on the 2021/22 budget. Scrutiny was supportive of the proposal to increase the band D council tax by £5, which would generate an additional £170,000.

By this time, the budget gap had been closed to £0.649, allowing for the council tax increase above, following a review of potential income from business rates and other emerging savings. Cabinet Executive was presented with a net expenditure budget of £13.210m at its meeting on 15 February 2021, which it duly approved.

Cabinet Executive recommended the budget proposals to Council, and the budget was approved by Council at its meeting on 18 February 2021. At the same meeting, the Council also approved the Council Tax for 2021/22, the Prudential Indicators and Treasury Management Strategy, and the five-year Capital Programme.

Council Tax

Council Tax is the largest single revenue stream that is used to support the Council's revenue budget, contributing just over 44% towards the net budget requirement.

Each year the government sets out the principles which determine whether a local authority's proposed council tax increase is excessive. For 2021/22, the basic amount of council tax for a shire district council, such as Blaby, would be considered excessive if:

- It was 2%, or more than 2%, greater than the basic amount of council tax in 2020/21; and
- It was more than £5 greater than the basic amount of council tax in 2020/21

This means that Blaby was able to increase its Band D council tax by the greater of 1.99% or £5 in 2021/22 without triggering a referendum. If a referendum were triggered this would require the local electorate to be given an opportunity to vote to support or veto the increase in council tax.

Given the continuing uncertainty over the future of local government funding, coupled with a potentially significant future budget shortfall, Council decided to increase the Band D Council Tax by £5, the maximum increase permissible under the referendum rules. A comparison of Council Tax levels for 2020/21 and 2021/22 is shown in the following table.

	2020/21 £	2021/22 £	Change %
Leicestershire County Council			
- Main element*	1,226.06	1,252.80	1.99
- Adult Social Care element*	117.67	157.98	3.00
- Total	1,343.73	1,410.78	4.99
Leicestershire, Leicester and Rutland			
Combined Fire Authority	67.96	69.29	1.96
Office of the Police and Crime Commissioner			
for Leicestershire	233.23	248.23	6.43
Blaby District council	168.32	173.32	2.97
Average Parish Councils	107.17	111.92	4.43
Total	1,920.41	2,013.54	4.85

*In accordance with Government guidance each percentage is calculated as an increase to the 2020/21 total precept of £1,343.73.

Council Tax Base

The Council Tax Base for 2021/22 was set at 33,977.11, an increase of 90.62 Band D equivalent properties compared with the previous year (33,886.49).

Income Generation and Commercialisation

The Council's Commercial Strategy aligns closely with the Blaby District Plan and other key strategies, contributing towards our ambition to make Blaby District Council financially sustainable and creating a district where people are happy to live, work and visit.

We aim to achieve this ambition in the following ways:

- By creating a commercial culture/ethos
- Maximising income but still retaining the status as the 'safety net for the vulnerable'
- Maximising the Blaby pound
- Proactively identifying opportunities for commercial investments
- Focusing resources on initiatives that will drive financial or social benefit
- Encouraging communication and access to services with residents and customers through digital channels, and furthering Blaby's reputation for delivering quality services
- Reviewing chargeable, Non-Statutory Services to generate income

The updated Commercial Strategy, covering the period 2022 to 2027 was approved by Council on 24 February 2022 and is available to download on the Council's website.

Reserves and Balances

The 2021/22 budget was formulated and approved on the basis that a contribution of £648,541 would be required from General Fund Balances, with an additional £292,430 being released from earmarked reserves to support specific one-off expenditure, to set a balanced budget. The estimated balance on 31 March 2022 would, therefore, be £3.109m representing 23.5% of the proposed net revenue budget for 2021/22. This is within the Council's policy limit of holding between 10% and 30% of the proposed relevant annual net revenue budget.

In addition to the unallocated General Fund Balance, the Council maintains several earmarked reserves set aside to provide for future expenditure plans, as mentioned above. These are covered in detail in Note 9 to the Financial Statements.

Although the Council's current reserves and balances remain in a relatively healthy position it is not prudent to expect that they are sufficient to sustain the Council's current level of spending in the longer term, in the light of uncertainties over the future of local government funding.

Budget Monitoring

The Council has well established and robust financial management procedures in place to monitor budgets and to identify and mitigate any forecast over spending. The process for the management and monitoring of budgets is continuously refined to help ensure that the Council's longer term financial position is sustainable. The Financial Management System software was upgraded at the end of October 2020 to ensure that it remains compliant and fit for purpose. As part of the upgrade the Finance team rolled out new budget monitoring and forecasting modules during the summer of 2021. These modules have further enhanced our budget monitoring capabilities.

Budget managers are aligned to named Business Accountants to ensure continuity and understanding of the budgetary needs of the service. The Finance team provides monthly budget reports to services and facilitate regular meetings to jointly monitor progress against the budget. The Finance team continues to look to strengthen and bring greater resilience to the budget monitoring process, which will become increasingly important over the next few years as the Council strives to meet its savings targets.

Quarterly revenue and capital budget monitoring reports are presented to the Cabinet Executive and/or Council throughout the financial year. The first quarterly revenue monitoring report to Cabinet highlighted that the COVID-19 pandemic was still having an impact on the Council's finances. Some of our key income streams continued to struggle to reach normally expected levels, including planning fees, investment income, car parking and leisure management. Other key income streams such as building control and land charges were showing positive signs of recovery. Additional spending pressure was still being experienced in some services, most significantly in homelessness, where considerable reliance was still being placed upon bed and breakfast accommodation. This pattern largely continued throughout the financial year, although the trend was one of gradual improvement.

When setting the 2021/22 budget, the Council had made provision for continuing income losses and that provision, coupled with emergency funding provided by government, meant that we were able to accommodate the ongoing income losses and additional spending pressures without the need to call on reserves.

Financial Performance of the Council 2021/22

General Fund Revenue Account

The Council's 2021/22 revenue outturn position is shown in the table below. The original budget set at the Council meeting on 24 February 2022 was £13,210,000, supported by contributions of £648,541 from General Fund Balances and £292,430 from earmarked reserves. The Council reported a surplus of £1,124,232 when comparing actual expenditure against the revised budget. This surplus has been credited to General Fund balances, contributing to the Council's financial resilience in the future.

A number of factors have contributed to the positive outturn in 2021/22. Most significantly were savings of £0.425m in relation to vacant posts, and additional income from building control (£0.169m), planning fees (£0.054m) and land charges (£0.044m). Other key income streams continue to struggle compared with pre-pandemic levels, for example car parking and leisure management.

2021/22 Outturn	2021/22 Approved Budget £	2021/22 Revised Budget £	2021/22 Actual Outturn £
Finance, People and Performance	1,163,634	1,424,848	777,822
Housing, Community and Environmental Services	4,214,787	5,384,251	3,813,765
Health, Wellbeing, Community Engagement and Business Support	1,641,990	2,808,160	1,373,360
Leader	1,549,677	1,797,023	1,308,530
Neighbourhood Services and Assets	4,972,710	5,286,242	5,455,808
Planning Delivery and Enforcement and Corporate Transformation	1,489,250	2,518,252	1,647,341
	15,032,048	19,218,776	14,376,625
Central Items:			
Revenue Contributions towards Capital Expenditure	215,000	824,814	432,906
Minimum Revenue Provision	1,327,964	1,145,597	1,145,597
Capital Accounting Adjustments	(2,348,864)	(2,548,497)	(1,964,365)
Pension Fund Adjustments	(925,260)	(2,764,088)	(2,157,437)
Employee Benefits Adjustments	0	0	(2,450)
Property Fund Adjustments	0	0	139,090
Income Loss Provision	458,200	0	0
Unallocated COVID-19 Emergency Funding	411,883	338,233	0
Contribution to/(from) Earmarked Reserves	(312,430)	(2,797,037)	444,952
Net Revenue Expenditure	13,858,541	13,417,798	12,414,918
Financed by:			
Income from National Non-Domestic Rates	(4,534,901)	(4,534,901)	(4,571,780)
New Homes Bonus Grant	(1,607,070)	(1,607,070)	(1,607,070)
COVID-19 Grants	(466,083)	(466,083)	(580,147)
Other Non-Ringfenced Government Grants	(786,461)	(877,516)	(964,668)
Council Tax Demand on the Collection Fund	(5,888,787)	(5,888,778)	(5,888,787)
Council Tax (Surplus)/Deficit	73,302	73,302	73,302
	(13,210,000)	(13,301,046)	(13,539,150)
Contribution to/(from) General Fund Balances	(648,541)	(116,752)	1,124,232

Reserves and Balances – Financial Resilience

The level of General Fund balances, included in the Balance Sheet at £4.699m, contribute to the Council's financial health. The General Fund balance plays an important part in maintaining the financial stability of the authority primarily by: -

- Meeting unforeseen expenditure pressures and income reductions that arise in the financial year
- Meeting the cost of one-off items of expenditure
- Supporting the stability of the Council's financial position by providing a source of funding in times of uncertainty

As referred to above, the Council added £1.124m to its General Fund balances on 31 March 2022, increasing the available balance to £4.699m.

The Council's policy in respect of its General Fund balances is that they must sit within a range of 10% to 35% of the net budget requirement in any given year. The addition of £1.124m in 2021/22 means that balances represent 31.7% of the 2022/23 net budget requirement, after considering planned contributions to support the budget. This compares favourably with the 23.5% estimated at budget stage, enhancing the Council's resilience going into 2022/23.

The Council also holds earmarked reserves on the Balance Sheet with a total value of £14.081m on 31 March 2022 (18.594m on 31 March 2021). Further detail on the balance and purpose of each earmarked reserve appears in note 9 to the Financial Statements. These reserves are held to manage future risks and expenditure priorities.

The most significant movement on earmarked reserves in 2021/22 relates to Section 31 grants received from the Government in compensation for lost business rate income due to expanded retail relief given to certain business sectors in response to the COVID-19 pandemic and lockdown. Blaby received £22.201m of Section 31 funding on account, to support its cash flow position, including shares relating to the Government and major preceptors that must be repaid. On 1 April 2021, Blaby was holding £10.868m in respect of S31 grants and Tax Income Guarantee funding, to mitigate the unusually large Collection Fund deficit charged to the General Fund in 2021/22. Some of this balance has, therefore, been released during 2021/22, although additional S31 funding was also added to earmarked reserves to recognise the ongoing deficits that have arisen due to COVID-19. On 31 March 2022, £4.270m of the total earmarked reserves is in place to meet the 2022/23 Collection Fund deficit, meaning that the true, usable balance of earmarked reserves is effectively £9.810m.

The level of reserves and balances are a key element of CIPFA's Financial Resilience Index, published for the first time in December 2019. Although the indicators in respect of reserves sustainability and change in reserves were on the low side when compared to other authorities, they do indicate a stable but increasing trend. However, given the uncertainty over the future of major funding streams, such as new Homes Bonus and Retained Business rates, this is an area that will require greater focus going forward.

Treasury Management

The importance of the treasury management function cannot be understated. As a key component of the Council's day to day operations, it deals with:

- Cash flow planning – ensuring that cash is available when needed and investing surplus balances whilst minimising risk to the Council's financial position
- Funding capital spending plans – capital expenditure often requires longer term cash flow planning. This may involve arranging loans or using longer term cash flow surpluses

The Council has the facility to raise finance for capital expenditure and operational requirements from several approved borrowing institutions subject to it not exceeding its authorised limit for external debt, as required by the Prudential Code for Capital Finance in Local Authorities. The Council's Treasury Management Strategy, approved on 18 February 2021, sets a range of prudential indicators including the authorised and operational limits on borrowing.

Borrowing

On 31 March 2022, the Council had total borrowings of £8.142m.

The following table illustrates the limits and levels of borrowing as of 31 March 2022 as compared to the preceding year end.

Borrowing Limits and Levels	31 March 2022 £	31 March 2021 £
Borrowing Limits:		
Authorised Limit for External Debt	17,544,000	15,200,000
Operational Boundary	16,290,000	13,680,000
Actual Borrowing:		
Long Term Borrowing	5,929,939	8,141,780
Short Term Borrowing	2,211,841	207,286
	8,141,780	8,349,066

Although the Council has a borrowing requirement of £14.451m its actual external borrowing is just £8.142m. This is due to the Council's stated decision to use internal balances and reserves to fund capital expenditure on a temporary basis to manage interest rate risk and make revenue savings.

Investing

At the end of the financial year the Council had £35.560m of cash invested.

The Council's investment strategy set out a benchmark for the average rate of return on investments. However, the pursuit of a target rate of return is tempered by the need to maintain sufficient liquidity for the Council's day to day operations and, most importantly, to ensure that funds are invested with secure institutions. In 2021/22 the Council achieved a rate of return of 0.36%. It should be noted that investment returns fell dramatically during the COVID-19 pandemic and are only now starting to show signs of recovery.

The Council has an investment of £1m with the Lothbury Property Trust which yielded dividends in year of £0.038m with an average rate of return of 3.46%. This much higher rate of return reflects the longer-term nature of the investment. The fund has demonstrated strong growth in 2021/22, having fallen below the original value of the investment because of the pandemic. The fund value on 31 March 2022 was £1.094m.

Capital Programme

The 2021/22 Capital Programme of £1,588,500 was approved by Council on 18 February 2021 as part of the rolling 5-year capital planning process. The 5-year Capital Programme, along with the accompanying Capital Strategy for the same period, provided the framework within which the Council's capital investment plans were to be delivered. The following table shows the original proposed capital expenditure plan for 2021/22 through to 2025/26.

Capital 5 Year Plan	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Corporate Aims and Objectives	655,500	639,500	639,500	639,500	639,500
Asset Management Planning	883,000	573,000	1,066,000	1,332,000	620,000
Contingency	50,000	50,000	50,000	50,000	50,000
Total Expenditure	1,588,500	1,262,500	1,755,500	2,021,500	1,309,500

As the financial year progressed, the initial plans were revised to incorporate unspent budget reprofiled from the previous financial year, new assumptions, approvals, and scheme updates, as information became available. This led to a Revised Capital Programme total of £5,036,744 for 2021/22.

However, the final expenditure on capital schemes in 2021/22 was £2,146,862 compared to the revised forecast spend above. The variance between the forecast and outturn was £2,889,882 or 57.38%. This was due to schemes which were not completed by the end of the financial year. Most incomplete schemes, amounting to £2,847,013, will be carried forward to 2022/23 together with the associated resources.

The following table provides an analysis of capital expenditure and how it was financed, compared with the revised forecast.

Analysis of Capital Expenditure to Revised Forecast	2021/22 Revised Forecast £	2021/22 Actual Expenditure £	Variance Overspend (Underspend) £
Corporate Aims and Objectives	2,415,925	1,026,964	(1,388,961)
Asset Management Planning	1,909,558	700,535	(1,209,023)
Section 31-backed Schemes	631,878	388,163	(243,715)
Other Capital Schemes	54,419	31,200	(23,219)
Contingency	24,964	0	(24,964)
Total Expenditure	5,036,744	2,146,862	(2,889,882)
Financed by:			
Borrowing	1,057,232	444,119	(613,113)
Capital Receipts	741,357	285,983	(455,374)
Earmarked Reserves	701,398	357,455	(343,943)
Revenue Contributions	126,888	75,452	(51,436)
External Funding	2,409,869	983,853	(1,426,016)
Total Resources	5,036,744	2,146,862	(2,889,882)

The most significant variances between actual expenditure and planned expenditure in 2021/22 are as follows:

	Planned Capital Expenditure £	Actual Capital Expenditure £	Variance Overspend (Underspend) £
Disabled Facilities Grants	1,613,882	497,431	(1,116,451)
HR and Payroll System	250,000	0	(250,000)
Bridge and Car Park Improvements, Bouskell Park, Blaby	200,000	0	(200,000)
Section 31-backed Schemes	631,878	380,163	(243,715)
ICT Infrastructure Projects	213,000	0	(213,000)
Revenues and Benefits System	100,650	0	(100,650)
Council Offices – Green Heating Solution	115,000	3,066	(111,934)
All Other Schemes	1,912,334	1,266,202	(654,132)
Totals	5,036,744	2,146,862	(2,889,882)

The Balance Sheet Position

The Council's Balance Sheet reflects a net asset position despite the presence of the pension liability explained on the next page. Long term assets comprise property, plant and equipment, as well as intangible assets and long-term debtors.

	31 March 2022 £	31 March 2021 £
Long Term Assets	34,792,820	34,821,368
Current Assets	44,043,133	40,602,575
Current Liabilities	(34,270,926)	(30,903,632)
Long Term Liabilities (Including net Pension Liability)	(40,644,474)	(54,602,671)
Net Assets (Liabilities)	3,920,553	(10,082,360)
Funded by:		
Usable Reserves	22,464,927	26,454,817
Unusable Reserves	(18,544,374)	(36,537,462)

Pension Liability

The Council participates in the Local Government Pension Scheme (LGPS), administered by Leicestershire County Council, through which pension provision is made for those officers who wish to join the scheme. The Council's share of the net pension liability on 31 March 2022 amounted to £33,978,000 (£45,686,000 as at 31 March 2021) and is offset by the Pensions Reserve, movements on which are disclosed in the Movement in Reserves Statement, ensuring that there is no impact on the level of Council Tax.

The most significant contributory factor leading to the increase in the net pension liability above is that investment returns on pension fund assets have been greater than expected and this accounts for £8,351,000 of the improvement in net liability. On the other side of the equation, pension obligations have fallen by £3,357,000 because of an increase in the net discount rate (discount rate net of inflation). The discount rate assumption has increased by more than the increase in the Consumer Price Index (CPI) assumption which leads to a gain on the balance sheet.

The existence of a net pension liability has significance for the Council's contributions to the scheme, which may need to increase in the long-term, subject to the outcome of the next triennial valuation.

Provisions, Contingencies and Material Write-offs

The Balance Sheet includes provisions totalling £2,103,247 as of 31 March 2022 – these are detailed in note 22 to the Financial Statements. The most significant of these is the provision in respect of outstanding business rates appeals which stands at £1,872,000 on 31 March 2022 (£3,092,000 on 31 March 2021).

Where a liability is possible but not likely, or the cost cannot be reliably estimated, the Council is required to disclose a contingent liability. Further details concerning contingent liabilities recognised in 2021/22 are provided in note 38.

Write offs are processed during the financial year in line with Financial Regulations. Total write offs against key income streams are summarised below:

Write Offs	2021/22 £
Collection Fund Write Offs	190,139
General Fund Write Offs	56,872
	247,011

Non-Financial Performance of the Council 2021/22

Achievements

Some of our achievements against the Blaby District Plan

A Place to Live:

- Housing provision – the Housing Services Team have successfully resolved the cases of 285 households facing homelessness, and 220 households have secured social housing through our housing register. Alongside our partners we have delivered 77 new build affordable housing units and have secured the approval for a further 398 affordable units through the planning process
- Resettlement Scheme for Afghan Refugees – Blaby is part of a co-ordinated Countywide effort to support the resettlement of Afghan refugees. Blaby has committed to sourcing three properties in our district, and two families have so far been successfully resettled
- The Old Bank (formerly known as the Grange) in Narborough, has been refurbished to create four modern apartments for rent
- Support for Ukraine – in response to the war in the Ukraine, the Council is working to support people who are trying to escape the conflict
- The Lightbulb Service continues to deliver aids and adaptations to vulnerable residents, as well as supporting our health and social care colleagues. An Assistive Technology Project is currently running three pilot schemes to identify smart technology and gadgets that can support residents and their carers living with dementia to improve their home environment, independence and wellbeing

A Place to Work:

- A further £6.5m in business grants have been distributed to local businesses in 2021/22 in response to the COVID-19 pandemic
- The Council has utilised its share of the Welcome Back Fund from the European Regional Development Fund (ERDF) to support the safe return to

- high streets, and help “build back better” following the pandemic
- We have worked with Fosse Park, the Department for Works and Pensions, and local employers to run a successful logistics recruitment event which was attended by almost 200 people
- Twenty three local workplaces have signed up to the Workplace Wellbeing Charter

A Place to Visit:

- Tourism Partnership – we have worked with Fosse Park and a local artist to develop and install a Tourism Wall at the Fosse Park extension. The Fosse Fox Tourism Trail has been launched with the installation of 18 fox statues across various visitor locations in the district
- Held a Bouskell Park Community Day in August 2021 as part of the “Buried Bouskell” project
- Revamped our Visit Blaby website and social media channels

More information is available in the Annual Leader’s Statement presented to the Annual Council meeting on 24 May 2022.

Performance against Corporate Objectives

Performance measures are reported by services on a regular basis and complied within our current performance system. Performance reports are then presented to council every 6 months, whilst the corporate dashboard within our system displays the key measures that relate directly to the current Blaby Plan (2021-2024) which outlines the ways in which the council aims to make the district a great place to live, work and visit.

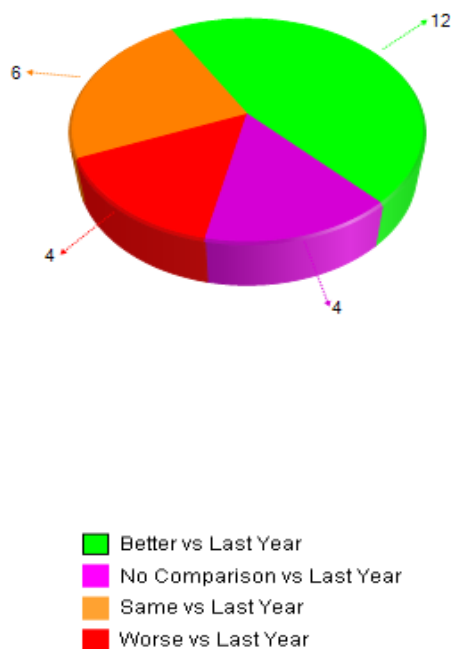
At the end of 2021/22, the dashboard compared those key measures against the position at the end of the previous financial year and showed that of the 26 measures in total:

12 had improved,

6 had stayed the same,

4 performed less well.

4 measures had no available comparison, meaning that data was no longer collected/relevant.



During 2022/23, the Performance and Systems Team, will be focused on implementing a new Performance Management Framework in line with recommendations published in the recent Corporate Peer Challenge. This work will aim to improve the infrastructure, systems, and culture of performance reporting across the Council services. Consequently, this report is likely to evolve across future editions as the new methods are introduced.

COVID-19

The COVID-19 pandemic created numerous unprecedented challenges to the Council, to our residents and to our businesses. The Council has been responsive, transformational, and agile in our approach to dealing with the significant demand that has arisen over the course of the pandemic, working in partnership with public sector colleagues but also with numerous community groups that have provided invaluable support. Although much of this additional work has now begun to reduce, some has been subsumed into “business as usual” and continues to create pressure on the Council’s resources, for example, our Community Hub which was set up in the early stages of the pandemic.

Blaby received additional COVID-19 emergency funding of £0.412m in 2021/22 and has been able to recoup £0.268m in income losses through the government’s sales, fees, and charges compensation scheme. This has helped to mitigate losses that the Council continues to experience on the back of the pandemic, most notably in relation to car parking charges, planning fees, and our leisure management contract.

There is an additional longer-term impact of COVID-19 in terms of lower growth estimates from housing and business rates as well as the potential for higher bad debts which may eventually have to be written off. These will also potentially impact significantly on the Council’s financial position. The Government has allowed local authorities to spread any abnormal council tax and business rates deficits across three years rather than one, to smooth the impact on future year’s budgets and has also underwritten 75% of any losses that arose in 2020/21.

To date there has been no significant impact on cash flow because of COVID-19 because the Government has made business grant funding available up front to support payments being made. We have ensured that there is sufficient money available in more liquid funds, such as call accounts and money market funds, to cover any urgent cash flow requirements that might arise. All controls and prudential indicators have been maintained in accordance with the Treasury Management Strategy.

Other Issues

Council Tax Energy Rebate

In February, the government announced measures to help households with rising energy costs. This included a £150 council tax energy rebate, directed mainly at households falling within council tax bands A to D, with a discretionary scheme for low-income households in higher banded properties. Local authorities were asked to administer the distribution of the £150 payments and Blaby has received an allocation of around £5.5m to cover this. Blaby were the first authority in Leicestershire to start distributing payments to residents in bands A to D. At the time of writing, just over £4m has been distributed to almost 27,000 households, including most of our residents who pay by direct debit, and approximately 85% of non-direct debit payers.

Homes for Ukraine

The Council is currently responding to the Government's Homes for Ukraine Scheme, with housing, communities and leadership resources being allocated to enable a positive and proactive response. Allocation of a government funding tariff is currently being negotiated with County Council colleagues. An initial payment arrangement has been agreed which will enable the Council to boost capacity by recruiting additional resource.

Huncote Leisure Centre

Since 2 November 2021, the Council has been working tirelessly to resolve the landfill gas issues at Huncote Leisure Centre, following the discovery of elevated levels during routine maintenance works. Throughout this period, a large amount of work has been undertaken, including the installation of gas extraction systems, venting wells, water sampling equipment and monitoring points. Huncote Leisure Centre and the surrounding site, including the public footpaths and parish council sports field, have remained closed whilst the long-term management plan agreed by Council in April 2022 is commissioned and equipment installed. At its meeting on 19 July 2022, Council approved capital expenditure of £80,000 for temporary gas works to facilitate the opening of the Huncote Leisure Centre in October 2022.

Summary Position

Despite the financial background Blaby is maintaining its reputation for sound financial stewardship and continues to seek innovative ways of delivering services and income generation. This approach has been reflected in the financial performance for 2021/22, generating a surplus of just over £1.124m. This is, in no small part, due to the diligence and hard work of officers across the Council. The Council is in a relatively stable and improved position going into the new financial year, the legacy impact of the pandemic together with the ongoing uncertainty of local government funding, and the cost of living crisis, will continue to bring significant challenges. Having sufficient reserves and balances to provide financial resilience in the short term. Our MTFS will need to be regularly reviewed and budgets closely monitored to ensure the Council's ongoing financial sustainability.

Receipt of Further Information

For further information about these accounts please email finance@blaby.gov.uk or write to Finance Services, Blaby District Council, Council Offices, Narborough, Leicester LE19 2EP.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the hard work and dedication of staff across the Council. I would like to express my thanks to all colleagues, from the Finance team and other services, for their contribution towards the preparation of this document. I would also like to thank them for all their support during the financial year.

Sarah Pennelli
Executive Director (Section 151)
XX XXXXXXXXXX 2024

Explanation of the Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

Comprehensive Income and Expenditure Statement

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

Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into usable reserves (that is, those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The Statement shows how the movements in the Council's reserves in the year are broken down between gains and losses incurred in accordance with generally accepted accounting practices, and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following these adjustments.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, that is, 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 to repay debt. The second category of reserves includes those that the authority is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "adjustments between accounting basis and funding basis under regulations".

Cash Flow Statement

The Cash Flow Statement shows the changes 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 authority 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 (that is, borrowing) to the authority.

Notes to the Financial Statements

These provide further explanation of specific items within the Financial Statements to which they relate.

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates and its distribution to precepting bodies and the Government. For Blaby, the council tax precepting bodies are Leicestershire County Council, the Office of the Police and Crime Commissioner, and the Leicester, Leicestershire and Rutland Combined Fire Authority.

The Statement of Responsibilities for the Statement of Accounts - sets out the principal responsibilities of the Authority and its officers in relation to the Accounting Statements. It confirms that the Statement of Accounts has been prepared in accordance with the requirements of the Code.

The Annual Governance Statement - sets out the framework within which financial and operational control is managed and reviewed and the main components of the system of control, including the arrangements for internal audit.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Strategic Director (Section 151)
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts

The Strategic Director (Section 151)'s Responsibilities

The Strategic Director (Section 151) 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 Strategic Director (Section 151) has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code

The Strategic Director (Section 151) has also:

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

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council as at 31 March 2022 and the Council's income and expenditure for the year then ended.

Sarah Pennelli
Executive Director (Section 151)
XX XXXXXXXXXX 2024

APPROVAL OF ACCOUNTS

Approval for delegated authority to enable the Executive Director (S151), in conjunction with the chair of Audit and Corporate Governance Committee to approve and sign off the audited Financial Statement is to be requested at the Audit and Corporate Governance Committee meeting on 25th November 2024.

The accounts were duly approved on XX XXXXXXXX 2024.

Sarah Pennelli
Executive Director (Section 151)
xxth xxxxxxx 2024

Councillor Mike Shirley,
Chairman, Audit and Corporate Governance Committee,
xxth xxxxxxx 2024

CORE FINANCIAL STATEMENTS and EXPLANATORY NOTES

Comprehensive Income and Expenditure Statement

2020/21 Gross Expenditure £	2020/21 Gross Income £	2020/21 Net Expenditure	Service	2021/22 Gross Expenditure £	2021/22 Gross Income £	2021/22 Net Expenditure £
15,468,723	(13,015,961)	2,452,762	Housing, Community and Environmental Services	17,107,625	(14,542,451)	2,565,173
6,479,412	(1,586,848)	4,892,564	Neighbourhood Services and Assets	6,514,898	(1,732,708)	4,782,191
2,123,890	(26,848)	2,097,042	Finance, People and Performance	2,425,872	(174,105)	2,251,767
4,442,395	(2,859,192)	1,583,203	Health, Wellbeing, Community Engagement and Business Support	5,145,965	(4,368,299)	777,666
1,618,105	(314,519)	1,303,586	Leader	1,984,607	(545,529)	1,439,078
3,348,408	(745,903)	2,602,505	Planning Delivery, Enforcement and Corporate Transformation	3,998,597	(930,216)	3,068,381
33,480,933	(18,549,270)	14,931,663	Cost Of Services	37,177,564	(22,293,308)	14,884,256
4,389,651	0	4,389,651	Other Operating Expenditure (Note 10)	3,802,855	(197,250)	3,605,605
1,131,471	(490,841)	640,577	Financing and Investment Income and Expenditure (Note 11)	1,503,230	(696,576)	806,654
0	(18,037,601)	(18,037,601)	Taxation and Non-Specific Grant Income and Expenditure (Note 12)	0	(17,581,865)	(17,581,865)
		1,924,289	(Surplus)/Deficit on Provision of Services			1,714,650
		169,497	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			(708,126)
		12,943,157	Re- measurement of the net defined benefit liability			(15,009,437)
		13,112,654	Other Comprehensive Income and Expenditure			(15,717,563)
		15,036,943	Total Comprehensive			(14,002,913)

2020/21 Gross Expenditure £	2020/21 Gross Income £	2020/21 Net Expenditure	Service	2021/22 Gross Expenditure £	2021/22 Gross Income £	2021/22 Net Expenditure £
			Income and Expenditure			

The 2020/21 figures have been restated due to a change in portfolios, and service areas covered within each portfolio.

Movement in Reserves Statement

2021/22	General Fund Balance £	Collection Fund Reserve £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	Total Authority Reserves £
Balance at 31 March 2021	12,940,040	10,868,476	1,087,804	1,558,498	26,454,817	(36,537,177)	(10,082,360)
Movement in Reserves during 2021/22							
Surplus/(Deficit) on provision of Services	(1,714,650)	0	0	0	(1,714,650)	0	(1,714,650)
Other Comprehensive Income and Expenditure	0	0	0	0	0	15,717,563	15,717,563
Total Comprehensive Income and Expenditure	(1,714,650)	0	0	0	(1,714,650)	15,717,563	14,002,913
Adjustments between accounting basis and funding basis under regulations (Note 8)	3,283,834	(6,598,121)	1,036,266	2,780	(2,275,240)	2,275,240	0
Increase/(Decrease) in 2021/22	1,569,184	(6,598,121)	1,036,266	2,780	(3,989,890)	17,992,803	14,002,913
Balance at 31 March 2022	14,509,224	4,270,355	2,124,070	1,561,278	22,464,927	(18,544,374)	3,920,553

2020/21	General Fund Balance £	Collection Fund Reserve £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	Total Authority Reserves £
Balance at 31 March 2020	11,596,164	0	1,290,250	1,420,226	14,306,640	(9,352,058)	4,954,582
Movement in Reserves during 2020/21							
Surplus/(Deficit) on provision of Services	(1,924,289)	0	0	0	(1,924,289)	0	(1,924,289)
Other Comprehensive Income and Expenditure	0	0	0	0	0	(13,112,654)	(13,112,654)
Total Comprehensive Income and Expenditure	(1,924,289)	0	0	0	(1,924,289)	(13,112,654)	(15,036,943)
Adjustments between accounting basis and funding basis under regulations (Note 8)	3,268,164	10,868,476	(202,446)	138,272	14,072,466	(14,072,466)	0
Increase/(Decrease) in 2020/21	1,343,875	10,868,476	(202,446)	138,272	12,148,177	(27,185,120)	(15,036,943)
Balance at 31 March 2021	12,940,039	10,868,476	1,087,804	1,558,498	26,454,817	(36,537,177)	(10,082,360)

Balance Sheet

31 March 2021 £		Note	31 March 2022 £
33,376,992	Property, Plant and Equipment	13	33,078,374
340,285	Investment Property	15	475,000
42,642	Intangible Assets	16	38,908
954,820	Long Term Investments	17	1,093,910
106,629	Long Term Debtors	17	106,629
34,821,368	Long Term Assets		34,792,821
20,767	Inventories		37,251
7,023,410	Short Term Investments		10,009,344
16,080,481	Short Term Debtors	18	7,843,893
16,352,917	Cash and Cash Equivalents	19	25,947,639
1,125,000	Assets Held for Sale	20	205,006
40,602,575	Current Assets		44,043,133
(240,490)	Short Term Borrowing	17	(2,244,385)
(26,437,032)	Short Term Creditors	21	(29,248,576)
(953,733)	Grants Receipts in Advance - Capital		(674,717)
(3,272,377)	Provisions	22	(2,103,247)
(30,903,632)	Current Liabilities		(34,270,925)
(8,597,179)	Long Term Borrowing	17	(6,385,096)
(46,005,492)	Other Long-Term Liabilities		(34,259,380)
(54,602,671)	Long Term Liabilities		(40,644,476)
(10,082,360)	Net Assets/Liabilities		3,920,553
(26,454,817)	Usable Reserves		(22,464,927)
36,537,177	Unusable Reserves	23	18,544,374
10,082,360	Total Reserves		(3,920,553)

Sarah Pennelli
Executive Director (Section 151)
XX XXXXXXXXXX 2024

Cash Flow Statement

2020/21 £		Note	2021/22 £
1,924,289	Net (surplus)/deficit on the provision of services		1,544,365
	Adjustments to the net (surplus)/deficit on the provision of services for non-cash movements:		
(1,878,402)	Depreciation		(1,645,258)
(58,448)	Amortisations		(16,272)
(17,108,352)	(Increase)/decrease in creditors		96,465
142,164	Increase/(decrease) in debtors		169,794
(17,354)	Increase/(decrease) in inventories		16,484
(1,516,843)	Movement in pension liability		(3,301,437)
(807,425)	Carrying amount of non-current assets and non-current assets held for sale, sold, or derecognised		(1,125,000)
(1,321,515)	(Increase)/decrease in provisions		1,169,130
(8,605)	Other non-cash items charged to the net (surplus)/deficit on the provision of services		(8,687)
(20,650,491)			(3,100,416)
1,148,720	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	24	(9,691,116)
(19,501,771)	Net cash flows from Operating Activities		(12,791,532)
5,461,923	Investing Activities	25	14,246,628
16,343,071	Financing Activities	26	(11,049,818)
2,303,223	Net (increase)/decrease in cash and cash equivalents		(9,594,722)
(18,656,140)	Cash and cash equivalents at the beginning of the reporting period		(16,352,917)
(16,352,917)	Cash and cash equivalents at the end of the reporting period		(25,947,639)

Notes to the Core Financial Statements - Index

Note	Page Description	Page
1	Accounting Policies	54
2	Accounting Standards Issued But Not Yet Adopted	68
3	Critical Judgements in Applying Accounting Policies	68
4	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	69
5	Material Items of Income and Expense	70
6	Events After the Reporting Period	70
7	Expenditure and Funding Analysis	70
8	Adjustments Between Accounting Basis and Funding Basis	75
9	Movements in Earmarked Reserves	78
10	Other Operating Expenditure	81
11	Financing and Investment Income and Expenditure	82
12	Taxation and Non Specific Grant Income and Expenditure	82
13	Property, Plant and Equipment	83
14	Heritage Assets	86
15	Investment Properties	86
16	Intangible Assets	87
17	Financial Instruments	88
18	Debtors	90
19	Cash and Cash Equivalents	91
20	Assets Held for Sale	91
21	Creditors	91
22	Provisions	92
23	Unusable Reserves	93
24	Cash Flow Statement – Operating Activities	96
25	Cash Flow Statement – Investing Activities	97
26	Cash Flow Statement – Financing Activities	97
27	Reconciliation of Liabilities Arising from Financing Activities	97

Note	Page Description	Page
28	Agency Arrangements	97
29	Members Allowances	98
30	Officer Remuneration	99
31	External Audit Costs	101
32	Grant Income	101
33	Related Party Transactions	102
34	Capital Expenditure and Capital Financing	103
35	Leases	103
36	Defined Benefit Pension Schemes	105
37	Contingent Assets and Liabilities	110
38	Nature and Extent of Risks Arising from Financial Instruments	110

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require 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 Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS).

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 accounts have been prepared on a going concern basis which assumes that the Council will continue in existence for the foreseeable future.

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

ii. Accruals of Income and Expenditure

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

- Income from contracts with service recipients, whether for services or the provision of goods, is recognised when, or as, the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- Interest payable on borrowings and receivable on investments is accounted for respectively as expenditure and income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Expenditure is accrued where goods or services have been received before 31 March but the invoice relating to the goods or services is paid after 31 March. Similarly, income is accrued where it is due before 31 March, but an invoice has not been raised or payment has not been received. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue, in financing and investment income and expenditure, for the income that might not be collected
- Where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (receipt in advance) or debtor (payment in advance) is recorded in the Balance Sheet and the Comprehensive Income and Expenditure Statement adjusted accordingly

iii. Council Tax and Business Rates

The Council, as a billing authority, acts as agent in the collection of council tax and business rates (or non-domestic rates/NDR) on behalf of the major preceptors and government. The Council is principal in terms of collecting council tax and business rates for itself. Billing authorities are required by statute to maintain a separate account, known as the Collection Fund, for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework, billing authorities, major preceptors, and central government (for NNDR) share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

Accounting for Council Tax and Business Rates

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of the accrued income for the year. However, regulations determine the amount of council tax and business rates that must be included in the General Fund. As a result, the difference between the income included in the CIES and the amount credited to the General Fund under regulation is credited to the Collection Fund Adjustment Account and included as a reconciling amount in the Movement in Reserves Statement.

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

Where debtor balances for the above are identified as impaired, due to a likelihood arising from a past event that payment might not be received, the balance 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.

iv. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty or notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months 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 Council's cash management.

v. 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, that is, 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.

vi. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the 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 where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is known as the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

MRP is determined as follows:

- Historic debt – 4% of the opening balance for the financial period (the Regulatory Method)
- Debt arising from new borrowing since 1 April 2009 – equal annual instalments charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of the expenditure
- Finance leases – a charge equal to that part of the annual rental applied to writing down the finance lease liability (that is, the total annual rental payment less interest payable)

vii. Employee Benefits

Benefits Payable During Employment – short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (for example, car loans) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Short-Term Accumulated Absences Account, 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. They are charged on an accrual's basis to the appropriate service or, where applicable, to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the

Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any such amounts payable but unpaid at the year end.

Post-Employment Benefits – employees of the Council are members of the Local Government Pensions Scheme, administered by Leicestershire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

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

- The liabilities of the Leicestershire pension scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method – that is, 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, and so on, and estimates of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds
- The assets of the pension fund attributable to the Council are included in the balance sheet at their fair value: The liabilities of the Leicestershire pension scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method – that is, 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, and so on, and estimates of projected earnings for current employees
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the 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 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 services for which the employee worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- Net interest on the net defined benefit liability, that is net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the

Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments

Re-measurements comprising:

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are transfers 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 pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits – 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.

viii. Events After the Reporting Period

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

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

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

ix. 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 the type of 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.

Financial Assets

Financial assets are classified on a “classification and measurement” approach that reflects the business model for holding the financial assets, and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are, therefore, measured at amortised cost. The only exception to this would be financial assets whose contractual payments are not solely payment of principal and interest, that is where the cash flows do not take the form of a basic debt instrument.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in 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 financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

Where material, the Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair Value Measurements of Financial Assets

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

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

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

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

Any gains and losses that arise on derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

x. Government Grants and Contributions

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

- The authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation

and Non-Specific Grant Income and Expenditure (non-ringfenced revenue grants 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. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xi. Heritage Assets

Heritage assets are assets that are held principally for their contribution to knowledge or culture. The Council's only heritage asset is the Ice House situated in the grounds of Bouskell Park, Blaby, a grade 2 listed building that has recently undergone renovation. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example, where an asset has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note xvi below.

xii. Intangible Assets

Expenditure on non-monetary assets that do not have any physical substance but are controlled by the Council as a result of past events (for example, software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xiii. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. They are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is also applied to gains or losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements 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.

xiv. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. The Council recognises “substantially all” as being at least 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction. All other leases are classified 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 Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

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

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant and 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 (for example, there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustments Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council 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 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 (for example, there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xv. 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.

xvi. 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 on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (that is, repairs and maintenance) is charged as an expense when it is incurred.

Measurement – assets are initially measured at cost, comprising

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Council does not capitalise borrowing costs incurred whilst 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 (that is, it will not lead to a variation in the cash flows of the authority). 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.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- 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 – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value 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

The Revaluation Reserve contains revaluation gains recognised 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 there 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 (that is, freehold land and certain community assets) and assets that are not yet available for use (that is, assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset, based on the historic cost of that asset
- Infrastructure – straight-line allocation over 1 to 15 years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components 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 and Non-current Assets Held for Sale – when it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had the not been classified as held for sale), and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, 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. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (that is, netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts in relating to housing disposals (75% for dwellings. 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts remains within the Capital Receipts Reserve and 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 General Fund Balance in 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 General Fund Balance in the Movement in Reserves Statement.

xvii. Provisions, Contingent Liabilities and Contingent Assets

Provisions – Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. 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 as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation

and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (for example, from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

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 authority 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.

xviii. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and they do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xix. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xx. Value Added Tax (VAT)

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

2. Accounting Standards Issued But Not Yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information in relation to the anticipated impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The code also requires that changes in accounting policy are applied retrospectively unless transitional arrangements are specified by the Code. This would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2022/23 code where disclosures are required in the 2021/22 Financial Statements are as follows:

- Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes 4 changes standards
 - IFRS 1 (First time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not ringfenced in the code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances

None of the above standards are expected to have a significant impact on the Council's accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Local Government Funding

There is a high degree of uncertainty about future levels of funding for local government, particularly with regard to the rebasing of the business rates baseline and the Fairer Funding Review. However, the Council's view is that this uncertainty is not yet sufficient to provide an indication that the Council's assets might be impaired as a result of a need to close facilities and reduce levels of service provision.

Embedded Leases and Derivatives

All material contractual arrangements have been reviewed in order to determine whether they contain embedded leases or embedded derivatives, although none have been identified as such.

Provision for Business Rates Appeals

The Council has set aside a provision which reflects its estimate of the potential cost of refunding ratepayers who successfully appeal against the rateable value of their property. The value of this provision has been determined as follows:

- 2010 Rating List – based on an assessment of outstanding appeals at 31 March 2022 in conjunction with an external expert. One key judgement made in arriving at the value of the provision is that appeals that are assessed as likely to be withdrawn have not been included
- 2017 Rating List – the Council has engaged an external expert to assist in gauging the potential losses in current and future rating liability as a result of reductions in rateable values. The provision is based upon challenges submitted as at 31 March 2022, potential threats based on our external expert's assessment of the rating list, and an internal review of businesses with a rateable value of £250,000 or more

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

Property, Plant and Equipment

Assets are depreciated over useful lives that 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 Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

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 £83,346 for every year that useful lives had to be reduced.

As detailed in Note 13, a desktop valuation was undertaken as at 31 March 2022 by Mr K. Shirer BA (Hons) MRICS, of the District Valuation Office. The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Hymans Robertson LLP, is engaged by Leicestershire County Council on behalf of all Leicestershire authorities to provide specialist advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of 2% (£2,278,000).

The Council's share of the net pension liability at 31 March 2022 had decreased by £11,708,000. The most significant contributory factor leading to this decrease is the increase in the real discount rate during the year.

During 2021/22, the actuaries advised that the net pension liability had increased by £137,000 as a result of experience and increased by £8,935,000 attributable to updating of the financial and demographic assumptions.

Arrears

At 31 March 2022, the Council had a balance of sundry debtors for £1,884,737. A review of significant balances suggested that on average an impairment of doubtful debts of just under 58% (£1,071,937) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.

If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £180,582 to be set aside as an allowance.

5. Material Items of Income and Expense

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement.

The Council received the following Grants which it had no control over and for which it was considered to be acting as an Agent.

Local Restrictions Support Grants (Closed) Addendum, Local Restrictions Support Grant (Closed), Closed Business Lockdown Payment, Restart Grant, Omicron Health and Leisure Grant, and Test and Trace Support (Main Scheme). The total amount received was £3,446,615, and the grant schemes all closed by 31 March 2022.

6. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Strategic Director (Section 151) on 29 July 2022. Events taking place after this date are not reflected in the financial statements or notes.

There were no material post balance sheet events arising between 31 March 2022 and the date on which the accounts were authorised for issue.

7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, 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 various Portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21 Net Expenditure Chargeable to the General Fund Balance £	2020/21 Adjustments between the Funding and Accounting Basis £	2020/21 Net Expenditure in the CIES £		2021/22 Net Expenditure Chargeable to the General Fund Balance £	2021/22 Adjustments between the Funding and Accounting Basis £	2021/22 Net Expenditure in the CIES £
2,263,861	188,901	2,452,762	Housing, Community and Environmental Services	2,021,251	543,922	2,565,173
3,107,221	1,785,343	4,892,564	Neighbourhood Services and Assets	2,928,659	1,853,532	4,782,191
1,951,612	145,430	2,097,042	Finance, People and Performance	2,102,685	149,082	2,251,767
1,010,979	572,224	1,583,203	Health, Wellbeing, Community Engagement and Business Support	86,030	691,636	777,666
1,285,462	18,125	1,303,587	Leader	1,232,668	206,410	1,439,078
2,387,549	214,956	2,602,505	Planning Delivery, Enforcement and Corporate Transformation	2,364,438	703,943	3,068,381
12,006,684	2,924,979	14,931,663	Net Cost of Services	10,735,732	4,148,524	14,884,256
(24,219,035)	(11,211,662)	(13,007,373)	Other Income and Expenditure	(5,366,224)	7,803,381	(13,169,605)
(12,212,351)	(14,136,640)	1,924,289	(Surplus) or Deficit	5,369,508	3,654,857	1,714,650
11,596,164			Opening General Fund Balance	23,808,516		
12,212,351			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	(5,028,937)		
23,808,516			Closing General Fund Balance at 31 March	18,779,579		

The 2020/21 figures have been restated due to a change in portfolios, and service areas covered within each portfolio.

The General Fund Balance is made up of reserves which have been earmarked for specific purposes(see note 9) and those which are as yet unallocated.

	Earmarked Reserves £	Unallocated General Fund Balances £	Total General FundBalance £
Balance as at 1 April 2021	18,593,838	5,214,678	23,808,516
Movement in Earmarked Reserves	(4,513,169)	0	(4,513,169)
Movement in Unallocated General Fund Balances	0	(515,768)	(515,768)
Balance as at 31 March 2022	14,080,669	4,698,910	18,779,579

The balance includes £4,270,355 in an Earmarked Reserve specifically set aside to meet the Collection Fund Deficit

7a. Notes to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2021/22

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 £
Housing, Community and Environmental Services	27,192	513,913	2,817	543,922
Neighbourhood Services and Assets	1,336,796	508,638	8,098	1,853,832
Finance, People and Performance	25,371	197,275	(73,565)	197,941
Health, Wellbeing, Community Engagement and Business Support	143,826	541,681	6,129	691,636
Leader	0	204,905	1,504	157,551
Planning Delivery, Enforcement and Corporate Transformation	305,240	398,024	678	703,943
Net Cost of Services	1,838,426	2,364,437	(54,339)	4,148,524
Other income and expenditure from the Expenditure and Funding Analysis	(2,123,763)	937,000	(6,616,617)	(7,803,381)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(285,338)	3,301,437	(6,670,956)	(3,654,857)

Adjustments between Funding and Accounting Basis 2020/21

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 £
Housing, Community and Environmental Services	4,095	184,777	29	188,901
Neighbourhood Services and Assets	1,604,468	180,540	336	1,785,343
Finance, People and Performance	59,942	84,143	1,345	145,430
Health, Wellbeing, Community Engagement and Business Support	165,409	181,556	225,259	572,224
Leader	0	19,206	(1,081)	18,125
Planning Delivery, Enforcement and Corporate Transformation	81,638	139,621	(6,303)	214,956
Net Cost of Services	1,915,551	789,843	219,584	2,924,979
Other income and expenditure from the Expenditure and Funding Analysis	(595,699)	727,000	11,080,361	11,211,662
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,319,852	1,516,843	11,299,945	14,136,640

Adjustments for Capital Purposes

This column adds in depreciation and impairment, and revaluation gains and losses in the service 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, that is, the 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 for 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

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits related expenditure and income:

- For services this represents the removal of 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

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 accrual of compensated absences (holiday pay). Other items such as investment property, interest payable and receivable, and trading operations are reallocated between this line and services
- The charge under Taxation and non-specific grant income and expenditure 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

7b. Expenditure and Income Analysed by Nature

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

	2021/22 £	2020/21 £
Expenditure		
Employee benefits expenses	15,587,269	13,658,386
Other services expenses	19,145,055	17,650,641
Depreciation, amortisation and impairment	2,700,368	2,709,243
Interest payments	1,311,602	1,122,904
Precepts and levies	3,802,855	3,652,059
Loss on the disposal of assets	0	737,592
Total Expenditure	42,547,149	39,530,825
Income		
Fees, charges and other service income	(4,709,125)	(3,897,036)
Interest and investment income	(233,313)	(126,543)
Income from council tax	(9,658,888)	(9,207,638)
Net of Non Domestic Rates income	(1,224,382)	(2,760,754)
Government Grants and Contributions	(24,355,905)	(21,250,754)
Gain on disposal of assets	(197,250)	0
Surplus on Trading Operations	(453,636)	(364,298)
Total Income	(40,832,499)	(37,606,536)
(Surplus)/Deficit on the Provision of Services	1,714,650	1,924,289

Income received from services on a segmental basis is analysed in the following table:

	2021/22	2020/21
	£	£
Housing, Community and Environmental Services	(567,611.77)	(450,332)
Neighbourhood Services and Assets	(2,083,634.10)	(1,967,098)
Finance, People and Performance	(155,341.00)	(26,373)
Health, Wellbeing, Community Engagement and Business Support	(1,517,485.92)	(1,097,986.67)
Leader	(321,634.01)	(301,349.60)
Planning Delivery, Enforcement and Corporate Transformation	(756,525.83)	(571,439.01)
Total Revenue from External Customers	(5,402,232.63)	(4,414,578)

8. Adjustments Between Accounting Basis and Funding Basis Under Regulations

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. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all of the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Collection Fund Earmarked Reserve

The Collection Fund Reserve holds the surplus of Business Rates Section 31 grant and Tax Income Guarantee payment which is to be used to offset the Collection Fund Deficit. The legislation that governs Collection Fund accounting means the related deficit as a result of the loss of Business Rates income in-year will not be charged to the councils General Fund until 2022/23. The reserve balance will then be used to mitigate against this deficit.

2021/22	General Fund Balance	Collection Fund Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
Adjustments to Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Section 31 grants surplus and Tax Income guarantee transferred to the Collection Fund Reserve	6,598,121	(6,598,121)	0	0
Pensions costs (transferred to/from the Pensions Reserve)	3,301,437	0	0	0
Council tax and NNDR (transfers to/from Collection Fund Adjustment Account)	(6,534,316)	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	2,450	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	2,646,611	0		110,547
Total Adjustments to Revenue Resources	6,014,303	(6,598,121)	0	110,547
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(1,322,250)	0	1,322,250	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(1,145,597)	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(432,907)	0	0	0
Total Adjustments between Revenue and Capital Resources	(2,900,754)	0	1,322,250	0
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(285,984)	0
Application of capital grants to finance capital expenditure	0	0	0	(107,766)
Repayment of Capital Loans (Transfer to Capital Adjustment Account)	0	0	0	0
Total Adjustments to Capital Resources	0	0	(285,984)	(107,766)
Total Adjustments	3,113,549	(6,598,121)	1,036,266	2,781

2020/21	General Fund Balance	Collection Fund Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
Adjustments to Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Section 31 grants surplus and Tax Income guarantee transferred to the Collection Fund Reserve	(10,868,476)	10,868,476	0	0
Pensions costs (transferred to/from the Pensions Reserve)	1,516,843	0	0	0
Council tax and NNDR (transfers to/from Collection Fund Adjustment Account)	11,287,454	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	(4,135)	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	2,526,294	0	0	361,294
Total Adjustments to Revenue Resources	4,457,980	10,868,476	0	361,294
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(72,394)	0	72,394	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(1,022,219)	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(95,202)	0	0	0
Total Adjustments between Revenue and Capital Resources	(1,189,816)	0	72,394	0
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(274,840)	0
Application of capital grants to finance capital expenditure	0	0	0	(223,022)
Repayment of Capital Loans (Transfer to Capital Adjustment Account)	0	0	0	0
Total Adjustments to Capital Resources	0	0	(274,840)	(223,022)
Total Adjustments	3,268,164	10,868,476	(202,446)	138,272

9. Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2021/22.

	Balance at 1 April 2020	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 March 2022
	£	£	£	£	£	£	£
Leisure Centre Renewals Fund	(79,364)	0	0	(79,364)	0	17,004	(62,361)
Computer Room Environment	(164,641)	0	36,623	(128,018)	(140,000)	12,611	(255,407)
Licensing Reserve	(27,868)	0	0	(27,868)	0	0	(27,868)
Insurance Reserve Fund	(100,000)	0	0	(100,000)	0	0	(100,000)
Blaby Plan Priorities Reserve	(614,406)	0	50,799	(563,607)	(200,000)	310,940	(452,667)
General Reserve Fund	(1,722,764)	0	25,000	(1,697,764)	0	0	(1,697,764)
Ongoing Projects Reserve	(1,663,849)	(2,179,548)	1,663,849	(2,179,548)	(2,697,123)	1,953,608	(2,923,063)
Elections Reserve	(62,463)	(30,000)	0	(92,463)	(29,481)	0	(121,944)
Choice Based Lettings Reserve	(952)	0	0	(952)	0	0	(952)
Lubbesthorpe New Town Reserve	(20,527)	0	20,527	0	0	0	0
New Homes Bonus Reserve	(41,327)	0	0	(41,327)	0	0	(41,327)
COVID Support Reserve	0	0	0	0	(700,000)	0	(700,000)
Economic Development Initiatives	(50,000)	0	0	(50,000)	0	0	(50,000)
Provision - ERIE Sinking Fund	(38,900)	(2,817)	0	(41,717)	0	7,063	(34,654)
Community Rights Reserve	(48,724)	0	0	(48,724)	0	0	(48,724)
Hardship Reserve	(250,000)	0	0	(250,000)	(75,000)	0	(325,000)
Parish New Homes Bonus Reserve	(881)	0	0	(881)	0	0	(881)
NNDR Income Reserve	(2,009,155)	0	306,981	(1,702,174)	0	0	(1,702,174)
Flexible Working Reserve	(94,678)	0	0	(94,678)	(100,000)	32,000	(162,678)
Planning Fee Income Reserve	0	0	0	0	0	0	0
Local Plan Reserve	(483,595)	0	0	(483,595)	0	0	(483,595)

	Balance at 1 April 2020 £	Transfers Out 2020/21 £	Transfers In 2020/21 £	Balance at 31 March 2021 £	Transfers Out 2021/22 £	Transfers In 2021/22 £	Balance at 31 March 2022 £
Lottery Reserve	(15,277)	(5,435)	0	(20,712)	(5,855)	5,435	(21,132)
IT System Replacement Reserve	(71,315)	0	0	(71,315)	0	16,900	(54,415)
Property Fund Reserve	(14,266)	(36,390)	0	(50,656)	(37,806)	0	(88,462)
Tax Income Guarantee Reserve	0	(1,379,731)	0	(1,379,731)	0	1,379,731	0
S31 Grant Reserve	0	(9,488,745)	0	(9,488,745)	0	5,218,390	(4,270,355)
Huncote Major Reserve	0	0	0	0	(500,000)	76,567	(423,433)
Court Fees Income Reserve	0	0	0	0	(31,813)	0	(31,813)
Total	(7,574,952)	(13,122,665)	2,103,779	(18,593,838)	(4,517,079)	9,030,248	(14,080,669)
Collection Fund –timing difference				10,868,476			4,270,355
Useable Earmarked Reserves				(7,725,363)			(9,810,314)

Earmarked Reserve	Purpose
Leisure Centre Renewals Fund	Periodic replacement of major plant and equipment.
I.T. Reserve Fund	Maintained in order to meet the costs of Information and Communications Technology (ICT) infrastructure issues, including plant and equipment.
Licensing Reserve	Licensing software developments and service improvements.
Insurance Reserve	Unforeseen claims liabilities in relation to self-funded public liability insurance policy.
On-Going Projects Reserve	Expenditure commitments from non-repeating budgets where delayed delivery results in deferral to a subsequent year.
General Reserve Fund	To offset the anticipated future reduction in grant funding from central Government.
Blaby District Plan Priorities Reserve	A reserve for future expenditure in support of our district plan priorities.
Elections Reserve	To cover the cost of future District Council elections.
Choice Based Lettings Reserve	Support for setting up and development of new lettings system.
Lubbesthorpe Parish Council	Lubbesthorpe Parish Precept withheld pending the new Parish Council setting up their own bank account.
New Homes Bonus Reserve	Grant set aside to fund specific housing projects.
Economic Development Initiatives Reserve	To cover future economic development related projects.
Supporting Families Project Reserve	Set aside monies to cover costs in relation to a County-wide project commencing in 2016/17. Project ended during 2018/19.
ERIE Sinking Fund	To recognise the Service Charge income held in relation to future maintenance requirements at Enderby Road Industrial Estate.
Community Rights Reserve	Set aside monies to cover potential future costs associated with the Community Right to Challenge and/or Community Right to Bid initiatives.
Hardship Reserve	Set aside to mitigate the potential risks and uncertainties in funding arising from the cost of living crisis.
Parish New Homes Bonus Reserve	To hold the share of New Homes Bonus Grant awarded to parish councils/meetings which do not maintain their own bank account.
NNDR Income Reserve	Set aside to mitigate the potential risks and uncertainties in funding arising from the introduction of business rates retention in 2013/14.
Agile Working Reserve	Set aside monies to cover potential future costs of introducing mobile and flexible working processes, a major corporate project.

Earmarked Reserve	Purpose
Planning Fee Income Reserve	The Government introduced legislation permitting local authorities to increase planning fees and charges by 20%, on the condition that any surplus income generated will be reinvested in the Planning service. This reserve has been set up to enable the Council to ring-fence the surplus income received but not yet applied.
Local Plan Reserve	To cover non-recurring expenditure linked to the delivery of the Council's Local Plan.
Lottery Reserve	To ring-fence the Council's share of proceeds from the Blaby Lottery, which will be used to support the Community Grants Programme.
IT System Replacement Reserve	Set aside to offset the cost of implementation of new IT systems, including additional maintenance and licensing costs.
Property Fund Reserve	To hold the interest earned from the Lothbury Property Fund to mitigate potential future fluctuations in the fund value.
Tax Income Guarantee Reserve	To hold the one-off compensatory Tax Income Guarantee payment to be used to offset the Collection Fund deficit.
S31 Grant Reserve	To hold the Council's share of Section 31 Grant, which will be used to offset the Collection Fund deficit across the next three financial years.
Huncote Major Reserve	To allow immediate emergency mitigation works to be undertaken to make the Huncote Leisure Centre site safe following increased levels of Methane Gas.
Court Fees Income Reserve	Court costs reimbursed by HM Courts

10. Other Operating Expenditure

	2021/2022 £	2020/2021 £
Parish Council Precepts	3,802,855	3,652,059
(Gains)/losses on the disposal of non-current assets	(197,250)	737,592
Total	3,605,605	4,389,651

11. Financing and Investment Income and Expenditure

	2021/22 £	2020/21 £
Interest payable and similar charges	374,602	379,279
Net interest on the net defined benefit liability	937,000	727,000
Interest receivable and similar income	(94,223)	(126,543)
Expenditure in relation to investment properties and changes in their fair value	191,628	8,513
Income on investment properties	(9,627)	0
Movement in value of Property Fund	(139,090)	16,625
Net (Surplus)/Deficit on Trading Operations	(453,636)	(364,297)
Impairment of Financial Assets	0	0
Total	806,654	640,577

12. Taxation and Non Specific Grant Income and Expenditure

	2021/22 £	2020/21 £
Council tax income	(9,658,889)	(9,207,638)
Non domestic rates	(1,224,382)	(2,760,267)
Non ring-fenced government grants	(6,394,930)	(5,742,405)
Capital grants and contributions	(303,664)	(327,291)
Total	(17,581,865)	(18,037,601)

13. Property, Plant and Equipment

Movement on Balances

Movement on Balances in 2021/2022	Other Land and Buildings £	Vehicles, Plant, Furniture and Equipment £	Infrastructure Assets £	Community Assets £	Surplus Assets £	Assets under Construction £	Total Property, Plant and Equipment £
Cost or Valuation							
At 1 April 2021	27,475,350	8,051,700	482,312	1,926,529	241,600	0	38,177,491
Additions	44,313	636,853	0	189,525	0	0	870,691
Revaluation increases/(decreases) recognised in the Revaluation Reserve	540,975	0	0	0	(11,600)	0	529,375
Revaluation increases (decreases) recognised in the surplus/deficit on the provision of services	(424,288)	0	0	0	0	0	(424,288)
Derecognition – disposals	0	(144,417)	0	0	0	0	(144,417)
Transfers between asset groups	(45,000)	0	0	0	0	0	(45,000)
Assets reclassified to/from held for sale	(251,500)	0	0	(17,095)	0	0	(268,593)
At 31 March 2022	27,339,850	8,544,136	482,312	2,098,959	230,000	0	38,695,257
Accumulated Depreciation and Impairment At 1 April 2021	(149,374)	(4,208,272)	(379,754)	(63,098)	0	0	(4,800,498)
Depreciation charge	(997,134)	(879,387)	(32,330)	(43,600)	0	0	(1,952,451)
Derecognition – disposals	0	144,417	0	0	0	0	144,417
Other movements in depreciation and impairment	991,650	0	0	0	0	0	991,650
At 31 March 2022	(154,859)	(4,943,242)	(412,084)	(106,698)	0	0	(5,616,883)
Net Book Value							
At 31 March 2022	27,184,991	3,600,894	70,228	1,992,261	230,000	0	33,078,374
At 31 March 2021	27,325,976	3,843,428	102,558	1,863,431	241,600	0	33,376,993

Movement in 2020/21	Other Land and Buildings £	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets £	Community Assets £	Surplus Assets £	Assets under Construction £	Total Property, Plant and Equipment £
Cost or Valuation							
At 1 April 2020	28,638,388	7,920,355	482,312	1,732,949	241,600	0	39,015,604
Additions	216,283	1,392,092	0	193,580	0	0	1,801,955
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,149,550)	0	0	0	0	0	(1,149,550)
Revaluation increases (decreases) recognised in the surplus/deficit on the provision of services	(24,771)	0	0	0	0	0	(24,771)
Derecognition – disposals	(205,000)	(1,260,747)	0	0	0	0	(1,465,747)
Transfers between asset groups	0	0	0	0	0	0	0
At 31 March 2021	27,475,350	8,051,700	482,312	1,926,529	241,600	0	38,177,491
Accumulated Depreciation and Impairment							
At 1 April 2018	(143,890)	(4,400,736)	(346,073)	(39,699)	0	0	(4,930,398)
Depreciation charge	(980,754)	(865,340)	(33,681)	(23,399)	0	0	(1,903,174)
Derecognition – disposals	0	1,057,804	0	0	0	0	1,057,804
Other movements in depreciation and impairment	975,270	0	0	0	0	0	975,270
At 31 March 2021	(149,374)	(4,208,272)	(379,754)	(63,098)	0	0	(4,800,498)
Net Book Value							
At 31 March 2021	27,325,976	3,843,428	102,558	1,863,431	241,600	0	33,376,993
At 31 March 2020	28,494,499	3,519,619	136,238	1,693,250	241,600	0	34,085,206

Depreciation

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

- Other Land and Buildings – 1 to 50 years
- Vehicles, Plant, Furniture and Equipment – 1 to 20 years
- Infrastructure – 1 to 15 years
- Community Assets – 1 to 50 years

Assets under construction are not depreciated until brought into use.

Capital Commitments

At 31 March 2022, the Council has entered into a number of contracts for the enhancement of Property, Plant and Equipment in 2022/23 and future years budgeted to cost £717,932. Similar commitments at 31 March 2021 were £861,472.

The major commitments are –

Capital Commitments	£
Disabled Facilities Grants	277,736
Contributions towards Affordable Housing Schemes at Whetstone, Kirby Muxloe and Blaby	177,580
Other	262,616
	717,932

Effects of Changes in Estimates

The Council has reviewed its assumptions with regard to the useful economic life of its non-current assets but has concluded that no material changes are required to its accounting estimates.

Revaluations

The Council's valuation programme ensures that all Property, Plant and Equipment required to be measured at fair value is formally revalued at least every five years, although any material changes to valuations are adjusted in the interim period.

Land and buildings are valued by an independent external valuer and subject to annual desktop reviews. A desktop valuation was undertaken as at 31 March 2022 by Mr K.Shirer BA (Hons) MRICS, of the District Valuation Office. The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. For non-specialised operational assets, fair value equates to existing use value, and for specialised operational assets fair value is estimated using a depreciated replacement cost approach.

Vehicles, plant and equipment are valued internally by reference to current replacement costs provided by suppliers and estimated disposal values (open market value in existing use). Assets not yet re-valued are shown at depreciated value based on historical cost but are not considered to be materially under or overvalued. The Council is not aware of any material change in value and these valuations have not been updated.

Surplus assets are measured at fair value, representing highest and best use value from a market participant's perspective.

	Land and Buildings £	Vehicles, Plant and Equipment £	Infrastructure Assets £	Community Assets £	Surplus Assets £	Assets Under Construction £	Total £
Carried at historical cost	30,759	3,600,894	70,228	1,992,261	0	0	5,694,139
Valued at fair value as at 31 March 2022	27,154,235	0	0	0	230,000	0	27,384,235
Valued as fair value as at 31 March 2021	0	0	0	0	0	0	0
Valued at fair value as at 31 March 2020	0	0	0	0	0	0	0
Total	27,184,991	3,600,894	70,228	1,992,261	230,000	0	33,078,374

14. Heritage Assets

A heritage asset is defined by the Code as an asset with “historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture”.

The Council currently has only one asset that meets the definition of a heritage asset, and that is the Ice House situated in Bouskell Park, Blaby. Most of the Ice House is underground and part has been dated back to medieval times. It is a grade 2 listed building and is considered to be of historical interest. The Council secured external funding to enable it to undertake structural works which have now been completed. These works have enabled visitors to access the Ice House and learn its history.

The Ice House had not previously been reported in the Balance Sheet, as the Council held no information as to its cost or value. It was considered the cost of obtaining such information outweighed the benefit to the users of the financial statements. Since the completion of the renovation project, the asset is now held at the depreciated value of the project total. At the 31 March 2022, this stands at £94,032

15. Investment Properties

The Council owns just one investment property, the Old Bank, Narborough. Works were undertaken to redevelop the property into flats which the Council lets out at market rent.

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

	2021/22 £	2020/21 £
Rental income from investment property	9,627	0
Dilapidations	0	0
Operating expenses arising from investment property	(14,760)	(6,687)
Net gain/(loss) from fair value adjustments	(178,973)	(1,826)
Net gain/(loss)	(184,105)	(8,513)

	2021/22 £	2020/21 £
Balance as at 1 April	340,285	170,000
Additions and Transfers In	331,513	170,285
Net gain/(loss) from fair value adjustments	(196,798)	0
Balance as at 31 March	475,000	340,285

16. Intangible Assets

The Council accounts for its software 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. The intangible assets include purchased licences, but the Council has no internally generated software.

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 Council has no Intangible Assets that it has assessed as having an indefinite useful life.

The useful lives assigned to the major software suites used by the Council are:

Useful Life	Intangible Asset
10 years	Northgate Revenues and Benefits System
5 years	- Customer Relationship Management/Electronic Document and Records Management System (CRM/EDRM) - Xpress Elections Software - Real Asset Management (Asset Register System) - Idox/CAPS Planning System - Bottomline BACS Submission Software - Home Connections Choice Based Lettings System
3 years	COA Solutions eFinancials (Financial Management System)

The movement on Intangible Asset balances during the year is as follows:

Movement on Intangible Asset Balances	2021/22 £	2020/21 £
Balance at 1 April		
• Gross carrying amount	232,328	509,159
• Accumulated amortisation	(189,686)	(385,089)
Net carrying amount at 1 April	42,642	124,070
Additions	12,537	0
Disposals	(4,500)	(276,831)
Amortisation for the period	(16,272)	(58,447)
Write back amortisations on disposals	4,500	253,850
Net carrying amount at 31 March	38,907	42,642
Comprising:		
• Gross carrying amount	240,365	232,328
• Accumulated amortisation	(201,458)	(189,686)
	38,907	42,642

There have been no changes in accounting estimates (for example, residual values, useful lives, amortisation method) for Intangible Assets that have had an effect on the current period or that are expected to have an effect in subsequent financial years. Software assets are valued at historic cost.

17. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets	Non-Current 31/03/22 £	Current 31/03/22 £	Non-Current 31/03/21 £	Current 31/03/21 £
Cash and Bank balance	0	300,491	0	482,330
Investments at amortised cost	0	35,656,491	0	22,893,997
Investments at Fair Value through Profit or Loss	1,093,910	0	954,820	0
Debtors carried at contract amounts	106,629	1,339,536	106,629	1,445,392
Total Financial Assets	1,200,539	37,296,518	1,061,449	24,821,719

Financial Liabilities	Non-Current 31/03/22 £	Current 31/03/22 £	Non-Current 31/03/21 £	Current 31/03/21 £
Borrowings at amortised cost	(5,929,939)	(2,244,385)	(8,141,780)	(240,490)
Other Long Term Liabilities at amortised cost	(455,157)	0	(455,399)	0
Creditors carried at contract amounts	0	(8,221,370)	0	(8,419,769)
Total Financial Liabilities	6,385,096	(10,465,755)	(8,597,179)	(8,660,259)

Income, Expense, Gains and Losses

Income, Expense, Gains and Losses in 2021/22	Financial Liabilities measured at amortised cost £	Financial Assets loans and receivables £	Financial Assets Fair Value through profit or loss £	Total £
Interest expense – financial liabilities measured at amortised cost	(374,602)	0	0	(374,602)
Interest revenue – financial assets measured at amortised cost	0	56,417	0	56,417
Interest revenue – financial assets measured at Fair Value through Profit or Loss	0	0	37,806	37,806
Losses on Revaluation of Property Fund	0	0	93,909	93,909
Net gain/(loss) for the year	(374,602)	56,417	131,715	(186,470)

Income, Expense, Gains and Losses in 2020/21	Financial Liabilities measured at amortised cost £	Financial Assets measured at amortised cost £	Financial Assets Fair Value through profit or loss £	Total £
Interest expense – financial liabilities measured at amortised cost	(379,279)			(379,279)
Interest revenue – financial assets measured at amortised cost	0	90,153		90,153
Interest revenue – financial assets measured at Fair Value through Profit or Loss			36,391	36,391
Losses on Revaluation of Property Fund			(45,180)	(45,180)
Net gain/(loss) for the year	(379,279)	90,153	(8,789)	(297,915)

Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and investments and long-term debtors and creditors 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 take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, new loan rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures
- For loans receivable prevailing benchmark rates have been used to provide the fair value
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be 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:

	Carrying Amount 31 March 2022 £	Fair Value 31 March 2022 £	Carrying Amount 31 March 2021 £	Fair Value 31 March 2021 £
PWLB Debt	6,166,890	5,811,430	6,374,762	6,557,055
Non PWLB Debt	2007,192	2004,688	2,007,288	2,056,086
Short Term Creditors			8,419,769	8,419,769
Short Term Finance Lease Liability	242	242	220	220
Long Term Finance Lease Liability	455,157	455,157	455,399	455,399
Total Financial Liabilities	8,629,481	8,271,517	17,257,438	17,488,529

The fair value of Public Works Loan Board (PWLB) and market loans of £7,816,118 measures the economic effect of the terms agreed with the PWLB and other lenders compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB and other lenders, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £6,166,890 would be valued at £5,811,430. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans, including the penalty charge, would be £7,010,888. Applying a similar principle to the Council's non-PWLB loans would see an exit price, including penalty charges, of £2,019,191 compared with the fair value of £2,007,192 in the table above.

	Carrying Amount 31 March 2022 £	Fair Value 31 March 2022 £	Carrying Amount 31 March 2021 £	Fair Value 31 March 2021 £
Cash and Bank balance	300,491	300,491	482,330	482,330
Money Market Loans less than 1 Year	36,750,401	36,750,401	23,848,816	23,848,816
Short Term Debtors	1,339,536	1,339,536	1,445,392	1,445,392
Long Term Debtors	106,629	106,629	106,629	106,629
Total Financial Assets	38,497,057	38,497,057	25,883,167	25,883,167

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

The Council's long-term debtors include mortgage advances and renovation loans in excess of twelve months. The balances are increased by payments/loans advanced during the financial year and reduced as repayments are made.

18. Debtors

	31 March 2022 £	31 March 2021 £
Central government bodies	2,223,866	10,410,638

	31 March 2022 £	31 March 2021 £
Other local authorities	2,955,621	3,655,553
NHS Bodies	11,393	55,948
Other entities and individuals	2,653,013	1,958,342
Total	7,843,893	16,080,481

£1,919,808 included within the Central government bodies line in the above table as at 31 March 2022, relates to the Governments share of the Collection fund deficit. This has reduced from £10,038,298 in 2020/21.

Each line item in the table above is presented net of impairment (that is, any allowance for non collection). The impairment allowance for short term debtors (including council tax and non-domestic rate income) as at 31 March 2022 is £1,525,522 (£1,457,265 at 31 March 2021).

19. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2022 £	31 March 2021 £
Cash held by the Council	426	626
Bank current accounts	1,860,096	2,801,730
Deposits in Money Market Funds	12,003,267	5,472,060
Short-term deposits with banks and building societies	12,083,849	8,078,501
Deposits with other Local Authorities	0	0
Total Cash and Cash Equivalents	25,947,638	16,352,917

20. Assets Held for Sale

As at 31 March 2022, the Council had seven Current Assets held for sale. The sites are:

- Stamford Street, Glenfield
- Station Road, Glenfield
- Trinity Road, Whetstone
- College Road, Whetstone
- Church Lane / High Street, Whetstone
- Ex Public Conveniences, Leicester Road, Sharnford
- Park View Recreation Grounds, Sharnford

	Current 2021/22 £	Current 2020/21 £
Balance as at 1 April	1,125,000	1,449,000
Assets newly classified as Held forSale	268,595	177,500
Revaluation Losses	53,503	(125,000)
Disposals	(1,125,000)	(376,500)
Impairment losses	(117,092)	0
Balance as at 31 March	205,006	1,125,000

21. Creditors

Creditors	31 March 2022 £	31 March 2021 £
Central government bodies	(10,202,332)	(12,415,155)
Other local authorities	(3,450,158)	(4,207,953)
NHS bodies	(1,748,337)	(1,137,282)
Other entities and individuals	(13,847,749)	(8,676,642)
Total	(29,248,576)	(26,437,032)

Included within Central government bodies as at 31 March 2022 is £8,662,749 relating to the balance of Section 31 Grant which is owed back to the Government. A sum of £2,860,654 is included within other entities and individuals and relates to collection fund creditors.

22. Provisions

The Council maintains an Insurance Reserve Fund to meet its own liability in relation to claims which may be made against the Council, not currently notified, which would not be fully met within the terms and conditions of its insurance policies. The principal policy to which this applies is the Council's public liability policy under which the Council is required to meet the first £12,500 costs of any claim. Movements in the Insurance Reserve Fund are included within note 9.

A provision has also been made in respect of potential claims liabilities arising under the above policies, based on Insurers' assessment of claims notified, limited to the amount of claim excess. Although the timing of outcomes is uncertain, claims may be paid either fully or in part, or may be repudiated, and so the cost cannot be estimated with certainty. The level of provision required is reviewed annually.

The Council also holds a provision to cover potential liabilities in relation to the Municipal Mutual Insurance (MMI) Scheme of Arrangement. In November 2012 it was announced that a levy of 15% would be applied to the total value of insurance claims paid through MMI since 1993 (less £50,000). For Blaby, this amounts to £295,000 in settled claims, less £50,000. Due to the uncertain position in respect of the most volatile classes of claim, such as mesothelioma, the scheme administrator increased the levy by 10% to 25%.

A provision for the Council's share of the cost of settling outstanding business rates appeals was created as a result of the introduction of the Business Rates Retention Scheme in April 2013. Although the Council is able to retain a larger share of business rates locally it also bears the risks and uncertainties linked to the level of rateable value appeals, which may lead to a reduction in business rates payable. This Council's share is 40%.

	Insurance Claims Provision £	MMI Scheme of Arrangement £	NNDR Appeals Provision £	Total £
Balance at 1 April 2021	(0)	(180,377)	(3,092,000)	(3,272,377)
Additional provision made in year	(53,527)	0	544,000	490,473
Provisions used in year	2,657	0	676,000	678,657
Amounts used in year	0.00	0	0.00	0.00
Balance as at 31 March 2022	(50,870)	(180,377)	(1,872,000)	(2,103,247)

Each line item in the table above is presented net of impairment (that is, any allowance for non-collection). The impairment allowance for short term debtors (including council tax and non-domestic rate income) as at 31 March 2022 is £1,525,522 (£1,457,265 at 31 March 2021).

23. Unusable Reserves

	31 March 2022 £	31 March 2021 £
Revaluation Reserve	(11,289,106)	(11,894,241)
Capital Adjustment Account	(8,649,679)	(8,430,697)
Pensions Reserve	33,978,000	45,686,000
Collection Fund Adjustment Account	4,519,130	11,053,446
Accumulated Absences Account	79,939	77,489
Financial Instruments Adjustment Account	(93,910)	45,180
Total	18,544,374	36,537,177

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment, and Intangible Assets. The balance is reduced when assets with accumulated gains are:

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

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

	2021/22 £	2020/21 £
Balance at 1 April	(11,894,241)	(12,850,178)
Upward revaluation of assets	(4,658,904)	(324,292)
Downward revaluation of assets	2,516,040	469,017
Impairment Losses	568,115	0
Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(1,574,749)	144,725
Difference between fair value depreciation and historical cost depreciation	328,290	324,968
Accumulated gains/(losses) on assets sold or scrapped	984,971	461,471
Reversal of impairment charge from prior year	866,623	24,771
Balance at 31 March	(11,289,106)	(11,894,241)

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties.

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

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2021/22 £	2020/21 £
Balance at 1 April	(8,430,697)	(8,899,934)
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	2,122,736	1,880,229
• Impairment loss on Assets Held for Sale	(298,508)	0
• Amortisation of intangible assets	16,272	58,448
• Revenue expenditure funded from capital under statute	977,120	882,724
• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,125,000	807,424
	3,942,620	3,628,824
Difference between fair value depreciation and historical cost depreciation	(328,290)	(324,968)
Accumulated gains/(losses) on assets sold or scrapped	(984,971)	(461,472)
Net amount written out of the cost of non-current assets consumed in the year	2,629,359	2,842,384
Capital financing applied in the year:		
• Use of Capital Receipts Reserve to finance new capital expenditure	(285,983)	(274,841)
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(876,087)	(757,863)
• Application of grants to capital financing from the Capital Grants Unapplied Account	(107,766)	(223,022)
• Statutory provision for the financing of capital investment charged against the General Fund balance.	(1,145,597)	(1,022,219)
• Capital expenditure charged against the General Fund balance.	(432,907)	(95,202)
	(2,848,340)	(2,373,147)
Repayment of private sector housing loan	0	0
Balance at 31 March	(8,649,679)	(8,430,697)

Pensions Reserve

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

	2021/22 £	2020/21 £
Balance at 1 April	45,686,000	31,226,000
Re-measurements of the net defined benefit liability	(15,009,437)	12,943,157
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	5,703,000	3,778,000
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,401,563)	(2,261,157)
Balance at 31 March	33,978,000	45,686,000

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2021/22 £	2020/21 £
Balance at 1 April	11,053,446	(234,008)
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	(40,549)	138,330
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(6,493,768)	11,149,124
Balance at 31 March	4,519,129	11,053,446

During 2020/21 In response to COVID-19 pandemic and lockdown, the Government gave a retail relief to certain business sectors. The Collection Fund balance moved from a surplus to a deficit. S31 Grant received by Blaby is carried forward in an Earmarked reserve to 2022/23 to help offset the deficit. As at the 31 March 2022 the balance held was £4,270,355.

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement carried forward at forward 31 March. Statutory

arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2021/22 £	2020/21 £
Balance at 1 April	77,489	81,623
Settlement or cancellation of accrual made at the end of preceding year	(77,489)	(81,623)
Amounts accrued at the end of the current year	79,939	77,489
Balance at 31 March	79,939	77,489

Financial Instruments Adjustments Account

The Financial Instruments Adjustments Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to the Council's Property Fund investment and for bearing losses or benefiting from gains per statutory provisions.

	2021/22 £	2020/21 £
Balance at 1 April	45,180	28,555
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(139,090)	16,625
Balance at 31 March	(93,910)	45,180

24. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2021/22 £	2020/21 £
Interest received	(108,289)	(143,405)
Interest paid	375,282	379,851

The (surplus)/deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2021/22 £	2020/21 £
Proceeds from Short Term and long-term Investments	(12,000,000)	(42,831)
Proceeds from the sale of property, plant and equipment	1,322,250	72,395
Capital grants and contributions received	986,634	1,119,156
	(9,691,116)	(1,148,720)

25. Cash Flow Statement – Investing Activities

	2021/22 £	2020/21 £
Purchase of property, plant and equipment, and intangible assets	1,161,204	2,739,139
Purchase of short term and long term investments	15,139,090	10,026,206
Proceeds from the sale of property, plant and equipment	(1,346,048)	(197,195)
Proceeds from short term and long-term investments	0	(6,000,000)
Other receipts from investing activities	(707,618)	(1,106,227)
	14,246,628	5,461,923

26. Cash Flow Statement – Financing Activities

	2021/22 £	2020/21 £
Cash payments for the reduction of finance lease liabilities	220	200
Repayments of short and long term borrowing	207,266	202,813
Other payments/receipts for financing activities	(11,257,304)	16,140,058
	(11,049,818)	16,343,071

27. Reconciliation of Liabilities Arising from Financing Activities

	1 April 2021	Financing Cash Flows	Non-Cash Changes Acquisition	Non-Cash Changes Other	31 March 2022
Long Term Borrowing	(8,141,779)	2,211,840	0	0	(5,929,939)
Short Term Borrowing	(240,269)	(2,004,458)	0	584	(2,244,143)
Lease Liabilities	(455,619)	220	0	0	(455,399)
Total Liabilities from Financing Activities	(8,837,667)	207,602	0	584	(8,629,481)

28. Agency Arrangements

Blaby District Council is the lead authority for Lightbulb which brings together the various services involved in the provision of Disabled Facilities Grants under one umbrella, including Occupational Therapists employed by Leicestershire County Council. As lead authority, Blaby employs Housing Support Co-ordinators, Technical Officers and Administrative Officers on behalf of most of the districts across Leicestershire, as well as running the Central Hub that oversees the delivery of services through Lightbulb. The district councils and the County Council contribute towards the cost of running the Central Hub, as well as reimbursing Blaby for the running costs associated with the various district localities. This ensures that Blaby's financial position remains cost neutral in terms of the services it provides to its partners. Expenditure and income is included within the Community Services line in the Comprehensive Income and Expenditure Statement.

As part of the Lightbulb service, Blaby also manages, administers and pays for Disabled Facilities Grants on behalf of Harborough District Council, Melton Borough Council, North West Leicestershire District Council, and Oadby and Wigston Borough Council. Under this arrangement the partner authorities have agreed to transfer their capital grant funding to Blaby in return for Blaby paying the disabled facilities grants on their behalf. Blaby also has responsibility for the

procurement and administration of stairlift installations on behalf of the above authorities as well as Hinckley and Bosworth Borough Council and Charnwood Borough Council. This function was previously performed by Leicestershire County Council, prior to 2018/19.

The table below provides a summary of the expenditure and income for the year.

2021/22	Harborough District Council £	Melton Borough Council £	NW Leics. District Council £	Oadby and Wigston Borough Council £	Hinckley and Bosworth Borough Council £	Charnwood Borough Council £	Total £
Balance at 1 April 2021	(368,186)	(477,223)	(1,642,424)	(799,748)	(13,000)	0	(3,300,581)
Income received	(401,264)	(233,609)	(649,473)	(349,131)	(139,381)	(231,830)	(2,004,688)
Other contributions	(19,628)	(4,548)	(19,699)	0	0	0	(43,875)
Grant expenditure	534,463	233,006	440,883	385,168	139,381	231,830	1,964,731
Balance as at 31 March 2022	(254,615)	(482,374)	(1,870,713)	(763,711)	(13,000)	0	(3,384,413)

Comparative figures for 2020/21 are shown in the table below.

2020/21	Harborough District Council £	Melton Borough Council £	NW Leics. District Council £	Oadby and Wigston Borough Council £	Hinckley and Bosworth Borough Council £	Charnwood Borough Council £	Total £
Balance at 1 April 2020	(185,277)	(415,710)	(1,206,404)	(537,024)	(10,000)	0	(2,354,415)
Income received	(467,365)	(299,710)	(715,574)	(415,232)	(100,961)	(94,065)	(2,092,907)
Other contributions	0	0	(4,919)	0	(3,000)	0	(7,919)
Grant expenditure	284,456	238,197	284,473	152,508	100,961	94,065	1,154,660
Balance as at 31 March 2021	(368,186)	(477,223)	(1,642,424)	(799,748)	(13,000)	0	(3,300,581)

The balances carried forward are included within debtors or creditors in the Balance Sheet.

29. Members Allowances

Allowances are paid to elected members in accordance with the Council's Members' Allowance scheme.

	2021/22 £	2020/21 £
Basic Allowances	214,285	205,150

	2021/22 £	2020/21 £
Special Responsibility Allowances	85,421	84,412
Travel and Other Expenses	239	10
	299,945	289,572

30. Officer Remuneration

The Accounts and Audit Regulations require authorities to disclose details of senior officers' remuneration. In cases where the individual's salary exceeds £150,000 per annum (or pro rata to that amount) then the individual's name shall be disclosed. There were no senior officers of Blaby District Council whose salary exceeded £150,000 per annum in either 2021/22 or the preceding year. Where the salary exceeds £50,000 per annum (or pro rata to that amount), the authority is required to provide a disclosure by job title.

Position	Year	Salary, Fees and Allowances £	Expenses Allowances £	Compensation for loss of office £	Pension Contribution £	Total £
Chief Executive	2021/22	46,119	516	0	9,450	56,085
	2020/21	109,050	1,239	0	20,680	130,969
Strategic Director (S151)	2021/22	93,054	1,239	0	17,494	111,787
	2020/21	89,262	1,239	0	16,781	107,282
Strategic Director	2021/22	90,601	1,239	0	17,033	108,873
	2020/21	87,018	1,239	0	16,359	104,622
Corporate Services Group Manager	2021/22	44,307	723	0	8,330	53,360
Corporate Services Group Manager	2020/21	75,311	1,239	0	14,159	90,709
Business, Partnerships and Health Improvement Group Manager	2021/22	74,560	1,239	0	14,017	89,816
Regulatory and Leisure Services Group Manager	2020/21	70,047	1,239	0	13,169	84,463
Neighbourhood Services and Assets Group Manager	2021/22	73,417	1,239	0	13,802	88,458
Neighbourhood Services Group Manager	2020/21	70,047	1,239	0	13,169	84,455
Planning and Strategic Growth Group Manager	2021/22	73,417	1,239	0	0	74,656
Planning and Economic Development Group Manager	2020/21	72,332	1,239	0	(1,170)	72,401
Strategic HR Manager	2021/22	41,574	1,239	0	7,666	50,479
Strategic HR Manager	2020/21	40,960	1,239	0	7,701	49,900

Position	Year	Salary, Fees and Allowances £	Expenses Allowances £	Compensation for loss of office £	Pension Contribution £	Total £
Finance Group Manager	2021/22	58,600	0	0	11,017	69,617
Strategic Finance Manager	2020/21	55,796	0	0	10,490	66,286
New Officers in 2021-22 with no 2020-21 comparables						
Chief Executive	2021/22	42,303	516	0	7,953	50,772
Environmental Health, Housing and Community Services Group Manager	2021/22	55,454	1,126	0	10,425	67,005
Out-going officers in 2020-21 with no 2021-22 comparables						
Housing and Community Services Group Manager	2020/21	70,916	979	7,122	12,465	91,482

The former Chief Executive retired on 31 August 2021. The annualised salary was £110,686.

The Strategic Director (S151 Officer) acted up as the Interim Chief Executive from 1 September 2021- 31 October 2021.

The new Chief Executive commenced in post on 1 November 2021 with an annualised salary of £101,527.

The Corporate Services Group Manager left the Council on 31 October 2021. The annualised salary was £73,417.

The Housing and Community Services Group Manager left the Council on 28 February 2021.

The Strategic HR Manager works 26.25 hours per week, and the annualised salary for the post in 2021/22 was £58,600.

Business, Partnerships and Health Improvement previously named Regulatory and Leisure Services, no change to post holder.

Finance Group Manager, previously named Strategic Finance Manager, no change to post holder.

There was one employee, other than senior staff disclosed separately above, who's remuneration for the year, excluding pension contributions, fell between £50,000 and £54,999.

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

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies 2021/22	Number of Compulsory Redundancies 2020/21	Number of Other Departures Agreed 2021/22	Number of Other Departures Agreed 2020/21	Total Number of Exit Packages by Cost Band 2021/22	Total Number of Exit Packages by Cost Band 2020/21	Total Cost of Exit Packages in each Band 2021/22	Total Cost of Exit Packages in each Band 2020/21
£0 - £20,000	1	0	1	5	2	5	£5,000	£36,818
£20,001 – £40,000	0	1	0	0	0	1	£0	£23,772
Total	1	1	1	5	2	6	£5,000	£60,590

31. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims provided by the Council's external auditors, Ernst and Young:

	2021/2022 £	2020/2021 £
Fees payable to the external auditors with regard to external audit services carried out by the appointed auditor	47,850	36,400
Fees payable to the external auditors for the certification of grant claims and returns	15,000	10,000
Total	62,850	46,400

The fee included in the table above for 2020/21 regarding the external audit service includes an initial estimate for an increase in the scale fee of £23,600. The final fee has not yet been agreed as the audit of accounts had not been concluded at the time of publication.

32. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2021/22:

	2021/2022 £	2020/2021 £
Credited to Taxation and Non Specific Grant Income		
Non Domestic Rates Contribution	(1,224,382)	(2,760,267)
New Homes Bonus Grant	(1,607,070)	(2,694,837)
Section 31 Grants – Business Rates	(925,646)	(1,097,984)
Local Authority Business Growth Incentive Grant	(786,461)	0
Other Non-Ring-fenced Government Grants	(3,075,753)	(1,949,584)
Section 106 Contributions	(303,664)	(327,291)
Total	(7,922,976)	(8,829,963)
<u>Credited to Services</u>		
Housing Benefit Subsidy	(9,336,440)	(10,737,773)
Other DWP Grants	(42,106)	(42,438)
NNDR Cost of Collection Allowance	(101,284)	(103,266)
Disabled Facilities Grant	(1,054,171)	(648,727)
Council Tax Support Grant	(126,160)	(415,378)
Individual Electoral Registration Grants	(7,998)	(6,490)

	2021/2022 £	2020/2021 £
DEFRA Air Quality Monitoring Grants	(93,800)	0
Government contributions towards the cost of Elections	(83,461)	38,654
Covid 19 Grant	(3,512,158)	(1,054,727)
Redmond Review Grant	(18,764)	0
The Welcome Back Fund	(96,778)	0
New Burdens Grant – Transparency	(8,103)	(8,103)
New Burdens Grant – Pavement Licenses	(13,539)	0
New Burdens Grant – Land Registry	(24,000)	0
New Burdens Grant – Benefits Test and Trace	(166,800)	0
Home Office Grant – Syrian and Afghan Vulnerable Persons Resettlement Scheme	(67,738)	(55,674)
Biodiversity Net Gain Grant	(10,047)	0
Neighbourhood Planning Grant	(980)	(20,000)
Whetstone Garden Village	(135,000)	(150,000)
Council Tax Billing, Collection and Recovery New Burdens	0	(8,614)
NNDR New Burdens	(130,680)	(200,200)
Other Grants	(732,539)	(505,943)
Leicestershire and Rutland Sport Commissioning Programme	(124,248)	(85,715)
Better Care Fund – Hospital Housing Enabler	(180,000)	(107,120)
Leicestershire Partnership NHS Trust – Hospital Housing Enabler	(125,122)	(101,404)
Leicester City Clinical Commissioning Group – Hospital Housing Enabler	(164,000)	(155,000)
Children's Support Contributions – Other Local Authorities	(38,333)	(35,777)
Major Schemes Funding	(26,225)	0
Early Years Physical Activity	(21,460)	(11,020)
Local Authority Delivery Scheme	(132,435)	0
Kickstart Government Gateway and BDC placements	(121,719)	0
GP Referral Scheme	0	(25,491)
Other Contribution	(961,222)	(740,853)
Total	(17,657,311)	(15,181,058)

The Council sometimes receives grants and contributions that are not immediately recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at the year-end are as follows:

	2021/2022 £	2020/2021 £
Grants Receipts in Advance (Capital Grants)		
Section 106 Contributions	(674,717)	(953,733)
Total	(674,717)	(953,733)

Revenue grants and contributions which do not have conditions attached to their use are transferred to an earmarked reserve pending use in the following financial year.

33. Related Party Transactions

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.

Central Government

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants, and prescribes the terms of many of the transactions

that the Council has with other parties (for example council tax bills, housing benefits). Grants received from government departments are set out in Note 7b, Expenditure and Income Analysed by Nature. Grant receipts outstanding at 31 March 2022 are shown in Note 32.

Other Local Authorities

The Council administers, manages, and pays for disabled facilities grants on behalf of certain other Leicestershire districts. Further details are contained within Note 28, Agency Arrangements, on page 97.

Members and Senior Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in Note 29. Members are appointed to represent the Council on various outside bodies, some of which give or receive funding to/from the Council. Members and senior officers are required to complete an annual return in which they must declare any related party transactions in which they have been involved during the financial year. This exercise highlighted no material transactions requiring disclosure in 2021/22.

34. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, including the value of assets acquired under finance leases, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be financed, and is analysed in the second part of this note.

	2021/22 £	2020/21 £
Opening Capital Financing Requirement	14,666,611	14,184,794
Capital Investment		
Property, Plant and Equipment	1,157,205	1,972,240
Intangible Assets	12,537	0
Revenue Expenditure Funded from Capital under Statute	977,120	882,724
Sources of Finance		
Capital receipts applied	(285,984)	(274,841)
Government grants and other contributions	(107,766)	(223,022)
Sums set aside from revenue:		
• Direct revenue contributions	(1,308,994)	(853,065)
• Minimum revenue provision	(1,145,597)	(1,022,219)
Closing Capital Financing Requirement	13,965,132	14,666,611
Explanation of movements in year		
Increase/(decrease) in underlying need for borrowing:		
- unsupported by Government financial assistance	(701,258)	482,017
Assets acquired under finance leases	(220)	(200)
Increase/(decrease) in Capital Financing Requirement	(701,478)	481,817

35. Leases

Authority as Lessee

Finance Leases - the Council has acquired buildings at Enderby Road Industrial Estate, Whetstone under finance leases. This was subject to a desktop revaluation at 31 March 2022 as part of the Council's annual asset revaluation exercise. The assets acquired under this lease are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

	31 March 2022 £	31 March 2021 £
Other Land and Buildings	2,413,824	2,528,768
Total	2,413,824	2,528,768

The Council is committed to making minimum payments under this lease comprising settlement of the long- term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2022 £	31 March 2021 £
Finance lease liabilities (net present value of minimum lease payments)		
• Current	242	220
• Non-current	455,157	455,399
Finance costs payable in future years	2,062,612	2,108,173
Minimum lease payments	2,518,011	2,563,792

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments 31/03/2022 £	Minimum Lease Payments 31/03/2021 £	Finance Lease Liabilities 31/03/22 £	Finance Lease Liabilities 31/03/21 £
Not later than one year	45,782	45,782	242	220
Later than one year and not later than five years	183,128	183,128	1236	1,123
Later than five years	2,289,101	2,334,882	453,921	454,276
	2,518,011	2,563,792	455,399	455,619

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/22 contingent rents amounting to £153,744 were payable by the Council (2020/21 £153,718).

Operating Leases – The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2022 £	31 March 2021 £
Not later than one year	33,166	28,590
Later than one year and not later than five years	90,175	85,141
Later than five years	1,708,574	1,731,933
	1,831,915	1,845,664

Authority as Lessor

Finance Leases – the Council does not lease any property, plant or equipment to a third party under the terms of a finance lease.

Operating Leases – the Council leases units at the Enderby Road Industrial Estate, Whetstone to various local businesses and received rental income of £350,995 in 2021/22 (£394,233 in 2020/21).

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2022 £	31 March 2021 £
Not later than one year	33,166	239,525
Later than one year and not later than five years	90,175	466,223
Later than five years	1,708,574	444,240
	1,831,915	1,149,988

36. Defined Benefit Pension Schemes

Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme, administered locally by Leicestershire County Council - this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Transactions Relating to Post-Employment Benefits

The Council recognises 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 charge the Council is 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 via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2021/2022 £	2020/2021 £
Comprehensive Income and Expenditure Statement		
Cost of Services		
• Current Service Cost	4,766,000	3,022,000
• Past Service Cost/(Gain)	0	29,000
• (Gain)/Loss from Settlements		0
Financing and Investment Income and Expenditure		
• Net Interest Expense	937,000	727,000
Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	5,703,000	3,778,000
Other Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:	(6,243,000)	(12,116,000)
• Return on plan assets (excluding the amount included in the net interest expense)		
• Actuarial gains and losses arising on changes in demographic assumptions	(589,000)	1,353,000
• Actuarial gains and losses arising on changes in financial assumptions	(8,346,000)	24,517,000
• Other experience gains and losses	137,000	(815,000)
Total Post-Employment Benefits charged to Comprehensive Income and	(9,338,000)	16,717,000
Expenditure Statement		
Movement in Reserves Statement		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(5,703,000)	(3,778,000)
Actual amount charged against the General Fund Balance for pensions in the year		
• Employer's contributions payable to the scheme	2,352,852	2,205,165
• Retirement benefits payable to pensioners	48,711	55,992

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2021/22 £	2020/21 £
Present value of the defined benefit obligation	(109,495,000)	(112,852,000)
Fair value of plan assets	75,517,000	67,166,000
Net liability arising from defined benefit obligation	(33,978,000)	(45,686,000)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	2021/22	2020/21
	£	£
Opening fair value of scheme assets	67,166,000	53,126,000
Interest income	1,350,000	1,229,000
Re-measurement gain/(loss):		
• The return on plan assets, excluding the amount included in net interest expense	6,243,000	12,116,000
Contributions from employer	2,370,000	2,257,000
Contributions from employees into the scheme	591,000	594,000
Benefits paid	(2,203,000)	(2,156,000)
Closing fair value of scheme assets	75,517,000	67,166,000

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

	2021/22	2020/21
	£	£
Opening balance at 1 April	112,852,000	84,352,000
Current service cost	4,766,000	3,022,000
Interest cost	2,287,000	1,956,000
Contributions from scheme participants	591,000	594,000
Re-measurement (gains) and losses:		
• Actuarial (gains)/losses arising from changes in financial assumptions	(8,346,000)	24,517,000
• Actuarial (gains)/losses arising from changes in demographic assumptions	(589,000)	1,353,000
• Other	137,000	(815,000)
Past service cost	0	29,000
Benefits paid	(2,203,000)	(2,156,000)
Closing balance at 31 March	109,495,000	112,852,000

Local Government Pension Scheme assets comprised:

	Quoted prices in active markets 2021/22 £	Quoted prices not in active markets 2021/22 £	Total 2021/22 £	Quoted prices in active markets 2020/21 £	Quoted prices not in active markets 2020/21 £	Total 2020/21 £
Equity securities	630,000	0	630,000	1,169,400	0	1,169,400
Debt securities:						
• UK Government	3,782,100	8,900	3,791,000	5,676,300	10,700	5,687,000
• Other	141,600	0	141,600	869,900	0	869,900
Private equity	0	5,050,200	5,050,200	0	3,097,200	3,097,200
Real estate:						5,020,200
• UK property		5,810,100	5,810,100	0	5,020,200	
Investment funds and unit trusts:						
• Equities	21,640,400	13,129,100	34,769,500	26,976,300	0	26,979,300
• Bonds				2,838,200	0	2,838,200
• Hedge funds		1,895,100	1,895,100	5,600	0	5,600
• Commodities		3,948,300	3,948,300	0	2,375,500	2,375,500
• Infrastructure	6,420,500	9,090,800	15,511,300	0	3,532,400	3,532,400
• Other				6,723,500	6,944,100	13,667,600
Derivatives	156,700		156,700	(85,400)	0	(85,400)
Cash and cash equivalents	3,813,200		3,813,200	2,012,100	0	2,012,100
	36,584,500	38,932,500	75,517,000	46,185,900	20,980,100	67,166,000

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 and so on. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, with estimates for the Local Government Pension Scheme being based on the latest full valuation of the scheme as at 31 March 2022. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme 2021/22	Local Government Pension Scheme 2020/21	Discretionary Benefits 2021/22	Discretionary Benefits 2020/21
Mortality Assumptions:				
Longevity at 65 for current pension:				
• Men	21.5 years	21.7 years	21.5 years	21.7 years
• Women	22.4 years	24.2 years	22.4 years	24.2 years
Longevity at 65 for future pensioners:				
• Men	22.4 years	22.6 years	22.4 years	22.6 years
• Women	25.7 years	25.9 years	25.7 years	25.9 years
Rates of Inflation	3.2%	2.9%	3.2%	2.9%

	Local Government Pension Scheme 2021/22	Local Government Pension Scheme 2020/21	Discretionary Benefits 2021/22	Discretionary Benefits 2020/21
Rates of Increase in Salaries	3.7%	3.4%	3.7%	3.4%
Rates of Increase in Pensions	3.2%	2.9%	3.2%	2.9%
Rates for Discounting Scheme Liabilities	2.7%	2.0%	2.7%	2.0%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The Sensitivity analyses in the following table have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all the other assumptions remain constant. For example, the assumptions in longevity assume that life expectancy increases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, that is on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis in the following table did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £	Decrease in Assumption £
Rate of increase in salaries (increase or decrease by 0.1%)	248,000	(248,000)
1 year increase in member life expectancy	4,380,000	(4,380,000)
Rate of increase in pensions (increase or decrease by 0.1%)	2,012,000	(2,012,000)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(2,278,000)	2,278,000

Pension Fund Risk Management Strategy

The pension fund's primary long term risk is that the fund's assets will fall short of its liabilities (that is the promised benefits payable to members of the scheme). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition the fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the fund's required cash flows. These investment risks are managed as part of the overall pension fund risk management programme. Responsibility for the fund's risk management strategy rests with the Pension Fund Management Board, and is monitored annually or more frequently if required.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after March 2014. The Act provides for scheme regulations to be made within a common

framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to public servants.

The Council anticipated to pay £2,510,000 expected contributions to the scheme in 2022/23.

As at the date of the most recent valuation, the duration of the funded obligations is 22 years.

37. Contingent Assets and Liabilities

Contingent Assets

- The Royal Mail has historically been treating certain services as exempt from VAT, when the correct treatment should have been standard rated. As a consequence of this, the recipients of such supplies have been prevented from reclaiming VAT that should have been properly included in the charge. In 2014/15, along with a number of other local authorities the Council submitted a claim through the High Court against the Royal Mail seeking to recover the VAT which it was historically unable to reclaim. The initial value of the claim was £321,305. Following a High Court ruling in favour of Royal Mail, it has been determined that there is limited chance of a successful appeal, and the Council has withdrawn from any further action

Contingent Liabilities

- As at the 31 March 2022, the Council had 2 employment tribunals ongoing, with an approximate cost of £50,000 plus legal fees. In order to protect the privacy of the individuals concerned no further details can be provided at present There was also 2 small claims against the Council, amounting to a total of £7,500

38. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the Council might be requiring 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

Overall Procedure for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services, 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 CIPFA Treasury Management Code of Practice
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations, standing orders and constitution
- By approving annually in advance prudential and treasury indicators for the following three years limiting:

- The Council's overall borrowing
- Its maximum and minimum exposures to fixed and variable rates
- Its maximum and minimum exposures for the maturity structure of its debt
- Its maximum annual exposure to investments maturing beyond a year
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 22 February 2022 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2021/22 was set at £18,100,000. This is the maximum limit of external borrowings or other long term liabilities
- The Operational Boundary was expected to be £16,290,000. This is the expected level of debt and other long-term liabilities during the year
- The maximum and minimum exposures to the maturity structure of debt are detailed in the strategy

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. 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.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria in accordance with the Fitch, Moody's and Standard and Poors credit rating services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after the initial criteria are applied.

The Council uses the credit worthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies named above, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following data:

- Credit watches and credit outlooks from credit rating agencies
- Credit default swap (CDS) spreads to give an early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries

Details of the Investment Strategy can be found on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2022 that this was likely to occur.

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 and bonds.

The Council does not generally allow credit for customers and amounts that are due, but not impaired, can be analysed by age as follows:

	31 March 2022 £	31 March 2021 £
Less than three months	470,413	289,967
Three to six months	42,194	220,141
Six months to one year	83,167	161,777
More than one year	1,318,927	1,444,121
	1,914,701	2,116,006

Collateral – During the reporting period the Council held no collateral as security.

Liquidity Risk

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

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loans Board and money markets for access to longer term funds. 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 no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

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

The approved treasury 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 treasury and investment strategies address the main risks and the central treasury team address 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 provide stability of maturities and returns in relation to the longer term cash flow needs

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council as part of the Treasury Management Strategy on 15 February 2021):

	Approved Minimum Limits	Approved Maximum Limits	31 March 2022 £	31 March 2021 £
Less than one year	0%	100%	2,211,841	207,286
Between one and two years	0%	100%	216,500	2,211,841
Between two and five years	0%	100%	1,713,439	1,929,939
Between five and ten years	0%	100%	0	0
Over ten years	0%	100%	4,000,000	4,000,000
			8,141,780	8,349,066

Market Risk

Interest rate risk - The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances)
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances)

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

Price Risk

The Council does not generally invest in equity shares or marketable bonds.

The Council invested £1m in the Lothbury Property Trust on 2 December 2019, and the price of shares in the property fund can vary. At the start of financial year 2020/21 the value of the fund had fallen largely due to the impact of COVID-19 on property prices. However as at 31 March 2021 the fund had begun to recover to £954,820.

At the end of the financial year 2021/22 as at the 31 March 2022 the value of the fund was £1,093,910. Any movements in price will not impact on the General Fund Balance as regulations are in force to ameliorate the impact of fair value movements.

SUPPLEMENTARY FINANCIAL STATEMENTS AND EXPLANATORY NOTES

The Collection Fund

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

	Note	2021/22 £	2020/21 £
INCOME			
Council tax	2	(68,484,512)	(64,604,791)
Non-domestic rates	3	(41,959,884)	(25,065,465)
Contributions towards previous year's estimated Collection Fund deficit:		(510,991)	0
- Non-domestic rates		(21,861,266)	0
Total Income		(132,816,653)	(89,670,256)
EXPENDITURE			
Precepts and demands from major preceptors and the authority – council tax	4	68,414,363	65,075,822
Shares of non-domestic rating income to major preceptors and the authority		24,843,195	24,914,752
Payment of the central share of non-domestic rating income to be paid to central government by the billing authority		24,843,195	24,914,753
Transitional protection payments – non-domestic rates		675,518	418,958
Impairment of debts/appeals for council tax:			
- write-offs and uncollectable amounts		165,255	74,427
- allowance for impairment		136,202	340,243
Impairment of debts/appeals for non-domestic rates:			
- write-offs and uncollectable amounts		24,884	87,670
- allowance for impairment		240,771	187,872
- allowance for appeals		(3,050,000)	3,090,000
Charge to General Fund for allowable collection costs for non-domestic rates		101,284	103,266
Contributions towards previous year's estimated Collection Fund surplus:			
- Council tax		0	75,108
- Non-domestic rates		0	(853,703)
Total Expenditure		116,394,667	118,429,167

	Note	2021/22 £	2020/21 £
Movement on Collection Fund Balance – (surplus)/deficit for the year		(16,421,986)	28,758,911
Opening Collection Fund Balance:			
- Council tax		1,010,334	49,526
- Non-domestic rates		27,177,942	(620,161)
		(28,188,276)	(570,635)
Analysis of Movement on Collection Fund Balance:			
- Council tax		(279,683)	960,808
- Non-domestic rates		(16,142,303)	27,798,103
		(16,421,986)	28,758,911

Notes to the Collection Fund

General Information

The Collection Fund is an agent's statement that reflects the Council's transactions, as a billing authority, in relation to the collection of Council Tax and Business Rates from taxpayers, and its distribution to local government bodies and the Government. Billing authorities have a statutory obligation to maintain a Collection Fund as a separate account to the General Fund. The administrative costs associated with the collection of Council Tax and Business Rates are, however, charged to the General Fund.

Collection Fund surpluses or deficits in relation to Council Tax are credited or charged to the relevant precepting bodies in the subsequent financial year, in proportion to the precepts levied by those organisations. For Blaby, the precepting bodies are Leicestershire County Council, The Office of the Police and Crime Commissioner for Leicestershire (OPCC) and the Leicester, Leicestershire and Rutland Combined Fire Authority.

The current Business Rates Retention Scheme was introduced for local government in April 2013. The main aim of this scheme is to give local authorities a greater incentive to encourage business growth. However, it brings with it a greater financial risk in terms of non-collection and the voluntary of the Business rates base. The scheme allows the Council to retain 40% of the total rates received, with the remainder going to the Government (50%), the County Council (9%), and the Fire Authority (1%). Surpluses or deficits are credited or charged to the relevant precepting bodies in the subsequent financial year in line with their respective proportions.

Council Tax

Council Tax is based upon the value of residential properties which have been classified into nine valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund for the forthcoming year and dividing this by the Council Tax Base. The Council Tax Base represents the estimated number of Band D equivalents dwellings in the district.

The calculation of the Council Tax base for 2021/22 is set out in the table below:

	A*	A	B	C	D	E	F	G	H	TOTAL
Properties	0.00	4,959.00	15,347.00	9,918.00	6705.00	4,469.00	1,589.00	519.00	36.00	43,542.00
Exemptions	0.00	-118.41	-149.91	-102.00	-47.42	-23.08	-8.25	-8.08	0.00	-457.15
Disabled Relief	18.00	67.00	-5.00	-14.00	-15.00	-31.00	-9.00	-6.00	-5.00	0.00
Discounts	-1.80	-745.94	-1,330.89	-599.18	-191.28	-147.03	-44.00	-19.17	-0.26	-3,079.55
Council Tax Support	0.00	-1,043.72	-1,063.31	-408.08	-164.85	-71.00	-16.83	-4.99	0.00	-2,772.78
Effective Properties	16.20	3,117.93	12,797.89	8,794.74	6,286.45	4,196.89	1,510.92	480.76	30.74	37,232.52
Ratio	0.56	0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00	
Band D Equivalents	9.02	2,078.62	9,953.91	7,817.57	6,286.47	5,129.51	2,182.45	801.29	61.48	34,320.32

Table Notes: *Band A with Disabled Relief. Expected in year collection rate = 99.00% Tax Base = 33,977.11.

Income received from Council Tax-payers in 2021/22 was £68,484,512 (£62,604,791 in 2020/21).

National Non-Domestic Rates

National Non-Domestic Rates (NNDR) is another name for Business Rates. The Council collects NNDR from Business Rate payers within the district based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by the Government. The following table provides details of the total rateable value and the multipliers for 2021/22 compared with the previous financial year.

	2021/22	2020/21
	£	£
Total Non-Domestic Rateable Value at 31 March	110,825,307	106,797,161
National Non-Domestic Multipliers for Year: Standard Rate	0.5120	0.5120
National Non-Domestic Multipliers for Year: Small Business Rate	0.4990	0.4990

The Business Rates shares payable are estimated in advance of the financial year and are drawn from the Collection Fund in the year.

	2021/22	2020/21
	£	£
Central Government	24,843,195	24,914,753
Blaby District Council	19,874,556	19,931,802
Leicestershire County Council	4,471,775	4,484,655
Leicester, Leicestershire and Rutland Combined Fire Authority	496,864	498,295
	49,686,390	49,829,505

Upon the introduction of the Business Rates Retention scheme, the Government set a baseline level for each local 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 payable from authorities to the Government are used to finance the top-ups for authorities who do not achieve their targeted baseline funding. In 2021/22, Blaby paid a tariff of £14,528,846 into the Leicestershire Pool (£14,528,846 in 2020/21). Total income received from Business Rates payers in 2021/22 was £41,959,884 (£25,065,465 in 2020/21).

In addition to the tariff, a 50% levy is payable on any growth above the baseline funding level. The levy payable by Blaby to the Leicestershire Business Rates Pool in 2021/22 was £1,921,932 (£1,284,287 in 2020/21).

Precepts and Demands on the Collection Fund – Council Tax

Details of the precepting authorities are set out below together with the respective precept amount.

	2021/22 £	2020/21 £
Leicestershire County Council	47,934,303	45,534,362
Leicestershire Police Authority	8,434,145	7,903,353
Leicester, Leicestershire and Rutland Combined Fire Authority	2,354,274	2,302,926
Blaby District Council (including Parish Councils)	9,691,642	9,335,181
	68,414,364	65,075,822

Collection Fund (Surplus)/Deficit

The Council Tax Collection Fund deficit as at 31 March 2022 is £730,652 (£1,010,334 as at 31 March 2021). The Council Tax deficit is apportioned between the Council and the three major precepting authorities as shown in the table below.

	31/03/2022 £	31/03/2021 £
Leicestershire County Council	511,123	706,688
Leicestershire Police Authority	88,699	122,202
Leicester, Leicestershire and Rutland Combined Fire Authority	25,956	36,021
Blaby District Council	104,874	145,423
	730,652	1,010,334

The deficit in respect of non domestic rating income is 11,035,639 as at 31 March 2022 (£27,177,942 as at 31 March 2021). The deficit is apportioned between the Council, Central Government, and major precepting authorities as follows:

	31/03/2022 £	31/03/2021 £
Central Government	5,517,823	13,957,437
Leicestershire County Council	993,207	2,040,702
Leicester, Leicestershire and Rutland Combined Fire Authority	110,355	271,779
Blaby District Council	4,414,254	10,908,023
	11,035,639	27,177,942

Glossary of Financial Terms

Accruals

The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is received or paid.

Acquired Operations

Operations comprise services and divisions of service as defined in CIPFA's Service Reporting Code of Practice (SeRCOP). 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) Actuarial assumptions have changed

Amortisation

The term used to describe the charge made for the cost of using intangible fixed assets. The charge for the year will represent the amount of economic benefits consumed (that is wear and tear).

Assets Held for Sale

Non-current assets which meet the relevant criteria to be classified as held for sale.

Capital Adjustment Account

This is a capital reserve largely comprising of resource applied to capital financing and is not available to the Council to support new investment.

Capital Charge

A charge to service revenue accounts to reflect the costs of fixed assets used in the provision of service.

Capital Expenditure

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

Capital Grant

A grant that is intended to fund capital expenditure.

Capital Grants Unapplied Account

A capital reserve reflecting the value of capital grants received where there are no conditions outstanding, and where expenditure on the associated asset has not yet been incurred.

Collection Fund Adjustment Account

A revenue reserve representing the difference between the council tax income received by a local authority and the amount attributable to that authority.

Community Assets

Assets held in perpetuity for the benefit of residents of the district, and which may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

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

Contingent Liability

Potential costs that the Council may incur in the future because of something that happened in the past, but there is no certainty that a cost will occur.

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 scheme sometimes known as a final salary scheme. A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investment of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation

Depreciation is the measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Derecognition

The process upon which assets are no longer deemed to belong to the authority either by sale, destruction, or other form of disposal.

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 statements are approved:

- (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) 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.

Discounted Cash Flow

A method of analysing future cash flows, by removing the impact time has on the value of money and producing an equivalent current value.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which 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.

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

Finance Costs

Reflects the element of annual payment for leased assets which relates to the interest payable on the loan liability.

Finance Lease

A finance lease transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Assets

A right to future economic benefits controlled by the authority.

Financial Liabilities

An obligation to transfer economic benefits controlled by the authority.

Going Concern

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

Government Grants

Assistance by Government and intra-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.

Impairment

Impairment is a reduction in the valuation of a fixed asset or goodwill below its balance sheet value and occurs where something adverse has happened either to the asset itself or to the economic environment in which the asset is operated.

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets

Non-current assets which do not have physical form, such as software.

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.

Inventories

Fair value of current assets purchased which have not yet been consumed.

Investment Property

Assets held solely for the purpose of rental generation or for increasing the value pre-sale (capital appreciation).

Loans and Receivables

Financial assets which are not quoted in an active market and have either a fixed or determinable payment.

Long Term Contract

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 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 contracts if they are sufficiently material to the activity of the period.

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Minimum Revenue Provision

A minimum amount, set by legislation, which the Council must charge to the Comprehensive Income and Expenditure Statement, for debt redemption or for the discharge of other credit liabilities (for example a finance lease).

Non-Current Assets

Assets that yield benefits to the Council for a period of more than one year, such as land, buildings and vehicles.

Non-Distributed Costs

These are overheads for which no user now benefits and should not be apportioned to services.

Operating Lease

An operating lease is a lease other than a finance lease, and where an asset is used only for a small proportion of its economic life.

Past Service Cost

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

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is authorised, by the responsible financial officer, for issue.

Prior Period Adjustment

These are material adjustments to the accounts for a prior period, arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior periods.

Projected Unit Method

This is 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 (that is, individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- b) the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN36 issued by the Faculty and Institute of Actuaries

Provisions

Potential costs that the Council may incur in the future because of something that happened in the past, which are likely or certain to be incurred and a reliable estimate can be made of the costs.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

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.

Revenue Expenditure Funded from Capital Under Statute

This is expenditure that is classified as capital although it does not result in the creation of a fixed asset (for example, improvement grants).

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.

Service Reporting Code of Practice (SeRCOP)

Establishes proper practice with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.

Settlement

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

- a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension 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

Straight Line Basis

The method of calculating depreciation by way of charging services with the same amount each year over the life of an asset.

Total Cost

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.

Useful Life

The useful life of a fixed asset is the period over which the local authority will derive benefits from that asset.

Vested Rights

In relation to a defined benefit scheme, these are:

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

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

Appendix A: ANNUAL GOVERNANCE STATEMENT – 2021/2022

Scope of Responsibility

Blaby District Council is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Blaby District 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, Blaby District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

Blaby District Council has approved a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the authority's code is on our web-site or can be obtained from the Finance Division at the Council Offices in Narborough. This statement explains how Blaby District Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the preparation and approval of an Annual Governance Statement.

Significant Events

Covid-19 Pandemic and Recovery

The Council started to experience the impacts of the pandemic in late 2019/20 year, however this escalated during 2020/21 and continued during 2021/22. There was a requirement to ensure governance arrangements were appropriate given the changed manner of working and to continue to respond to the demands of our community.

Measures taken by the Council included:

- Ability for office based staff to work remotely was supported with further investment into IT equipment
- Member meetings were held through a combination of virtual and face to face meetings
- The Community Hub continued to provide direct support to the most vulnerable residents and support continued to assist voluntary organisations to support our residents and provide emergency funding where necessary (that is food banks)
- Ensuring housing accommodation was provided for the homeless
- Continuing our work through the Business Hub to support businesses and administer the governments business grants

Throughout the year the Council have continued to support our community through the recovery from the pandemic.

Our methods of working have developed into a hybrid of a combination of remote and face to face working and governance arrangements continued to be in place with officers and members communicating through virtual means in addition to face to face contact where required.

The Council's ability to work in partnership has been evident throughout with enhanced engagement with partners through the Leicester, Leicestershire and Rutland Local Resilience Forum and this has continued as we moved into the recovery phase.

The impact of the pandemic has been significant with regard to both the workload of officers and the range of services that the Council has been required to provide. The easing of restrictions during the 2021/22 year allowed some return to normality, however officers continued to support our communities through a range of initiatives.

Further reference is made within this document regarding measures specifically taken relating to the pandemic where appropriate.

Emergency Situation relating to Huncote Leisure Centre Site

In November 2021 during routine work to install landfill gas mitigation equipment contractors found elevated levels of landfill gas onsite. As a result, a decision was taken to close the site as a precautionary measure.

An emergency situation was declared by Blaby District Council and the situation has been ongoing since that date.

Measures taken by the Council have included:

- Closure of the site until levels of landfill gas emission have been reduced and further equipment installed to allow extraction and venting of the emissions in the longer term
- Continued communication with local residents, the Parish Council, partners and users of the site to ensure understanding and compliance with the site closure
- Taking the decision to provide a sum of £500,000 from the General Fund balances for any works necessary to make the site safe. An additional £100,000 was added to this in April 22
- Commissioning emergency works to reduce emission levels and further works to ensure continued extraction and venting

As at the end of March 2022 the site remained closed until the remaining works necessary are carried out.

Emergency Situation Ukraine Crisis and UK Support Programme

With the Russian invasion of the Ukraine in February 2022 potential support measures offered by the UK began to be released during March 2022. Blaby responded to this engaging with partners through the Leicester, Leicestershire and Rutland Local Resilience Forum to put plans in place to support the UK schemes. The operation of which spans into the 2022/23 year and will be covered in more detail in future governance statements.

The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The systems of internal control are a significant part of that framework and are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of internal control are based on an ongoing process designed to identify and prioritise the risks to the achievement of Blaby District Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Blaby District Council for the year ended 31 March 2022 and will continue to be in place up to the date of approval of the Statement of Accounts.

The Governance Framework

The Authority's vision is set out in the Blaby District Plan which was developed with officers, Members and stakeholders in the district. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes, and behaviours required to deliver good governance to all.

Communicating the Authority's Vision

The Blaby District Plan was adopted by Council on the 19 January 2021 and has set our Vision, Values and Priorities for the District spanning 2021-2024. Our priorities are grouped under the three key themes based on the District being "a great place to live, work and visit".

This document encompasses our ambitions and, with partners, how we will deliver these to the community. It recognises the need for actions and support that is required to aid the recovery of our district following the pandemic. The Blaby Plan comprises of our Corporate Plan, our Medium-Term Financial Strategy (MTFS) and our People Strategy. It is not just a list of things we want to achieve but also details how we have planned all our resources, both financial and staffing to deliver these.

Alongside the new Blaby District Plan, priorities for the People Strategy and MTFS have been developed. An updated MTFS was produced alongside the annual budget setting process to ensure attention was drawn to the possible financial risk and impact associated with the changes to Business Rates and the Fair Funding Review.

Translating the vision into objectives for the authority and its partnerships

The Council's objectives reflect the overall vision and are detailed in a series of critical activities which are regularly planned. It is recognised that in some areas it is not always evident how these form part of individual goals for staff and this is an area of improvement through enhancement of the staff PDA process and linkages into the vision and the Blaby District Plan and development of the Performance Framework. The following section lists the key elements of the systems and processes that comprise the Council's governance framework with a commentary setting out how the Council's arrangements comply with each of the principles in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government as follows:

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

The Council has adopted the national Code of Conduct for Members supported by the Audit and Standards Committee which monitors issues in relation to standards of behaviour. The Audit Committee and the Standards Committee were brought together as one Committee in May 2019. The Code of Conduct for Members was reviewed in Oct/Nov 2021 and approved by Council in December 2021 and will be adopted as of 1 April 2022.

There is a separate officer code of conduct.

The roles and responsibilities of the Cabinet Executive, the Non-executive members, the Scrutiny Commission and the Senior Leadership Team are set out in the Council's Constitution which provides a comprehensive framework for the management of the authority's business. This is supported by a formal Scheme of Delegation, based on a delegation by exception principle. A

Member/Officer protocol ensures effective and appropriate communication between the paid establishment and elected Members. The Cabinet Executive has previously approved a recommendation from the Member

Development Steering Group to adopt a comprehensive “Members Roles and Responsibilities” paper which sets out role profiles and the required skills and knowledge for the various roles Members fulfil in discharging their responsibilities.

Council policies are produced in accordance with the principles set out in the Constitution and recommended for approval following review by the Senior Leadership Team. Decision making which falls within the policy and budgetary framework rests with the Cabinet Executive whilst those decisions falling outside the framework are reserved to full Council. The call-in procedure enables the Scrutiny Commission to review decisions made by the Cabinet Executive. Day to day decision making is carried out by appropriate officers in accordance with the Scheme of Delegated Powers (which is based on a delegation by exception principle) and in accordance with the Financial Regulations. These arrangements all contribute to the economic, efficient and effective operation of the Council. The whole suite of standing orders, financial regulations and scheme of delegation are reviewed and updated as required through regular reports to Council.

Ensuring effective arrangements are in place for the discharge of the monitoring officer function

The “Monitoring Officer” function was carried out by the Corporate Services Group Manager during the year up until the 31 October, at which time the Corporate Services Manager post became vacant. For the remainder of the year the Democratic Services, Scrutiny and Governance Manager, who has responsibility for legal matters, was appointed as the Monitoring Officer. The Monitoring Officer position reported to the post holder of the Chief Executive position throughout the year.

Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

The “Head of Paid Service” role is undertaken by the Council’s Chief Executive. There was a change in Chief Executive during the year, however arrangements were made for the Strategic Director (S151 Officer) to hold the position of Chief Executive for an interim period until the appointment of a new Chief Executive in November 21. The Strategic Director (Section 151 Officer) has responsibility for all HR matters and this position reports to the Chief Executive position.

Undertaking the core functions of an Audit Committee, as identified in CIPFA’s Audit Committees – Practical Guidance for Local Authorities

The Council has an established Audit Committee (the Audit and Standards Committee) whose remit and functions are based on the guidance set out in a CIPFA publication which identifies best practice in relation to roles and responsibilities. The Committee meets quarterly and receives regular reports from both the Section 151 Officer, Strategic Finance Manager and the Audit Manager. Arrangements are in place for the Audit Manager to report independently to the Audit Committee should he/she feel it appropriate to do so.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two statutory officers (the Section 151 Officer and the Monitoring Officer) have responsibility for ensuring that the Council does not act in an ultra vires manner,

supported by the Strategic Finance Manager and the Council Tax, Income and Debt Manager who facilitate the management and mitigation of risk and the Audit Manager who provides assurance on matters of internal financial control. The Human Resources function, through the use of Performance Development Appraisals, assesses (and provides a means of improving) competencies to ensure that officers are equipped to discharge their duties in accordance with the requirements of the Council.

Whistle-blowing and receiving and investigating complaints from the public

The Council has in place and promotes appropriate whistle blowing policies and procedures which are regularly reviewed and updated where required. A revised Whistle Blowing (Raising Concerns) policy was reviewed and updated in September 2021. Staff are aware of the Whistle Blowing policy and it has been highlighted in Blaby Matters. There is also a well-established and responsive complaints procedure to deal with both informal and formal complaints from its customers and the residents of the District. Regular information relating to performance in respect of complaints (and compliments) is presented to the Senior Leadership Team.

Principle B. Ensuring openness and comprehensive stakeholder engagement

The Blaby District Plan sets out the Authority's vision, values and priorities, the resources that the Council has to deliver these (within the MTFs) and how we support our officers to deliver the plan within our People Strategy. Objectives are set that link with the priorities and these are monitored through the year by the Senior Leadership Team within the Project Management reporting structure. The authority works closely with other local public bodies, community and voluntary groups via a partnership approach to ensure effective delivery of its services.

We have an active voluntary forum through which the Authority provides support to those in our community whilst engaging with them to understand how we can improve our services. Engagement with our voluntary community and new/temporary volunteers increased during the pandemic and we have taken measure to ensure we retain connection with these groups.

Customer satisfaction with services is monitored through local and service specific surveys, and electronic means to provide feedback on a range of activities and issues.

The Council produces regular e-newsletters for residents and businesses within the District which, in addition to providing information and advice, seeks to receive the views of the residents on a wide range of issues. During the pandemic the Council moved to electronic means of communication with more regular updates to our residents and this has continued through 2021/22. Targeted service priority consultation exercises are undertaken to inform the future allocation of resources. The Council carries out a bi-annual Residents Survey which includes consultation on potential Council Tax increases and satisfaction levels for a range of Council services. This was carried out in January of this year with 1804 responses received. In January 2020 a consultation was carried out asking for resident's views on the priorities to be included within the new Blaby District Plan. 756 responses were received with over 80% of residents agreeing with the proposed priorities. These results went on to inform the Blaby District Plan 2021/2024.

The Council works closely with its 24 Parish Councils. Officers attend a Parish Liaison

Group, which has representatives from all other districts and Leicestershire County Council. We regularly send information through to our parishes in relation to funding opportunities.

The Council has established effective Business Breakfast meetings and holds regular meetings with the head teachers of the Academies in the district. It has a Youth Council which has played an active role, this year, in raising awareness about the green agenda. They have also engaged

with our private sector partners taking part in a Green Agenda project at Glen Parva Prison and are looking to share their learning wider within their school environment.

The Council has in recent years held a Youth Conference, which was an opportunity for young people to have their say with elected members regarding issues most important to them. The event also provides an insight into what the Youth Council does, the opportunity to take part in a debate and make decisions about youth grants. This year this event could not go ahead but was held in June 22.

Engagement with some of our academies and primary schools in the district, working with them to explore career opportunities, commenced again during this year with a number of events spanning a range of sectors including, construction, tourism, logistics and hospitality.

In order to demonstrate its openness the Authority also publishes:

- A Forward Plan 28 days before the Cabinet Executive meets and provides:
 - a) The public with details of all key, non key and budget and policy framework decisions to be taken by Members over a minimum period of four months ahead
 - b) An aide-memoire for the Council's informal board of senior Members and officers to identify future issues for further discussion
 - c) The Scrutiny Commission with information to consider areas where it may wish to seek involvement in policy development
- Its pay policy
- Council, Cabinet and Committee Reports
- Payments over £250

In order to keep the public informed the Authority proactively prepares appropriate press releases. The Council has an award-winning website which is user friendly and well-designed and the frequent use of social media channels of communication have enabled the Council to reach more of our residents effectively.

Scrutiny of the Councils budget for 2021/22 took place over three meetings in January 2021. These meetings were open to all Members and attendance levels were high.

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

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

The Council participates in a range of joint working arrangements with other bodies, some of which are more significant than others. For those that deliver services to our customers there are service level agreements or contractual arrangements in place to ensure delivery and protect reputational risk. Should there be corporate risks based on partnership arrangements these will be detailed within the corporate risk register. The Council is particularly mindful of the financial and reputational risks that can arise through entering into joint working and collaborative arrangements, including the potential for a detrimental reputation impact on the Council should the partnership fail. It therefore actively supports and encourages an "open book" approach wherever possible.

Enhancing the accountability for service delivery and effectiveness of other public service providers

The Council has established and leads on a Staying Healthy Partnership which has set its own objectives and priorities to improve the health and well-being of the community. This includes locality specific areas for improvement which are linked to the Joint Strategic Needs Assessment (JSNA). These include increased awareness and diagnosis of dementia; initiatives regarding mental health, obesity and getting our residents more active as well as collectively looking at workplace health. The partnership includes representatives from the NHS, community safety and health providers. In 2022/23 we will be looking at developing a Community Health and Wellbeing Plan and this partnership will ensure the delivery of this plan by working closely with partners.

Social Prescribing is part of the NHS long-Term Plan to make personalised care business as usual across the health and care system. Social prescribing works for a wide range of people and issues, including people with one or more long term conditions, who need support with their mental health, who are lonely or isolated or who have complex social needs which affect their wellbeing. In Blaby we have a unique set up with our Primary Care Networks which sees Blaby District Council staff seconded into these roles. This arrangement continues for both the North Blaby PCN and the South Blaby and Lutterworth PCN until 31 March 2023. During 2021-2022 over 750 people were supported by the social prescribers.

The Council is a member of the Leicestershire Housing Services Partnership which is made up of local authorities, registered providers and third sector organisations who work to deliver a joint action plan aimed at improving outcomes. One of the positive outcomes from this group has been the success of the bids for the Rough Sleepers Initiative Programme and the Rough Sleepers Accommodation Programme which have helped to improve options for homeless households across the County at a time of increased homelessness presentations.

The Leicester, Leicestershire and Rutland Chief Housing Officers Group forms part of the Housing Services Partnership and is cognisant of the wider housing impacts and as a partnership are concentrating on:

- Understanding the housing impact of increase levels of household unemployment and financial instability
- Identifying and then meeting (wherever possible) the wider support and complex needs of housing customers
- Effectively supporting staff to maintain positive mental wellbeing and health as well as identifying appropriate training and career opportunities
- Working in partnership with key agencies to improve the housing offer to customers for example health, probation, adult social care
- Working collectively to address increased levels of homelessness and maximising opportunities for funding to deliver appropriate accommodation
- Supporting initiatives such as the Staying Healthy partnership by enabling safe and healthy homes and preventing homelessness wherever possible

The Chief Housing Officers Group has continued to work well with partners and in particular in relation to the increase in homelessness presentations which have remained high across the County but also in relation to other key housing areas including, Children and Young People, Community Safety, Strategic Housing as well as being reactive to emergency occurrences e.g. accommodating families from the Afghanistan resettlement schemes. Blaby has also lead on initiatives such as the bids for the Rough Sleepers Accommodation Programme which have been successful in providing self-contained accommodation for Rough Sleepers or those threatened with Rough Sleeping.

The Council leads on the Lightbulb programme; a transformational project designed to improve and transform housing related support services across the County as well as improving hospital discharge services. Lightbulb has won 3 major accolades: -

- Winning the Local Government Chronicle award for best Public/Public Partnership
- Named the best collaborative working initiative by the Association for Public Service Excellence
- Highly commended at the Home Improvement Agency Awards

In 2021/22 the average time taken increased to 49 weeks this was due to the continued complications with obtaining materials and the availability of contractors. We will monitor this during the coming year.

In 2021/22, there was 2,276 referrals made to the Housing Support Coordinators. This resulted in 6,965 onward referrals of which 3,584 were for minor or major adaptations as well as for things to make their homes safer, such as smoke alarms. From the Housing MOTs services were delivered at an average of 36 days during the pandemic, despite all the barriers, which is below the 42 day average of service delivery pre Lightbulb.

Also, in 2021/22 there was 27 applications to the Home Support Grant and 22 applications to the Discharge Grant both of which were introduced the previous year. We also commenced work on the Safespaces Project which supports individuals whose property is hoarded and the Home Gadgets projects which sees technology supplied to help individuals with Dementia or health conditions remain as independent as possible in their own home. Lightbulb continues to seek ways of improving our resident's wellbeing.

The Council formally merged the Community Safety Partnership (CSP) of both Blaby and Hinckley and Bosworth in April 2016. Together the CSP's across Leicestershire work with the Police, Fire, Probation Services, County Council and Clinical Commissioning Groups to develop and implement strategies to protect local communities from crime and to help people feel safe. Local approaches to deal with issues including antisocial behaviour, drug or alcohol misuse and re-offending are also developed through the joint working.

The Council has over recent years invested considerably to promote the economic development of the district. We have, this year seen the continuation of how our proactive approach to good business development in our district and working in partnership with local business has generated growth, with the continued development and opening of sites such as Everards Meadows and the Fosse West development.

During the pandemic the Council set up a Business Hub to support local businesses. This is a support mechanism which continues to provide support during the recovery phase and beyond. Alongside this, the Council's Business Rate Team have distributed over £6.5m in Business Support Grants during this year.

The Council leads a Building Control Partnership on behalf of five other local authorities including Harborough, Oadby and Wigston, Hinckley and Bosworth, Melton and Rutland County Council. A governance structure has been set up which includes a Management Board that meets quarterly to review performance of the service, income generation and make decisions on future priorities. By operating this service through a shared service agreement all the local authorities are able to share the costs of key posts within the structure and work together on Marketing and Communications. In November 2021 a decision was made by Council to operate the Building Control Partnership under delegated authority and arrangements have been put in place to operate under this structure from April 2022.

Through a delegation of statutory responsibility, Blaby provides a Local Land Charge service for both Hinckley and Bosworth Borough Council and Oadby and Wigston Borough Council. Through this arrangement Blaby maintains local land charges registers, processes official searches and provides access to the local land charges register under the Environmental Information Regulations for personal searches.

This arrangement has provided resilience in service across all authorities the service being highly commended at the Local Land Charges awards 2019 and shortlisted by Land Data in 2021 for Team of the Year.

The Council continues to work closely with the academies in our District and meetings cover a wide breadth of matters including; creating workplace opportunities in Blaby District and gaining benefit from developments under construction in our district; workplace health initiatives and creating linkages in our community to promote community safety. This meeting has also facilitated closer relationships being developed with the academies and both the police, local community groups and officers from children's support services at Leicestershire County Council.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome

The Blaby District Plan sets out our ambitions for the Council and sits alongside our Medium-Term Financial Strategy and our People Strategy and these detail how we have planned all our resources, both financial and staffing to deliver these.

The Council's service and financial planning process ensures that resource redirection and allocation is aligned to the priorities emanating from the Blaby District Plan. The Council has in place Contract Standing Orders and Financial Regulations designed to ensure that the Council achieves value for money in discharging its procurement requirements.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability.

Development and maintenance of the system is undertaken by the Senior Leadership Team within the Council and its effectiveness is reviewed by either external or internal audit. In particular, the arrangements include:

- The Medium Term Financial Strategy is now part of the Blaby District Plan but includes a Financial Summary spanning future years which is revised annually
- A 5 Year Capital Programme including asset investment
- An effective system of budgetary control
- The preparation and review of regular and timely financial reports which indicate financial performance against the forecasts
- Clearly defined capital appraisal, funding and expenditure controls
- Formal project management disciplines where appropriate
- Performance management reports

The Council continues to embed a "project board" approach to implementing change and transformation. A focus has been placed on project management and the regular monitoring of project delivery with the SLT meeting monthly to review progress. Ultimately this is led by the Chief Executive and will continue to ensure focus is placed on continuing improvement and learning. Members are fully engaged in this process with both a Cabinet Executive portfolio holder having specific responsibility for driving and monitoring the change process. The Scrutiny Commission, through its performance working group are actively involved in examining the detail of processes and change reviews.

Principle E – Developing the entity’s capacity including the capability of its leadership and the individuals within it.

Members who joined the Council in 2019/20 underwent a comprehensive induction programme and this has continued to be built upon throughout the member’s term, with various training sessions to ensure they are fully equipped to fulfil their roles. A number of prospective member events were delivered to assist and encourage members of the public to stand for district and parish seats and a full induction programme has been developed to deliver to new Members following the district elections which is built upon in preparation for future use.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The Council fully supports the requirements to ensure that both Members and senior officers have the necessary skill sets to fulfil their strategic role in the organisation. The Council continues to invest in development for officers and managers. All people managers were trained in supporting staff wellbeing and manager participation in HR workshops continued virtually and some face to face training has resumed. During the year 4 apprenticeships were supported with two degree level apprenticeships continuing into the next year. Two post graduate qualifications have been supported for professional council officers.

The Council delivers specific Member training around planning, local government finance, good governance and the risks and responsibilities that go with their individual roles. We undertake a full induction programme for new Members and those starting mid-term.

The Council continues to adhere to the principles of the East Midlands Councils Elected Member Development Charter. The Charter provides a set of national standards for authorities to achieve, ensuring elected Members are equipped to have the knowledge and skills to be effective community leaders.

Principle F – Managing risks and performance through robust internal control and strong public management

The Council has in place an agreed clear and coherent framework for managing and monitoring performance. However, this is an area for which improvements are planned in 2022/23 to increase frequency of reporting.

A Six Monthly Performance Report is presented to Council which provides a summary of progress and performance against the priorities within the Blaby District Plan. This report encompasses a whole Council approach focused on the three priorities; A Place to Live, A Place to Work, A Place to Visit, and it is recognised that all services contribute to the successful delivery of the Council’s Plan.

It also includes a selection of statutory indicators and the most up to date comparable data for all English District Councils. This report is also presented at Scrutiny Commission meetings. The responsibility for Performance Management changed in year from the Leader to the Portfolio Holder for Finance, Assets and Performance. All Cabinet members provide challenge through our reporting channels.

The Council uses the InPhase system to record performance indicators and officers have access to the InPhase performance data in order that monitoring can be carried out across services. This is in the process of being reviewed as to how this supports the measurement of performance throughout the Council.

The Council has in place a Risk Management Policy and Strategy to ensure that the management of risk, is embedded within the organisation at both the strategic and operational level with both Members and senior officers having specific roles and responsibilities identified. A Corporate Risk Management Group, headed by the Chief Executive and supported by the performance team provides leadership, whilst the post of Strategic Finance Manager has specific responsibility to co-ordinate the management of risk across the Council. Both Members and officers are trained so that they are equipped to manage risk in a way appropriate to their duties. Risk assessments are a pre-requisite for all capital project appraisals and form an integral element of Project Plans. The Council utilises a software package (InPhase) to assist with the management and monitoring of both performance and risks. This includes a risk tracking facility to continuously monitor the Council's corporate exposure to areas classified as high risk. Members of the Audit Committee receive regular risk monitoring reports.

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

Ensuring the Authority's Financial Management Arrangements Conform with the Governance Requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government

The CIPFA Statement was originally published in March 2009 in respect of the Role of the Chief Financial Officer in public services as a whole and was considered by the Council's Cabinet Executive in July of that year. The following year a further version was produced which was specifically directed towards Chief Financial Officers serving in local government. The five underlying principles however remained the same. The Council's financial management arrangements conform with the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

During this year, the Strategic Director (S151 Officer) held the position of Chief Executive for an interim period. During this time Council approved an interim arrangement for the S151 Officer of Charnwood BC to act as S151 Officer for Blaby DC during this time.

Ensuring the authority's assurance arrangements addresses the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019)

The Council's internal reporting arrangements are designed to ensure the independence of the internal audit function. Appropriate resources are made available to provide an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It brings a systemic disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Audit Manager reports directly to the Council's Audit and Standards Committee on all matters appertaining to audit outcomes.

Review of Effectiveness

Blaby District Council undertakes, on an annual basis, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by a) the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, b) the Audit Manager's annual report and c) by comments made by the external auditors and other review agencies and inspectorates.

Part of this process is to carry out an assurance review which identifies examples of assurances in respect of those governance arrangements which are key to mitigate against significant risks to the achievement of the corporate objectives of the Council. Whilst a number of actions were

identified through this process they don't relate specifically to governance matters, but illustrate the Council's commitment to continuous improvement. The actions are listed in the table below for completeness. The comprehensive detail of the assurance review completed can be found as an appendix to the Annual Governance Report considered by Cabinet Executive in July 2022.

Core Principal 1: A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Supporting Principle 1 : Behaving with Integrity

Action – To develop the PDA process further to ensure all staff receive regular appraisals that are documented.

Supporting Principle 2 : Demonstrating strong commitment to ethical values

Action – Document the 'Blaby Way' to promote the values and culture of Blaby DC.

Action – Increase Member oversight of partnerships.

Core Principal B: Ensuring openness and comprehensive stakeholder engagement

Supporting Principle 2 : Engaging comprehensively with institutional

Action – Build on Communication strength to engage with stakeholders.

Supporting Principle 3 : Engaging stakeholders effectively, including individual citizens and service users

Action – Build on Communication strength to be proactive in the promotion of the Council.

Action – Build on Communication strength to engage with stakeholders.

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

Supporting Principle 1 : Defining outcomes

Action – Detailed risk management process to continue to be embedded with focus on risks that allow SLT to manage the authority.

Supporting Principle 2 : Sustainable economic, social and environmental benefits

Action – Briefing for all members regarding Council finance incorporating Fair Funding and Business Rate Review outcomes to ensure awareness of future financial outlook.

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

Supporting Principle 2 : Planning interventions

Action – Corporate performance framework to be developed to give overall view of performance.

Core Principal 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

Action – HR Review, Development Plans developed and workforce development and retention initiatives to be considered given uplift in attrition rates.

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

Action – To develop the PDA process further to ensure all staff receive regular appraisals that are documented.

Core Principal F : Managing risks and performance through robust internal control and strong public financial management

Supporting Principle 1 : Managing risk

Action – Continuation of imbedding lower level risk management system.

Action – Risk Management Strategy to be updated 22/23.

Supporting Principle 2 : Managing Performance

Action – Corporate performance framework to be developed to give overall view of performance.

Supporting Principle 3 : Robust internal control

Action – Continued training for Audit and Standards Committee members.

There were no actions from previous years that had not been addressed, however some actions will continue to be built upon in 2022/23.

Review of Compliance with Financial Management Code 2021/22

The Council carried out a review of compliance with the FM Code in this shadow year. It was considered by the Audit and Standards Committee in July and the action plan arising from the review approved by Cabinet Executive in September. The document has been made available to the public. Whilst the Authority has been found to be compliant with many aspects of the FM Code, there are a number of areas that are partially compliant and where improvements have been identified. These are listed in the table below:

CHAPTER 1 – The Responsibilities of the Chief Finance Officer and Leadership Team

A The leadership team is able to demonstrate that the services provided by the authority provide value for money.

Improvement - Review of efficiency savings arising from major corporate and service projects.

B Principle 3: The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.

Improvement - Develop a financial training package for managers to provide them with the necessary skills to undertake their role effectively.

CHAPTER 2 – Governance and Financial Management Style

E. The financial management style of the authority supports financial sustainability

Improvement - Further development of capital expenditure plans. Understand the implications for future funding streams following completion of Government reviews of Business rates Retention, New Homes Bonus, and Fair Funding.

CHAPTER 3 – Medium to Long Term Financial Management

F. The authority has carried out a credible and transparent financial resilience assessment

Improvement - Consider options for independent resilience review, including Pixel, Local Government Association.

G. The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members

Improvement - Consider how longer term developments, e.g. Lubbethorpe and Whetstone Garden Village, may impact on the MTFS.

I. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans

Improvement - Wider involvement of SLT in development of the MTFS & Update the Asset Management Plan.

CHAPTER 5 – Stakeholder Engagement and Business Cases

L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

Improvement - Consider wider consultation on the longer term MTFS and budget proposals.

M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

Improvement - Introduce post implementation review for the more significant capital projects; outcomes, timelines, budget.

CHAPTER 6 – Monitoring Performance

O. The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.

Improvement - Incorporate the reserves position within quarterly monitoring reports to Cabinet Executive and arrange for the aged debt analysis and write-offs to be reported through the new Performance Management System.

Role of the Council

The extent of the role of full Council in reviewing and monitoring effectiveness of internal control is set out in Article 4 of the Council's constitution. Article 4 provides that the Council is responsible for setting the policy and budgetary framework.

It is the responsibility of the statutory officers to report to Council on any issues concerning the review of the effectiveness of internal control arrangements where such cases fall outside the delegated power of other decision making bodies of the Council. There have been no issues arising during 2021/22 which have required the full Council to exercise its role.

The Constitution of the Council is subject to a continuous review process and a delegation by exception scheme forms an integral part of the arrangements. The Constitution underwent a revision in 2016/17 and the new version, which was actively reviewed by Members, was approved by Council on 24 May 2016. Amendments to the Constitution are brought before Council throughout the year as part of the continuous review process and annually to ensure it is fit for purpose.

The Council formally reviews its Financial Regulations on a regular basis albeit ongoing updates are implemented as part of the regular reviews of the Constitution.

Role of Cabinet Executive

The role of the Cabinet Executive is to receive, consider and approve the Annual Governance Statement and to monitor the implementation of any Action Plans arising out of the review of its governance arrangements.

Role of Audit Committee

A formal Audit Committee, constituted on the basis of the guidance issued by the

Chartered Institute of Public Finance, including the adoption of a “Statement of Purpose”, was established in 2008.

The Audit Committee (The Audit and Standards Committee) meets on a quarterly basis. It has responsibility for considering the findings of the annual review of the effectiveness of the internal audit function in addition to receiving regular monitoring reports from the Audit Manager. The annual external audit plan is also approved by the Audit Committee.

Role of Scrutiny Committee

The Council has a well established Scrutiny Commission supported by working panels who are assigned specific projects to be undertaken. The Commission can “call in” a decision which has been made by the Cabinet Executive but not yet implemented, to enable them to consider whether the decision is appropriate.

Risk Management

The Corporate Risk Group regularly reviews the Risk Management Strategy to ensure its continued relevance to the Council. The reviews also assess performance against the aims and objectives of the Risk Management Strategy.

The Strategic Finance Manager provides regular progress reports to the Corporate Risk Group and the Senior Leadership Team bringing to their attention any significant risks which have been identified. The Corporate Risk Group/Senior Leadership Team also:

- Reviews the Council’s strategic/operational risk registers and associated action plans
- Ensures that the appropriate management action is taken to minimise/eliminate risk

Audit and Standards Committee review the Strategic Risk Register and mitigating actions regularly. They also have responsibility for reviewing and recommending the Risk Management Strategy at regular intervals.

Role of Internal Audit

Internal Audit is provided in accordance with the statutory responsibility under Section 151 of the Local Government Act 1972, the Accounts and Audit Regulations and the

Public Sector Internal Audit Standards. It is managed on a day to day basis by the Audit Manager who reports to the Strategic Director. There is however also an indirect reporting line to the Strategic Director (Section 151 Officer) in relation to matters of a technical or professional nature.

Internal Audit objectively examines, evaluates and reports on the adequacy of internal controls and governance as a contribution to the proper, economic and effective use of resources. During 2021/22 this responsibility was carried out following an approved risk based annual audit plan.

The Audit Manager produces quarterly progress monitoring reports against the plan to the Audit and Standards Committee.

The internal reporting process for audit work requires a report of each audit to be submitted to the relevant Group/Corporate Manager and/or Service Manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by the relevant managers. The process also includes regular reviews of recommendations to ensure that they are acted upon. A summary of all audits carried out, including a grading rating which reflects the effectiveness of the controls in place and an analysis of the recommendations is submitted to each quarterly Audit and Standards Committee meeting.

The Public Sector Internal Audit Standards (PSIAS), introduced on 1 April 2013, and revised in April 2016 and again in 2017, require an external assessment of compliance with the Standards to be carried out at least once every five years.

The assessment was carried out in November 2020 and found that the internal audit function at Blaby District Council conforms with the PSIAS and there were no areas of non-compliance identified. The final report was presented to the Audit and Standards Committee on 1 February 2021 along with an action plan containing minor action points which the Audit Manager is implementing to improve overall compliance with the Standards.

The Shared Service Audit Manager provides an independent opinion on the internal control environment to the Audit and Standards Committee which then feeds into the Annual Governance Statement process. For the 12 months ended 31 March 2021, based upon the work undertaken by Internal Audit during the year and additional information provided by relevant managers on their responses to audit recommendations, the Audit Manager has formed the opinion that she is able to give **reasonable assurance** on the Council's overall internal control arrangements. To be consistent with our Internal Audit opinion definitions, this means that there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the areas audited. This is a positive assurance opinion overall which will be detailed in the report of the Audit Manager's 'Internal Audit Annual Report 2021/2022' which will be presented to the Audit and Standards Committee on 25 July 2022.

All internal audit reports issued during 2021/22 were issued with either substantial or reasonable assurance opinions. A small number of high priority recommendations were made in respect of audit reviews undertaken. These relate to specific systems and/or service areas with the majority of these recommendations already implemented and others in progress. It is not therefore considered necessary to include them in the Annual Governance Statement.

Other Explicit Review/Assurance Mechanisms

The Corporate Services Group Manager (the "Monitoring Officer") has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Constitution underwent a revision in 2016/17 and the new version, which was actively reviewed by Members, was approved by Council on 24 May 2016.

Statements of Assurance are received from senior officers regarding internal control issues in line with the guidance set out in "Delivering Good Governance in Local Government".

In November 2021 the Council invited the LGA to carry out a Finance Health Check which gave a view of the robustness of the Council's financial arrangements. The report, received in December 2021, concluded that the Council is well managed financially and has consistently spent within its budget. The report went on to provide a number of recommendations which have been

incorporated in an action plan, many points of which have already been actioned as part of the budget process in February 2021.

A Peer Review carried out by the LGA in 2015 described Blaby District Council as “a great council which is performing well with no major concerns. There are many examples of good services and projects with a strong focus on doing the right thing for Blaby’s residents and customers at all levels of the organisation.”

A further review was carried out in 2018 and was again very positive in terms of staff engagement, progress against our action plan and as excellent partners.

A further Peer Review was performed in March 2022 and was again very positive. The final report has now been received from the Peer Review and an action plan is being formulated to address the recommendations made. This will be presented for consideration by Council in July 2022.

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 Senior Leadership Team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Significant governance issues

Whilst there are no significant governance issues to report, nevertheless the Council continues to seek to enhance and strengthen our governance arrangements where improvements can be identified. We will monitor progress made as part of our next annual review.

Signed _____
Leader of the Council
XX XXXXXXXXX 2024

Signed _____
Chief Executive
XX XXXXXXXXX 2024

BLABY DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2022/23

Contents

NARRATIVE REPORT BY SARAH PENNELLI, EXECUTIVE DIRECTOR (SECTION 151)	10
About Blaby District Council	12
Key Facts and Information about Blaby	13
Overall, how satisfied, or dissatisfied are you with the way Blaby District Council runs their service?	16
Political Management Arrangements.....	17
Management Structure	19
Our Staff.....	19
The Blaby District Plan	19
Our Vision.....	20
Our Corporate Priorities and Objectives	20
Medium Term Financial Strategy	22
People Strategy.....	23
Net Zero	23
Risk Management	23
Partnership Working.....	26
Local Plan	26
Community Engagement.....	28
How satisfied or dissatisfied are you with the following individual services in your area?	28
LGA Corporate Peer Challenge (CPC).....	29
The 2022/23 Budget Process	31
Council Tax	31
Council Tax Base.....	33
Income Generation and Commercialisation	33
Reserves and Balances	33
Budget Monitoring	33
Financial Performance of the Council 2022/23	33
Reserves and Balances – Financial Resilience	35
Treasury Management	35
Borrowing	37
Investing.....	37
Capital Programme	38
The Balance Sheet Position.....	39
Pension Liability	39
Provisions, Contingencies and Material Write-offs	40
Non-Financial Performance of the Council 2022/23.....	40
Achievements.....	40
A Place to Live:	40

A Place to Work:.....	40
A Place to Visit:	41
Performance against Corporate Objectives.....	41
Other Issues.....	41
Council Tax Energy Rebate	41
Homes for Ukraine	41
Huncote Leisure Centre	42
Summary Position	42
Receipt of Further Information.....	43
Acknowledgements	43
Explanation of the Financial Statements	44
Comprehensive Income and Expenditure Statement	44
Movement in Reserves Statement	44
Balance Sheet.....	44
Cash Flow Statement.....	44
Notes to the Financial Statements	45
Collection Fund	45
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	46
The Authority's Responsibilities	46
The Executive Director (Section 151)'s Responsibilities	46
Certification of Accounts.....	46
APPROVAL OF ACCOUNTS	47
CORE FINANCIAL STATEMENTS and EXPLANATORY NOTES	48
Comprehensive Income and Expenditure Statement.....	48
Movement in Reserves Statement	49
Balance Sheet.....	50
Cash Flow Statement	51
Notes to the Core Financial Statements - Index.....	52
1. Accounting Policies	54
i. General Principles	54
ii. Accruals of Income and Expenditure	55
iii. Cash and Cash Equivalents.....	55
iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors.....	55
v. Charges to Revenue for Non-Current Assets	56
vi. Council Tax and Business Rates	56
vii. Employee Benefits	57
viii. Events After the Reporting Period.....	58
ix. Financial Instruments.....	59
x. Government Grants and Contributions	61

xi. Heritage Assets	61
xii. Intangible Assets.....	62
xiii. Investment Property	62
xiv. Leases	62
xv. Overheads and Support Services	64
xvi. Property, Plant and Equipment	64
xvii. Provisions, Contingent Liabilities and Contingent Assets.....	65
xviii. Reserves	66
xix. Revenue Expenditure Funded from Capital under Statute.....	66
xx. Value Added Tax (VAT)	66
2. Accounting Standards Issued But Not Yet Adopted	69
3. Critical Judgements in Applying Accounting Policies	69
Local Government Funding	69
Embedded Leases and Derivatives.....	69
Provision for Business Rates Appeals.....	70
4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty.....	70
Property, Plant and Equipment	70
Pensions Liability.....	70
Arrears	71
5. Material Items of Income and Expense	71
6. Events after the Reporting Period	71
7. Expenditure and Funding Analysis	71
7a. Notes to the Expenditure and Funding Analysis	73
Adjustments between Funding and Accounting Basis 2022/23.....	73
Adjustments between Funding and Accounting Basis 2021/22	74
Adjustments for Capital Purposes	74
Net Change for the Pensions Adjustments	75
Other Differences	75
7b. Expenditure and Income Analysed by Nature	75
8. Adjustments Between Accounting Basis and Funding Basis Under Regulations	76
General Fund Balance	76
Capital Receipts Reserve	76
Capital Grants Unapplied.....	76
Collection Fund Earmarked Reserve	76
9. Movement in Earmarked Reserves.....	79
10. Other Operating Expenditure	82
11. Financing and Investment Income and Expenditure.....	82
12. Taxation and Non Specific Grant Income and Expenditure	83
13. Property, Plant and Equipment	84

Movement on Balances	84
Depreciation	85
Capital Commitments	86
Effects of Changes in Estimates	86
Revaluations	86
14. Heritage Assets	87
15. Investment Properties	87
16. Intangible Assets	88
17. Financial Instruments	89
Categories of Financial Instruments	89
Income, Expense, Gains and Losses	89
Fair Value of Assets and Liabilities	90
18. Debtors.....	91
19. Cash and Cash Equivalents	91
20. Assets Held for Sale	92
21. Creditors.....	92
22. Provisions.....	92
23. Unusable Reserves	93
Revaluation Reserve	94
Capital Adjustment Account	94
Pensions Reserve	95
Collection Fund Adjustment Account.....	96
Accumulated Absences Account	96
Financial Instruments Adjustments Account	97
24. Cash Flow Statement – Operating Activities	97
25. Cash Flow Statement – Investing Activities.....	98
26. Cash Flow Statement – Financing Activities	98
27. Reconciliation of Liabilities Arising from Financing Activities.....	98
28. Agency Arrangements.....	98
29. Members Allowances	100
30. Officer Remuneration	100
31. External Audit Costs.....	102
32. Grant Income	102
33. Related Party Transactions	103
Central Government	103
Other Local Authorities	104
Members and Senior Officers	104
34. Capital Expenditure and Capital Financing	104
35. Leases.....	105

Authority as Lessee	105
Finance Leases -	105
Authority as Lessor	106
Finance Leases –	106
Operating Leases –	106
36. Defined Benefit Pension Schemes	106
Participation in Pensions Schemes	106
Transactions Relating to Post-Employment Benefits	106
Pension Assets and Liabilities Recognised in the Balance Sheet	107
Reconciliation of the Movements in the Fair Value of Scheme Assets	108
Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	108
Local Government Pension Scheme assets comprised:	109
Pension Fund Risk Management Strategy	110
Impact on the Council's Cash Flows	110
37. Contingent Assets and Liabilities	111
Contingent Assets	111
Contingent Liabilities	111
38. Nature and Extent of Risks Arising from Financial Instruments	111
Overall Procedure for Managing Risk	111
Credit Risk	112
Liquidity Risk	113
Refinancing and Maturity Risk	113
Market Risk	114
Interest rate risk -	114
Price Risk	115
SUPPLEMENTARY FINANCIAL STATEMENTS AND EXPLANATORY NOTES	116
The Collection Fund	116
Notes to the Collection Fund	117
General Information	117
Council Tax	118
National Non-Domestic Rates	119
Precepts and Demands on the Collection Fund – Council Tax	120
Collection Fund (Surplus)/Deficit	120
Glossary of Financial Terms	121
Accruals	121
Acquired Operations	121
Actuarial Gains and Losses	121
Amortisation	121
Assets Held for Sale	121

Capital Adjustment Account	121
Capital Charge	121
Capital Expenditure	121
Capital Grant	121
Capital Grants Unapplied Account	122
Collection Fund Adjustment Account.....	122
Community Assets	122
Consistency.....	122
Contingent Liability	122
Current Service Cost (Pensions)	122
Curtailment.....	122
Defined Benefit Scheme.....	122
Depreciation	122
Derecognition	123
Discontinued Operations	123
Discounted Cash Flow	123
Discretionary Benefits	123
Exceptional Items	123
Expected Rate of Return on Assets	123
Fair Value.....	124
Finance Costs	124
Finance Lease.....	124
Financial Assets	124
Financial Liabilities	124
Going Concern	124
Government Grants.....	124
Impairment	124
Infrastructure Assets	124
Intangible Assets.....	124
Interest Cost (Pensions).....	125
Inventories.....	125
Investment Property	125
Loans and Receivables	125
Long Term Contract	125
Materiality.....	125
Minimum Revenue Provision.....	125
Non-Current Assets.....	125
Non-Distributed Costs	125
Operating Lease.....	125

Past Service Cost.....	126
Post Balance Sheet Events.....	126
Prior Period Adjustment	126
Projected Unit Method.....	126
Provisions.....	126
Prudence	126
Retirement Benefits.....	126
Revenue Expenditure Funded from Capital Under Statute	127
Scheme Liabilities	127
Service Reporting Code of Practice (SeRCOP)	127
Settlement	127
Straight Line Basis	127
Total Cost.....	127
Useful Life	127
Vested Rights.....	127
Appendix A: ANNUAL GOVERNANCE STATEMENT – 2022/2023	129
Scope of Responsibility	129
Significant Events.....	129
Covid-19 Pandemic and Recovery	129
Emergency Situation relating to Huncote Leisure Centre Site.....	130
Emergency Situation Ukraine Crisis and UK Support Programme	130
Cost of Living Crisis.....	130
The purpose of the governance framework.....	131
The Governance Framework.....	131
Communicating the Authority's Vision	131
Translating the vision into objectives for the authority and its partnerships.....	132
Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	132
Ensuring effective arrangements are in place for the discharge of the monitoring officer function.....	133
Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function	133
Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.....	133
Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.....	133
Whistle-blowing and receiving and investigating complaints from the public.....	133
Principle B. Ensuring openness and comprehensive stakeholder engagement	134
Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits	135

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.....	135
Enhancing the accountability for service delivery and effectiveness of other public service providers	135
Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome	138
Principle E – Developing the entity's capacity including the capability of its leadership and the individuals within it.	139
Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.....	139
Principle F – Managing risks and performance through robust internal control and strong public management	139
Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability	140
Ensuring the Authority's Financial Management Arrangements Conform with the Governance Requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government	140
Ensuring the authority's assurance arrangements addresses the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).....	140
Review of Effectiveness	141
Review of Compliance with Financial Management Code 2022/23.....	143
Role of the Council.....	143
Role of Cabinet Executive	144
Role of Audit Committee	144
Role of Scrutiny Committee.....	144
Risk Management	144
Role of Internal Audit.....	145
Other Explicit Review/Assurance Mechanisms	146
Statement of Leader and Chief Executive	146
Significant governance issues.....	146

NARRATIVE REPORT BY SARAH PENNELLI, EXECUTIVE DIRECTOR (SECTION 151)

I am pleased to present Blaby District Council's Statement of Accounts for the financial year ended 31st March 2023. The published accounts are an important element of the overall arrangements for demonstrating the Council's financial stewardship of public money. Although the accounts are backward-looking, they provide the context for the ongoing challenges and pressures on the Council's financial position. Although Covid-19 is no longer as widespread as it was pre-2022/23, some of our key income streams have yet to recover to pre-pandemic levels. In addition to this the war in the Ukraine, soaring energy prices, and inflation in general, have triggered a cost of living crisis that is impacting on residents as well as the Council itself. Despite this, thanks to the considerable efforts of officers across all services, the Council has been able to make a small, yet valuable, contribution to reserves.

During the pandemic, the government provided a range of support measures to help businesses and individuals, and many of these were managed and administered by the Council. Whilst those grant schemes are now closed, the ensuing financial crisis has led to some new grants being introduced to provide help with energy bills. The latest of these schemes, covering payments to individuals who have not received funding via their energy supplier, or who use alternative fuels, will continue into the early part of the 2023/24 financial year.

The future of local government funding remains uncertain, with the likelihood that the Fair Funding Review and expected reset of the business rates baseline will now take place no earlier than 1st April 2025. The financial results for 2022/23 are pleasing in that the call on reserves and balances did not materialise to the extent that was expected. However, there remains a significant risk to the Council's financial position in future years, subject to the outcome of the government's review.

Part of my role as Executive Director (Section 151) is to ensure that the Council's financial affairs are properly administered, and its financial position remains stable and robust. This is essential to ensure that the Council can continue to provide quality services to our residents.

The Department for Levelling Up, Housing and Communities (DLUHC) is responsible for issuing regulations that cover the production and publication of local authority accounting statements. The Accounts and Audit (Amendment) Regulations 2022 specify that local authorities must publish their audited accounts for 2022/23 by 30th September 2023. The public inspection period commences on or before the first working day of June which effectively means that I must sign-off the unaudited accounts for publication by 31st May 2023 at the latest.

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code). It aims to provide sufficient information to ensure that members of the public, including electors and residents of Blaby, Council Members, partners, stakeholders, and other interested parties can:

- Understand the overarching financial position of the Council and the outturn for 2022/23;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Be assured that the financial position of the Council is sound and secure.

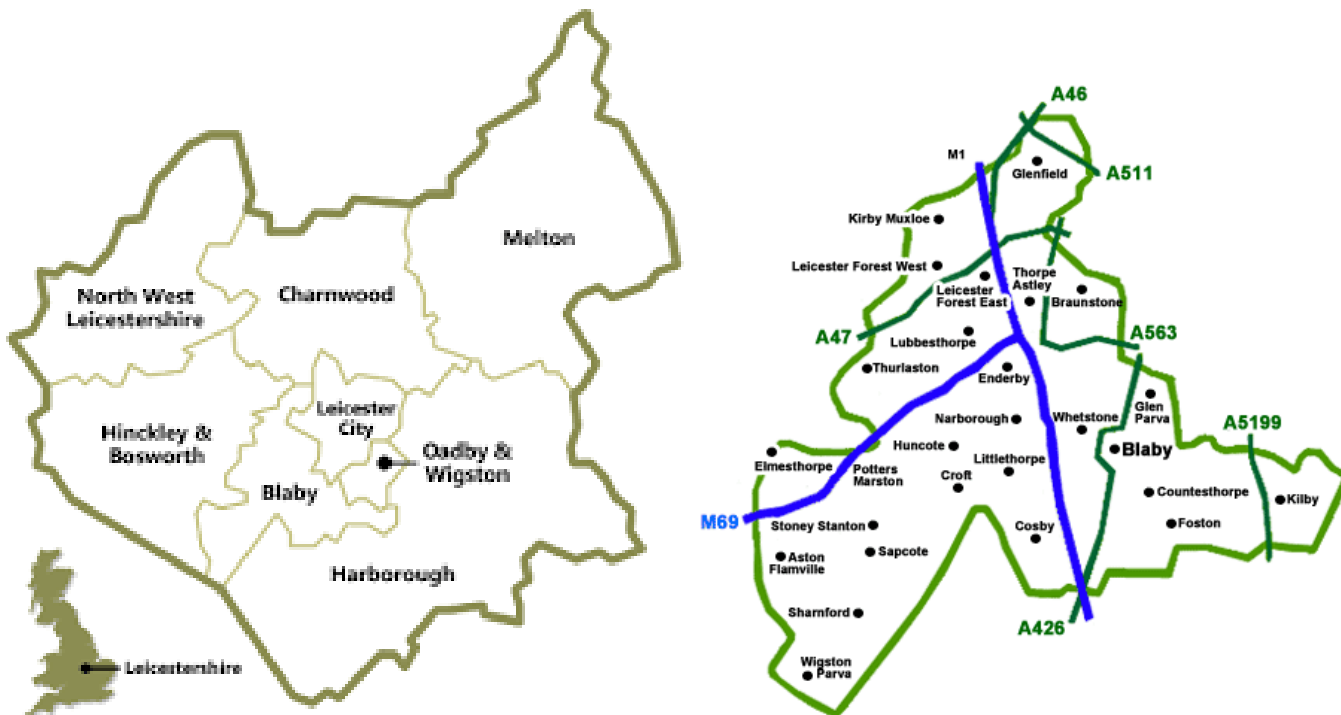
This Narrative Report provides an organisational overview of Blaby District Council and the external environment within which it operates. It also provides a summary of the financial position on 31st March 2023, including the following:

- About Blaby – key facts and figures
- The Blaby District Plan
- The 2022/23 Budget and Council Tax Setting Process
- The Capital Programme 2022/23
- The Council's financial performance in 2022/23
- Non-Financial Performance of the Council
- Performance against Corporate Objectives
- Other Issues
- Summary position
- Receipt of further information
- Acknowledgements

This is followed by an explanation of the Financial Statements and content of the Statement of Accounts.

About Blaby District Council

Blaby District Council is located in the southwest corner of Leicestershire within the East Midlands region. It is one of seven districts within the County, also bordering the City of Leicester. Blaby District covers a geographical area of about 129 km² and is a mix of urban and rural areas with 80% of the population living in areas classed as 'urban'. There are 27 settlements, which are diverse in nature and size.



There are major transport links running through the district including the M1 and the M69 the A563, A5460 and the B4114. Travel-to-work patterns indicate a strong functional relationship between the city and many settlements in the district.

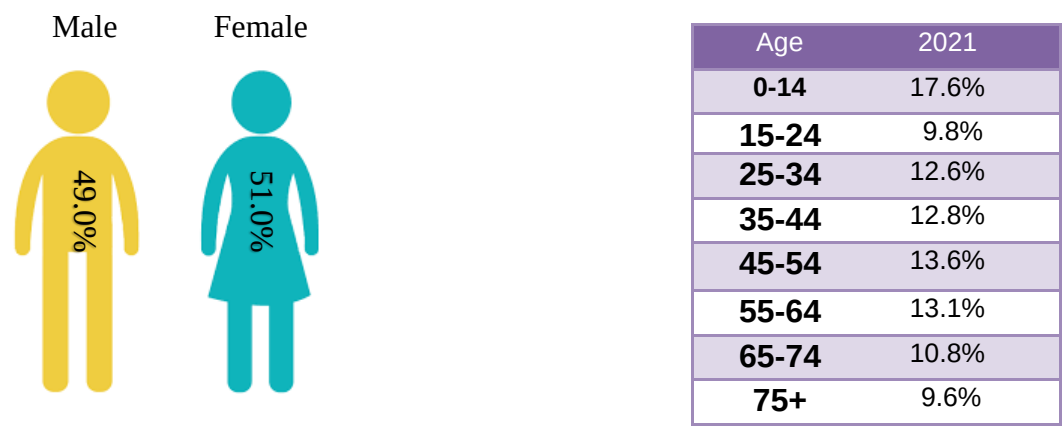
The railway station at Narborough has direct links to Leicester and Birmingham. The district is within easy travelling distance of two international airports.

Fosse Park is within the district boundary and is one of the busiest retail parks in the country, attracting 11 million visitors a year. There are also large-scale business parks and business headquarters including Next and Santander within the District. There are also a number of headquarters for public sector organisations such as Leicestershire Police and Leicestershire County Council.

Key Facts and Information about Blaby

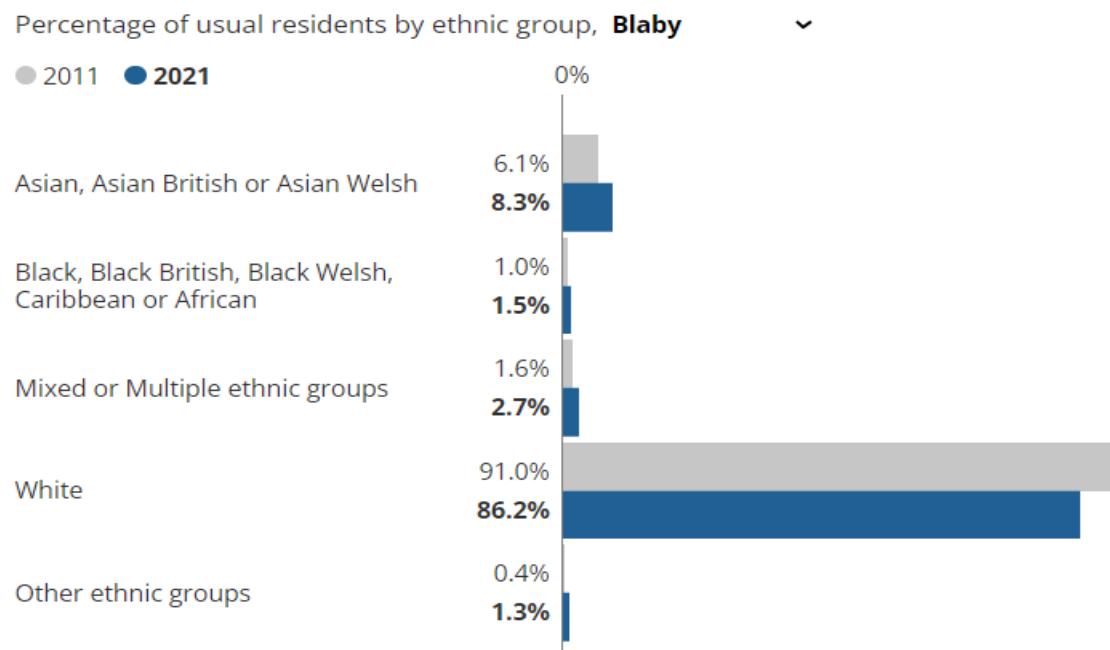
In Blaby, the population size has increased by 9.6%, from around 93,900 in 2011 to 102,900 in 2021. This is higher than the overall increase for England (6.6%), where the population grew by nearly 3.5 million to 56,489,800. As of 2021, Blaby is the 12th most densely populated of the East Midlands' 35 local authority areas, with around six people living on each football pitch-sized area of land.

The graphic below shows the gender split and the age breakdown of the population in Blaby District.



Life expectancy is good at nearly 82 years for men and 85 years for women compared to 80 and 83 years nationally.

The ethnic minority population of the district has shown an increase when comparing the 2021 data against 2011. The ethnic minority proportion is at 13.8% compared to 9.1% in 2011.



Source: Office for National Statistics – 2011 Census and Census 2021

Employment

61.5% of Blaby's population is economically active and in employment. This is a reduction of 2.1% when compared to 2011, however the actual number has risen from 48,510 to 51,446, indicating that the proportion of economically inactive people has increased.

Unemployment is at 2.5% of residents who were economically active. This compares to 3.4% nationally.

36% of Blaby's population is now economically inactive.

Unemployment across the districts of South Leicestershire.

	Blaby	Leicester City	Harborough	Hinckley & Bosworth	Oadby & Wigston
Unemployment Census 2021 (ONS)	2.5%	5.0%	1.9%	2.2%	3.1%

Housing

As at February 2023 the average house price in the district is £305,240 compared to £302,212 for the whole of Leicestershire.

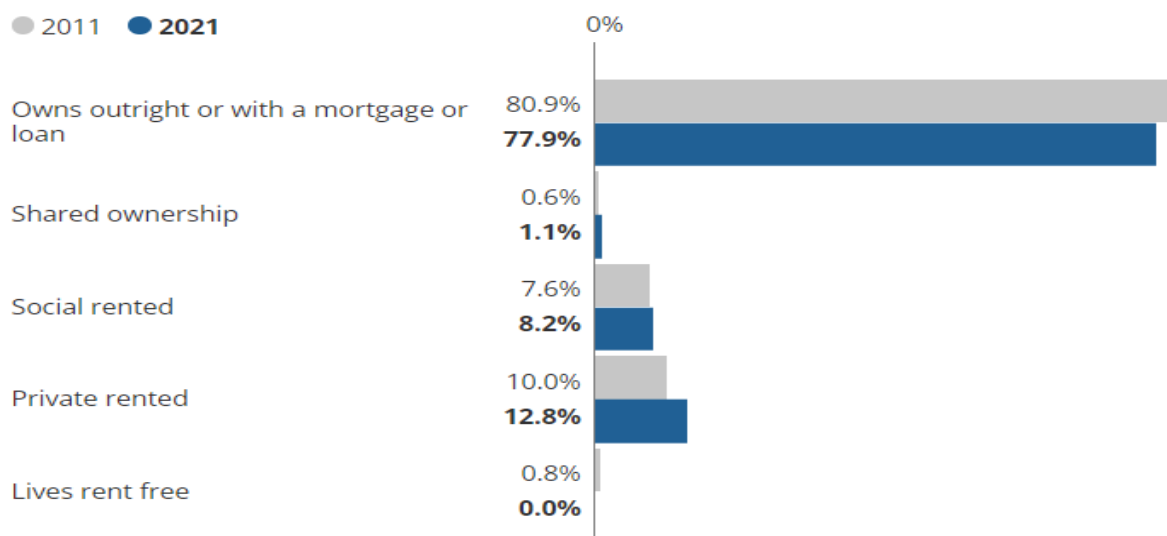
Blaby stood out from other areas for housing. The percentage of households in the social rented sector increased in Blaby but fell across the East Midlands.

In Blaby, the percentage of households in the social rented sector rose from 7.6% in 2011 to 8.2% in 2021. During the same period, the regional percentage fell from 15.8% to 14.9%.

Private renting in Blaby increased from 10.0% to 12.8%, while the rate of home ownership decreased from 80.9% to 77.9%.

Percentage of households by housing tenure, **Blaby**

● 2011 ● 2021



Source: Office for National Statistics – 2011 Census and Census 2021

Health

Health and recreation is well catered for in the district. We have nine strategic green spaces including Glen Parva Local Nature Reserve which received a Green Flag Award. Our community garden, 'A Place to Grow', helps to support positive health and wellbeing. There are two Council owned leisure centres managed on our behalf by Sport and Leisure Management Ltd.

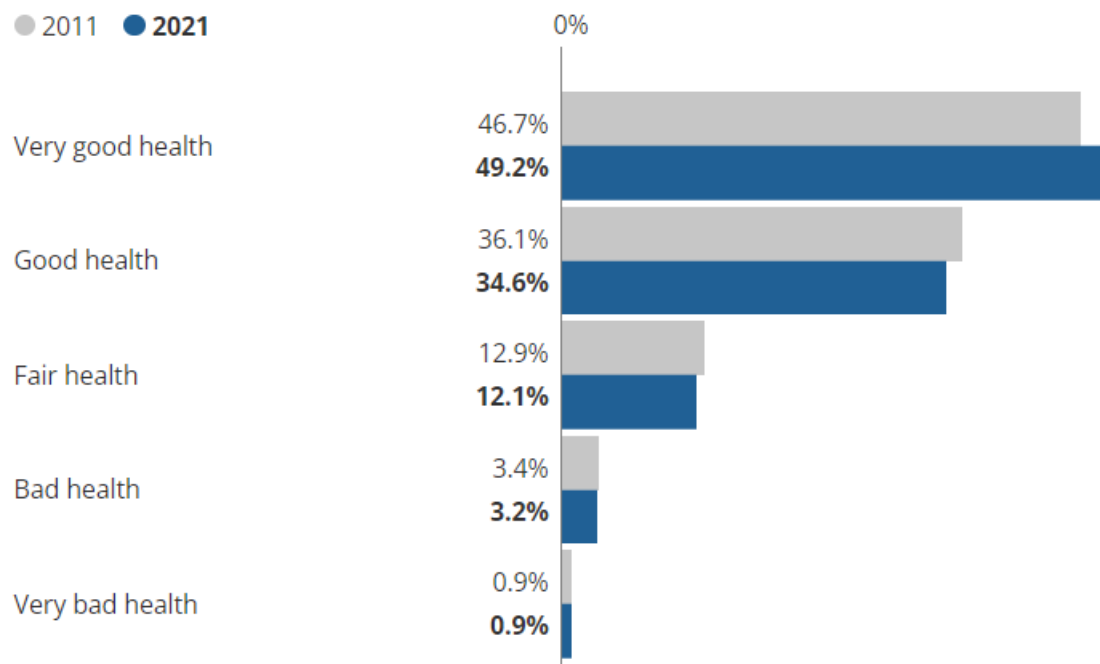
The graph below shows an increase in residents reporting themselves to be in very good health when comparing the 2021 with the 2011 census.

Age-standardised proportion of usual residents by self-reported health,

Blaby



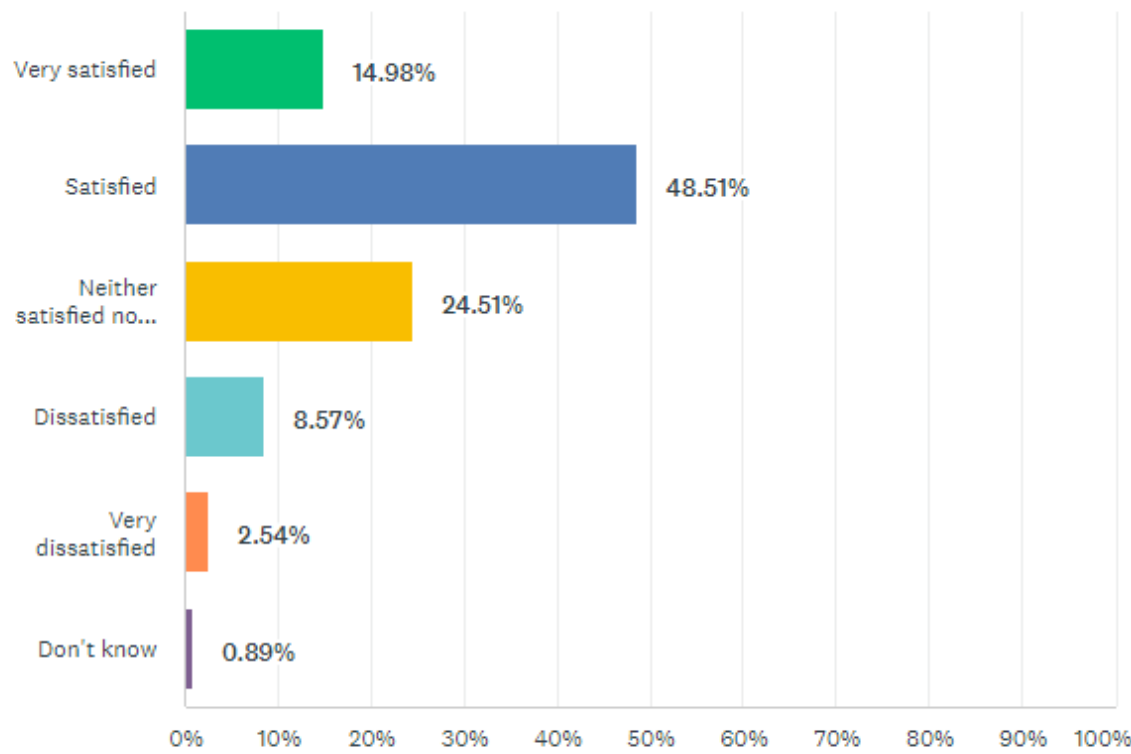
● 2011 ● 2021



Source: Office for National Statistics – 2011 Census and Census 2021

Using data from the 2022 Residents' Survey, 63.5% of residents are satisfied with the way the Council operates and delivers services.

Overall, how satisfied, or dissatisfied are you with the way Blaby District Council runs their service?



Political Management Arrangements

During 2022/23 the Council comprised 39 elected Members representing 18 Wards in the District. Elections are held every four years, with the most recent being 4th May 2023. During 2022/23 the Local Boundary Commission undertook a boundary review, the result of which was that the number of District Councillors was reduced from 39 to 36. Alongside this there were changes to some of the previous ward names and boundaries, and these changes were implemented in the local elections held in May.

Members set the strategy and policy framework for the Council, and within which officers deliver services. Blaby operates a Cabinet Executive model which comprises five Cabinet Members. The Leader of the Council is Councillor Terry Richardson (Conservative), and the Deputy Leader is Councillor Maggie Wright (Conservative). The Leader has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of executive functions.

The Cabinet Executive is currently made up of five Members appointed by the Leader to make decisions on key strategic matters. Each Cabinet Member has portfolio responsibilities in respect of specific Council functions.

The current portfolios which broadly reflect the service groups within the Council are as follows:

1. Leader
2. Finance, People and Performance
3. Neighbourhood Services & Assets
4. Health, Wellbeing, Community Engagement & Business Support
5. Housing, Community and Environmental Services
6. Planning Delivery and Enforcement, and Corporate Transformation

The Council had a majority Conservative administration during 2022/23, with the political make up as follows:

- 23 The Conservative Party
- 6 Liberal Democrats
- 6 The Labour Party
- 3 Independent
- 1 Green Party

The Council's Constitution is subject to a continuous review process and a delegation by exception scheme forms an integral part of the arrangements. Amendments to the Constitution are brought before Council as part of the continuous review process.

This political composition of the Council changed following the recent district election held on 4th May 2023, although the Conservative party still maintains overall control with a reduced majority. The political make up is now:

- 19 The Conservative Party
- 9 Liberal Democrats
- 6 The Labour Party
- 2 Green Party

Most of Blaby District falls under the South Leicestershire Parliamentary Constituency and is represented by Mr Alberto Costa, Conservative Member of Parliament. The exceptions are the Blaby District Wards of Ellis, Faire, Kirby Muxloe, and Leicester Forest and Lubbethorpe, which are represented by Mr Edward Argar, Conservative MP for Charnwood Constituency. There is currently a parliamentary boundary review taking place as part of the national 2023 review. There are limited changes proposed for the district. The Charnwood Constituency will become known as Mid-Leicestershire.

A predominantly in-house, comprehensive Member induction package has been, and continues to be, delivered across the Council. It is recognised that there needs to be an ongoing development programme that equips Members with the skills and appropriate levels of knowledge to face future challenges and ensure effective succession planning. A Member Development Steering Group takes a proactive approach to the training programme and guiding projects such as Member ICT.

The Council has previously approved a recommendation from the Member Development Steering Group to adopt a comprehensive “Members Roles and Responsibilities” paper which sets out role profiles and the required skills and knowledge for the various roles Members fulfil in discharging their responsibilities. This includes the role of a Portfolio Holder and what is required of them.

Portfolio Holder roles are intensive with a broad range of responsibilities, some are also appointed to other appropriate committees including the Appointments and Appeals Committees. Executive Members can also be appointed to Outside Bodies and represent the Council on external partnerships. Cabinet Members cannot be Members of the Scrutiny Commission; however, they are required to attend meetings. They are supported by the Senior Leadership Team. Although, the role is not a full-time position, Portfolio Holders currently combine their role with employment and/or a range of caring responsibilities.

The Scrutiny process provides an opportunity for councillors and, in some cases, external representatives, to examine various functions of the Council, to ask questions about how decisions have been made and to consider whether service improvements can be put in place. It provides an opportunity for them to champion issues of public concern and to participate in the development of new policies.

Scrutiny facilitates debate about priorities, budget, the strategy of the Council and its vision for the district. Scrutiny reinforces the local authority’s leadership role in promoting the well-being of the local community because it can enable reviews of services, provided by other organisations to be carried out.

Scrutiny Commission has the power to review and scrutinise:

- The priorities and objectives of the Council
- The policies the Council adopts to meet those objectives
- The Council’s performance in meeting its objectives
- The decisions taken by the Cabinet Executive, committees, and officers
- Services, bodies, or issues which affect the well-being of people in the district

Scrutiny has, in the past, won awards for the quality of its work, and it is hoped that this success and effective challenge will continue. Most non-executive members serve on Scrutiny Working Groups with 11 members making up the Scrutiny Commission (18 in 2022/23).

Councillors are kept informed of the activity of the Council through a variety of channels such as: Portfolio briefings, Informal Cabinet, presentations and briefings at Council meetings, member newsletter emails.

Management Structure

Corporate management is provided by the Strategic Leadership Team (SLT) which is responsible for implementing the strategic goals of the Council as decided by Members.

The SLT comprised the following officers during 2022/23:

- The Chief Executive
- Executive Director (Section 151)
- Executive Director
- Business, Partnerships and Health Improvement Group Manager
- Corporate Services Group Manager (Monitoring Officer)
- Environmental Health, Housing and Community Services Group Manager
- Finance Group Manager
- Neighbourhood Services and Assets Group Manager
- Planning and Strategic Growth Group Manager
- Transformation Group Manager (from 1st December 2022)
- Strategic HR Manager

Our Staff

On 31st March 2023 the Council employed 343 members of staff working across a range of services, compared with 342 on 31st March 2022. The number of full-time equivalents (FTEs) on 31st March 2023 was 314 (315 on 31st March 2022).

The demographic make-up of our staff.	%
Females	55.69%
Males	44.31%
Employees disclosing that they have a disability	6.41%
White British	81.05%
Minority Ethnic	10.50%
Undeclared	8.45%
18 to 29	9.62%
30 to 39	13.99%
40 to 49	25.07%
50 to 59	37.91%
60 and over	13.41%

At the end of March 2023 sickness stood at 7.66 days/employee.

The Blaby District Plan

The Council's priorities were last reviewed at the end of 2020 and are set out in the Blaby District Plan 2021-24. The plan serves as a roadmap for Members, partners and Council officers, and demonstrates to our customers that the Council has the interests of the district at heart.

In developing the Blaby Plan we considered data such as the level of unemployment in the district, demographics and health statistics as well as reviewing the work we are doing with partners around the

growth of the district, and key public sector partners on health, public safety, and wellbeing. Through the plan we have shaped a set of priorities and objectives that reflect the aspirations that the Council has for its residents, as well as ensuring that we deliver a sustainable Council in the future.

Our Vision

Blaby District is made up of thriving and vibrant communities where people are happy to live, work and visit.

Our Corporate Priorities and Objectives

Our Corporate Priorities are set every three years to enable us to continue to support the achievement of our Vision for the District.

Our priorities are:

- **A Place to Live** - Strong, healthy, safe, sustainable communities where the most vulnerable are supported
- **A Place to Work** - A thriving, prosperous, innovative local economy with a skilled and healthy workforce contributing to the local community
- **A Place to Visit** - A strong leisure and tourism sector and well maintained and accessible attractions available in the local area encourage visitors to the district

Delivery of these priorities are supported by:

- **Our People Strategy** – Ensuring that Blaby District Council remains a great place to work
- **Our Financial Plans** – Medium Term Financial Strategy (MTFS)

The priorities, ambitions and objectives were based on resident's surveys, national priorities, analysis of local data and feedback from staff, members, residents, and partners. In order to ensure that the ambitions are realistic, we support these through the MTFS and People Strategy to ensure that we have the resources in place, with the skills and knowledge required to deliver these.

Key objectives sit below each priority and services will develop operational action plans which support the delivery of those objectives.

All projects are expected to come to Programme Board with a Business Case stating how they contribute to the Blaby District Plan Priorities. Programme Board provides both challenge and support, ensuring that there is a clear link to our priorities, that they are fully costed and resourced. Each month Project Managers report progress along with new issues and risks. Requests for additional finance or staff and so on must be approved by Programme Board.

We monitor the delivery of our priorities regularly through our annual plans, which set out our delivery for the year against these, and report progress to Programme Board each quarter. Currently we produce a formal report of outcomes to Full Council every 6 months, along with performance monitoring.

The Leader also delivers a statement of achievements to each Council meeting as part of the Leader's Statement. We also monitor our resident's priorities through our bi-annual Resident's Surveys and annual Budget Surveys when gathering feedback on our performance, priorities, council tax and communication.

Since the adoption of the Blaby District Plan 2021-24 there have been significant changes nationally which will impact the local area. These include, household fuel increases, increasing inflation, the National Insurance increase, changes to Universal Credit rules and the continued impact of the COVID Pandemic.

The Peer Review that took place in March 2022 recommended a review of the Blaby District Plan to drive the Council and its priorities forward in the wake of the pandemic. Alongside this it is intended to develop our vision to reflect the place in which Blaby now finds itself and where it aspires to be in the future. A one-year plan was subsequently put in place for 2022/23, with the intention that a full review will take place after the district elections in May 2023.

During 2022/23 the Council developed a new corporate performance management framework, including the reintroduction of individual service plans and personal appraisals. The new framework will allow us to collect metric performance data for all services, focusing on outcomes, and to develop service plans that map out the aims and objectives of all services, with a clear link to the Blaby District Plan and vision.

Performance improvement and service transformation will be owned by the people who know and deliver the services best, i.e., our staff and service managers. We will make it clear how everybody contributes to the Council priorities and ambitions.

Our philosophy is to put the customer at the heart of everything that we do, and it is only by listening to our residents and learning from them, that we can truly improve our processes and outcomes to our customers.

As a Council we feel that it is important to look outside of the organisation. We include benchmarking data in our regular Blaby District Plan Progress and performance reports. We are also active members of the East Midlands Performance Group and Benchmarking Subgroup and members of APSE.

Medium Term Financial Strategy

The Medium-Term Financial Strategy (MTFS) is the Council's key financial planning document, and forms part of the Blaby District Plan. The MTFS contains a financial forecast which is usually updated each year to reflect the changes to funding.

The Government announced a single year settlement for the 2022/23 financial year just ended. Planned changes to the Business Rate Retention Scheme, New Homes Bonus Grant, and the proposed implementation of Fair Funding were once again deferred. It had been hoped that the Secretary of State would announce a multi-year settlement effective from 2023/24 but, as has been the case in recent years, only a single year settlement was released. This, coupled with the ongoing uncertainty over the funding reviews, makes it more difficult to gauge the financial picture for future financial years, since many of the funding streams for 2023/24 were either one-off grants or are expected to be discontinued in the medium term.

The Council approved an updated MTFS as part of the 2023/24 budget setting process in February 2023. The MTFS is predicated on the assumption that the business rates baseline will be rebased from 1st April 2025, which will lead to a significant loss of business rates growth accumulated in the last 10 years. This is expected to lead to a budget deficit of around £2.6m in 2025/26 even if some form of damping is introduced to cushion the effect of the loss in funding. The shortfall is forecast to increase to £3.7m in 2026/27 and £4.9m in 2027/28. The future funding estimates within the MTFS are based upon the best available information that could be gained from the national picture and documents within the public domain at the time.

The key risks to the Council's future financial position, the outcome of which remain uncertain, are:

- New Homes Bonus – it is the government's stated intention to discontinue New Homes Bonus, although it remains unclear as to whether it will be replaced by an alternative funding stream.
- Business Rates – indications were that there would be a reset of the business rates baseline, likely to be effective from 2024/25. Given the current cost of living crisis, any such reset is now unlikely to take effect before 2025/26 at the earliest but this remains to be confirmed. Any baseline reset could lead to Blaby losing the benefit of much of the significant growth in business rate income that it has achieved over recent years.
- Fair Funding Review – the government had previously stated its intention to review the formula that it uses to determine the distribution of funding to local authorities. Implementation of this review has been subject to successive deferrals due to the EU Exit, the onset of COVID-19, and now the cost of living crisis. It is unlikely to be implemented until 2025/26 at the earliest.
- Inflation, driven by rising oil, gas and electricity prices and the war in the Ukraine, has been as high as 13% during 2022/23. This has created significant budgetary pressures for the Council, but also jeopardises the wellbeing and living standards of our residents.

People Strategy

The Council recognises that our employees are our most valuable asset and our most significant resource. The best way of continuing to deliver high quality services to our residents is to ensure that our workforce has the right skills and support to succeed. We value the views and ideas of our employees and care about their development and well-being. Therefore, it is important for us to engage with and communicate with employees in various ways. Since the start of the pandemic the corporate “Way We Work” group have been developing the longer-term plan for ‘Agile’ working and responding to the constantly changing requirements arising from COVID-19; most recently ‘Living with COVID’ and supporting staff to return to the offices. More regular communication channels are through monthly ‘Blaby Matters’ briefings to all staff, ‘Sounding Board’ meetings between senior managers and service representatives, regular team meetings, and our intranet site (iBlaby).

In recognition of the importance of our employees, The People Strategy sets out our ambitions around equipping our staff to enable them to best deliver the Council’s priorities. Without motivated and empowered staff, we cannot deliver our ambitious plans. The People Strategy builds upon firm foundations of our previous strategies and continues to develop a range of workforce initiatives. The aims included within the strategy are linked to the Council’s values and overarching principles, the responses from Staff Surveys and other feedback from staff. An action plan is in place to monitor progress on the necessary tasks and to ensure its success. The annual action plan will remain a ‘living’ document so progress can be tracked and updated.

The objectives of the People Strategy are grouped under three broad themes:

- Being developed
- Being healthy
- Being valued

Net Zero

Blaby District Council has taken its responsibilities for climate change seriously and recognises the need to ensure engagement and action are embedded across the organisation. The Council has also employed a dedicated Green Officer and support officer to focus solely on delivering green Initiatives.

Over the past year we have made significant progress towards our Net Zero targets, with a focus on embedding sustainable practices across all areas of delivery. Our efforts in this area have included securing more than £500,000 towards new electrical vehicles and signing up to the Climate and Nature Pact. Additionally, we have worked to improve our green spaces, which have been highly valued by our communities, and we will continue to enhance these strategic areas for all to enjoy.

The Council has benefited from a collaborative project called Flex D to share in a £2.3m grant from LEVI Pilot funding to expand electric charging across the county. Here in Blaby District this will enable us to install a solar canopy at Enderby Leisure Centre providing up to 12 charging points. There will also be support for a rural electric vehicle car club encouraging rural mobility and the take up of electric vehicles with dual chargers in village locations. The Council is also working with Leicestershire County Council to develop a countywide electric vehicle strategy to support the rollout of further charging points across the district, also funded through the LEVI Pilot.

The District Council joined Leicestershire County Council and 16 other key partners and stakeholders in pledging to tackle climate change, nature decline and carbon reduction. The Council was among the first 18 signatories of The Leicestershire Climate and Nature Pact. The document is based on the principles of the Glasgow Climate Pact, signed by the UK government in November 2021. It supports national and international efforts to tackle climate change by bringing together key organisations including Councils,

businesses, educational institutions and voluntary, community and social enterprises to drive local action and work towards a number of shared environmental aims. At the core of the Pact is the need to act quickly on reducing the impacts of climate change, reducing carbon emissions to Net Zero and halting ecological decline. As well as supporting climate recovery and working together to deliver effective action on climate change.

We have secured more than half a million pounds to help reduce harmful vehicle emissions under the banner of Let's Go Electric. The money, £573,701, came through the government's annual Air Quality Grant and is being spent on an electric conversion kit for a diesel bin lorry and the purchase of Blaby's first electric road sweeper, following a highly successful trial last year. These will be used specifically in the five Air Quality Management Areas (AQMAS) in the District, Enderby, Narborough, Whetstone and the M1 corridor in Leicester Forest East and Thorpe Astley. All these areas feature major traffic routes and dense populations and while air pollutant levels do not exceed national guidelines, they remain higher than the World Health Organisation advises. The main emission concerns surround fine particulate matter and nitrogen oxides, and the Air Quality Grants seek to support Councils in their efforts to tackle these, as well as other emissions, creating a healthier environment for everyone.

While we continue to make strides to ensure our service impact is as environmentally friendly as possible with investigations into electric vehicles it's important to say we have already made significant steps. Thanks to our move to alternative fuel – HVO (hydro treated vegetable oil) – some 90% of our fleet's emissions have been wiped out. All the Council's waste collection heavy vehicle fleet – 16 lorries - were moved to HVO. The Neighbourhood Services Team empty more than 2.5m bins each year and we know we need to ensure our vehicles are as sustainable and environmentally friendly as possible.

Our new Climate Change section has been live on our website for some time now. The brand new section provides a dedicated online space to promote what Blaby District Council is doing to tackle Climate Change as well as provide advice and guidance and toolkits to residents, businesses and the community on what they can do to reduce their carbon footprint and help us achieve our collective Net Zero ambitions.

Information on our Climate Strategy, Energy Efficiency, EV Charging, Solar Together, Help to Heat, Green Grants and more general green advice is available in one place for the first time.

Risk Management

The management of risk is a critical success factor in helping the Council to achieve its objectives. We manage risk in several ways and revised our Risk Management Strategy in November 2019 to reflect this. The Strategy is due for review and revision in Summer 2023.

- **Corporate Risks** – the Corporate Risk Register is monitored on a quarterly basis by the Corporate RiskGroup, which comprises the Chief Executive, two Executive Directors, the Finance Group Manager, and the Council Tax Income and Debt Manager. The group re-evaluates risks considering actions that have been put in place, and assesses potential future risks, as well as reviewing significant service risks.
- **Service Risks** – Service Managers closely monitor the major risks within their own services and update the Service Risk Register on a quarterly basis to reflect any changes to perceived risk.
- **Project-related Risks** – the Council has a robust project management process in place that includes a specific requirement to consider all risks associated with new projects. The Senior Leadership Team, sitting as Programme Board, maintains an overview of project risks as part of its monthly meetings.

Risk Score	Matrix Category
16-25	High
9-15	Medium
1-8	Low

The Corporate Risk Group has identified 22 corporate risks. The following table provides a summary of the status of those corporate risks both before and after control measures are put in place.

Summary by Risk Type	Red	Amber	Green	Total
All Corporate Risks Uncontrolled Rating	12	9	1	22
All Corporate Risks Controlled Rating	4	10	8	22

Partnership Working

Partnership working is a vital component in the way we deliver our services and many of our achievements would not be possible without the significant contribution made by our partners. The ambitions in the Blaby Plan have been identified and supported by our partners as a Vision for the district.

Partnership working takes place in all aspects of our services and our ambitions. Some current examples include:

- **Joint Community Safety Partnership** which represents both Blaby district and Hinckley and Bosworth borough. It comprises a range of organisations that work together to make safer places to live, work, and visit. Community safety remains a top priority to the district and our communities. Blaby District Council and Hinckley and Bosworth Borough Council have joined together, along with Leicestershire Police and Leicestershire Fire and Rescue Service, to share their expertise to help deliver effective and efficient community safety services across both areas.
- **Blaby District Tourism Partnership** – launched in March 2018 to deliver opportunities for growth in the tourism sector within Blaby district. The partnership quickly established a tourism website for the district called Visit Blaby and has successfully attracted funding through the Heritage Lottery Fund to support local restoration and archaeological projects. The partnership has been active in creating a Tourism Growth Plan to 2025. The Growth Plan sets out ambitious targets of growing the value of tourism in the district by £50m, increasing tourism sector jobs from 2,000 to 2,800 and increasing the number of visitors by 1.3m to 4.5m.
- **Lightbulb** – a multi-award winning, integrated housing support service that brings together county and Leicestershire district council's and other local partners, such as adult social care and health, to help people stay safe and keep well in their homes for as long as possible by bringing together a range of practical housing support. Prior to the introduction of Lightbulb some individuals in some local authority areas could wait up to 12 months to have adaptations completed in their home under the Disabled Facilities Grant; now on average adaptations are completed within 17 weeks, within our stated target of the 20 weeks. Lightbulb continues to be innovative with the introduction of a hospital discharge grant to help people leave hospital and return home, a smart technology project which helps people remain independent in their own home and a safe spaces project which supports those individuals who live in hoarded properties.
- **The Housing Enablement Team (HET)** places specialist housing professionals into the University Hospitals Leicester and the Bradgate Mental Health Unit, with the goal of assisting patients with housing issues so that they can be safely discharged, reducing, or preventing discharge delays and improving patient outcomes. HET is a service that is offered across Leicester, Leicestershire, and Rutland (LLR), also covering patients from out-of-area and those with no recourse to public funds, where they are occupying an inpatient bed and have a housing related barrier. The team is funded by the Clinical Commissioning Group for LLR and the Leicestershire Partnership Trust, and the service is run on their behalf by the Council.
- Effective from 1st April 2022, the **Building Control Partnership** moved to a fully delegated operating model led by Blaby. Under this arrangement, delivers the building control function on behalf of five other local authorities (Harborough, Hinckley and Bosworth, Melton, Oadby and Wigston, and Rutland).

Local Plan

We are proud of our place shaping approach to growth, which is a clear shared priority across members and officers. We have invested considerable resource in ensuring we not only deliver on this but can genuinely be leaders in this field.

Several years ago, we restructured our planning department to create a dedicated Strategic Growth Team, to ensure a clear focus on the right homes in the right places and infrastructure to support this. This culture runs through the whole organisation and has resulted in five awards for our Sustainable Urban Extension at New Lubbethorpe.

In practice this approach is demonstrated in a range of ways such as strong partnership working, a clear political mandate, and a strong focus on areas such as urban design. We have had a cross-organisational Affordable Housing Working Group for several years, which ensures that we can deliver on a pipeline of affordable housing and other specialist requirements.

A considerable amount of joint strategic planning is ongoing at the Leicester and Leicestershire level, and this is delivered by a high-level Strategic Planning Group and Members Advisory Group (MAG) which is chaired by the Leader of Blaby District Council.

These groups have been driving forward a number of key pieces of work, which seek to deliver growth across the City and County.

One of these has been work to agree housing distribution, and individual housing requirement targets, for districts and boroughs. This was particularly challenging given the significant increase in housing need given to Leicester City by the Government in 2020, which has led to the identification of extensive unmet need. With a strong partnership arrangement in place, all the districts and boroughs have worked together to procure evidence to inform the apportionment of the unmet need that has culminated in a Statement of Common Ground signed by the council in December 2021.

We are working on a new Local Plan, which will deliver our vision for the district to at least 2040. Our current Local Plan runs to 2029, but we started work on the new plan as soon as this was adopted to ensure that we stay proactive in our delivery of growth.

The new Local Plan will cover housing and employment allocations, as well as a range of development policies to deliver our Blaby Growth Plan and place shaping aspirations.

Community Engagement

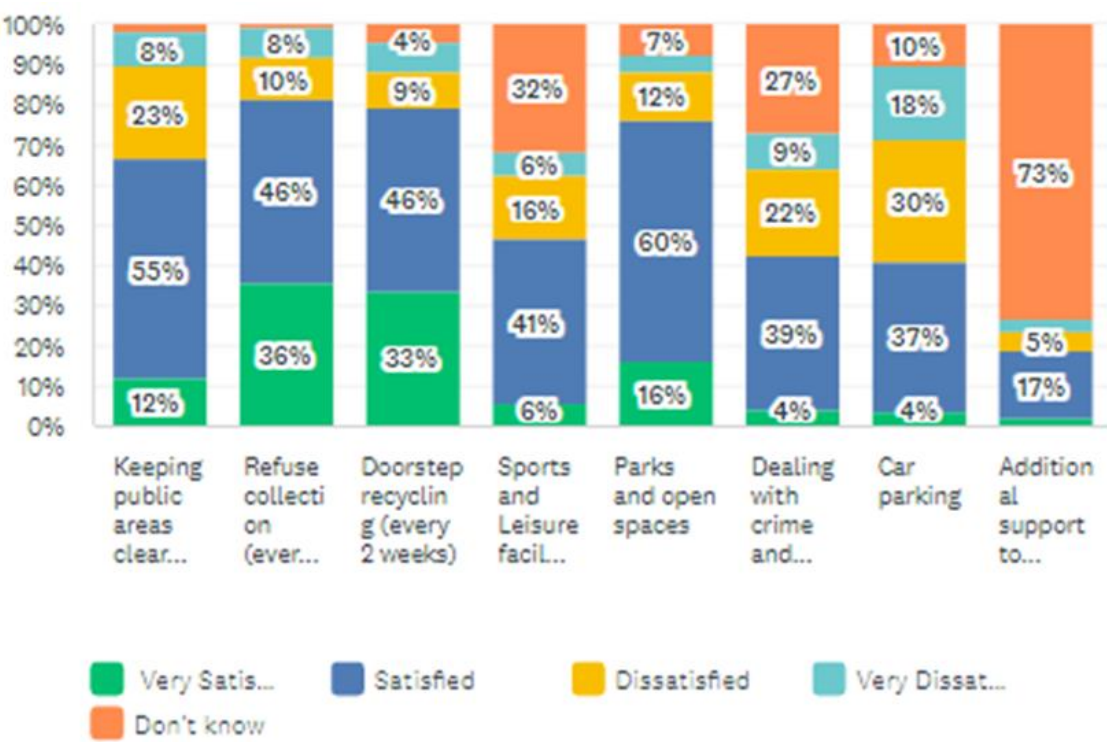
As we work to put the customer at the heart of everything we do, we strive to continually improve services to residents. Consultation supports this by involving people and ensuring services are appropriate to the needs of the customer. In order to deliver fit for purpose services, projects and policies it is important that we consult our residents, stakeholders and partners in a co-ordinated, well-planned, robust and accessible way.

The Council regularly engages with residents, partners, and stakeholders. We undertake corporate consultation and engage at a service specific level. We want to listen to the needs of our residents and ensure we understand their needs and views.

In 2022, we undertook our corporate Resident’s Survey. Each year we alternate a full resident’s survey with a shorter, budget focused questionnaire. Both cover value for money, potential council tax increases, and an assessment of the priorities for the district.

However, during each year several consultation exercises take place. Some of these are regular service satisfaction surveys such as for health and well-being, while others are one off surveys to inform our plans, policies, and changes to services. Examples of these include consultation on the Blaby District Plan 2021-24, the New Local Plan Options Consultation and the Bin Service Review.

How satisfied or dissatisfied are you with the following individual services in your area?



LGA Corporate Peer Challenge (CPC)

In March 2022, the Council welcomed a Peer Review team comprising senior officers, a council leader, and representatives from the Local Government Association (LGA) from across the UK, to undertake a corporate peer challenge. The CPC gave Blaby a valuable opportunity to gain insight, guidance, and feedback as to how we run as an organisation.

The Peer Review team considered the following themes that are critical to a local authority's performance and improvement:

- Local priorities and outcomes
- Organisational and place leadership
- Governance and culture
- Financial planning and management
- Capacity for improvement

Over a period of four days in March, the team reviewed documents provided to them by the Council, gathered information, and spoke to a range of Council officers, Members, and external stakeholders.

The final feedback report, issued in June 2022, was very positive and concluded that the Council is a well-run local authority with a sound financial position, strong leadership, and committed staff.

Members of the Peer Review team revisited the Council in December 2022 to consider what progress the Council has made against each of the recommendations arising from the review.

1. Develop and lead a long-term vision for Blaby as a place/district with partners.

We have begun to have conversations with partners concerning the future to ensure that our vision will be developed, and resources aligned with those of our partners. One example of this is the development of the Community Health and Wellbeing Plan, where we are seeking to gather information, views, and priorities that will feed into the wider piece of work.

2. Review the Council's corporate plan to drive the Council and its priorities forward, post pandemic.

To be progressed after the district elections in May 2023, although in the meantime a one-year plan has been developed, encompassing key parts of the peer review.

3. Develop a corporate performance management framework, including service plans and personal appraisals.

Blaby's approach has been to develop a new performance framework to include the collection of metric performance data for all services, along with service plans that map out the aims and objectives of each service and align to the corporate plan and vision. An alternative performance and risk management system has been procured and implemented. This will enable the effective collation and reporting of measures and actions against service plans and the Corporate Plan, for use by Service Managers, Senior Leadership Team, and Members.

4. Develop an overall delivery/business plan, including targets, building on our Medium-Term Financial Strategy and other plans, to address local government financial challenges.

Financial updates and potential budget gaps have been communicated to the Service Manager Group, the Senior Leadership Team and Cabinet Members and budget holders have been asked to identify opportunities to close that gap within both the current year budget and as part of the formulation of the budget for the forthcoming year. An SLT workshop identified cost savings, income generation opportunities, and investment areas, and Cabinet Members have given a steer as to which options may be considered for implementation. This steer, and the better-than-expected financial settlement for 2023/24, will enable the Council to formulate these initiatives into a delivery plan over the medium term.

5. Define what transformation means to the Council and any consequent organisational change required.

Additional resource for the Transformation agenda has been added to the establishment and both the Transformation Group Manager and Transformation Service Manager have been recruited. The principles have been communicated to Service Managers and the wider workforce to introduce our transformation agenda and respond to questions that the organisation had regarding these roles and the way forward for the Council. The Transformation team has prioritised several services to identify “quick wins” and longer-term service improvements.

6. Define what commerciality will mean for the Council, and challenge Members’ and officers’ appetite for risk.

Commercial support is now being provided to the Council utilising the skills and experience of the Commercial Director from a neighbouring authority 2 days a week. Informal discussions were held with Cabinet at an early stage to gauge the approach to commerciality and risk and a set of principles has been agreed by Council along with a commercialisation position statement. Leading on from this Council has authorised £2.5m for strategic property investment for regeneration and discussions have been progressing to make the first investment. The Commercial Director is providing support for both the strategic asset review and the future accommodation/office plans. A business case template to be used across the Council has been developed, and commerciality training has been delivered to SLT and Service Managers.

7. Use communications to full effect throughout the Council, e.g., to best engage with customers, promote our achievements and services etc.

We have made changes to our external communication focusing on proactive communication for key Council meetings i.e., Planning/Cabinet and Council to ensure that decisions are captured and disseminated swiftly to the public and press. The appointment of the Customer Insight, Experience and Engagement Service Manager will support the Council and work with the Communications Team to engage with customers and improve the customer experience. On 30th November 2022 we invited the Local Government Association to undertake a review and health check of Communications. A summary of the feedback included some positive comments around how the team is valued by people, noting that they are a hardworking and capable team who do a lot with a small resource.

8. Review and refresh the scrutiny function.

We have sourced the support of an Independent Scrutiny Consultant who met with officers and the Scrutiny Commissioners for an open dialogue concerning what works well, what areas the Commissioners considered needed focus and improvement. A range of measures has been agreed to support the Scrutiny function going forward.

The 2022/23 Budget Process

The 2022/23 budget process commenced in September 2021 with the Finance team meeting with services to formulate a base budget. The estimates were refined over the course of the next few months before being presented to Scrutiny Commission in January 2022, where Scrutiny Members were provided with the opportunity to question Portfolio Holders about their service spending plans for the forthcoming financial year.

Scrutiny Members were advised of the results of the provisional financial settlement, received in December 2021, and the impact on the Council's 2022/23 budget. The settlement was for one year only, making it difficult to predict the level of funding in future financial years. It was recognised that there was a great deal of uncertainty surrounding how changes to business rates retention and the Fair Funding Review might impact on Blaby. The government had previously announced its intention to consult on the future of New Homes Bonus and, whilst it was to continue for a further year, the expectation was that this significant funding stream was likely to come to an end after 2022/23. At this point a budget gap of £1.35m was forecast for 2022/23.

A range of measures were put forward that would help to reduce the budget gap to a more manageable level. These measures included:

- Increasing council tax by £5 at Band D level, in accordance with the Government's referendum principles.
- Releasing £0.5m from the NNDR Income Reserve – this reserve has been built up over time by using accumulated growth from business rates.
- Increasing the vacancy savings provision to reflect the likelihood of vacancies occurring during the financial year.
- Removal of the trade waste concession to schools and charities.
- Increasing green waste charges.
- Ceasing publication of the quarterly "Contact" magazine issued to residents.

By implementing the above measures, it was estimated that the budget shortfall could be reduced to just under £0.4m, which would be met from the General Fund balances.

In its response to the administration's budget proposals, Scrutiny was supportive of the proposal to increase the band D council tax by £5, which would generate an additional £171,000, but was concerned about the financial pressure that this would place on residents given the rising cost of living, including fuel poverty. Scrutiny also asked that cabinet looked at other measures to mitigate the impact on schools and charities arising from the planned removal of the trade waste concession.

At its meeting of 21st February 2022, Cabinet Executive was presented with a net expenditure budget of £12.856m, which was consequently approved.

Cabinet Executive recommended the budget proposals to Council, and the budget was approved by Council at its meeting on 24th February 2022. At the same meeting the Council also approved the

Council Tax for 2022/23, the Prudential Indicators and Treasury Management Strategy, and the five-year Capital Programme.

Council Tax

Council Tax is the largest single revenue stream that is used to support the Council's revenue budget, contributing just over 47% towards the net budget requirement.

Each year the government sets out the principles which determine whether a local authority's proposed council tax increase is excessive. For 2022/23, the basic amount of council tax for a shire district council, such as Blaby, would be considered excessive if:

- It was 2%, or more than 2%, greater than the basic amount of council tax in 2021/22; and
- It was more than £5 greater than the basic amount of council tax in 2021/22.

This means that Blaby was able to increase its Band D council tax by the greater of 1.99% or £5 in 2022/23 without triggering a referendum. If a referendum were triggered this would require the local electorate to be given an opportunity to vote to support or veto the increase in council tax.

Given the continuing uncertainty over the future of local government funding, coupled with a potentially significant future budget shortfall, Council decided to increase the Band D Council Tax by £5, the maximum increase permissible under the referendum rules. A comparison of Council Tax levels for 2021/22 and 2022/23 is shown in the following table.

	2021/22 £	2022/23 £	Change %
Leicestershire County Council			
- Main element*	1,252.80	1,280.87	1.99
- Adult Social Care element*	157.98	172.09	1.00
- Total	1,410.78	1,452.96	2.99
Leicestershire, Leicester & Rutland Combined Fire Authority	69.29	74.29	7.22
Office of the Police & Crime Commissioner for Leicestershire	248.23	258.23	4.03
Blaby District Council	173.32	178.32	2.89
Average Parish Councils	111.92	115.57	3.26
Total	2,013.54	2,079.37	3.27

*In accordance with Government guidance each percentage is calculated as an increase to the 2021/22 total precept of £1,410.78.

Council Tax Base

The Council Tax Base for 2022/23 was set at 34,246.23, an increase of 269.12 Band D equivalent properties compared with the previous year (33,977.11).

Income Generation and Commercialisation

The Council's Commercial Strategy aligns closely with the Blaby District Plan and other key strategies, contributing towards our ambition to make Blaby District Council financially sustainable and creating a district where people are happy to live, work and visit.

We aim to achieve this ambition in the following ways:

- By creating a commercial culture/ethos
- Maximising income but still retaining the status as the 'safety net for the vulnerable'
- Maximising the Blaby pound
- Proactively identifying opportunities for commercial investments
- Focusing resources on initiatives that will drive financial or social benefit
- Encouraging communication and access to services with residents and customers through digital channels, and furthering Blaby's reputation for delivering quality services
- Reviewing chargeable, Non-Statutory Services to generate income

The updated Commercial Strategy, covering the period 2022 to 2027 was approved by Council on 24 February 2022 and is available to download on the Council's website.

Reserves and Balances

The 2022/23 budget was formulated and approved on the basis that a contribution of £397,563 would be required from General Fund Balances, with an additional £230,940 being released from earmarked reserves to support specific one-off expenditure, to set a balanced budget. The estimated General Fund balance on 31st March 2023 would, therefore, be £3.042m representing 23.7% of the proposed net revenue budget for 2022/23. This is within the Council's policy limit of holding between 10% and 35% of the proposed relevant annual net revenue budget.

In addition to the unallocated General Fund Balance, the Council maintains several earmarked reserves set aside to provide for future expenditure plans, as mentioned above. These are covered in detail in Note 9 to the Financial Statements.

Although the Council's current reserves and balances remain in a relatively healthy position it is not prudent to expect that they are sufficient to sustain the Council's current level of spending in the longer term, in the light of uncertainties over the future of local government funding. To underline this, Blaby was ranked only 93rd of 132 English districts in terms of the level of usable reserves at 31st March 2022.

Budget Monitoring

The Council has well established and robust financial management procedures in place to monitor budgets and to identify and mitigate any forecast over spending. The process for the management and monitoring of budgets is continuously refined to help ensure that the Council's longer term financial position is sustainable. The Financial Management System software was upgraded at the end of October 2020 to ensure that it remains compliant and fit for purpose. As part of the upgrade the Finance team rolled out new budget monitoring and forecasting modules during the summer of 2021. These modules have further enhanced our budget monitoring capabilities.

Budget managers are aligned to named Business Accountants to ensure continuity and understanding of the budgetary needs of the service. The Finance team provides monthly budget reports to services and facilitate regular meetings to jointly monitor progress against the budget. The Finance team continues to look to strengthen and bring greater resilience to the budget monitoring process, which will become increasingly important over the next few years as the Council strives to meet its savings targets.

Quarterly revenue and capital budget monitoring reports are presented to the Cabinet Executive and/or Council throughout the financial year. The first quarterly revenue monitoring report to Cabinet highlighted the impact that rising inflation, and the wider cost-of-living crisis was beginning to have on the Council's finances, with a projected contribution of £975,735 required from General Fund balances. This was in part due to Council approving additional funding from reserves for, e.g., specialist support in response to the Hinckley National Rail Freight Interchange. However, it was also noted that the national pay offer exceeded what had been allowed for in the budget, and this could potentially add another £0.5m to the call on balances. Furthermore, some of our key income streams were still not reaching normally expected levels in the wake of the pandemic and the cost-of living crisis. Additional spending pressure was still being experienced in some services, most significantly in homelessness, where considerable reliance was still being placed upon bed and breakfast accommodation. By quarter 2, the picture had improved slightly due to the Council's decision to revise its policy for writing down borrowing costs (the Minimum Revenue Provision), which brought up front savings in the short to medium term. However, by the time the Quarter 3 report was presented to Cabinet, the situation had worsened again as the impact of the cost-of-living crisis began to take its toll on key income streams, in particular planning fees, building control income, and car park charges. The expected contribution from balances was, by then, expected to be just over £0.7m.

Financial Performance of the Council 2022/23

The Council's 2022/23 revenue outturn position is shown in the table below. The original budget set at the Council meeting on 24th February 2022 was £12,856,043, supported by contributions of £397,563 from General Fund Balances and £230,940 from earmarked reserves. However, budgetary changes in the year meant that, in February 2023, contributions of £715,008 and £3,225,468 were expected from General Fund Balances and Earmarked Reserves respectively. Ultimately, the Council achieved a small surplus of £20,535 representing a positive variance of £673,493 compared to the latest forecast. This surplus has been credited to General Fund balances, representing a crucial contribution towards ensuring the Council's future financial sustainability.

Several factors have contributed to the positive outturn in 2022/23. Most significantly were savings of £0.402m in relation to vacant posts, and additional income from the investment of surplus cash (£0.374m). Other key income streams such as planning fees, building control fees, and car parking fees and charges have continued to struggle compared with pre-pandemic levels, and exacerbated by the cost of living crisis. Homelessness is another service that continues to face significant demand and pressure due to the economic downturn. A large proportion of the cost of housing homeless individuals and families in bed and breakfast accommodation is met by housing benefit. However, the Council is unable to recover all the housing benefit payable through government subsidy, leading to a shortfall of £0.316m for the financial year.

2022/23 Outturn	2022/23 Approved Budget £	2022/23 Revised Budget £	2022/23 Actual Outturn £
Finance, People and Performance	3,655,213	3,948,947	3,498,724
Housing, Community and Environmental Services	2,418,194	3,048,341	1,699,936
Health, Wellbeing, Community Engagement and Business Support	3,237,324	2,643,821	849,248
Leader	1,703,289	1,834,638	1,566,751
Neighbourhood Services and Assets	5,058,750	5,746,543	5,466,796
Planning Delivery and Enforcement and Corporate Transformation	3,565,413	4,345,402	3,494,719
	19,638,183	21,567,692	16,576,175
Central Items:			
Revenue Contributions towards Capital Expenditure	100,000	412,800	267,519
Minimum Revenue Provision	1,173,162	389,373	389,373
Capital Accounting Adjustments	(4,766,030)	(2,765,552)	(2,795,434)
Pension Fund Adjustments	(2,918,470)	(2,918,470)	(1,974,483)
Employee Benefits Adjustments	0	0	1,228
Property Fund Adjustments	0	0	(249,036)
Other Central Provisions	257,701	48,625	69,355
Contribution to/(from) Earmarked Reserves	(230,940)	(3,225,468)	557,138
Net Revenue Expenditure	13,253,606	13,509,000	12,841,835
Financed by:			
Income from National Non-Domestic Rates	(4,750,801)	(4,750,801)	(4,738,101)
New Homes Bonus Grant	(1,020,820)	(1,020,820)	(1,020,820)
Lower Tier Services Grant	(867,225)	(867,225)	(867,225)
Services Grant	(153,747)	(153,747)	(153,747)
Levy Account Surplus Grant	0	0	(18,704)
Revenue Support Grant	0	0	(323)
Council Tax Demand on the Collection Fund	(6,106,661)	(6,106,661)	(6,106,661)
Council Tax (Surplus)/Deficit	43,211	43,211	43,211
	(12,856,043)	(12,856,043)	(12,862,370)
Contribution to/(from) General Fund Balances	(397,563)	(652,957)	20,535

Reserves and Balances – Financial Resilience

The level of General Fund balances, included in the Balance Sheet at £4.619m, contribute to the Council's financial health. The General Fund balance plays an important part in maintaining the financial stability of the authority primarily by: -

- Meeting unforeseen expenditure pressures and income reductions that arise in the financial year;
- Meeting the cost of one-off items of expenditure; and
- Supporting the stability of the Council's financial position by providing a source of funding in times of uncertainty.

As referred to above, the Council added £20,535 to its General Fund balances on 31st March 2023, increasing the available balance to £4.619m.

The Council's policy in respect of its General Fund balances is that they must sit within a range of 10% to 35% of the net budget requirement in any given year. The addition of £20,535 in 2022/23 means that balances represent 29.9% of the 2023/24 net budget requirement, after considering planned contributions to support the budget. This compares favourably with the 24.8% estimated at budget stage, enhancing the Council's resilience going into 2023/24.

The Council also holds earmarked reserves on the Balance Sheet with a total value of £12.736m on 31st March 2023 (14.081m on 31st March 2022). Further detail on the balance and purpose of each earmarked reserve appears in note 9 to the Financial Statements. These reserves are held to manage future risks and expenditure priorities.

There were several significant movements in earmarked reserves during 2022/23. The most significant of these relates to Section 31 grants received from the Government in compensation for lost business rate income due to expanded retail relief given to certain business sectors in response to the COVID-19 pandemic and lockdown. Blaby received £22.201m of Section 31 funding on account, to support its cash flow position, including shares relating to the Government and major preceptors that must be repaid. On 1st April 2022, Blaby was still holding £4.270m in respect of Section 31 grants to mitigate the unusually large Collection Fund deficit charged to the General Fund, originally in 2020/21 but ongoing into 2021/22, 2022/23, and 2023/24. Some of this balance (£2,754m) has been released during 2022/23 to offset Blaby's share of the Collection Fund deficit that was recognised in the 2022/23 budget. On 31st March 2023, there is £1.517m remaining in earmarked reserves to meet the 2023/24 Collection Fund deficit. This effectively reduces the true, usable balance of earmarked reserves to £11.219m. A net of £0.840m has been added to the Ongoing Projects Reserve, reflecting the balance of unused external funding and other one-off budgets carried forward into 2023/24. A further £0.752m has been added to the NNDR Income Reserve.

The level of reserves and balances are a key element of CIPFA's Financial Resilience Index, published for the first time in December 2019. Although the indicators in respect of reserves sustainability and change in reserves were on the low side when compared to other authorities, they do indicate a stable but increasing trend. However, given the uncertainty over the future of major funding streams, such as new Homes Bonus and Retained Business rates, this is an area that will require greater focus in the future.

Treasury Management

The importance of the treasury management function cannot be understated. As a key component of the Council's day-to-day operations, it deals with:

- Cash flow planning – ensuring that cash is available when needed and investing surplus balances whilst minimising risk to the Council's financial position
- Funding capital spending plans – capital expenditure often requires longer term cash flow planning. This may involve arranging loans or using longer term cash flow surpluses

The Council has the facility to raise finance for capital expenditure and operational requirements from several approved borrowing institutions subject to it not exceeding its authorised limit for external debt, as required by the Prudential Code for Capital Finance in Local Authorities. The Council's Treasury Management Strategy, approved on 24th February 2022, sets a range of prudential indicators including the authorised and operational limits on borrowing.

Borrowing

On 31 March 2023, the Council had total borrowings of £5.930m.

The following table illustrates the limits and levels of borrowing as of 31 March 2023 as compared to the preceding year end.

Borrowing Limits and Levels	31 March 2023 £	31 March 2022 £
Borrowing Limits:		
Authorised Limit for External Debt	23,000,000	17,544,000
Operational Boundary	20,700,000	16,290,000
Actual Borrowing:		
Long Term Borrowing	5,713,439	5,929,939
Short Term Borrowing	216,500	2,211,841
	5,929,939	8,141,780

Although the Council has a borrowing requirement of £14.486m its actual external borrowing is just £5.930m. This is due to the Council's stated decision to use internal balances and reserves to fund capital expenditure on a temporary basis to manage interest rate risk and make revenue savings.

Investing

At the end of the financial year the Council had £25.456m of cash invested.

The Council's investment strategy set out a benchmark for the average rate of return on investments. However, the pursuit of a target rate of return is tempered by the need to maintain sufficient liquidity for the Council's day-to-day operations and, most importantly, to ensure that funds are invested with secure institutions. In 2022/23 the Council achieved a rate of return of 3.98%.

The Council has an investment of £1m with the Lothbury Property Trust which yielded dividends in year of £0.041m with an average rate of return of 4.84%. This rate of return reflects the longer-term nature of the investment. The fund has suffered a significant drop in value since July 2022, having previously recovered well following the pandemic. The fund value on 31st March 2023 was £0.845m. At present there is a statutory over-ride in place that removes the need to charge the reduction in fund value to the General Fund. There is no guarantee that this over-ride will remain in perpetuity, so the Council is transferring any proceeds from investment into an earmarked reserve as a mitigation against future fluctuations in the fund value. There is currently £0.128m in the Property Fund Interest Reserve.

Capital Programme

The 2022/23 Capital Programme of £2,452,500 was approved by Council on 24th February 2022 as part of the rolling 5-year capital planning process. The 5-year Capital Programme, along with the accompanying Capital Strategy for the same period, provided the framework within which the Council's capital investment plans were to be delivered. The following table shows the original proposed capital expenditure plan for 2022/23 through to 2026/27.

Capital 5 Year Plan	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Corporate Aims & Objectives	1,144,500	714,500	880,792	714,500	714,500
Asset Management Planning	1,242,000	1,854,000	2,468,000	650,000	837,000
Other Capital Schemes	16,000	0	0	0	0
Contingency	50,000	50,000	50,000	50,000	50,000
Total Expenditure	2,452,500	2,618,500	3,407,792	1,414,500	1,601,500

As the financial year progressed, the initial plans were revised to incorporate unspent budget reprofiled from the previous financial year, new assumptions, approvals, and scheme updates, as information became available. This led to a Revised Capital Programme total of £7,781,175 for 2022/23.

However, the final expenditure on capital schemes in 2022/23 was £2,331,693 compared to the revised forecast spend above. The variance between the forecast and outturn was £5,449,482 or 70.04%. This was due to schemes which were not completed by the end of the financial year. Incomplete schemes amounting to £5,349,203, will be carried forward to 2023/24 together with the associated resources.

The following table provides an analysis of capital expenditure and how it was financed, compared with the revised forecast.

Analysis of Capital Expenditure to Revised Forecast	2022/23 Revised Forecast £	2022/23 Actual Expenditure £	Variance Overspend (Underspend) £
Invest to Save Schemes	2,721,917	199,175	(2,522,742)
Essential and/or Contractual Schemes	2,738,108	1,159,610	(1,578,498)
Desirable Schemes (subject to affordability)	220,000	20,000	(200,000)
Externally Funded Schemes	2,071,531	952,908	(1,118,623)
Other Schemes	7,685	0	(7,685)
Contingency	21,934	0	(21,934)
Total Expenditure	7,781,175	2,331,693	(5,449,482)
Financed by:			
Borrowing	4,665,760	910,265	(3,755,495)
Capital Receipts	387,495	135,837	(251,658)
Capital Reserves	264,714	224,514	(40,200)
Revenue Contributions	153,171	43,005	(110,166)
External Funding	2,310,035	1,018,072	(1,291,963)
Total Resources	7,781,175	2,331,693	(5,449,482)

The most significant variances between actual expenditure and planned expenditure in 2022/23 are as follows:

	Planned Capital Expenditure £	Actual Capital Expenditure £	Variance Overspend (Underspend) £
Regeneration Property	2,500,000	0	(2,500,000)
Disabled Facilities Grants	1,609,378	850,852	(758,526)
Refurbishment of Vacant Units at Industrial Estate	450,000	0	(450,000)
Section 31-backed Schemes	368,909	79,292	(289,617)
Council Offices – Green Heating Solution	240,000	5,162	(234,838)
Bridge & Car Park Improvements, Bouskell Park, Blaby	200,000	0	(200,000)
Extension of Enderby Leisure Centre Car Park	190,000	0	(190,000)
HR and Payroll System	150,000	0	(150,000)
Walk Ride Blaby	140,000	0	(140,000)
Blaby Town Centre Toilets	169,801	53,411	(116,390)
All Other Schemes	1,763,087	1,342,976	(420,111)
Totals	7,781,175	2,331,693	(5,449,482)

The Balance Sheet Position

The Council's Balance Sheet reflects a net asset position despite the presence of the pension liability explained on the next page. Long term assets comprise property, plant and equipment, as well as intangible assets and long-term debtors.

	31 st March 2023 £	31 st March 2022 £
Long Term Assets	34,320,999	34,792,820
Current Assets	31,676,940	44,043,133
Current Liabilities	(21,431,493)	(34,270,926)
Long Term Liabilities (Including net Pension Liability)	(9,415,094)	(40,644,474)
Net Assets/ (Liabilities)	35,151,350	3,920,553
Funded by:		
Usable Reserves	20,612,106	22,464,927
Unusable Reserves	14,539,244	(18,544,374)

Pension Liability

The Council participates in the Local Government Pension Scheme (LGPS), administered by Leicestershire County Council, through which pension provision is made for those officers who wish to join the scheme. The Council's share of the net pension liability on 31st March 2023 amounted to £3,007,000 (£33,978,000 as at 31st March 2022) and is offset by the Pensions Reserve, movements on which are disclosed in the Movement in Reserves Statement, ensuring that there is no impact on the level of Council Tax.

As at 31st March 2023, the net discount rate (discount rate net of CPI inflation) has increased significantly compared to the previous year end, leading to a large gain on the balance sheet. In addition to this, the financial assumptions used by the actuary in determining the liability are now based on the triennial funding valuation undertaken on 31st March 2022. The results of the valuation were not available at the time that the 2021/22 accounts were prepared, and so the accounts were instead based on a roll forward of the 2019 funding valuation.

The existence of a net pension liability has significance for the Council's contributions to the scheme, which may need to increase in the long-term, subject to the outcome of the next triennial valuation.

Provisions, Contingencies and Material Write-offs

The Balance Sheet includes provisions totalling £2,054,677 as of 31st March 2023 – these are detailed in note 22 to the Financial Statements. The most significant of these is the provision in respect of outstanding business rates appeals which stands at £1,810,000 on 31st March 2023 (£1,872,000 on 31st March 2022).

Where a liability is possible but not likely, or the cost cannot be reliably estimated, the Council is required to disclose a contingent liability. Further details concerning contingent liabilities recognised in 2022/23 are provided in note 38.

Write offs are processed during the financial year in line with Financial Regulations. Total write offs against key income streams are summarised below:

Write Offs	2022/23 £
Collection Fund Write Offs	284,886
General Fund Write Offs	54,040
	338,926

Non-Financial Performance of the Council 2022/23

Achievements

Some of our achievements against the Blaby District Plan

A Place to Live:

- Huncote Leisure Centre – we have undertaken a range of measures at the site since November 2021, when high levels of methane emissions were recorded. New bore holes, gas monitoring wells, a passive ventilation system, and an upgraded flare stack have all been installed. The Leisure Centre building, car park, and Parish Council field were all re-opened in October 2022, and officers continue to monitor the landfill gas levels.
- We trialled an electric road sweeper as part of the Council's commitment to move towards fossil fuel alternatives to power our fleet vehicles.
- More than 2,000 people attended a special celebration event in June in recognition of the late Queen's Platinum Jubilee.
- The Secretary of State for Levelling Up, Housing and Communities, Michael Gove, visited and gave the seal of approval to our award-winning development at New Lubbesthorpe. Homes England, the government body responsible for funding new affordable housing and increasing the number of new homes throughout the country, also visited New Lubbesthorpe during 2022/23.
- On 1st April 2022, the Building Control Teams from Blaby and five other Leicestershire districts came together to form the Leicestershire Building Control Partnership led by Blaby. The new partnership strengthens the building control service across the county, with service developments and improvements including a 24/7, 365 days a year emergency call out service for responding to dangerous buildings or aiding the emergency services.

A Place to Work:

- Our Housing Enablement Team secured additional funding of almost £0.8m to provide housing-related support to inpatients in the hospitals in Leicester, Leicestershire, and Rutland. This enables us to deliver this vital service for another three years, and in more hospitals, reaching more vulnerable patients.
- We hosted three job fairs during 2022/23, offering support such as upskilling, training, access to DWP work coaches, and volunteering opportunities.
- We have worked hard to support displaced Ukrainian families arriving in the district under the national scheme, following the Russian invasion last year.
- Over £5m of Council Tax Energy Rebate payments distributed to around 38,000 households across the district.

A Place to Visit:

- The Active Blaby team had a successful summer, hosting free activity days across the district for hundreds of local families.
- The Tourism team visited Fosse Park at the end of September to promote tourism attractions in the district, engage with residents and shoppers to highlight the Fosse Foxes Trail, and shared information on walking trails and cycle maps of the district.
- We have improved the infrastructure at several of our parks and open spaces, including the overflow car park at Fosse Meadows, and fencing and footpath upgrades at the Osiers and Crow Mills.

More information is available in the Annual Leader's Statement presented to the Annual Council meeting in May 2023.

Performance against Corporate Objectives

During 2022/23, the Performance & Systems Team, was focused on implementing a new Performance Management Framework in line with recommendations published in the Corporate Peer Challenge. This work will improve the infrastructure, systems, and culture of performance reporting across the Council services. Consequently, this report is likely to evolve in the future as the new methods are introduced.

At the time of publication, the performance results were not available. Full details will be included in the published audited accounts.

Other Issues

Council Tax Energy Rebate

In February 2022, the government announced measures to help households with rising energy costs. This included a £150 council tax energy rebate, directed mainly at households falling within council tax bands A to D, with a discretionary scheme for low-income households in higher banded properties. Local authorities were asked to administer the distribution of the £150 payments and Blaby received an allocation of £5,597,700 to cover this. Blaby were the first authority in Leicestershire to start distributing payments to residents in bands A to D. Both the main scheme and discretionary scheme are now closed. In total, £5,569,500 was distributed to around 38,000 households.

Homes for Ukraine

The Council continues to respond to the Government's Homes for Ukraine Scheme, with housing, communities and leadership resources being allocated to enable a positive and proactive response. Allocation of a government funding tariff was agreed with County Council colleagues during 2022/23, and Blaby received £75,000 towards the administration of the local response.

Work took place with partners in government and other local authorities to quickly establish a process to do this safely and efficiently. One important task was to assess whether the sponsors' homes had sufficient space and were safe for their Ukrainian guests to move into.

It took our Environmental Health team just two weeks to produce a procedure to inspect homes and send the information of 20 properties back to the relevant authorities on top of their already heavy workload.

The team prioritised the importance of making this process move as quickly as possible. Our Housing Team also dealt with three homeless families who arrived under the Family Visa scheme, with our Resident Support Team supporting these families. Customers Services Team and Benefits Team also dealt with enquiries from both sponsors and family members.

Huncote Leisure Centre

The leisure centre was constructed in the 1970s, and it was known and documented that the land to the rear of the building was the site of a former landfill site. As such, the site has long been subject to landfill gas monitoring measures. On 2nd November 2021, during planned landfill gas mitigation works to the rear of the leisure centre, contractors recorded higher than expected methane emissions. As a result, a major incident was declared, and the leisure centre and surrounding site were closed.

Since then, various measures have been put in place to mitigate the high-level emissions, including the installation of new bore holes, wells, a passive ventilation system, and a new flare stack. Landfill gas measures have been monitored by officers since the emergency plan was invoked, throughout the duration of the works listed above, and is still ongoing.

The leisure centre building, car park, and the Parish Council field were reopened in October 2022, and work is ongoing to reach a point where the field and footpaths to the rear of the centre can also be reopened.

Summary Position

Despite the financial background Blaby is maintaining its reputation for sound financial stewardship and continues to seek innovative ways of delivering services and income generation. This approach has been reflected in the financial performance for 2022/23. Although the surplus for 2022/23 was quite small, it represents a positive position when compared to the forecast set out in the 2023/24 budget report. This is, in no small part, due to the diligence and hard work of officers across the Council. The Council faces many challenges going into the new financial year, including the ongoing impact of the pandemic on key income streams and service demand, the ongoing uncertainty of local government funding, and the cost of living crisis. Our financial reserves give some stability in the short term but in the medium to longer term the Council will need to look at service transformation and income generation opportunities to meet the expected future budget gaps. The MTFS will need to be regularly reviewed and budgets closely monitored to ensure the Council's ongoing financial sustainability.

Receipt of Further Information

For further information about these accounts please email finance@blaby.gov.uk or write to Finance Services, Blaby District Council, Council Offices, Narborough, Leicester LE19 2EP.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the hard work and dedication of staff across the Council. I would like to express my thanks to all colleagues, from the Finance team and other services, for their contribution towards the preparation of this document. I would also like to thank them for all their support during the financial year.

Sarah Pennelli
Executive Director (Section 151)
XX XXXXXXXXXX 2024

Explanation of the Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

Comprehensive Income and Expenditure Statement

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

Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into usable reserves (that is, those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The Statement shows how the movements in the Council's reserves in the year are broken down between gains and losses incurred in accordance with generally accepted accounting practices, and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following these adjustments.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, that is, 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 to repay debt. The second category of reserves includes those that the authority is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "adjustments between accounting basis and funding basis under regulations".

Cash Flow Statement

The Cash Flow Statement shows the changes 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 authority 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 (that is, borrowing) to the authority.

Notes to the Financial Statements

These provide further explanation of specific items within the Financial Statements to which they relate.

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates and its distribution to precepting bodies and the Government. For Blaby, the council tax precepting bodies are Leicestershire County Council, the Office of the Police and Crime Commissioner, and the Leicester, Leicestershire, and Rutland Combined Fire Authority.

The Statement of Responsibilities for the Statement of Accounts - sets out the principal responsibilities of the Authority and its officers in relation to the Accounting Statements. It confirms that the Statement of Accounts has been prepared in accordance with the requirements of the Code.

The Annual Governance Statement - sets out the framework within which financial and operational control is managed and reviewed and the main components of the system of control, including the arrangements for internal audit.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director (Section 151)
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts

The Executive Director (Section 151)'s Responsibilities

The Executive Director (Section 151) 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 Executive Director (Section 151) has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code

The Executive Director (Section 151) has also:

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

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council as at 31 March 2023 and the Council's income and expenditure for the year then ended.

Sarah Pennelli
Executive Director (Section 151)
XX XXXXXXXXXX 2024

APPROVAL OF ACCOUNTS

Approval for delegated authority to enable the Executive Director (S151), in conjunction with the chair of Audit and Corporate Governance Committee to approve and sign off the audited Financial Statement is to be requested at the Audit and Corporate Governance Committee meeting on 25th November 2024.

The accounts were duly approved on XX XXXXXXXX 2024.

Sarah Pennelli
Executive Director (Section 151)
xxth xxxxxx 2024

Councillor Mike Shirley,
Chairman, Audit and Corporate Governance Committee,
xxth xxxxxx 2024

CORE FINANCIAL STATEMENTS and EXPLANATORY NOTES

Comprehensive Income and Expenditure Statement

2021/22 Restated Gross Expenditure £	2021/22 Restated Gross Income £	2021/22 Restated Net Expenditure £	Service	2022/23 Gross Expenditure £	2022/23 Gross Income £	2022/23 Net Expenditure £
2,896,652	(1,066,299)	1,830,353	Housing, Community and Environmental Services	3,771,266	(2,071,329)	1,699,937
6,520,521	(1,732,708)	4,787,813	Neighbourhood Services and Assets	7,200,683	(1,985,448)	5,215,235
16,697,995	(13,713,757)	2,984,238	Finance, People and Performance	13,233,051	(9,753,498)	3,479,553
5,142,692	(4,368,299)	774,393	Health, Wellbeing, Community Engagement and Business Support	5,691,515	(3,657,372)	2,034,143
1,984,607	(545,529)	1,439,078	Leader	1,879,237	(304,951)	1,574,286
3,998,597	(930,216)	3,068,381	Planning Delivery, Enforcement and Corporate Transformation	4,386,586	(891,867)	3,494,719
37,241,064	(22,356,808)	14,884,256	Cost Of Services	36,162,338	(18,664,465)	17,497,873
3,802,855	(197,250)	3,605,605	Other Operating Expenditure (Note 10)	3,957,970	(49,383)	3,908,587
1,503,230	(696,576)	806,654	Financing and Investment Income and Expenditure (Note 11)	1,676,781	(1,822,426)	(145,646)
0	(17,581,865)	(17,581,865)	Taxation and Non-Specific Grant Income and Expenditure (Note 12)	0	(18,001,299)	(18,001,299)
		1,714,650	(Surplus)/Deficit on Provision of Services			3,259,515
		(708,126)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			(601,830)
		(15,009,437)	Re-measurement of the net defined benefit liability			(33,888,483)
		(15,717,563)	Other Comprehensive Income and Expenditure			(34,490,313)
		(14,002,913)	Total Comprehensive Income and Expenditure			(31,230,798)

The 2021/22 figures have been restated due to a change in service areas covered within each portfolio.

Movement in Reserves Statement

2022/23	General Fund Balance £	Collection Fund Reserve £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	Total Authority Reserves £
Balance at 31 March 2022	14,509,224	4,270,355	2,124,070	1,561,278	22,464,927	(18,544,375)	3,920,552
Movement in Reserves during 2022/23							
Surplus/(Deficit) on provision of Services	(3,259,515)	0	0	0	(3,259,515)	0	(3,259,515)
Other Comprehensive Income and Expenditure	0	0	0	0	0	34,490,313	34,490,313
Total Comprehensive Income and Expenditure	(3,259,515)	0	0	0	(3,259,515)	34,490,313	31,230,798
Adjustments between accounting basis and funding basis under regulations (Note 8)	4,588,940	(2,753,563)	(85,975)	(342,707)	1,406,695	(1,406,695)	0
Increase/(Decrease) in 2022/23	1,329,425	(2,753,563)	(85,975)	(342,707)	(1,852,820)	33,083,618	31,230,798
Balance at 31 March 2023	15,838,649	1,516,792	2,038,095	1,218,571	20,612,107	14,539,243	35,151,350

2021/22	General Fund Balance £	Collection Fund Reserve £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	Total Authority Reserves £
Balance at 31 March 2021	12,940,040	10,868,476	1,087,804	1,558,498	26,454,817	(36,537,177)	(10,252,645)
Movement in Reserves during 2021/22							
Surplus/(Deficit) on provision of Services	(1,714,650)	0	0	0	(1,714,650)	0	(1,544,365)
Other Comprehensive Income and Expenditure	0	0	0	0	0	15,717,563	15,717,563
Total Comprehensive Income and Expenditure	(1,714,650)	0	0	0	(1,714,650)	15,717,563	14,002,913
Adjustments between accounting basis and funding basis under regulations (Note 8)	3,283,834	(6,598,121)	1,036,266	2,780	(2,275,240)	2,275,240	0
Increase/(Decrease) in 2021/22	1,569,184	(6,598,121)	1,036,266	2,780	(3,989,890)	17,992,803	14,002,913
Balance at 31 March 2022	14,509,224	4,270,355	2,124,070	1,561,278	22,464,927	(18,544,375)	3,920,552

Balance Sheet

31 March 2022 £		Note	31 March 2023 £
33,078,374	Property, Plant and Equipment	13	32,794,670
475,000	Investment Property	15	515,000
38,908	Intangible Assets	16	59,826
1,093,910	Long Term Investments	17	844,874
106,629	Long Term Debtors	17	106,629
34,792,821	Long Term Assets		34,320,999
37,251	Inventories		49,803
10,009,344	Short Term Investments		4,065,728
7,843,893	Short Term Debtors	18	5,593,141
25,947,639	Cash and Cash Equivalents	19	21,763,263
205,006	Assets Held for Sale	20	205,004
44,043,133	Current Assets		31,676,940
(2,244,385)	Short Term Borrowing	17	(241,279)
(29,248,576)	Short Term Creditors	21	(18,142,774)
(674,717)	Grants Receipts in Advance - Capital		(992,763)
(2,103,247)	Provisions	22	(2,054,677)
(34,270,925)	Current Liabilities		(21,431,493)
(6,385,096)	Long Term Borrowing	17	(6,168,330)
(34,259,380)	Other Long-Term Liabilities		(3,246,764)
(40,644,476)	Long Term Liabilities		(9,415,094)
3,920,553	Net Assets/Liabilities		35,151,350
(22,464,927)	Usable Reserves		(20,612,106)
18,544,374	Unusable Reserves	23	(14,539,244)
(3,920,553)	Total Reserves		(35,151,350)

Sarah Pennelli
Executive Director (Section 151)
XX XXXXXXXXXX 2024

Cash Flow Statement

2021/22 £		Note	2022/23 £
1,544,365	Net (surplus)/deficit on the provision of services		3,259,515
	Adjustments to the net (surplus)/deficit on the provision of services for non-cash movements:		
(1,645,258)	Depreciation		(1,956,114)
(16,272)	Amortisations		(17,781)
96,465	(Increase)/decrease in creditors		14,208,969
169,794	Increase/(decrease) in debtors		804,559
16,484	Increase/(decrease) in inventories		12,552
(3,301,437)	Movement in pension liability		(2,917,483)
(1,125,000)	Carrying amount of non-current assets and non-current assets held for sale, sold, or derecognised		(479)
1,160,443	Other non-cash items charged to the net (surplus)/deficit on the provision of services		59,083
(3,100,416)			13,452,821
(9,691,116)	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities		(12,558,873)
(12,791,532)	Net cash flows from Operating Activities	24	893,948
14,246,628	Investing Activities	25	7,241,263
(11,049,818)	Financing Activities	26	(3,950,835)
(9,594,722)	Net (increase)/decrease in cash and cash equivalents		4,184,376
(16,352,917)	Cash and cash equivalents at the beginning of the reporting period		(25,947,639)
(25,947,639)	Cash and cash equivalents at the end of the reporting period		(21,763,263)

Notes to the Core Financial Statements - Index

Note	Page Description	Page
1	Accounting Policies	54
2	Accounting Standards Issued But Not Yet Adopted	69
3	Critical Judgements in Applying Accounting Policies	69
4	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	70
5	Material Items of Income and Expense	71
6	Events After the Reporting Period	71
7	Expenditure and Funding Analysis	71
8	Adjustments Between Accounting Basis and Funding Basis	76
9	Movements in Earmarked Reserves	79
10	Other Operating Expenditure	82
11	Financing and Investment Income and Expenditure	82
12	Taxation and Non-Specific Grant Income and Expenditure	83
13	Property, Plant and Equipment	84
14	Heritage Assets	87
15	Investment Properties	87
16	Intangible Assets	88
17	Financial Instruments	89
18	Debtors	91
19	Cash and Cash Equivalents	91
20	Assets Held for Sale	92
21	Creditors	92
22	Provisions	92
23	Unusable Reserves	93
24	Cash Flow Statement – Operating Activities	97
25	Cash Flow Statement – Investing Activities	98
26	Cash Flow Statement – Financing Activities	98
27	Reconciliation of Liabilities Arising from Financing Activities	98

Note	Page Description	Page
28	Agency Arrangements	98
29	Members Allowances	100
30	Officer Remuneration	100
31	External Audit Costs	102
32	Grant Income	102
33	Related Party Transactions	103
34	Capital Expenditure and Capital Financing	104
35	Leases	105
36	Defined Benefit Pension Schemes	106
37	Contingent Assets and Liabilities	111
38	Nature and Extent of Risks Arising from Financial Instruments	111

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require 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 Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS).

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

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the common needs of most users.
- The objective of showing the results of stewardship and accountability of elected members and management of the resources entrusted to them.
- The underlying assumption of going concern.

Going Concern Basis:

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. Therefore, it would not be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

During the Covid-19 pandemic there was a great deal of uncertainty over the Council's financial position due to added expenditure pressures and reductions to key income streams. Whilst the pandemic is now over, there is still a residual impact on income levels and service pressures are exacerbated by the cost of living crisis.

The Council updated its Medium-Term Financial Strategy (MTFS) in February 2023 as part of the 2023/24 budget setting process. The MTFS set out the financial forecast for the period through to 2027/28. Whilst a balanced budget was set for 2023/24, with a relatively low level of support required from balances, there are increasingly significant budget shortfalls forecast from 2024/25 onwards, due to inflationary pressures, increasing demand for services, and the ongoing reduction of income post-pandemic. There is also considerable uncertainty over the future nature and level

of central government funding for local authorities, including the risk of changes to business rates which could result in a significant loss in retained business rate income from 2025/26. To counteract the forecast budget shortfalls, the Council has begun work on a range of measures designed to transform service delivery and generate budget savings.

In mitigation, the Council's balances and reserves are robust and this helps to underpin the assessment of going concern. Furthermore, the Council's cash flow forecast demonstrates that cash balances will remain in a positive position for a minimum of 12 months from the approval of these accounts, meaning that the going concern basis of accounting will continue to apply for the foreseeable future.

ii. 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:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when, or as, the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for respectively as expenditure and income based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue 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. Expenditure is accrued where goods or services have been received before 31 March but the invoice relating to the goods or services is paid after 31 March. Similarly, income is accrued where it is due before 31 March, but an invoice has not been raised or payment has not been received. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue, in financing and investment income and expenditure, for the income that might not be collected.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months 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 Council's cash management.

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

Prior period adjustments may arise because of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, that is, 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.

v. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the 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 where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is known as the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

In September 2022, the Council approved a change in its MRP Policy, effective from 1st April 2022.

- For supported capital expenditure incurred before 1st April 2008, the Council will apply the Asset Life Method using an annuity calculation over 50 years.
- For unsupported borrowing undertaken after 1st April 2008, MRP will be charged on an annuity basis over the weighted average life of the assets in question.

The change in policy has resulted in a reduction in MRP of £0.7m in 2022/23.

vi. Council Tax and Business Rates

The Council, as a billing authority, acts as agent in the collection of council tax and business rates (or non-domestic rates/NDR) on behalf of the major preceptors and government. The Council is principal in terms of collecting council tax and business rates for itself. Billing authorities are required by statute to maintain a separate account, known as the Collection Fund, for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework, billing authorities, major preceptors, and central government (for NNDR) share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

Accounting for Council Tax and Business Rates

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of the accrued income for the year. However, regulations determine the amount of council tax and business rates that must be included in the

General Fund. As a result, the difference between the income included in the CIES and the amount credited to the General Fund under regulation is credited to the Collection Fund Adjustment Account and included as a reconciling amount in the Movement in Reserves Statement.

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

Where debtor balances for the above are identified as impaired, due to a likelihood arising from a past event that payment might not be received, the balance 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.

vii. Employee Benefits

Benefits Payable During Employment – short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (for example, car loans) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Short-Term Accumulated Absences Account, 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 because 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. They are charged on an accrual's basis to the appropriate service or, where applicable, to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

Post-Employment Benefits – employees of the Council are members of the Local Government Pensions Scheme, administered by Leicestershire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

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

- The liabilities of the Leicestershire pension scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method – that is, 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, and so on, and estimates of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate set by the actuary.
- The assets of the 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 liability is analysed into the following components:

Service cost comprising:

- current service cost – the increase in liabilities because of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
- past service cost – the increase in liabilities because of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- Net interest on the net defined benefit liability, that is net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments

Re-measurements comprising:

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the

Movement in Reserves Statement this means that there are transfers 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 pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

Discretionary Benefits – The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise because 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.

viii. Events After the Reporting Period

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

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

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

ix. 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 the type of 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.

Financial Assets

Financial assets are classified on a “classification and measurement” approach that reflects the business model for holding the financial assets, and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are, therefore, measured at amortised cost. The only exception to this would be financial assets whose contractual payments are not solely payment of principal and interest, that is where the cash flows do not take the form of a basic debt instrument.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in 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 financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

Where material, the Council recognises expected credit losses on its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair Value Measurements of Financial Assets

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

- Instruments with quoted market prices – the market price.
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

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

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

Any gains and losses that arise on derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

x. Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ringfenced revenue grants 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. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xi. Heritage Assets

Heritage assets are assets that are held principally for their contribution to knowledge or culture. The Council's only heritage asset is the Ice House situated in the grounds of Bouskell Park, Blaby, a grade 2 listed building. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant, and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example, where an asset has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note xvi below.

xii. Intangible Assets

Expenditure on non-monetary assets that do not have any physical substance but are controlled by the Council because of past events (for example, software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xiii. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. They are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is also applied to gains or losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements 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.

xiv. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee. The Council recognises "substantially all" as being at least 75% of the value of the

asset, unless on an individual case basis this would not give a true representation of the substance of the transaction. All other leases are classified 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 Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant, or equipment – applied to write down the lease liability, and
- A finance charge – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

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

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant and 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 (for example, there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustments Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council 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 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 (for example, there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xv. 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.

xvi. 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 on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential

to deliver future economic benefits or service potential (that is, repairs and maintenance) is charged as an expense when it is incurred.

Measurement – assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst 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 (that is, it will not lead to a variation in the cash flows of the authority). 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.
- 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).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value 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

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 there 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 (that is, freehold land and certain community assets) and assets that are not yet available for use (that is, assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture, and equipment – straight-line allocation over the useful life of the asset, based on the historic cost of that asset.
- Infrastructure – straight-line allocation over 1 to 15 years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components 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 and Non-current Assets Held for Sale – when it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had the not been classified as held for sale), and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, 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. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal

(that is, netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the Capital Receipts Reserve and 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 General Fund Balance in 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 General Fund Balance in the Movement in Reserves Statement.

xvii. Provisions, Contingent Liabilities and Contingent Assets

Provisions – Provisions are made where an event has taken place on or before the Balance Sheet date:

- That gives the Council a present obligation.
- That probably requires settlement by a transfer of economic benefits or service potential.
- Where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists on the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (for example, from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities – a contingent liability arises where an event has taken place that gives the Council 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 Council. 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 Council.

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.

xviii. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and they do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xix. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xx. Value Added Tax (VAT)

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

2. Accounting Standards Issued But Not Yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information in relation to the anticipated impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The code also requires that changes in accounting policy are applied retrospectively unless transitional arrangements are specified by the Code. This would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2023/24 code where disclosures are required in the 2022/23 Financial Statements are as follows:

- IFRS 16 Leases – only affecting those authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 financial year.
- For authorities that adopted IFRS16 in 2022/23 but chose to defer implementation of IFRS16 to Private Finance Initiatives/Public-Private Partnership arrangements until 2023/24, information on that more specific accounting change is required in the 2022/23 statement of accounts.
- Definition of Accounting Estimates (Amendments to IAS8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12) issued in May 2021.

The above standards either do not apply to Blaby (in the case of IFRS16) or are not expected to have a significant impact on the Council's accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Local Government Funding

There continues to be a high degree of uncertainty about future levels of funding for local government, particularly concerning the rebasing of the business rates baseline and the Fairer Funding Review. Government has announced that it is unlikely to introduce any changes before 2025/26 but the timing and extent of any potential changes remain unconfirmed. However, the Council's view is that this uncertainty is not yet sufficient to provide an indication that the Council's assets might be impaired because of a need to close facilities and reduce levels of service provision.

Embedded Leases and Derivatives

All material contractual arrangements have been reviewed in order to determine whether they contain embedded leases or embedded derivatives, although none have been identified as such.

Provision for Business Rates Appeals

The Council has set aside a provision which reflects its estimate of the potential cost of refunding ratepayers who successfully appeal against the rateable value of their property. The value of this provision has been determined as follows:

- 2010 Rating List – based on an assessment of outstanding appeals at 31 March 2023 in conjunction with an external expert. One key judgement made in arriving at the value of the provision is that appeals that are assessed as likely to be withdrawn have not been included.
- 2017 Rating List – based upon checks and challenges submitted as at 31st March 2023, potential threats based on our external expert's assessment of the rating list, and an internal review of businesses with a rateable value of £250,000 or more. For the purposes of checks and challenges, a 90% accuracy rate has been assumed.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Assets are depreciated over useful lives that 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 Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

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 £111,459 for every year that useful lives had to be reduced.

As detailed in Note 13, a desktop valuation was undertaken as at 31 March 2023 by Mr K. Shirer BA (Hons) MRICS, of the District Valuation Office. The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Hymans Robertson LLP, is engaged by Leicestershire County Council on behalf of all Leicestershire authorities to provide specialist advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of 2% (£1,461,000).

The Council's share of the net pension liability on 31 March 2023 has decreased by £30,971,000. The most significant contributory factor leading to this decrease is that the 2022 triennial funding valuation results are now available and have been used to project the pension obligations at the latest balance sheet date. As at 31st March 2023, the net discount rate (net of CPI inflation) has significantly increased compared to 31st March 2022, leading to a large gain in year.

During 2022/23, the actuaries advised that the net pension liability had increased by £9,651,000 because of experience but decreased by £44,956,000 attributable to updating of the financial and demographic assumptions.

Arrears

On 31 March 2023, the Council had a balance of sundry debtors for £1,505,645. A review of significant balances suggested that on average an impairment of doubtful debts of just under 75% (£1,123,703) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.

If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £179,033 to be set aside as an allowance.

5. Material Items of Income and Expense

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement.

The Council received £5.481m in respect of the Council Tax Energy Bill Rebate for distribution to eligible households within the district. The Council had no control over the eligibility criteria and considers that it was acting as agent on behalf of the government.

The total amount paid out during 2022/23 was £5.459m.

6. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Strategic Director (Section 151) on 31 May 2023. Events taking place after this date are not reflected in the financial statements or notes.

There were no material post balance sheet events arising between 31 March 2023 and the date on which the accounts were authorised for issue.

7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, 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 various Portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22 Net Expenditure Chargeable to the General Fund Balance (Restated)	2021/22 Adjustments between the Funding and Accounting Basis (Restated)	2021/22 Net Expenditure in the CIES (Restated)		2022/23 Net Expenditure Chargeable to the General Fund Balance	2022/23 Adjustments between the Funding and Accounting Basis	2022/23 Net Expenditure in the CIES
£	£	£		£	£	£
1,456,223	(374,130)	1,830,353	Housing, Community and Environmental Services	1,316,324	(383,613)	1,699,937
2,934,282	(1,853,532)	4,787,813	Neighbourhood Services and Assets	3,302,159	(1,913,076)	5,215,235
2,665,363	(318,874)	2,984,238	Finance, People and Performance	2,745,605	(733,948)	3,479,553
82,757	(691,636)	774,393	Health, Wellbeing, Community Engagement and Business Support	366,520	(1,667,623)	2,034,143
1,232,668	(206,410)	1,439,078	Leader	1,424,479	(149,807)	1,574,286
2,364,438	(703,943)	3,068,381	Planning Delivery, Enforcement and Corporate Transformation	2,910,986	(583,733)	3,494,719
10,735,732	(4,148,524)	14,884,256	Net Cost of Services	12,066,073	(5,431,800)	17,497,873
(5,706,795)	7,633,096	(13,339,891)	Other Income and Expenditure	(10,641,934)	3,596,423	(14,238,358)
5,028,937	3,484,572	1,544,365	(Surplus) or Deficit	1,424,138	(1,835,377)	3,259,515
23,808,516			Opening General Fund Balance	18,779,579		
(5,028,937)			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	(1,424,138)		
18,779,579			Closing General Fund Balance at 31 March	17,355,441		

The General Fund Balance is made up of reserves which have been earmarked for specific purposes(see note 9) and those which are as yet unallocated.

	Earmarked Reserves £	Unallocated General Fund Balances £	Total General FundBalance £
Balance as at 1 April 2022	14,080,669	4,698,910	18,779,579
Movement in Earmarked Reserves	(1,344,673)	0	(1,344,673)
Movement in Unallocated General Fund Balances	0	(79,465)	(79,465)
Balance as at 31 March 2023	12,735,996	4,619,445	17,355,441

The balance includes £1,516,792 in an Earmarked Reserve specifically set aside to meet the Collection Fund Deficit

7a. Notes to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 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 £
Housing, Community and Environmental Services	78,108	306,549	(1,044)	383,613
Neighbourhood Services and Assets	1,469,545	413,955	29,576	1,913,076
Finance, People and Performance	37,461	263,677	432,810	733,948
Health, Wellbeing, Community Engagement and Business Support	580,208	511,673	575,742	1,667,623
Leader	0	149,277	530	149,807
Planning Delivery, Enforcement and Corporate Transformation	251,919	329,352	2,462	583,733
Net Cost of Services	2,417,241	1,974,483	1,040,076	5,431,800
Other income and expenditure from the Expenditure and Funding Analysis	(643,049)	943,000	(3,896,374)	(3,596,423)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,774,192	2,917,483	(2,856,298)	1,835,377

Adjustments between Funding and Accounting Basis 2021/22 (Restated)

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 £
Housing, Community and Environmental Services	17,282	356,129	719	374,130
Neighbourhood Services and Assets	1,336,796	508,638	8,098	1,853,532
Finance, People and Performance	35,282	355,060	(71,468)	318,874
Health, Wellbeing, Community Engagement and Business Support	143,826	541,681	6,129	691,636
Leader	0	204,905	1,505	206,410
Planning Delivery, Enforcement and Corporate Transformation	305,240	398,024	678	703,943
Net Cost of Services	1,838,426	2,364,437	(54,339)	4,148,524
Other income and expenditure from the Expenditure and Funding Analysis	1,953,478	937,000	(6,616,617)	(7,633,096)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(115,052)	(3,301,437)	(6,670,956)	(3,484,572)

Adjustments for Capital Purposes

This column adds in depreciation and impairment, and revaluation gains and losses in the service 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, that is, the 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 for 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.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits related expenditure and income:

- For services this represents the removal of 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

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 accrual of compensated absences (holiday pay). Other items such as investment property, interest payable and receivable, and trading operations are reallocated between this line and services.
- The charge under Taxation and non-specific grant income and expenditure 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.

7b. Expenditure and Income Analysed by Nature

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

	2022/23 £	2021/22 £
Expenditure		
Employee benefits expenses	16,442,316	15,587,269
Other services expenses	16,718,950	19,145,055
Depreciation, amortisation and impairment	3,003,428	2,700,368
Interest payments	1,425,389	1,311,602
Precepts and levies	3,957,970	3,802,855
Total Expenditure	41,548,053	42,547,149
Income		
Fees, charges and other service income	(5,059,795)	(4,709,125)
Interest and investment income	(570,070)	(233,313)
Income from council tax	(10,008,720)	(9,658,888)
Net of Non Domestic Rates income	(3,034,242)	(1,224,382)
Government Grants and Contributions	(18,595,032)	(24,355,905)
Gain on disposal of assets	(49,383)	(197,250)
Surplus on Trading Operations	(971,296)	(453,636)
Total Income	(38,288,538)	(40,832,499)
(Surplus)/Deficit on the Provision of Services	3,259,515	1,714,650

Income received from services on a segmental basis is analysed in the following table:

	2022/23 £	2021/22 Restated £
Housing, Community and Environmental Services	(789,274)	(449,910)
Neighbourhood Services and Assets	(2,233,756)	(2,083,634)
Finance, People and Performance	(297,164)	(273,043)
Health, Wellbeing, Community Engagement and Business Support	(2,301,030)	(1,517,486)
Leader	(248,599)	(321,634)
Planning Delivery, Enforcement and Corporate Transformation	(518,413)	(756,526)
Total Revenue from External Customers	(6,388,236)	(5,402,233)

8. Adjustments Between Accounting Basis and Funding Basis Under Regulations

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. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all of the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Collection Fund Earmarked Reserve

The Collection Fund Reserve holds the surplus of Business Rates Section 31 grant and Tax Income Guarantee payment which is to be used to offset the Collection Fund Deficit. The legislation that governs Collection Fund accounting means the related deficit as a result of the loss of Business Rates income in-year will not be charged to the councils General Fund until 2023/24. The reserve balance will then be used to mitigate against this deficit.

2022/23	General Fund Balance	Collection Fund Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
Adjustments to Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Section 31 grants surplus and Tax Income guarantee transferred to the Collection Fund Reserve	2,753,563	(2,753,563)	0	0
Pensions costs (transferred to/from the Pensions Reserve)	2,917,483	0	0	0
Council tax and NNDR (transfers to/from Collection Fund Adjustment Account)	(3,104,106)	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	(1,228)	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	2,729,982	0	0	63,391
Total Adjustments to Revenue Resources	5,295,694	(2,753,563)	0	63,391
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(49,862)	0	49,862	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(389,373)	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(267,519)	0	0	0
Total Adjustments between Revenue and Capital Resources	(706,754)	0	49,862	0
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(135,837)	0
Application of capital grants to finance capital expenditure	0	0	0	(406,098)
Repayment of Capital Loans (Transfer to Capital Adjustment Account)	0	0	0	0
Total Adjustments to Capital Resources	0	0	(135,837)	(107,766)
Total Adjustments	4,588,940	(2,753,563)	(85,975)	(342,707)

2021/22	General Fund Balance	Collection Fund Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
Adjustments to Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Section 31 grants surplus and Tax Income guarantee transferred to the Collection Fund Reserve	6,598,121	(6,598,121)	0	0
Pensions costs (transferred to/from the Pensions Reserve)	3,301,437	0	0	0
Council tax and NNDR (transfers to/from Collection Fund Adjustment Account)	(6,534,316)	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	2,450	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	2,646,611	0		110,547
Total Adjustments to Revenue Resources	6,014,303	(6,598,121)	0	110,547
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(1,322,250)	0	1,322,250	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(1,145,597)	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(432,907)	0	0	0
Total Adjustments between Revenue and Capital Resources	(2,900,754)	0	1,322,250	0
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(285,984)	0
Application of capital grants to finance capital expenditure	0	0	0	(107,766)
Repayment of Capital Loans (Transfer to Capital Adjustment Account)	0	0	0	0
Total Adjustments to Capital Resources	0	0	(285,984)	(107,766)
Total Adjustments	3,113,549	(6,598,121)	1,036,266	2,781

9. Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23.

	Balance at 1 April 2021	Transfers In 2021/22	Transfers Out 2021/22	Balance at 31 March 2022	Transfers In 2022/23	Transfers Out 2022/23	Balance at 31 March 2023
	£	£	£	£	£	£	£
Leisure Centre Renewals Fund	(79,364)	0	17,004	(62,361)	(11,246)	0	(73,607)
Computer Room Environment	(128,018)	(140,000)	12,611	(255,407)	0	114,567	(140,840)
Licensing Reserve	(27,868)	0	0	(27,868)	0	0	(27,868)
Insurance Reserve Fund	(100,000)	0	0	(100,000)	0	0	(100,000)
Blaby Plan Priorities Reserve	(563,607)	(200,000)	310,940	(452,667)	0	86,843	(365,824)
General Reserve Fund	(1,697,764)	0	0	(1,697,764)	0	85,454	(1,612,310)
Ongoing Projects Reserve	(2,179,548)	(2,697,123)	1,953,608	(2,923,063)	(3,599,422)	2,759,644	(3,762,841)
Elections Reserve	(92,463)	(29,481)	0	(121,944)	(20,000)	0	(141,944)
Choice Based Lettings Reserve	(952)	0	0	(952)	0	0	(952)
New Homes Bonus Reserve	(41,327)	0	0	(41,327)	0	0	(41,327)
COVID Support Reserve	0	(700,000)	0	(700,000)	0	0	(700,000)
Economic Development Initiatives	(50,000)	0	0	(50,000)	0	0	(50,000)
Provision - ERIE Sinking Fund	(41,717)	0	7,063	(34,654)	0	7,877	(26,777)
Community Rights Reserve	(48,724)	0	0	(48,724)	0	0	(48,724)
Hardship Reserve	(250,000)	(75,000)	0	(325,000)	0	0	(325,000)
Parish New Homes Bonus Reserve	(881)	0	0	(881)	0	0	(881)
NNDR Income Reserve	(1,702,174)	0	0	(1,702,174)	(751,752)	0	(2,453,926)
Flexible Working Reserve	(94,678)	(100,000)	32,000	(162,678)	0	0	(162,678)
Local Plan Reserve	(483,595)	0	0	(483,595)	(40,000)	67,289	(456,306)

	Balance at 1 April 2021	Transfers In 2021/22	Transfers Out 2021/22	Balance at 31 March 2022	Transfers In 2022/23	Transfers Out 2022/23	Balance at 31 March 2023
	£	£	£	£	£	£	£
Lottery Reserve	(20,712)	(5,855)	5,435	(21,132)	(5,334)	0	(26,466)
IT System Replacement Reserve	(71,315)	0	16,900	(54,415)	0	14,600	(39,815)
Property Fund Reserve	(50,656)	(37,806)	0	(88,462)	(40,000)	0	(128,462)
Tax Income Guarantee Reserve	(1,379,731)	0	1,379,731	0	0	0	0
S31 Grant Reserve	(9,488,745)	0	5,218,390	(4,270,355)	0	2,753,563	(1,516,792)
Huncote Major Reserve	0	(500,000)	76,567	(423,433)	(150,000)	72,590	(500,843)
Court Fees Income Reserve	0	(31,813)	0	(31,813)	0	0	(31,813)
Total	(18,593,838)	(4,517,079)	9,030,248	(14,080,669)	(4,617,754)	5,962,427	(12,735,996)
Collection Fund –timing difference				4,270,355			1,516,792
Useable Earmarked Reserves				(9,810,314)			(11,219,204)

Earmarked Reserve	Purpose
Leisure Centre Renewals Fund	Periodic replacement of major plant and equipment.
I.T. Reserve Fund	Maintained to meet the costs of Information and Communications Technology (ICT) infrastructure issues, including plant and equipment.
Licensing Reserve	Licensing software developments and service improvements.
Insurance Reserve	Unforeseen claims liabilities in relation to self-funded public liability insurance policy.
On-Going Projects Reserve	Expenditure commitments from non-repeating budgets where delayed delivery results in deferral to a subsequent year.
General Reserve Fund	To offset the anticipated future reduction in grant funding from central Government, and to fund spend to save initiatives.
Blaby District Plan Priorities Reserve	A reserve for future expenditure in support of our district plan priorities.
Elections Reserve	To cover the cost of future District Council elections.
Choice Based Lettings Reserve	Support for setting up and development of new lettings system.
New Homes Bonus Reserve	Grant set aside to fund specific housing projects.
Covid Support Reserve	Set aside to mitigate the ongoing impact on services and key income that arose from the Covid-19 pandemic.
Economic Development Initiatives Reserve	To cover future economic development related projects.
ERIE Sinking Fund	To recognise the Service Charge income held in relation to future maintenance requirements at Enderby Road Industrial Estate.
Community Rights Reserve	Set aside monies to cover potential future costs associated with the Community Right to Challenge and/or Community Right to Bid initiatives.
Hardship Reserve	Set aside to mitigate the impact of the cost-of-living crisis on residents and businesses.
Parish New Homes Bonus Reserve	To hold the share of New Homes Bonus Grant awarded to parish councils/meetings which do not maintain their own bank account.
NNDR Income Reserve	Set aside to mitigate the potential risks and uncertainties in funding associated with the business rate retention scheme.
Agile Working Reserve	Set aside monies to cover potential future costs of introducing mobile and flexible working processes, a major corporate project.
Local Plan Reserve	To cover non-recurring expenditure linked to the delivery of the Council's Local Plan.

Earmarked Reserve	Purpose
Lottery Reserve	To ring-fence the Council's share of proceeds from the Blaby Lottery, which will be used to support the Community Grants Programme.
IT System Replacement Reserve	Set aside to offset the cost of implementation of new IT systems, including additional maintenance and licensing costs.
Property Fund Reserve	To hold the interest earned from the Lothbury Property Fund to mitigate potential future fluctuations in the fund value.
Tax Income Guarantee Reserve	To hold the one-off compensatory Tax Income Guarantee payment to be used to offset the Collection Fund deficit that arose as a direct result of the Covid-19 pandemic.
S31 Grant Reserve	To hold the Council's share of Section 31 Grant, which will be used
Huncote Major Reserve	To allow immediate emergency mitigation works to be undertaken to make the Huncote Leisure Centre site safe following increased levels of Methane Gas.
Court Fees Income Reserve	Court costs reimbursed by HM Courts

10. Other Operating Expenditure

	2022/23 £	2021/22 £
Parish Council Precepts	3,957,970	3,802,855
(Gains)/losses on the disposal of non-current assets	(49,383)	(197,250)
Total	3,908,587	3,605,605

11. Financing and Investment Income and Expenditure

	2022/23 £	2021/22 £
Interest payable and similar charges	482,389	374,602
Net interest on the net defined benefit liability	943,000	937,000
Interest receivable and similar income	(819,105)	(94,223)
Expenditure in relation to investment properties and changes in their fair value	2,356	191,628
Income on investment properties	(32,026)	(9,627)
Movement in value of Property Fund	249,036	(139,090)
Net (Surplus)/Deficit on Trading Operations	(971,296)	(453,636)
Total	(145,646)	806,654

12. Taxation and Non-Specific Grant Income and Expenditure

	2022/23 £	2021/22 £
Council tax income	(10,008,720)	(9,658,889)
Non domestic rates	(3,034,242)	(1,224,382)
Non ring-fenced government grants	(4,879,673)	(6,394,930)
Capital grants and contributions	(78,664)	(303,664)
Total	(18,001,299)	(17,581,865)

13. Property, Plant and Equipment

Movement on Balances

Movement on Balances in 2022/23	Other Land and Buildings £	Vehicles, Plant, Furniture and Equipment £	Infrastructure Assets £	Community Assets £	Surplus Assets £	Assets under Construction £	Total Property, Plant and Equipment £
Cost or Valuation							
At 1 April 2022	27,339,850	8,544,136	482,312	2,098,959	230,000	0	38,695,257
Additions	238,656	564,137	0	236,961	0	53,411	1,093,165
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(68,681)	0	0	0	(37,954)	0	(106,635)
Revaluation increases (decreases) recognised in the surplus/deficit on the provision of services	(225,985)	0	0	0	0	0	(225,985)
Derecognition – disposals	0	(27,775)	0	0	0	0	(27,775)
Transfers between asset groups	(48,954)	0	0	0	48,954	0	0
Assets reclassified to/from held for sale	0	0	0	0	0	0	0
At 31 March 2023	27,234,886	9,080,498	482,312	2,335,920	241,000	53,411	39,428,027
Accumulated Depreciation and Impairment							
At 1 April 2022	(154,859)	(4,943,242)	(412,084)	(106,698)	0	0	(5,616,883)
Depreciation charge	(1,146,939)	(939,459)	(30,085)	(65,424)	0	0	(2,181,907)
Derecognition – disposals	0	27,299	0	0	0	0	27,299
Other movements in depreciation and impairment	1,138,134	0	0	0	0	0	1,138,134
At 31 March 2023	(163,664)	(5,855,402)	(442,169)	(172,122)	0	0	(6,633,357)
Net Book Value							
At 31 March 2023	27,071,222	3,225,096	40,143	2,163,798	241,000	53,411	27,071,222
At 31 March 2022	27,184,991	3,600,894	70,228	1,992,261	230,000	0	33,078,374

Movement on Balances in 2021/22	Other Land and Buildings £	Vehicles, Plant, Furniture and Equipment £	Infrastructure Assets £	Community Assets £	Surplus Assets £	Assets under Construction £	Total Property, Plant and Equipment £
Cost or Valuation							
At 1 April 2021	27,475,350	8,051,700	482,312	1,926,529	241,600	0	38,177,491
Additions	44,313	636,853	0	189,525	0	0	870,691
Revaluation increases/(decreases) recognised in the Revaluation Reserve	540,975	0	0	0	(11,600)	0	529,375
Revaluation increases (decreases) recognised in the surplus/deficit on the provision of services	(424,288)	0	0	0	0	0	(424,288)
Derecognition – disposals	0	(144,417)	0	0	0	0	(144,417)
Transfers between asset groups	(45,000)	0	0	0	0	0	(45,000)
Assets reclassified to/from held for sale	(251,500)	0	0	(17,095)	0	0	(268,593)
At 31 March 2022	27,339,850	8,544,136	482,312	2,098,959	230,000	0	38,695,257
Accumulated Depreciation and Impairment							
At 1 April 2021	(149,374)	(4,208,272)	(379,754)	(63,098)	0	0	(4,800,498)
Depreciation charge	(997,134)	(879,387)	(32,330)	(43,600)	0	0	(1,952,451)
Derecognition – disposals	0	144,417	0	0	0	0	144,417
Other movements in depreciation and impairment	991,650	0	0	0	0	0	991,650
At 31 March 2022	(154,859)	(4,943,242)	(412,084)	(106,698)	0	0	(5,616,883)
Net Book Value							
At 31 March 2022	27,184,991	3,600,894	70,228	1,992,261	230,000	0	33,078,374
At 31 March 2021	27,325,976	3,843,428	102,558	1,863,431	241,600	0	33,376,993

Depreciation

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

- Other Land and Buildings – 1 to 50 years
- Vehicles, Plant, Furniture and Equipment – 1 to 20 years
- Infrastructure – 1 to 15 years
- Community Assets – 1 to 50 years

Assets under construction are not depreciated until brought into use.

Capital Commitments

At 31 March 2023, the Council has entered into a number of contracts for the enhancement of Property, Plant and Equipment in 2022/23 and future years budgeted to cost £1,289,330. Similar commitments on 31st March 2022 were £717,932.

The major commitments are –

Capital Commitments	£
Units 10 & 11, Enderby Road Industrial Estate Refurbishment	360,139
Disabled Facilities and Housing Support Grants	291,014
Fleet Vehicle Replacements	252,790
Contributions towards Affordable Housing Schemes at Whetstone & Blaby	151,500
Contribution towards Parish led projects	137,954
Replacement HR and Payroll System	39,455
Other	56,478
	1,289,330

Effects of Changes in Estimates

The Council has reviewed its assumptions with regard to the useful economic life of its non-current assets but has concluded that no material changes are required to its accounting estimates.

Revaluations

The Council's valuation programme ensures that all Property, Plant and Equipment required to be measured at fair value is formally revalued at least every five years, although any material changes to valuations are adjusted in the interim period.

Land and buildings are valued by an independent external valuer and subject to annual desktop reviews. A desktop valuation was undertaken as at 31 March 2023 by Mr K.Shirer BA (Hons) MRICS, of the District Valuation Office. The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. For non-specialised operational assets, fair value equates to existing use value, and for specialised operational assets fair value is estimated using a depreciated replacement cost approach.

Vehicles, plant, and equipment are valued internally by reference to current replacement costs provided by suppliers and estimated disposal values (open market value in existing use). Assets not yet re-valued are shown at depreciated value based on historical cost but are not considered to be materially under or overvalued. The Council is not aware of any material change in value and these valuations have not been updated.

Surplus assets are measured at fair value, representing highest and best use value from a market participant's perspective.

	Land and Buildings £	Vehicles, Plant and Equipment £	Infrastructure Assets £	Community Assets £	Surplus Assets £	Assets Under Construction £	Total £
Carried at historical cost	94,098	3,225,096	40,143	2,163,798	0	53,411	5,576,546
Valued at fair value as at 31 March 2023	26,977,124	0	0	0	241,000	0	27,218,124
Total	27,071,222	3,225,096	40,143	2,163,798	241,000	0	32,794,670

14. Heritage Assets

A heritage asset is defined by the Code as an asset with “historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture”.

The Council currently has only one asset that meets the definition of a heritage asset, and that is the Ice House situated in Bouskell Park, Blaby. Most of the Ice House is underground and part has been dated back to medieval times. It is a grade 2 listed building and is considered to be of historical interest. The Council secured external funding to enable it to undertake structural works which have now been completed. These works have enabled visitors to access the Ice House and learn its history.

The Ice House had not previously been reported in the Balance Sheet, as the Council held no information as to its cost or value. It was considered the cost of obtaining such information outweighed the benefit to the users of the financial statements. Since the completion of the renovation project, the asset is now held at the depreciated value of the project total. At the 31 March 2023, this stands at £83,388.

15. Investment Properties

The Council owns just one investment property, the Old Bank, Narborough. Works were undertaken to redevelop the property into flats which the Council lets out at market rent.

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

	2022/23 £	2021/22 £
Rental income from investment property	32,025	9,627
Dilapidations	0	0
Operating expenses arising from investment property	(13,442)	(14,760)
Net gain/(loss) from fair value adjustments	10,513	(178,973)
Net gain/(loss)	29,096	(184,105)

	2022/23 £	2021/22 £
Balance as at 1 April	475,000	340,285
Additions and Transfers In	7,380	331,513
Net gain/(loss) from fair value adjustments	32,620	(169,798)
Balance as at 31 March	515,000	475,000

16. Intangible Assets

The Council accounts for its software 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. The intangible assets include purchased licences, but the Council has no internally generated software.

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 Council has no Intangible Assets that it has assessed as having an indefinite useful life.

The useful lives assigned to the major software suites used by the Council are:

Useful Life	Intangible Asset
10 years	Northgate Revenues and Benefits System
5 years	- Customer Relationship Management/Electronic Document and Records Management System (CRM/EDRM) - Xpress Elections Software - Real Asset Management (Asset Register System) - Idox/CAPS Planning System - Bottomline BACS Submission Software - COA Solutions eFinancials (Financial Management System)

The movement on Intangible Asset balances during the year is as follows:

Movement on Intangible Asset Balances	2022/23 £	2021/22 £
Balance at 1 April		
- Gross carrying amount - Accumulated amortisation	240,365 (201,458)	232,328 (189,686)
Net carrying amount at 1 April	38,907	42,642
Additions	38,700	12,537
Disposals	(1,400)	(4,500)
Amortisation for the period	(17,781)	(16,272)
Write back amortisations on disposals	1,400	4,500
Net carrying amount at 31 March	59,826	38,907
Comprising:		
- Gross carrying amount - Accumulated amortisation	277,665 (217,839)	240,365 (201,458)
	59,826	38,907

There have been no changes in accounting estimates (for example, residual values, useful lives, amortisation method) for Intangible Assets that have had an effect on the current period or that are expected to have an effect in subsequent financial years. Software assets are valued at historic cost.

17. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets	Non-Current 31/03/23 £	Current 31/03/23 £	Non-Current 31/03/22 £	Current 31/03/22 £
Cash and Bank balance	0	239,388	0	300,491
Investments at amortised cost	0	25,589,465	0	35,656,491
Investments at Fair Value through Profit or Loss	844,874	0	1,093,910	0
Debtors carried at contract amounts	106,629	1,985,535	106,629	1,339,536
Total Financial Assets	951,503	27,814,388	1,200,539	37,296,518

Financial Liabilities	Non-Current 31/03/23 £	Current 31/03/23 £	Non-Current 31/03/22 £	Current 31/03/22 £
Borrowings at amortised cost	5,713,439	(241,279)	(5,929,939)	(2,244,385)
Other Long Term Liabilities at amortised cost	(454,891)	0	(455,157)	0
Creditors carried at contract amounts	0	(7,745,580)	0	(8,221,370)
Total Financial Liabilities	(6,168,330)	(7,986,859)	6,385,096	(10,465,755)

Income, Expense, Gains and Losses

Income, Expense, Gains and Losses in 2022/23	Financial Liabilities measured at amortised cost £	Financial Assets loans and receivables £	Financial Assets Fair Value through profit or loss £	Total £
Interest expense – financial liabilities measured at amortised cost	(482,389)	0	0	(482,389)
Interest revenue – financial assets measured at amortised cost	0	778,213	0	778,213
Interest revenue – financial assets measured at Fair Value through Profit or Loss	0	0	40,892	40,892
Losses on Revaluation of Property Fund	0	0	155,126	155,126
Net gain/(loss) for the year	(482,389)	778,213	196,018	491,842

Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and investments and long-term debtors and creditors 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 take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, new loan rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures
- For loans receivable prevailing benchmark rates have been used to provide the fair value
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be 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:

	Carrying Amount 31 March 2023 £	Fair Value 31 March 2023 £	Carrying Amount 31 March 2022 £	Fair Value 31 March 2022 £
PWLB Debt	5,954,452	4,051,594	6,166,890	5,811,430
Non PWLB Debt	0	0	2007,192	2004,688
Short Term Creditors	7,745,580	7,745,580	8,221,370	8,221,370
Short Term Finance Lease Liability	266	266	242	242
Long Term Finance Lease Liability	454,891	454,891	455,157	455,157
Total Financial Liabilities	14,155,189	12,252,331	16,850,851	16,492,887

The fair value of Public Works Loan Board (PWLB) and market loans of £4,051,594 measures the economic effect of the terms agreed with the PWLB, and other lenders compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB and other lenders, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £5,954,452 would be valued at £4,051,594. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans, including the penalty charge, would be £3,283,024.

	Carrying Amount 31 March 2023 £	Fair Value 31 March 2023 £	Carrying Amount 31 March 2022 £	Fair Value 31 March 2022 £
Cash and Bank balance	239,388	239,388	300,491	300,491
Money Market Loans less than 1 Year	26,434,339	26,434,339	36,750,401	36,750,401
Short Term Debtors	538,148	538,148	1,339,536	1,339,536
Long Term Debtors	106,629	106,629	106,629	106,629
Total Financial Assets	27,318,504	27,318,504	38,497,057	38,497,057

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

The Council's long-term debtors include mortgage advances and renovation loans in excess of twelve months. The balances are increased by payments/loans advanced during the financial year and reduced as repayments are made.

18. Debtors

	31 March 2023 £	31 March 2022 £
Central government bodies	576,041	2,223,866
Other local authorities	3,392,081	2,955,621
NHS Bodies	49,971	11,393
Other entities and individuals	1,575,048	2,653,013
Total	5,593,141	7,843,893

Each line item in the table above is presented net of impairment (that is, any allowance for non-collection). The impairment allowance for short term debtors (including council tax and non-domestic rate income) as at 31 March 2023 is £1,428,631 (£1,525,522 at 31 March 2022).

19. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2023 £	31 March 2022 £
Cash held by the Council	356	426
Bank current accounts	612,170	1,860,096
Deposits in Money Market Funds	8,099,951	12,003,267
Short-term deposits with banks and building societies	13,050,786	12,083,849
Total Cash and Cash Equivalents	21,763,263	25,947,638

20. Assets Held for Sale

As at 31 March 2023, the Council had the following assets held for sale. The sites are:

- Stamford Street, Glenfield
- Station Road, Glenfield
- Trinity Road, Whetstone
- College Road, Whetstone
- Church Lane / High Street, Whetstone

	Current 2022/23 £	Current 2021/22 £
Balance as at 1 April	205,006	1,125,000
Assets newly classified as Held for Sale	0	268,595
Revaluation Losses	0	53,503
Disposals	(2)	(1,125,000)
Impairment losses	0	(117,092)
Balance as at 31 March	205,004	205,006

21. Creditors

Creditors	31 March 2023 £	31 March 2022 £
Central government bodies	(3,688,973)	(10,202,332)
Other local authorities	(3,067,001)	(3,450,158)
NHS bodies	(1,373,133)	(1,748,337)
Other entities and individuals	(10,013,667)	(13,847,749)
Total	(18,142,774)	(29,248,576)

Included within Central government bodies as at 31 March 2022 is £2,149,368 relating to the balance of Section 31 Grant which is owed back to the Government. A sum of £6,302,743 is included within other entities and individuals and relates to collection fund creditors.

22. Provisions

The Council maintains an Insurance Reserve Fund to meet its own liability in relation to claims which may be made against the Council, not currently notified, which would not be fully met within the terms and conditions of its insurance policies. The principal policy to which this applies is the Council's public liability policy under which the Council is required to meet the first £12,500 costs of any claim. Movements in the Insurance Reserve Fund are included within note 9.

A provision has also been made in respect of potential claims liabilities arising under the above policies, based on Insurers' assessment of claims notified, limited to the amount of claim excess. Although the timing of outcomes is uncertain, claims may be paid either fully or in part, or may be repudiated, and so the cost cannot be estimated with certainty. The level of provision required is reviewed annually.

The Council also holds a provision to cover potential liabilities in relation to the Municipal Mutual Insurance (MMI) Scheme of Arrangement. In November 2012 it was announced that a levy of 15% would be applied to the total value of insurance claims paid through MMI since 1993 (less £50,000). For Blaby, this amounts to £295,000 in settled claims, less £50,000. Due to the uncertain position in respect of the most volatile classes of claim, such as mesothelioma, the scheme administrator increased the levy by 10% to 25%. Whilst the Council currently has no outstanding claims reserves with MMI, the provision level has been maintained at the same level to allow for the possibility of new liabilities arising out of past events, e.g., mesothelioma cases.

The Council also provides for losses that may arise due to appeals made by businesses against their rateable value. The timing of the outflows in the event of a successful appeal is entirely dependent upon the Valuation Office Agency, with many appeals not settled for several years after they are submitted. The table below reflects the Council's 40% share of the cost of potential appeals, in accordance with the business rates retention scheme.

	Insurance Claims Provision £	MMI Scheme of Arrangement £	NNDR Appeals Provision £	Total £
Balance at 1 April 2022	(50,870)	(180,377)	(1,872,000)	(2,103,247)
Additional provision made in year	(13,550)	0	(380,000)	(393,550)
Provisions used in year	120	0	442,000	442,120
Balance as at 31 March 2023	(64,300)	(180,377)	(1,810,000)	(2,054,677)

23. Unusable Reserves

	31 March 2023 £	31 March 2022 £
Revaluation Reserve	(11,467,188)	(11,289,106)
Capital Adjustment Account	(7,727,916)	(8,649,679)
Pensions Reserve	3,007,000	33,978,000
Collection Fund Adjustment Account	1,415,024	4,519,130
Accumulated Absences Account	78,710	79,939
Financial Instruments Adjustment Account	155,126	(93,910)
Total	(14,539,244)	18,544,734

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment, and Intangible Assets. The balance is reduced when assets with accumulated gains are:

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

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

	2022/23 £	2021/22 £
Balance at 1 April	(11,289,106)	(11,894,241)
Upward revaluation of assets	(1,513,465)	(4,658,904)
Downward revaluation of assets	675,332	2,516,040
Impairment Losses	(195)	568,115
Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(838,328)	(1,574,749)
Difference between fair value depreciation and historical cost depreciation	423,748	328,290
Accumulated gains/(losses) on assets sold or scrapped	0	984,971
Reversal of impairment charge from prior year	236,498	866,623
Balance at 31 March	(11,467,188)	(11,289,106)

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties.

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

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2022/23 £	2021/22 £
Balance at 1 April	(8,649,679)	(8,430,697)
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	2,181,907	2,122,736
• Impairment loss on Assets Held for Sale	(236,303)	(298,508)
• Amortisation of intangible assets	17,781	16,272
• Revenue expenditure funded from capital under statute	1,192,447	977,120
• 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	479	140,029
	3,156,311	2,957,649
Adjusting amounts written out of the Revaluation Reserve	(423,748)	(328,290)
Net amount written out of the cost of non-current assets consumed in the year	2,732,563	2,629,359
Capital financing applied in the year:		
• Use of Capital Receipts Reserve to finance new capital expenditure	(135,837)	(285,983)
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(611,973)	(876,087)
• Application of grants to capital financing from the Capital Grants Unapplied Account	(406,098)	(107,766)
• Statutory provision for the financing of capital investment charged against the General Fund balance.	(389,373)	(1,145,597)
• Capital expenditure charged against the General Fund balance.	(267,519)	(432,907)
	(1,810,800)	(2,848,340)
Repayment of private sector housing loan	0	0
Balance at 31 March	(7,727,916)	(8,649,679)

Pensions Reserve

The Pensions 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 employed 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 ensure that benefits earned are financed as the Council makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions 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.

	2022/23 £	2021/22 £
Balance at 1 April	33,978,000	45,686,000
Re-measurements of the net defined benefit liability	(33,892,000)	(15,009,437)
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	6,008,000	5,703,000
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,147,000)	(2,401,563)
Balance at 31 March	3,007,000	33,978,000

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2022/23 £	2021/22 £
Balance at 1 April	4,519,129	11,053,446
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	12,700	(40,549)
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(3,116,808)	(6,493,768)
Balance at 31 March	1,415,024	4,519,129

During 2020/21 In response to COVID-19 pandemic and lockdown, the Government gave a retail relief to certain business sectors. This resulted in an extraordinary deficit on the Collection Fund which local authorities were permitted to spread across three financial years. To recompense local authorities, the Government paid Section 31 Grant and this grant has been transferred to an earmarked reserve to help offset the deficit. On 31st March 2023 the balance held in reserve was £1,516,792.

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement carried forward at forward 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2022/23 £	2021/22 £
Balance at 1 April	79,939	77,489
Settlement or cancellation of accrual made at the end of preceding year	(79,939)	(77,489)
Amounts accrued at the end of the current year	78,710	79,939
Balance at 31 March	78,710	79,939

Financial Instruments Adjustments Account

The Financial Instruments Adjustments Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to the Council's Property Fund investment and for bearing losses or benefiting from gains per statutory provisions.

	2022/23 £	2021/22 £
Balance at 1 April	(93,910)	45,180
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	249,036	(139,090)
Balance at 31 March	155,126	(93,910)

24. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2022/23 £	2021/22 £
Interest received	(762,721)	(108,289)
Interest paid	490,179	375,282

The (surplus)/deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2022/23 £	2021/22 £
Proceeds from Short Term and long-term Investments	(13,284,099)	(12,000,000)
Proceeds from the sale of property, plant and equipment	49,862	1,322,250
Capital grants and contributions received	675,364	986,634
	(12,558,873)	(9,691,116)

25. Cash Flow Statement – Investing Activities

	2022/23 £	2021/22 £
Purchase of property, plant and equipment, and intangible assets	1,199,610	1,161,204
Purchase of short term and long term investments	7,035,063	15,139,090
Proceeds from the sale of property, plant and equipment	0	(1,346,048)
Other receipts from investing activities	(993,410)	(707,618)
	7,241,263	14,246,628

26. Cash Flow Statement – Financing Activities

	2022/23 £	2021/22 £
Cash payments for the reduction of finance lease liabilities	242	220
Repayments of short and long term borrowing	2,211,816	207,266
Other payments/receipts for financing activities	(6,162,893)	(11,257,304)
	(3,950,835)	(11,049,818)

27. Reconciliation of Liabilities Arising from Financing Activities

	1 April 2022	Financing Cash Flows	Non-Cash Changes Acquisition	Non-Cash Changes Other	31 March 2023
Long Term Borrowing	(5,929,939)	216,500	0	0	(5,713,439)
Short Term Borrowing	(2,244,143)	2,002,532	0	598	(241,013)
Lease Liabilities	(455,399)	242	0	0	(455,157)
Total Liabilities from Financing Activities	(8,629,481)	207,602	0	584	(6,409,609)

28. Agency Arrangements

Blaby District Council is the lead authority for Lightbulb which brings together the various services involved in the provision of Disabled Facilities Grants under one umbrella, including Occupational Therapists employed by Leicestershire County Council. As lead authority, Blaby employs Housing Support Co-ordinators, Technical Officers and Administrative Officers on behalf of most of the districts across Leicestershire, as well as running the Central Hub that oversees the delivery of services through Lightbulb. The district councils and the County Council contribute towards the cost of running the Central Hub, as well as reimbursing Blaby for the running costs associated with the various district localities. This ensures that Blaby's financial position remains cost neutral in terms of the services it provides to its partners. Expenditure and income is included within the Community Services line in the Comprehensive Income and Expenditure Statement.

As part of the Lightbulb service, Blaby also manages, administers and pays for Disabled Facilities Grants on behalf of Harborough District Council, Melton Borough Council, North West Leicestershire District Council, and Oadby and Wigston Borough Council. Under this arrangement the partner authorities have agreed to transfer their capital grant funding to Blaby in return for Blaby paying the disabled facilities grants on their behalf. Blaby also has responsibility for the procurement and administration of stairlift installations on behalf of the above authorities as well as Hinckley and Bosworth Borough Council and Charnwood Borough Council. This function was previously performed by Leicestershire County Council, prior to 2018/19.

The table below provides a summary of the expenditure and income for the year.

2022/23	Harborough District Council £	Melton Borough Council £	NW Leics. District Council £	Oadby and Wigston Borough Council £	Hinckley and Bosworth Borough Council £	Charnwood Borough Council £	Total £
Balance at 1 April 2022	(254,616)	(482,374)	(1,870,713)	(763,710)	(13,000)	0	(3,384,413)
Income received	(374,222)	(131,567)	(547,432)	(247,089)	(139,545)	(237,765)	(1,677,620)
Other contributions	(20,809)	(2,915)	(19,659)	0	0	0	(43,383)
Grant expenditure	564,658	280,476	351,980	553,129	148,277	237,765	2,136,285
Balance as at 31 March 2023	(84,989)	(336,380)	(2,085,824)	(457,670)	(4,268)	0	(2,969,131)

Comparative figures for 2021/22 are shown in the table below.

2021/22	Harborough District Council £	Melton Borough Council £	NW Leics. District Council £	Oadby and Wigston Borough Council £	Hinckley and Bosworth Borough Council £	Charnwood Borough Council £	Total £
Balance at 1 April 2021	(368,186)	(477,223)	(1,642,424)	(799,748)	(13,000)	0	(3,300,581)
Income received	(401,264)	(233,609)	(649,473)	(349,131)	(139,381)	(231,830)	(2,004,688)
Other contributions	(19,628)	(4,548)	(19,699)	0	0	0	(43,875)
Grant expenditure	534,463	233,006	440,883	385,168	139,381	231,830	1,964,731
Balance as at 31 March 2022	(254,615)	(482,374)	(1,870,713)	(763,711)	(13,000)	0	(3,384,413)

The balances carried forward are included within debtors or creditors in the Balance Sheet.

29. Members Allowances

Allowances are paid to elected members in accordance with the Council's Members' Allowance scheme.

	2022/23 £	2021/22 £
Basic Allowances	220,305	214,285
Special Responsibility Allowances	89,694	85,421
Travel and Other Expenses	1,128	239
	311,127	299,945

30. Officer Remuneration

The Accounts and Audit Regulations require authorities to disclose details of senior officers' remuneration. In cases where the individual's salary exceeds £150,000 per annum (or pro rata to that amount) then the individual's name shall be disclosed. There were no senior officers of Blaby District Council whose salary exceeded £150,000 per annum in either 2022/23 or the preceding year. Where the salary exceeds £50,000 per annum (or pro rata to that amount), the authority is required to provide a disclosure by job title.

Position	Year	Salary, Fees, Allowances £	Expenses Allowances £	Compensation for loss of office £	Pension Contribution £	Total £
Chief Executive	2022/23	111,034	1,239	0	20,928	133,201
	2021/22	46,119	516	0	9,450	56,085
Executive Director (S151)	2022/23	92,526	1,239	0	17,395	111,160
	2021/22	93,054	1,239	0	17,494	111,787
Executive Director	2022/23	92,526	1,239	0	17,395	111,160
	2021/22	90,601	1,239	0	17,033	108,873
Corporate Services Group Manager	2022/23	61,348	1,109	0	11,655	74,112
	2021/22	44,307	723	0	8,330	53,360
Business, Partnerships and Health Improvement Group Manager	2022/23	76,491	1,239	0	14,164	91,894
	2021/22	74,560	1,239	0	14,017	89,816
Neighbourhood Services and Assets Group Manager	2022/23	75,342	1,239	0	14,164	90,745
	2021/22	73,417	0	0	13,802	88,458
Planning and Strategic Growth Group Manager	2022/23	75,342	1,239	0	1,180	77,761
	2021/22	73,417	1,239	0	0	74,656
Strategic HR Manager	2022/23	28,627	826	10,735	5,382	45,570
	2021/22	41,574	1,239	0	7,666	50,479
Environmental Health, Housing and Community Services Group Manager	2022/23	69,194	1,239	0	12,527	82,960
	2021/22	55,454	1,126	0	10,425	67,005
Finance Group Manager	2022/23	62,147	635	0	11,684	74,465
	2021/22	58,600	0	0	11,017	69,617
Transformation Group Manager	2022/23	20,430	400	0	3,841	67,005
Interim Strategic HR Manager	2022/23	8,077	162	0	1,518	9,758

The Chief Executive commenced in post on 1st November 2021. The annualised salary for 2021/22 was £101,527.

The Corporate Services Group Manager was appointed to the role on 9th May 2022; the annualised salary for 2022/23 was £62,687.

The previous Corporate Services Group Manager left the Council on 31 October 2021. The annualised salary was £73,417.

The Strategic HR Manager left the Council on 30th November 2022 and worked 26.25 hours per week. The annualised salary for the post in 2022/23 was £60,525 (£58,600 in 2021/22).

The Interim Strategic HR Manager joined the Council on 13th February 2023. The annualised salary was £60,525.

The former Strategic Finance Manager became the Finance Group Manager on 1st July 2022. The annualised salary for 2022/23 was £62,687.

The Transformation Group Manager joined the Council on 5th December 2022 (annualised salary £62,687).

In accordance with Regulation 7(3) of the Accounts and Audit Regulations 2015 the Council is also required to disclose the number of other employees whose remuneration is in excess of £50,000 per annum, starting at that level and increasing in multiples of £5,000. There are three employees in this category in 2022/23 as follows.

Remuneration Band	No. of Employees 2022/23	No. of Employees 2021/22
£50,000 - £54,999	2	1
£55,000 - £59,999	1	0

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

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies 2022/23	Number of Compulsory Redundancies 2021/22	Number of Other Departures Agreed 2022/23	Number of Other Departures Agreed 2021/22	Total Number of Exit Packages by Cost Band 2022/23	Total Number of Exit Packages by Cost Band 2021/22	Total Cost of Exit Packages in each Band 2022/23	Total Cost of Exit Packages in each Band 2021/22
£0 - £20,000	0	1	2	1	2	2	£2,498	£15,715
£20,001 – £40,000	0	0	1	0	1	0	£32,209	£0
Total	0	1	3	1	3	2	£34,707	£15,715

31. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims provided by the Council's external auditors, Ernst and Young:

	2022/23 £	2021/22 £
Fees payable to the external auditors with regard to external audit services carried out by the appointed auditor	83,600	47,850
Fees payable to the external auditors for the certification of grant claims and returns	18,500	15,000
Total	102,100	62,850

Fees payable to the external auditors, in the table above, allows for estimated additional costs in excess of the scale fee agreed for both 2021/22 and 2022/23. The final amounts will not be known until the audits for those periods are concluded.

Fees in respect of the certification of grant claims includes the additional sum of £3,500 which was under-accrued in respect of 2020/21.

32. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2022/23:

	2022/23 £	2021/22 £
Credited to Taxation and Non-Specific Grant Income		
Non Domestic Rates Contribution	(3,034,242)	(1,224,382)
New Homes Bonus Grant	(1,020,820)	(1,607,070)
Section 31 Grants – Business Rates	(2,818,854)	(925,646)
Lower Tier Services Grant	(867,225)	(786,461)
Services Grant	(153,747)	0
Revenue Support Grant	(323)	0
Other Non-Ring-fenced Government Grants	(18,704)	(3,075,753)
Section 106 Contributions	(78,664)	(303,664)
Total	(7,992,579)	(7,922,976)
<u>Credited to Services</u>		
Housing Benefit Subsidy	(8,922,267)	(9,336,440)
Other DWP Grants	(42,019)	(42,106)
NNDR Cost of Collection Allowance	(102,129)	(101,284)
Disabled Facilities Grant	(1,291,146)	(1,054,171)
Council Tax Support Grant	(105,761)	(126,160)
DEFRA Air Quality Monitoring Grants	(729,419)	(93,800)
Government contributions towards the cost of Elections	950	(91,459)
Covid 19 Grant	(32,070)	(3,512,158)
Redmond Review Grant	(15,955)	(18,764)
The Welcome Back Fund	(1)	(96,778)

	2022/23 £	2021/22 £
New Burdens Grant – Transparency	(8,103)	(8,103)
New Burdens Grant – Pavement Licenses	(7,564)	(13,539)
New Burdens Grant – Land Registry	0	(24,000)
New Burdens Grant – Benefits Test and Trace	0	(166,800)
New Burdens Grant - NNDR	(63,453)	(130,680)
New Burdens Grant – Local Elections	(16,040)	0
New Burdens – Council Tax Energy Rebate	(34,288)	0
Home Office Grant – Syrian and Afghan Vulnerable Persons Resettlement Scheme	(105,022)	(67,738)
Home Office Grant – Ukrainian Refugee Scheme	(75,866)	0
Biodiversity Net Gain Grant	(26,807)	(10,047)
Neighbourhood Planning Grant	(40,000)	(980)
Whetstone Garden Village	0	(135,000)
UK Shared Prosperity Fund	(276,695)	0
Council Tax Energy Rebate – Discretionary Scheme	(111,750)	0
Changing Places Grant – Public Conveniences	(69,801)	0
Other Grants	(276,770)	(732,539)
Leicestershire and Rutland Sport Commissioning Programme	(84,406)	(124,248)
Better Care Fund – Hospital Housing Enabler	(152,503)	(180,000)
Leicestershire Partnership NHS Trust – Hospital Housing Enabler	(149,000)	(125,122)
Leicester City Clinical Commissioning Group – Hospital Housing Enabler	(196,310)	(164,000)
Children's Support Contributions – Other Local Authorities	(76,248)	(38,333)
Major Schemes Funding	(26,684)	(26,225)
Early Years Physical Activity	(49,201)	(21,460)
Local Authority Delivery Scheme	(132,435)	(132,435)
Kickstart Government Gateway and BDC placements	(24,878)	(121,719)
Other Contribution	(393,055)	(961,222)
Total	(13,636,696)	(17,657,311)

The Council sometimes receives grants and contributions that are not immediately recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at the year-end are as follows:

	2022/23 £	2021/22 £
Grants Receipts in Advance (Capital Grants)		
Disabled Facilities Grant	(42,390)	0
Section 106 Contributions	(674,717)	(674,717)
Total	(992,764)	(674,717)

Revenue grants and contributions which do not have conditions attached to their use are transferred to an earmarked reserve pending use in the following financial year.

33. Related Party Transactions

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.

Central Government

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the

majority of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (for example council tax bills, housing benefits). Grants received from government departments are set out in Note 7b, Expenditure and Income Analysed by Nature. Grant receipts outstanding at 31 March 2023 are shown in Note 32.

Other Local Authorities

The Council administers, manages, and pays for disabled facilities grants on behalf of certain other Leicestershire districts. Further details are contained within Note 28, Agency Arrangements.

Members and Senior Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in Note 29. Members are appointed to represent the Council on various outside bodies, some of which give or receive funding to/from the Council. Members and senior officers are required to complete an annual return in which they must declare any related party transactions in which they have been involved during the financial year. This exercise highlighted no material transactions requiring disclosure in 2022/23.

34. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, including the value of assets acquired under finance leases, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be financed and is analysed in the second part of this note.

	2022/23 £	2021/22 £
Opening Capital Financing Requirement	13,965,132	14,666,611
Capital Investment		
Property, Plant and Equipment	1,100,546	1,157,205
Intangible Assets	38,700	12,537
Revenue Expenditure Funded from Capital under Statute	1,192,447	977,120
Sources of Finance		
Capital receipts applied	(135,837)	(285,984)
Government grants and other contributions	(1,018,071)	(107,766)
Sums set aside from revenue:		
• Direct revenue contributions	(267,519)	(1,308,994)
• Minimum revenue provision	(389,373)	(1,145,597)
Closing Capital Financing Requirement	14,486,025	13,965,132
Explanation of movements in year		
Increase/(decrease) in underlying need for borrowing:	521,135	(701,258)
- unsupported by Government financial assistance		
Assets acquired under finance leases	(242)	(220)
Increase/(decrease) in Capital Financing Requirement	520,893	(701,478)

35. Leases

Authority as Lessee

Finance Leases - the Council has acquired buildings at Enderby Road Industrial Estate, Whetstone under finance leases. This was subject to a desktop revaluation at 31 March 2023 as part of the Council's annual asset revaluation exercise. The assets acquired under this lease are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

	31 March 2023 £	31 March 2022 £
Other Land and Buildings	2,849,790	2,413,824
Total	2,849,790	2,413,824

The Council is committed to making minimum payments under this lease comprising settlement of the long- term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2023 £	31 March 2022 £
Finance lease liabilities (net present value of minimum lease payments)		
• Current	266	242
• Non-current	454,891	455,157
Finance costs payable in future years	2,017,072	2,062,612
Minimum lease payments	2,472,229	2,518,011

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments 31/03/23 £	Minimum Lease Payments 31/03/22 £	Finance Lease Liabilities 31/03/23 £	Finance Lease Liabilities 31/03/22 £
Not later than one year	45,782	45,782	266	242
Later than one year and not later than five years	183,128	183,128	1,360	1,236
Later than five years	2,243,319	2,289,101	453,531	453,921
	2,472,229	2,518,011	455,157	455,399

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23 contingent rents amounting to £184,438 were payable by the Council (2021/22 £153,718).

Operating Leases – The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2023 £	31 March 2022 £
Not later than one year	35,675	33,166
Later than one year and not later than five years	90,132	90,175
Later than five years	1,689,074	1,708,574
	1,814,881	1,831,915

Authority as Lessor

Finance Leases – the Council does not lease any property, plant, or equipment to a third party under the terms of a finance lease.

Operating Leases – the Council leases units at the Enderby Road Industrial Estate, Whetstone to various local businesses and received rental income of £273,854 in 2022/23 (£350,995 in 2021/22).

The Council has undertaken work to convert the Old Bank, Narborough into 4 apartments for private rent. In 2022/23 it received rental income of £32,025 (£9,627 in 2021/22 – part year).

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2023 £	31 March 2022 £
Not later than one year	35,675	33,166
Later than one year and not later than five years	90,132	90,175
Later than five years	1,689,074	1,708,574
	1,814,881	1,831,915

36. Defined Benefit Pension Schemes

Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme, administered locally by Leicestershire County Council - this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Transactions Relating to Post-Employment Benefits

The Council recognises 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 charge the Council is 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 via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2022/23 £	2021/22 £
Comprehensive Income and Expenditure Statement		
Cost of Services		
• Current Service Cost	4,619,000	4,766,000
• Past Service Cost/(Gain)	506,000	0
• (Gain)/Loss from Settlements	0	0
Financing and Investment Income and Expenditure		
• Net Interest Expense	943,000	937,000
Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	5,703,000	5,703,000
Other Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:	1,416,000	(6,243,000)
• Return on plan assets (excluding the amount included in the net interest expense)		
• Actuarial gains and losses arising on changes in demographic assumptions	(693,000)	(589,000)
• Actuarial gains and losses arising on changes in financial assumptions	(44,263,000)	(8,346,000)
• Other experience gains and losses	9,651,000	137,000
Total Post-Employment Benefits charged to Comprehensive Income and Expenditure Statement	(27,824,000)	(9,338,000)
Movement in Reserves Statement		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(6,068,000)	(5,703,000)
Actual amount charged against the General Fund Balance for pensions in the year:		
• Employer's contributions payable to the scheme	3,098,446	2,352,852
• Retirement benefits payable to pensioners	52,071	48,711

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2022/23 £	2021/22 £
Present value of the defined benefit obligation	(79,100,000)	(109,495,000)
Fair value of plan assets	76,093,000	75,517,000
Net liability arising from defined benefit obligation	(3,007,000)	(33,978,000)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	2022/23 £	2021/22 £
Opening fair value of scheme assets	75,517,000	67,166,000
Interest income	2,059,000	1,350,000
Re-measurement gain/(loss):		
• The return on plan assets, excluding the amount included in net interest expense	(3,056,000)	6,243,000
Contributions from employer	3,147,000	2,370,000
Contributions from employees into the scheme	664,000	591,000
Benefits paid	(2,238,000)	(2,203,000)
Closing fair value of scheme assets	76,093,000	75,517,000

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

	2022/23 £	2021/22 £
Opening balance at 1 April	109,495,000	112,852,000
Current service cost	4,619,000	4,766,000
Interest cost	3,002,000	2,287,000
Contributions from scheme participants	664,000	591,000
Re-measurement (gains) and losses:		
• Actuarial (gains)/losses arising from changes in financial assumptions	(44,263,000)	(8,346,000)
• Actuarial (gains)/losses arising from changes in demographic assumptions	(693,000)	(589,000)
• Other	8,008,000	137,000
Past service cost	506,000	0
Benefits paid	(2,238,000)	(2,203,000)
Closing balance at 31 March	79,100,000	109,495,000

	Quoted prices in active markets 2022/23 £	Quoted prices not in active markets 2022/23 £	Total 2022/23 £	Quoted prices in active markets 2021/22 £	Quoted prices not in active markets 2021/22 £	Total 2021/22 £
Equity securities	634,500	0	634,500	630,000	0	630,000
Debt securities:						
• UK Government	3,810,900	9,000	3,819,900	3,782,100	8,900	3,791,000
• Other	142,700	0	142,700	141,600	0	141,600
Private equity	0	5,088,800	5,088,800	0	5,050,200	5,050,200
Real estate:						
• UK property	0	5,854,500	5,854,500	0	5,810,100	5,810,100
Investment funds and unit trusts:						
• Equities	21,805,700	13,229,200	35,034,900	21,640,400	13,129,100	34,769,500
• Bonds	0	0	0	0	0	0
• Hedge funds	0	0	0	0	1,895,100	1,895,100
• Commodities	0	1,909,500	1,909,500	0	1,895,100	1,895,100
• Infrastructure	0	3,978,400	3,978,400	0	3,948,300	3,948,300
• Other	6,469,500	9,160,100	15,629,600	6,420,500	9,090,800	15,511,300
Derivatives	157,900	0	157,900	156,700	0	156,700
Cash and cash equivalents	3,842,300	0	3,842,300	3,813,200	0	3,813,200
	36,863,500	39,229,500	76,093,000	36,584,500	38,932,500	75,517,000

Local Government Pension Scheme assets comprised:

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 and so on. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, with estimates for the Local Government Pension Scheme being based on the latest full valuation of the scheme as at 31 March 2022. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme 2022/23	Local Government Pension Scheme 2021/22	Discretionary Benefits 2022/23	Discretionary Benefits 2021/22
Mortality Assumptions:				
Longevity at 65 for current pension:				
• Men	21.4 years	21.5 years	21.4 years	21.5 years
• Women	24.5 years	22.4 years	24.5 years	22.4 years
Longevity at 65 for future pensioners:				
• Men	22.1 years	22.4 years	22.1 years	22.4 years
• Women	26.1 years	25.7 years	26.1 years	25.7 years

	Local Government Pension Scheme 2022/23	Local Government Pension Scheme 2021/22	Discretionary Benefits 2022/23	Discretionary Benefits 2021/22
Rates of Inflation	2.95%	3.20%	2.95%	3.20%
Rates of Increase in Salaries	3.45%	3.70%	3.45%	3.70%
Rates of Increase in Pensions	2.95%	3.20%	2.95%	3.20%
Rates for Discounting Scheme Liabilities	4.75%	2.70%	4.75%	2.70%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The Sensitivity analyses in the following table have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all the other assumptions remain constant. For example, the assumptions in longevity assume that life expectancy increases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, that is on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis in the following table did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £	Decrease in Assumption £
Rate of increase in salaries (increase or decrease by 0.1%)	187,000	(187,000)
1 year increase in member life expectancy	3,164,000	(3,164,000)
Rate of increase in pensions (increase or decrease by 0.1%)	1,295,000	(1,295,000)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(1,461,000)	1,461,000

Pension Fund Risk Management Strategy

The pension fund's primary long-term risk is that the fund's assets will fall short of its liabilities (that is the promised benefits payable to members of the scheme). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the fund's required cash flows. These investment risks are managed as part of the overall pension fund risk management programme. Responsibility for the fund's risk management strategy rests with the Pension Fund Management Board and is monitored annually or more frequently if required.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England

and Wales and the other main existing public service schemes may not provide benefits in relation to service after March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to public servants.

The Council anticipated to pay £2,913,000 expected contributions to the scheme in 2023/24.

As at the date of the most recent valuation, the duration of the funded obligations is 19 years.

37. Contingent Assets and Liabilities

Contingent Assets

- The Council is not aware of any contingent assets in existence at 31st March 2023.

Contingent Liabilities

- As at 31 March 2023, the Council had 2 employment tribunals ongoing. To protect the privacy of the individuals concerned no further details can be provided at present.
- There are also 2 judicial reviews outstanding at the end of the financial year, one in relation to planning permission, and the other related to an outstanding council debt.

38. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the Council might be requiring 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.

Overall Procedure for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services, 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 CIPFA Treasury Management Code of Practice.
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations, standing orders and constitution.
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing
 - Its maximum and minimum exposures to fixed and variable rates
 - Its maximum and minimum exposures for the maturity structure of its debt

- Its maximum annual exposure to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 21st February 2022 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2022/23 was set at £18,000,000. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £16,200,000. This is the expected level of debt and other long-term liabilities during the year.
- The maximum and minimum exposures to the maturity structure of debt are detailed in the strategy.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. 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.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria in accordance with the Fitch, Moody's and Standard and Poors credit rating services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after the initial criteria are applied.

The Council uses the credit worthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies named above, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following data:

- Credit watches and credit outlooks from credit rating agencies.
- Credit default swap (CDS) spreads to give an early warning of likely changes in credit ratings.
- Sovereign ratings to select counterparties from only the most creditworthy countries.

Details of the Investment Strategy can be found on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2023 that this was likely to occur.

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 and bonds.

The Council does not generally allow credit for customers and amounts that are due, but not impaired, can be analysed by age as follows:

	31 March 2023 £	31 March 2022 £
Less than three months	209,616	470,413
Three to six months	80,116	42,194
Six months to one year	126,037	83,167
More than one year	1,083,609	1,318,927
	1,499,378	1,914,701

Collateral – During the reporting period the Council held no collateral as security.

Liquidity Risk

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

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the Public Works Loans Board and money markets for access to longer term funds. 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 no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

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

The approved treasury 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 treasury and investment strategies address the main risks and the central treasury team address 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 provide stability of maturities and returns in relation to the longer term cash flow needs

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council as part of the Treasury Management Strategy on 21st February 2022):

	Approved Minimum Limits	Approved Maximum Limits	31 March 2023 £	31 March 2022 £
Less than one year	0%	100%	216,500	2,211,841
Between one and two years	0%	100%	855,837	216,500
Between two and five years	0%	100%	857,601	1,713,439
Between five and ten years	0%	100%	0	0
Over ten years	0%	100%	4,000,000	4,000,000
			5,929,937	8,141,780

Market Risk

Interest rate risk - The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise,
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances),
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise, and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer

periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

Price Risk

The Council does not generally invest in equity shares or marketable bonds.

The Council invested £1m in the Lothbury Property Trust on 2 December 2019, and the price of shares in the property fund can vary. At the start of financial year 2022/23 the value of the fund had risen to £1,093,910. However, as at 31 March 2022 the fund had fallen to £844,874 as a result of the impact of the cost of living crisis on property prices.

Any movements in price will not impact on the General Fund Balance as regulations are in force to ameliorate the impact of fair value movements.

SUPPLEMENTARY FINANCIAL STATEMENTS AND EXPLANATORY NOTES

The Collection Fund

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

	Note	2022/23 £	2021/22 £
INCOME			
Council tax	2	(71,234,181)	(68,484,512)
Non-domestic rates	3	(51,143,481)	(41,959,884)
Contributions towards previous year's estimated Collection Fund deficit:		(300,146)	(510,991)
- Non-domestic rates		(6,920,498)	(21,861,266)
Total Income		(129,598,306)	(132,816,653)
EXPENDITURE			
Precepts and demands from major preceptors and the authority – council tax	4	71,210,606	68,414,363
Shares of non-domestic rating income to major preceptors and the authority		25,139,408	24,843,195
Payment of the central share of non-domestic rating income to be paid to central government by the billing authority		25,139,408	24,843,195
Transitional protection payments – non-domestic rates		276,095	675,518
Impairment of debts/appeals for council tax:			
- write-offs and uncollectable amounts		233,063	165,255
- allowance for impairment		189,085	136,202
Impairment of debts/appeals for non-domestic rates:			
- write-offs and uncollectable amounts		51,822	24,884
- allowance for impairment		(286,740)	240,771
- allowance for appeals		(155,000)	(3,050,000)
Charge to General Fund for allowable collection costs for non-domestic rates		102,129	101,284
Total Expenditure		121,899,876	116,394,667
Movement on Collection Fund Balance – (surplus)/deficit for the year		(7,698,430)	(16,421,986)

	Note	2022/23 £	2021/22 £
Opening Collection Fund Balance:			
- Council tax		730,652	1,010,334
- Non-domestic rates		11,035,639	27,177,942
		11,766,291	28,188,276
Closing Collection Fund Balance:			
- Council tax		829,079	730,652
- Non-domestic rates		3,238,782	11,035,639
		4,067,861	11,766,291
Analysis of Movement on Collection Fund Balance:			
- Council tax		98,427	(279,683)
- Non-domestic rates		(7,796,857)	(16,142,303)
		(7,698,430)	(16,421,986)

Notes to the Collection Fund

General Information

The Collection Fund is an agent's statement that reflects the Council's transactions, as a billing authority, in relation to the collection of Council Tax and Business Rates from taxpayers, and its distribution to local government bodies and the Government. Billing authorities have a statutory obligation to maintain a Collection Fund as a separate account to the General Fund. The administrative costs associated with the collection of Council Tax and Business Rates are, however, charged to the General Fund.

Collection Fund surpluses or deficits in relation to Council Tax are credited or charged to the relevant precepting bodies in the subsequent financial year, in proportion to the precepts levied by those organisations. For Blaby, the precepting bodies are Leicestershire County Council, The Office of the Police and Crime Commissioner for Leicestershire (OPCC) and the Leicester, Leicestershire, and Rutland Combined Fire Authority.

The current Business Rates Retention Scheme was introduced for local government in April 2013. The main aim of this scheme is to give local authorities a greater incentive to encourage business growth. However, it brings with it a greater financial risk in terms of non-collection and the volatility of the Business rates base. The scheme allows the Council to retain 40% of the total rates received, with the remainder going to the Government (50%), the County Council (9%), and the Fire Authority (1%). Surpluses or deficits are credited or charged to the relevant precepting bodies in the subsequent financial year in line with their respective proportions.

Council Tax

Council Tax is based upon the value of residential properties which have been classified into nine valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund for the forthcoming year and dividing this by the Council Tax Base. The Council Tax Base represents the estimated number of Band D equivalents dwellings in the district.

The calculation of the Council Tax base for 2022/23 is set out in the table below:

	A*	A	B	C	D	E	F	G	H	TOTAL
Properties	0.00	4,986.00	15,401.00	9,918.00	10,025.00	6,749.00	1,620.00	528.00	37.00	43,873.00
Exemptions	0.00	-148.74	-163.16	-109.66	-53.25	-23.00	-3.00	-8.00	0.00	-508.81
Disabled Relief	18.00	63.00	6.00	-25.00	-13.00	-29.00	-6.00	-8.00	-6.00	0.00
Discounts	-2.32	-717.97	-1,297.70	-650.71	-264.27	-159.69	-58.27	-19.93	-2.56	-3,173.42
Council Tax Support	0.00	-997.80	-1,027.50	-398.05	-152.00	-63.39	-15.30	-4.56	0.00	-2,658.60
Effective Properties	15.68	3,184.49	12,918.64	8,841.58	6,266.48	4,251.92	1,537.43	487.51	28.44	37,532.17
Ratio	0.56	0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00	
Band D Equivalents	8.72	2,122.99	10,047.84	7,859.18	6,266.49	5,196.80	2,220.72	812.53	56.88	34,592.15

Table Notes: *Band A with Disabled Relief. Expected in year collection rate = 99.00% Tax Base = 34,246.23.

Income received from Council Tax-payers in 2022/23 was £71,234,181 (£68,484,512 in 2021/22).

National Non-Domestic Rates

National Non-Domestic Rates (NNDR) is another name for Business Rates. The Council collects NNDR from Business Rate payers within the district based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by the Government. The following table provides details of the total rateable value and the multipliers for 2022/23 compared with the previous financial year.

	2022/23	2021/22
	£	£
Total Non-Domestic Rateable Value at 31 March	115,063,407	110,825,307
National Non-Domestic Multipliers for Year: Standard Rate	0.5120	0.5120
National Non-Domestic Multipliers for Year: Small Business Rate	0.4990	0.4990

The Business Rates shares payable are estimated in advance of the financial year and are drawn from the Collection Fund in the year.

	2022/23	2021/22
	£	£
Central Government	25,139,408	24,843,195
Blaby District Council	20,111,526	19,874,556
Leicestershire County Council	4,525,094	4,471,775
Leicester, Leicestershire, and Rutland Combined Fire Authority	502,788	496,864
	50,278,816	49,686,390

Upon the introduction of the Business Rates Retention scheme, the Government set a baseline level for each local 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 payable from authorities to the Government are used to finance the top-ups for authorities who do not achieve their targeted baseline funding. In 2022/23, Blaby paid a tariff of £14,528,846 into the Leicestershire Pool (also £14,528,846 in 2021/22). Total income received from Business Rates payers in 2022/23 was £51,143.481 (£41,959,884 in 2021/22).

In addition to the tariff, a 50% levy is payable on any growth above the baseline funding level. The levy payable by Blaby to the Leicestershire Business Rates Pool in 2022/23 was £2.864.482 (£1,921,932 in 2021/22).

Precepts and Demands on the Collection Fund – Council Tax

Details of the precepting authorities are set out below together with the respective precept amount.

	2022/23 £	2021/22 £
Leicestershire County Council	49,758,413	47,934,303
Leicestershire Police Authority	8,843,411	8,434,145
Leicester, Leicestershire, and Rutland Combined Fire Authority	2,544,152	2,354,274
Blaby District Council (including Parish Councils)	10,064,631	9,691,642
	71,210,607	68,414,364

Collection Fund (Surplus)/Deficit

The Council Tax Collection Fund deficit as at 31 March 2023 is £829,079 (£730,652 as at 31 March 2022). The Council Tax deficit is apportioned between the Council and the three major precepting authorities as shown in the table below.

	31/03/2023 £	31/03/2022 £
Leicestershire County Council	579,557	511,123
Leicestershire Police Authority	102,242	88,699
Leicester, Leicestershire, and Rutland Combined Fire Authority	29,706	25,956
Blaby District Council	117,574	104,874
	829,079	730,652

The deficit in respect of non-domestic rating income is £3,238,782 as at 31 March 2023 (£11,035,639 as at 31 March 2022). The deficit is apportioned between the Council, Central Government, and major precepting authorities as follows:

	31/03/2023 £	31/03/2022 £
Central Government	1,619,395	5,517,823
Leicestershire County Council	291,489	993,207
Leicester, Leicestershire, and Rutland Combined Fire Authority	32,386	110,355
Blaby District Council	1,295,512	4,414,254
	3,238,782	11,035,639

Glossary of Financial Terms

Accruals

The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is received or paid.

Acquired Operations

Operations comprise services and divisions of service as defined in CIPFA's Service Reporting Code of Practice (SeRCOP). 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) Actuarial assumptions have changed.

Amortisation

The term used to describe the charge made for the cost of using intangible fixed assets. The charge for the year will represent the amount of economic benefits consumed (that is wear and tear).

Assets Held for Sale

Non-current assets which meet the relevant criteria to be classified as held for sale.

Capital Adjustment Account

This is a capital reserve largely comprising of resource applied to capital financing and is not available to the Council to support new investment.

Capital Charge

A charge to service revenue accounts to reflect the costs of fixed assets used in the provision of service.

Capital Expenditure

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

Capital Grant

A grant that is intended to fund capital expenditure.

Capital Grants Unapplied Account

A capital reserve reflecting the value of capital grants received where there are no conditions outstanding, and where expenditure on the associated asset has not yet been incurred.

Collection Fund Adjustment Account

A revenue reserve representing the difference between the council tax income received by a local authority and the amount attributable to that authority.

Community Assets

Assets held in perpetuity for the benefit of residents of the district, and which may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

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

Contingent Liability

Potential costs that the Council may incur in the future because of something that happened in the past, but there is no certainty that a cost will occur.

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 scheme sometimes known as a final salary scheme. A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investment of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation

Depreciation is the measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Derecognition

The process upon which assets are no longer deemed to belong to the authority either by sale, destruction, or other form of disposal.

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 statements are approved:

- (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) 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.

Discounted Cash Flow

A method of analysing future cash flows, by removing the impact time has on the value of money and producing an equivalent current value.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award, and which 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.

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

Finance Costs

Reflects the element of annual payment for leased assets which relates to the interest payable on the loan liability.

Finance Lease

A finance lease transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all the fair value of the leased asset.

Financial Assets

A right to future economic benefits controlled by the authority.

Financial Liabilities

An obligation to transfer economic benefits controlled by the authority.

Going Concern

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

Government Grants

Assistance by Government and intra-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.

Impairment

Impairment is a reduction in the valuation of a fixed asset or goodwill below its balance sheet value and occurs where something adverse has happened either to the asset itself or to the economic environment in which the asset is operated.

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets

Non-current assets which do not have physical form, such as software.

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.

Inventories

Fair value of current assets purchased which have not yet been consumed.

Investment Property

Assets held solely for the purpose of rental generation or for increasing the value pre-sale (capital appreciation).

Loans and Receivables

Financial assets which are not quoted in an active market and have either a fixed or determinable payment.

Long Term Contract

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 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 contracts if they are sufficiently material to the activity of the period.

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Minimum Revenue Provision

A minimum amount, set by legislation, which the Council must charge to the Comprehensive Income and Expenditure Statement, for debt redemption or for the discharge of other credit liabilities (for example a finance lease).

Non-Current Assets

Assets that yield benefits to the Council for a period of more than one year, such as land, buildings, and vehicles.

Non-Distributed Costs

These are overheads for which no user now benefits and should not be apportioned to services.

Operating Lease

An operating lease is a lease other than a finance lease, and where an asset is used only for a small proportion of its economic life.

Past Service Cost

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

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is authorised, by the responsible financial officer, for issue.

Prior Period Adjustment

These are material adjustments to the accounts for a prior period, arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior periods.

Projected Unit Method

This is 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 (that is, individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- b) the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN36 issued by the Faculty and Institute of Actuaries

Provisions

Potential costs that the Council may incur in the future because of something that happened in the past, which are likely or certain to be incurred and a reliable estimate can be made of the costs.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

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.

Revenue Expenditure Funded from Capital Under Statute

This is expenditure that is classified as capital although it does not result in the creation of a fixed asset (for example, improvement grants).

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.

Service Reporting Code of Practice (SeRCOP)

Establishes proper practice with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.

Settlement

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

- a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension 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.

Straight Line Basis

The method of calculating depreciation by way of charging services with the same amount each year over the life of an asset.

Total Cost

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies, and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.

Useful Life

The useful life of a fixed asset is the period over which the local authority will derive benefits from that asset.

Vested Rights

In relation to a defined benefit scheme, these are:

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

c) for pensioners, pensions to which they are entitled.

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

Appendix A: ANNUAL GOVERNANCE STATEMENT – 2022/2023

Scope of Responsibility

Blaby District Council is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Blaby District 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, Blaby District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

Blaby District Council has approved a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the authority's code is on our web-site or can be obtained from the Finance Division at the Council Offices in Narborough. This statement explains how Blaby District Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the preparation and approval of an Annual Governance Statement.

Significant Events

Covid-19 Pandemic Recovery

During the pandemic it was necessary for the Council to ensure governance arrangements were appropriate given the changed manner of working and to continue to respond to the demands of our community. The impact during 2022/23 year had diminished, however the Council continued to manage the lasting impacts, develop and benefit from the changes in working practice that had arisen.

Measures taken by the Council included:

- Ability for office based staff to work remotely was supported with further investment into IT equipment.
- The agile manner in which staff now work was formalised in a 'Way we Work' document.
- Member meetings were held through a combination of virtual and face to face meetings.
- Contractual arrangements with leisure providers were revised taking into account the changed position following the pandemic.

Our methods of working have developed into a hybrid of a combination of remote and face to face working and governance arrangements continued to be in place with officers and members communicating through virtual means in addition to face to face contact where required.

The Council's ability to work in partnership has been evident throughout with enhanced engagement with partners through the Leicester, Leicestershire, and Rutland Local Resilience Forum and this has continued as the recovery phase progressed and other significant events developed.

Further reference is made within this document regarding measures specifically taken relating to the pandemic or lasting implications where appropriate.

Emergency Situation relating to Huncote Leisure Centre Site

In November 2021 during routine work to install landfill gas mitigation equipment contractors found elevated levels of landfill gas onsite. As a result, a decision was taken to close the site as a precautionary measure.

An emergency situation was declared by Blaby District Council and the situation has been ongoing since that date and continued into 2022/23.

Measures taken by the Council have included:

- Initial closure of the site until levels of landfill gas emission reduced and further equipment installed to allow extraction and venting of the emissions in the longer term.
- Communication with local residents, the Parish Council, partners and users of the site to ensure understanding and compliance with the site closure.
- Taking the decision to provide a sum of £500,000 from the General Fund balances for any works necessary to make the site safe. An additional £100,000 was added to this in April 22.
- Assessment of the site uses and the opening of the Leisure Centre, car park and adjoining parish field in October 2022

As at the end of March 2023 parts of the site remain closed until the remaining works necessary are carried out in order to allow the re-opening of the field and footpaths to the rear of the centre.

Emergency Situation Ukraine Crisis and UK Support Programme

With the Russian invasion of the Ukraine in February 2022 potential support measures offered by the UK began to be released during March 2022. Blaby responded to this engaging with partners through the Leicester, Leicestershire and Rutland Local Resilience Forum to put plans in place to support the UK schemes.

Blaby took measures along with partners to:

- Carry out the assessment of sponsors' homes to ensure they were safe for their Ukrainian guests.
- Ensure that our Housing Team had capacity to deal with homeless families who arrived under the Family Visa scheme.
- Employ a dedicated officer to signpost and assist refugees

Cost of Living Crisis

The Council monitored the development of the cost of living crisis and put in place measures to help mitigate the impact on our residents. In September 2022 the Council released a Position Statement on the Council's Response to the Cost of Living Crisis which detailed the measures put in place, these were:

- Appointment of a Cost-of-Living Support Officer to ensure our residents could access all the support they were entitled to.
- Working closely with all partners including Leicestershire County Council, Citizens Advice Bureau and Department of Work and Pensions (DWP) to maximise available support.
- Communicating through a wide range of channels all the available advice, guidance and support.

- Utilising our Hardship Fund, Hardship Reserve Fund and Council Tax Support Fund to provide any needed support as well as signposting to the County Council Household Support Fund.
- Continuing to support our community Food Banks in complying with best practice guidance where possible, providing assistance where appropriate and facilitating the sharing of local information through quarterly forums.
- Providing cost-of-living grants which our community groups can apply for to support them in covering their rising costs.
- Hosting Job Fairs to highlight job opportunities and to help residents into employment.

The Council continues to look for opportunities to support those in our district during the ongoing cost of living crisis.

The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The systems of internal control are a significant part of that framework and are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of internal control are based on an ongoing process designed to identify and prioritise the risks to the achievement of Blaby District Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Blaby District Council for the year ended 31 March 2023 and will continue to be in place up to the date of approval of the Statement of Accounts.

The Governance Framework

The Authority's vision is set out in the Blaby District Plan which was developed with officers, Members and stakeholders in the district. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes, and behaviours required to deliver good governance to all.

Communicating the Authority's Vision

The Blaby District Plan was adopted by Council on the 19 January 2021 and has set our Vision, Values and Priorities for the District spanning 2021-2024. Our priorities are grouped under the three key themes based on the District being "a great place to live, work and visit".

This document encompasses our ambitions and, with partners, how we will deliver these to the community. It recognises the need for actions and support that is required to aid the recovery of our district following the pandemic. The Blaby Plan comprises of our Corporate Plan, our Medium-Term Financial Strategy (MTFS) and our People Strategy. It is not just a list of things we want to achieve but also details how we have planned all our resources, both financial and staffing to deliver these.

Alongside the new Blaby District Plan, priorities for the People Strategy and MTFS have been developed. An updated MTFS was produced alongside the annual budget setting process to ensure attention was drawn to the possible financial risk and impact associated with the changes to Business Rates and the Fair Funding Review.

Translating the vision into objectives for the authority and its partnerships

The Council's objectives reflect the overall vision and are detailed in a series of critical activities which are regularly planned. It had been recognised that in some areas it is not always evident how these formed part of individual goals for staff and this was an area identified for improvement through enhancement of the staff PDA process and linkages into the vision and the Blaby District Plan and development of the Performance Framework. During this year a new system to record and track both the corporate plan and service plans has been developed. The following section lists the key elements of the systems and processes that comprise the Council's governance framework with a commentary setting out how the Council's arrangements comply with each of the principles in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government as follows:

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

The Council has adopted the national Code of Conduct for Members supported by the Audit and Standards Committee which monitors issues in relation to standards of behaviour. The Audit Committee and the Standards Committee were brought together as one Committee in May 2019. It was renamed the Audit and Governance Committee in May 2022. The Code of Conduct for Members was approved by Council in December 2021 and was adopted as of 1 April 2022.

There is a separate officer code of conduct.

The roles and responsibilities of the Cabinet Executive, the Non-executive members, the Scrutiny Commission and the Senior Leadership Team are set out in the Council's Constitution which provides a comprehensive framework for the management of the authority's business. This is supported by a formal Scheme of Delegation, based on a delegation by exception principle. A Member/Officer protocol ensures effective and appropriate communication between the paid establishment and elected Members. The Cabinet Executive has previously approved a recommendation from the Member Development Steering Group to adopt a comprehensive "Members Roles and Responsibilities" paper which sets out role profiles and the required skills and knowledge for the various roles Members fulfil in discharging their responsibilities.

Council policies are produced in accordance with the principles set out in the Constitution and recommended for approval following review by the Senior Leadership Team. Decision making which falls within the policy and budgetary framework rests with the Cabinet Executive whilst those decisions falling outside the framework are reserved to full Council. The call-in procedure enables the Scrutiny Commission to review decisions made by the Cabinet Executive. Day to day decision making is carried out by appropriate officers in accordance with the Scheme of Delegated Powers (which is based on a delegation by exception principle) and in accordance with the Financial Regulations. These arrangements all contribute to the economic, efficient and effective operation of the Council. The whole suite of standing orders, financial regulations and scheme of delegation are reviewed and updated as required through regular reports to Council.

Ensuring effective arrangements are in place for the discharge of the monitoring officer function

The “Monitoring Officer” function was carried out by the same individual throughout the year. Initially this was on an interim basis with the individual holding the post of Democratic Services, Scrutiny and Governance Manager, having responsibility for legal matters. This arrangement was made permanent at the Council meeting of 24th May 2022 following the individual being appointed as the Corporate Services Group Manager. The Monitoring Officer position reported to the post holder of the Executive Director position throughout the year, however, the Monitoring Officer meets directly with the Chief Executive on a monthly basis and has ability to report directly to him/her any concerns he/she may have as Monitoring Officer.

Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

The “Head of Paid Service” role is undertaken by the Council’s Chief Executive. The Executive Director (Section 151 Officer) has responsibility for all HR matters and this position reports to the Chief Executive position.

Undertaking the core functions of an Audit Committee, as identified in CIPFA’s Audit Committees – Practical Guidance for Local Authorities

The Council has an established Audit Committee (the Audit and Governance Committee) whose remit and functions are based on the guidance set out in a CIPFA publication which identifies best practice in relation to roles and responsibilities. The Committee meets quarterly and receives regular reports from both the Section 151 Officer, Finance Group Manager and the Audit Manager. Arrangements are in place for the Audit Manager to report independently to the Audit Committee should he/she feel it appropriate to do so.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two statutory officers (the Section 151 Officer and the Monitoring Officer) have responsibility for ensuring that the Council does not act in an ultra vires manner, supported by the Finance Group Manager and the Council Tax, Income and Debt Manager who facilitate the management and mitigation of risk and the Audit Manager who provides assurance on matters of internal financial control. The Human Resources function, through the use of Performance Development Appraisals, assesses (and provides a means of improving) competencies to ensure that officers are equipped to discharge their duties in accordance with the requirements of the Council.

Whistle-blowing and receiving and investigating complaints from the public

The Council has in place and promotes appropriate whistle blowing policies and procedures which are regularly reviewed and updated where required. A revised Whistle Blowing (Raising Concerns) policy was reviewed and updated in September 2021. Staff are aware of the Whistle Blowing policy and it has been highlighted in Blaby Matters. There is also a well-established and responsive complaints procedure to deal with both informal and formal complaints from its customers and the residents of the District. Regular information relating to performance in respect of complaints (and compliments) is presented to the Senior Leadership Team.

Principle B. Ensuring openness and comprehensive stakeholder engagement

The Blaby District Plan sets out the Authority's vision, values and priorities, the resources that the Council has to deliver these (within the MTFs) and how we support our officers to deliver the plan within our People Strategy. Objectives are set that link with the priorities and these are monitored through the year by the Senior Leadership Team within the Project Management reporting structure. The authority works closely with other local public bodies, community and voluntary groups via a partnership approach to ensure effective delivery of its services.

We have an active voluntary forum through which the Authority provides support to those in our community whilst engaging with them to understand how we can improve our services. Engagement with our voluntary community and new/temporary volunteers increased during the pandemic and we have taken measures to ensure we retain connection with these groups.

Customer satisfaction with services is monitored through local and service specific surveys, and electronic means to provide feedback on a range of activities and issues.

The Council produces regular e-newsletters for residents and businesses within the District which, in addition to providing information and advice, seeks to receive the views of the residents on a wide range of issues. During the pandemic the Council moved to electronic means of communication with more regular updates to our residents and this has continued. Targeted service priority consultation exercises are undertaken to inform the future allocation of resources. The Council carries out a bi-annual Residents Survey which includes consultation on potential Council Tax increases and satisfaction levels for a range of Council services. This was carried out in January 2022 with 1804 responses received. A survey, specifically related to the budget and Council Tax increases was carried out in January 2023 with 1,115 responses received with 61% being supportive of a 2.99% increase in Council Tax.

In January 2020 a consultation was carried out asking for resident's views on the priorities to be included within the new Blaby District Plan. 756 responses were received with over 80% of residents agreeing with the proposed priorities. These results went on to inform the Blaby District Plan 2021/2024.

The Council works closely with its 24 Parish Councils. Officers attend a Parish Liaison Group, which has representatives from all other districts and Leicestershire County Council. We regularly send information through to our parishes in relation to funding opportunities.

The Council has established effective Business Breakfast meetings and holds regular meetings with the head teachers of the Academies in the district. It has a Youth Council which has played an active role, this year, in raising awareness about the green agenda, hate crime and vaping; a particular concern that they identified.

The Council held a Youth Conference in February 2023 which was an opportunity for young people to have their say with elected members regarding issues most important to them. The event also provides an insight into what the Youth Council does and the opportunity to take part in a debate as well as attracting new members to join our Youth Council. This year the young attendees created some fantastic material such as hate crime masks and videos, vaping posters and Green Agenda pledges which are being used to form campaigns moving forward. Many also wrote letters to our local MP's about what should be done to reduce vaping among young people.

Engagement with some of our academies and primary schools in the district continued, working with them to explore career opportunities, with a number of events spanning a range of sectors including, construction, tourism, logistics and hospitality.

In order to demonstrate its openness the Authority also publishes:

- A Forward Plan 28 days before the Cabinet Executive meets and provides:
 - a) The public with details of all key, non key and budget and policy framework decisions to be taken by Members over a minimum period of four months ahead
 - b) An aide-memoire for the Council's informal board of senior Members and officers to identify future issues for further discussion
 - c) The Scrutiny Commission with information to consider areas where it may wish to seek involvement in policy development
 - Its pay policy
 - Council, Cabinet and Committee Reports
 - Payments over £250

In order to keep the public informed the Authority proactively prepares appropriate press releases. The Council has an award-winning website which is user friendly and well-designed and the frequent use of social media channels of communication have enabled the Council to reach more of our residents effectively. During this year an independent review of the Council's communication function was carried out to provide insight and highlight any improvements that could be made. The Council's Communication Strategy will be updated in the coming year following the development of the new Blaby District Plan.

Scrutiny of the Council's budget for 2022/23 took place over three meetings in January 2022. These meetings were open to all Members and attendance levels were high.

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

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

The Council participates in a range of joint working arrangements with other bodies, some of which are more significant than others. For those that deliver services to our customers there are service level agreements or contractual arrangements in place to ensure delivery and protect reputational risk. Should there be corporate risks based on partnership arrangements these will be detailed within the corporate risk register. The Council is particularly mindful of the financial and reputational risks that can arise through entering into joint working and collaborative arrangements, including the potential for a detrimental reputation impact on the Council should the partnership fail. It therefore actively supports and encourages an "open book" approach wherever possible.

Enhancing the accountability for service delivery and effectiveness of other public service providers

In 2022/23 work commenced to develop a Community Health and Wellbeing Plan (CHWP) with a working group being formed with membership from Blaby DC, Public Health, Leicestershire County Council, and NHS partners. This has now developed into the Blaby Community Health and Wellbeing Partnership. This Partnership has carried out a needs assessment and worked with stakeholders to prioritise actions arising. The Partnership will continue to oversee the development of action plans, support the delivery of the final CHWP and monitor progress.

Social Prescribing is part of the NHS long-Term Plan to make personalised care business as usual across the health and care system. Social prescribing works for a wide range of people and issues, including people with one or more long term conditions, who need support with their mental health, who are lonely or isolated or who have complex social needs which affect their wellbeing. In Blaby we have a unique set up with our Primary Care Networks which sees Blaby District Council staff seconded into these roles. This arrangement continued for both the North Blaby PCN and the South Blaby and Lutterworth PCN until 31 March 2023.

The Council is a member of the Leicestershire Housing Services Partnership which is made up of local authorities, registered providers and third sector organisations who work to deliver a joint action plan aimed at improving outcomes. One of the positive outcomes from this group has been the success of the bids for the Rough Sleepers Initiative Programme and the Rough Sleepers Accommodation Programme which have helped to improve options for homeless households across the County at a time of increased homelessness presentations.

The Leicester, Leicestershire and Rutland Chief Housing Officers Group forms part of the Housing Services Partnership and is cognisant of the wider housing impacts and as a partnership are concentrating on:

- Understanding the housing impact of increase levels of household unemployment and financial instability
- Identifying and then meeting (wherever possible) the wider support and complex needs of housing customers
- Effectively supporting staff to maintain positive mental wellbeing and health as well as identifying appropriate training and career opportunities
- Working in partnership with key agencies to improve the housing offer to customers for example health, probation, adult social care
- Working collectively to address increased levels of homelessness and maximising opportunities for funding to deliver appropriate accommodation.
- Supporting initiatives such as the Staying Healthy partnership by enabling safe and healthy homes and preventing homelessness wherever possible

The Chief Housing Officers Group has continued to work well with partners and in particular in relation to the increase in homelessness presentations which have remained high across the County but also in relation to other key housing areas including, Children and Young People, Community Safety, Strategic Housing as well as being reactive to emergency occurrences e.g. accommodating families from the Afghanistan resettlement schemes and the Lithuanian Refugees. Blaby has also led on initiatives such as the bids for the Rough Sleepers Accommodation Programme which have been successful in providing self-contained accommodation for Rough Sleepers or those threatened with Rough Sleeping.

The Council leads on the Lightbulb programme; a transformational project designed to improve and transform housing related support services across the County as well as improving hospital discharge services. Lightbulb has won 3 major accolades: -

- Winning the Local Government Chronicle award for best Public/Public Partnership
- Named the best collaborative working initiative by the Association for Public Service Excellence
- Highly commended at the Home Improvement Agency Awards

In 2022/23 the average time taken for completion of works is at 19 weeks, which is below the locally set 20 week KPI. There continues to be complications within the construction industry; we work hard to mitigate these including using frameworks and procurement and working with local providers.

In 2022/23, there was 2,450 referrals made to the Housing Support Coordinators. This resulted in 6,871 onward referrals for things to make their homes safer, such as smoke alarms. There have been more complex referrals and urgent discharge cases. From the Housing MOTs services were delivered at an average of 27 days duration, which is below the 42 day average of service delivery pre Lightbulb.

Also, in 2022/23 there were 50 applications to the Home Support Grant and 32 applications to the Hospital Discharge Grant. The commissioned pilots via lightbulb continue and provide invaluable insight into needs of residents and the benefits of prevention work. There are a number of schemes being piloted.

- Safe Spaces Project which supports individuals whose property is hoarded.
- The Home Gadgets project which sees technology supplied to help individuals with Dementia or health conditions remain as independent as possible in their own home.
- Housing Occupational therapists – looking at streamlining the hospital discharge process and adaptations.
- Green grant – support to ensure properties are efficient and help future proof for health and cost of living.

Lightbulb continues to seek ways of improving our resident's wellbeing and will be reviewing all pilots during 23/24.

The Council formally merged the Community Safety Partnership (CSP) of both Blaby and Hinckley and Bosworth in April 2016. Together the CSP's across Leicestershire work with the Police, Fire, Probation Services, County Council and Clinical Commissioning Groups to develop and implement strategies to protect local communities from crime and to help people feel safe. Local approaches to deal with issues including antisocial behaviour, drug or alcohol misuse and re-offending are also developed through the joint working.

The Council has over recent years invested considerably to promote the economic development of the district. We have, this year seen the continuation of how our proactive approach to good business development in our district and working in partnership with local business has generated growth, with the Fosse West development being completed and units opened.

The Council leads a Building Control Partnership on behalf of five other local authorities including Harborough, Oadby and Wigston, Hinckley and Bosworth, Melton and Rutland County Council. A governance structure has been set up which includes a Management Board that meets quarterly to review performance of the service, income generation and make decisions on future priorities. Initially the partnership was delivered through a shared service agreement however, in November 2021 a decision was made by Council to operate the Building Control Partnership under delegated authority and this structure has been in place since April 22.

Through a delegation of statutory responsibility, Blaby provides a Local Land Charge service for both Hinckley and Bosworth Borough Council and Oadby and Wigston Borough Council. Through this arrangement Blaby maintains local land charges registers, processes official searches and provides access to the local land charges register under the Environmental Information Regulations for personal searches.

This arrangement has provided resilience in service across all authorities the service being highly commended at the Local Land Charges awards 2019 and shortlisted by Land Data in 2021 and 2022 for Team of the Year.

From April 2023 Blaby District Council is collaborating with neighbouring authority Oadby and Wigston Borough Council to expand its sport, physical activity and community health and well-being work. Blaby District Council will undertake work on behalf of Oadby & Wigston Borough Council for Physical Activity and Community Health & Wellbeing. Economies of scale are expected to be achieved by commissioning external providers to run classes across both districts. Alongside this the development of the two Community Health & Wellbeing plans will also provide the opportunity to tackle jointly any gaps in provision or where we have the same health inequalities.

The Council continues to work closely with the academies in our District and meetings cover a wide breadth of matters including: creating workplace opportunities in Blaby District and gaining benefit from developments under construction in our district; workplace health initiatives and creating linkages in our community to promote community safety. This meeting has also facilitated closer relationships being developed with the academies and both the police, local community groups and officers from children's support services at Leicestershire County Council.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome

The Blaby District Plan sets out our ambitions for the Council and sits alongside our Medium-Term Financial Strategy and our People Strategy and these detail how we have planned all our resources, both financial and staffing to deliver these.

The Council's service and financial planning process ensures that resource redirection and allocation is aligned to the priorities emanating from the Blaby District Plan. The Council has in place Contract Standing Orders and Financial Regulations designed to ensure that the Council achieves value for money in discharging its procurement requirements.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability.

Development and maintenance of the system is undertaken by the Senior Leadership Team within the Council and its effectiveness is reviewed by either external or internal audit. In particular, the arrangements include:

- The MediumTerm Financial Strategy is now part of the Blaby District Plan but includes a Financial Summary spanning future years which is revised annually.
- A 5 Year Capital Programme including asset investment.
- An effective system of budgetary control.
- The preparation and review of regular and timely financial reports which indicate financial performance against the forecasts.
- Clearly defined capital appraisal, funding and expenditure controls.
- Formal project management disciplines where appropriate
- Performance management reports

The Council continues to embed a "project board" approach to implementing change and transformation. A focus has been placed on project management and the regular monitoring of project delivery with the SLT meeting monthly to review progress and the Council invested in additional resource during this year to enhance this focus. Ultimately this is led by the Chief Executive and will continue to ensure focus is placed on continuing improvement and learning. Members are fully engaged in this process with both a Cabinet Executive portfolio holder having specific responsibility for driving and monitoring the change process. The Scrutiny Commission, through its working groups are actively involved in examining the detail of processes and change reviews.

Principle E – Developing the entity’s capacity including the capability of its leadership and the individuals within it.

Members who joined the Council in 2019/20 underwent a comprehensive induction programme and this has continued to be built upon throughout the member’s term, with various training sessions to ensure they are fully equipped to fulfil their roles. As the Council prepared for district elections in May 2023 a number of prospective member events were delivered to assist and encourage members of the public to stand for district and parish seats and a full induction programme has been developed to deliver to new Members following the district elections which is built upon in preparation for future use.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The Council fully supports the requirements to ensure that both Members and senior officers have the necessary skill sets to fulfil their strategic role in the organisation. The Council continues to invest in development for officers and managers. All people managers continue to be supported to understand staff wellbeing and manager participation in HR workshops continued virtually and some face to face training has resumed. During the year training on commercial behaviours and development of a business case were delivered and also awareness & training sessions held on subjects such as Safeguarding, raising awareness of ADHD, Dyslexia and autism. A group of officers also attended the East Midlands Challenge Event giving them an insight into issues faced when in strategic roles. During the year 3 apprenticeships were supported with two degree level apprenticeships continuing into the next year. We collaborated with local Councils on an ILM Manager Development programme, with 5 Managers on the first cohort, positive feedback on the skills gained and more cohorts to follow.

The Council delivers specific Member training around planning, local government finance, good governance and the risks and responsibilities that go with their individual roles. This year in particular there has been some training regarding good scrutiny following some improvements identified in the Peer Review which took place at the start of the year. We undertake a full induction programme for new Members and those starting mid-term.

The Council continues to adhere to the principles of the East Midlands Councils Elected Member Development Charter. The Charter provides a set of national standards for authorities to achieve, ensuring elected Members are equipped to have the knowledge and skills to be effective community leaders.

Principle F – Managing risks and performance through robust internal control and strong public management

The Council has invested in putting in place a new clear and coherent framework for managing and monitoring performance. The full benefit of this will be seen in the forthcoming year, however extensive work has been put in place to develop a much improved performance system utilising a system called Pentana. This has recently gone live and in coming months will see access for both officers and members to access performance data.

A Six Monthly Performance Report is presented to Council which provides a summary of progress and performance against the priorities within the Blaby District Plan. This report encompasses a whole Council approach focused on the three priorities; A Place to Live, A Place to Work, A Place to Visit, and it is recognised that all services contribute to the successful delivery of the Council’s Plan.

It also includes a selection of statutory indicators and the most up to date comparable data for all English District Councils. This report is also presented at Scrutiny Commission meetings. The responsibility for Performance Management sits with the Portfolio Holder for Finance, Assets and Performance. All Cabinet members provide challenge through our reporting channels.

During this year the Council used the InPhase system to record performance indicators and officers had access to the InPhase performance data in order that monitoring could be carried out across services. InPhase has been replaced for the forthcoming year with the Pentana system, which will be used to report both performance, risk and projects.

The Council has in place a Risk Management Policy and Strategy to ensure that the management of risk, is embedded within the organisation at both the strategic and operational level with both Members and senior officers having specific roles and responsibilities identified. A Corporate Risk Management Group, headed by the Chief Executive and supported by the performance team provides leadership, whilst the post of Finance Group Manager has specific responsibility to co-ordinate the management of risk across the Council. Both Members and officers are trained so that they are equipped to manage risk in a way appropriate to their duties. Risk assessments are a pre-requisite for all capital project appraisals and form an integral element of Project Plans. The Council utilised a software package (InPhase) in 2022/23 to assist with the management and monitoring of both performance and risks. This included a risk tracking facility to continuously monitor the Council's corporate exposure to areas classified as high risk. Members of the Audit Committee received regular risk monitoring reports. The InPhase system has been replaced by Pentana and will be utilised in 2023/24 onwards.

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

Ensuring the Authority's Financial Management Arrangements Conform with the Governance Requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government

The CIPFA Statement was originally published in March 2009 in respect of the Role of the Chief Financial Officer in public services as a whole and was considered by the Council's Cabinet Executive in July of that year. The following year a further version was produced which was specifically directed towards Chief Financial Officers serving in local government. The five underlying principles however remained the same. The Council's financial management arrangements conform with the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

During this year, the Executive Director (S151 Officer) held the position of S151 Officer.

Ensuring the authority's assurance arrangements addresses the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019)

The Council's internal reporting arrangements are designed to ensure the independence of the internal audit function. Appropriate resources are made available to provide an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It brings a systemic disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. The Audit Manager reports directly to the Council's Audit and Standards Committee on all matters appertaining to audit outcomes.

Review of Effectiveness

Blaby District Council undertakes, on an annual basis, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by a) the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, b) the Audit Manager's annual report and c) by comments made by the external auditors and other review agencies and inspectorates.

Part of this process is to carry out an assurance review which identifies examples of assurances in respect of those governance arrangements which are key to mitigate against significant risks to the achievement of the corporate objectives of the Council. Whilst a number of actions were identified through this process they don't relate specifically to governance matters but illustrate the Council's commitment to continuous improvement. The actions are listed in the table below for completeness. The comprehensive detail of the assurance review completed will be presented as an appendix to the Annual Governance Report which will be considered by Cabinet Executive in July 2023.

Core Principal 1: A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Supporting Principle 1 : Behaving with Integrity

Action – To develop revised PDA documentation to enhance the process and to ensure they are carried out for all staff.

Core Principal B: Ensuring openness and comprehensive stakeholder engagement

Supporting Principle 2 : Engaging comprehensively with institutional

Action – Update the Communication Strategy following development of New Blaby District Plan.

Supporting Principle 3 : Engaging stakeholders effectively, including individual citizens and service users

Action – Build on the outcomes taken from the review of the Communications function to strengthen the proactive promotion of the Council.

Action – Update the Communication Strategy following development of New Blaby District Plan.

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

Supporting Principle 1 : Defining outcomes

Action – Develop the long term Vision for the District and develop the Blaby District Plan for future years.

Action – Embed the new business planning, data intelligence and risk management process that has been implemented during 2022/23 utilising the Pentana system.

Supporting Principle 2 : Sustainable economic, social and environmental benefits

Action – Briefing for all members, new and returning regarding Council finance incorporating Fair Funding and Business Rates.

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

Supporting Principle 2 : Planning interventions

Action – Embed the new business planning, data intelligence and risk management process utilising the Pentana system to report KPI's.

Action – Service Planning and Budget setting to be aligned to ensure resources are in place.

Supporting Principle 3 : Optimising achievement of intended outcomes

Action – Budget setting and monitoring to be further developed to ensure that budget is tailored and trimmed.

Core Principal 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

Action - Investigate the use of benchmarking information to enhance the performance framework and support decision making.

Action – Continue to develop workforce policy updates and development and retention initiatives to assist recruitment and retention of staff.

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

Action – To develop revised PDA documentation to enhance the process and to ensure they are carried out for all staff.

Core Principal F : Managing risks and performance through robust internal control and strong public financial management

Supporting Principle 1 : Managing risk

Action – Utilise the new Pentana system to record risks and ensure lower level risks are managed across the organisation.

Action – Update the Risk Management Strategy in 2023.

Supporting Principle 2 : Managing Performance

Action – monitor the use of the new Corporate performance framework and reporting system to ensure the authority has an overall view of performance. Investigate the use of benchmarking information to enhance the performance framework further.

Supporting Principle 3 : Robust internal control

Action – Consideration of the CIPFA Practical Guidance for Local Authorities and Police (CIPFA, 2022) to ensure compliance with best practice for the Council's Audit & Governance Committee.

Supporting Principle 5 : Strong public financial management

Action – Provide training for budget managers to ensure they understand their budget and can re-forecast accurately during the year.

There were no actions from previous years that had not been addressed, however some actions will continue to be built upon in 2023/24.

Review of Compliance with Financial Management Code 2022/23

The Council carried out a review of compliance with the FM Code in advance of 2022/23. It was considered by the Audit and Standards Committee in July 2021 and the action plan arising from the review approved by Cabinet Executive in September. The document was made available to the public. Whilst the Authority was found to be compliant with many aspects of the FM Code, there were a number of areas that were partially compliant. An action plan was developed and all areas addressed to ensure compliance.

Role of the Council

The extent of the role of full Council in reviewing and monitoring effectiveness of internal control is set out in Article 4 of the Council's constitution. Article 4 provides that the Council is responsible for setting the policy and budgetary framework.

It is the responsibility of the statutory officers to report to Council on any issues concerning the review of the effectiveness of internal control arrangements where such cases fall outside the delegated power of other decision making bodies of the Council. There have been no issues arising during 2022/23 which have required the full Council to exercise its role.

The Constitution of the Council is subject to a continuous review process and a delegation by exception scheme forms an integral part of the arrangements. The Constitution underwent a revision in 2016/17 and the new version, which was actively reviewed by Members, was approved by Council on 24 May 2016. Amendments to the Constitution are brought before Council throughout the year as part of the continuous review process and annually to ensure it is fit for purpose.

The Council formally reviews its Financial Regulations on a regular basis albeit ongoing updates are implemented as part of the regular reviews of the Constitution.

Role of Cabinet Executive

The role of the Cabinet Executive is to receive, consider and approve the Annual Governance Statement and to monitor the implementation of any Action Plans arising out of the review of its governance arrangements.

Role of Audit Committee

A formal Audit Committee, constituted on the basis of the guidance issued by the

Chartered Institute of Public Finance, including the adoption of a “Statement of Purpose”, was established in 2008.

The Audit Committee (The Audit and Corporate Governance Committee) meets on a quarterly basis. It has responsibility for considering the findings of the annual review of the effectiveness of the internal audit function in addition to receiving regular monitoring reports from the Audit Manager. The annual external audit plan is also approved by the Audit Committee.

Role of Scrutiny Committee

The Council has a well established Scrutiny Commission supported by working panels who are assigned specific projects to be undertaken. The Commission can “call in” a decision which has been made by the Cabinet Executive but not yet implemented, to enable them to consider whether the decision is appropriate.

Risk Management

The Corporate Risk Group regularly reviews the Risk Management Strategy to ensure its continued relevance to the Council. The reviews also assess performance against the aims and objectives of the Risk Management Strategy.

The Finance Group Manager provides regular progress reports to the Corporate Risk Group and the Senior Leadership Team bringing to their attention any significant risks which have been identified. The Corporate Risk Group/Senior Leadership Team also:

- Reviews the Council's strategic/operational risk registers and associated action plans
- Ensures that the appropriate management action is taken to minimise/eliminate risk

Audit and Corporate Governance Committee review the Strategic Risk Register and mitigating actions regularly. They also have responsibility for reviewing and recommending the Risk Management Strategy at regular intervals.

Role of Internal Audit

Internal Audit is provided in accordance with the statutory responsibility under Section 151 of the Local Government Act 1972, the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. It is managed on a day to day basis by the Audit Manager who reports to the Executive Director. There is however also an indirect reporting line to the Executive Director (Section 151 Officer) in relation to matters of a technical or professional nature.

Internal Audit objectively examines, evaluates and reports on the adequacy of internal controls and governance as a contribution to the proper, economic and effective use of resources. During 2022/23 this responsibility was carried out following an approved risk based annual audit plan. The Audit Manager produces quarterly progress monitoring reports against the plan to the Audit and Corporate Governance Committee.

The internal reporting process for audit work requires a report of each audit to be submitted to the relevant Group/Corporate Manager and/or Service Manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by the relevant managers. The process also includes regular reviews of recommendations to ensure that they are acted upon. A summary of all audits carried out, including a grading rating which reflects the effectiveness of the controls in place and an analysis of the recommendations is submitted to each quarterly Audit and Corporate Governance Committee meeting.

The Public Sector Internal Audit Standards (PSIAS), introduced on 1 April 2013, and revised in April 2016 and again in 2017, require an external assessment of compliance with the Standards to be carried out at least once every five years.

The assessment was carried out in November 2020 and found that the internal audit function at Blaby District Council conforms with the PSIAS and there were no areas of non-compliance identified. The final report was presented to the Audit and Standards Committee on 1 February 2021 along with an action plan containing minor action points which the Audit Manager is implementing to improve overall compliance with the Standards.

The Shared Service Audit Manager provides an independent opinion on the internal control environment to the Audit and Corporate Governance Committee which then feeds into the Annual Governance Statement process. For the 12 months ended 31 March 2023, based upon the work undertaken by Internal Audit during the year and additional information provided by relevant managers on their responses to audit recommendations, the Audit Manager has formed the opinion that she is able to give **reasonable assurance** on the Council's overall internal control arrangements. To be consistent with our Internal Audit opinion definitions, this means that there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the areas audited. This is a positive assurance opinion overall which will be detailed in the report of the Audit Manager's 'Internal Audit Annual Report 2022/2023' which will be presented to the Audit and Governance Committee on 13th July 2023.

All but two internal audit reports issued during 2022/23 were issued with either substantial or reasonable assurance opinions. Both reports were issued with limited assurance opinions and recommendations made within the audits have already been addressed or plans have been put in place to ensure they are addressed. A small number of high priority recommendations were made in respect of all the audit reviews undertaken. These relate to specific systems and/or service areas with the majority of these recommendations already implemented and others in progress. It is not therefore considered necessary to include them in the Annual Governance Statement.

Other Explicit Review/Assurance Mechanisms

The Corporate Services Group Manager (the “Monitoring Officer”) has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Constitution underwent a revision in 2016/17 and the new version, which was actively reviewed by Members, was approved by Council on 24 May 2016.

Statements of Assurance are received from senior officers regarding internal control issues in line with the guidance set out in “Delivering Good Governance in Local Government”.

In November 2021 the Council invited the LGA to carry out a Finance Health Check which gave a view of the robustness of the Council’s financial arrangements. The report, received in December 2021, concluded that the Council is well managed financially and has consistently spent within its budget. The report went on to provide a number of recommendations all of which were either completed or have been incorporated into our financial considerations on an ongoing basis.

The Council has continued the engagement with the LGA Peer Review process; the first review being in 2015 followed by a further review in 2018. Both reviews were very positive, described Blaby District Council as “a great council which is performing well with no major concerns. There are many examples of good services and projects with a strong focus on doing the right thing for Blaby’s residents and customers at all levels of the organisation.”

A more recent Peer Review (now referred to as a Corporate Peer Challenge) was performed in March 2022 and was again very positive with the report summarising that “Blaby District Council (BDC) is a well-run local authority; it has a sound financial position, strong leadership, particularly through its Leader and Chief Executive, and committed staff. There is real ownership by members and officers, and everyone wants to do their best for Blaby as a council, place and for its communities.”

The final report was reported to Council in July 2022 alongside an action plan that has been put in place to address recommendations made for improvement. The LGA Peer Challenge team returned to the Council in December 2022 to review the Council’s progress reporting that “Blaby DC is clearly committed to addressing all the CPC’s recommendations and has made excellent progress in doing so. This is all the more impressive, given that the council, like others, is responding to the ongoing challenging, economic environment.”

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 Senior Leadership Team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Significant governance issues

Whilst there are no significant governance issues to report, nevertheless the Council continues to seek to enhance and strengthen our governance arrangements where improvements can be identified. We will monitor progress made as part of our next annual review.

Signed _____
Leader of the Council

XX XXXXXXXXX 2024

Signed _____
Chief Executive

XX XXXXXXXXX 2024