

BLABY DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2021/22

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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

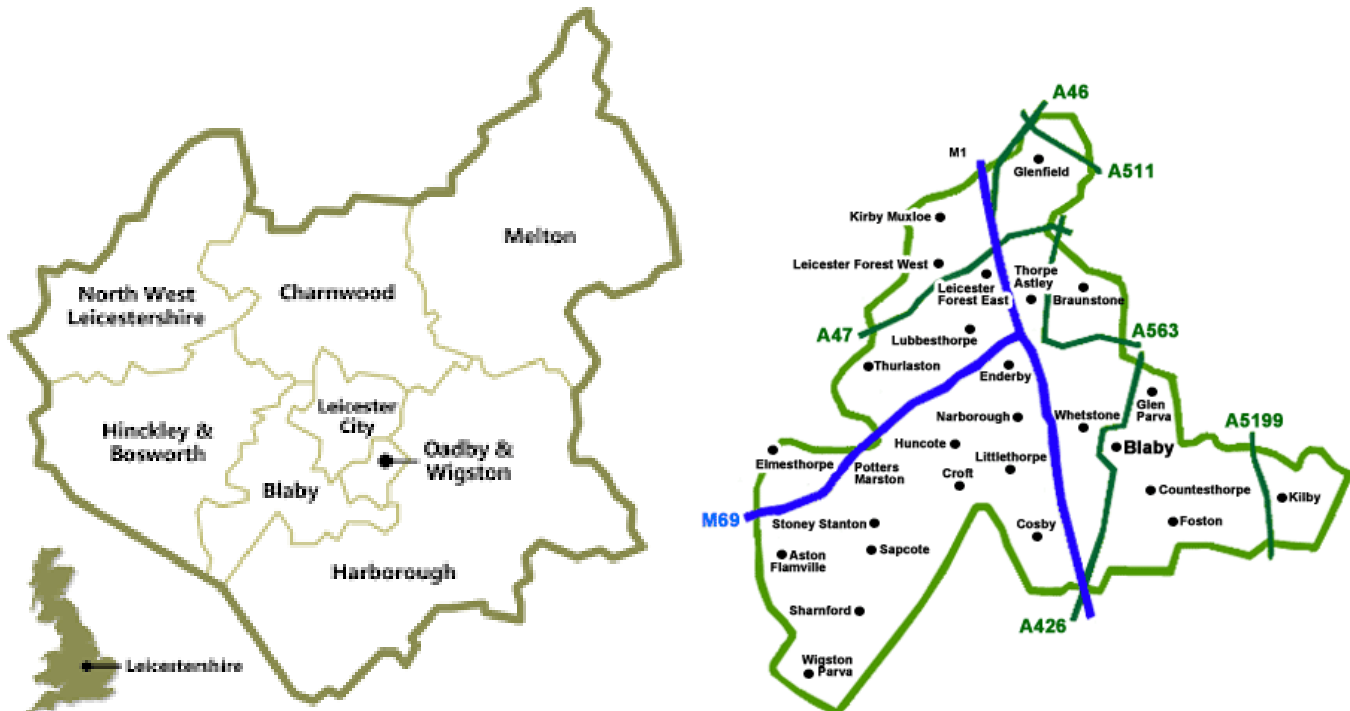
This Narrative Report provides an organisational overview of Blaby District Council and the external environment within which it operates. It also provides a summary of the financial position on 31 March 2022, including the following:

- 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.



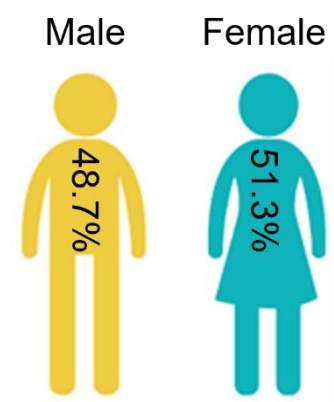
There are major transport links running through the district including the M1 and the M69 the A563, A5460 and the B4114. Travel-to-work patterns indicate a strong functional relationship between the city and many settlements in the district.

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

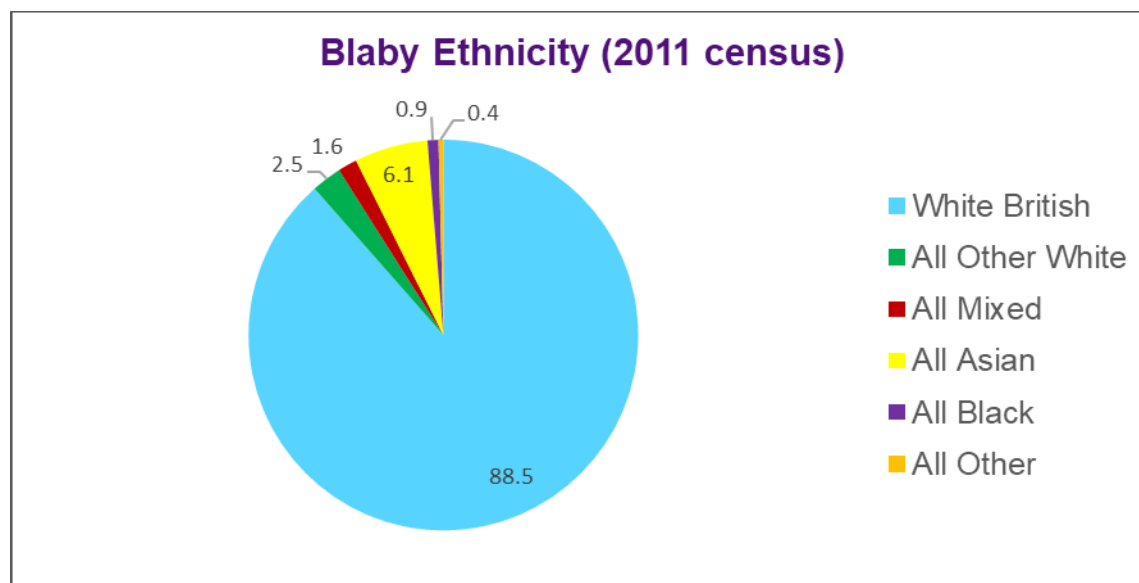
The district is home to 101,950 people (ONS 2020 est.) living in 43,400 households (July 2021).



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++

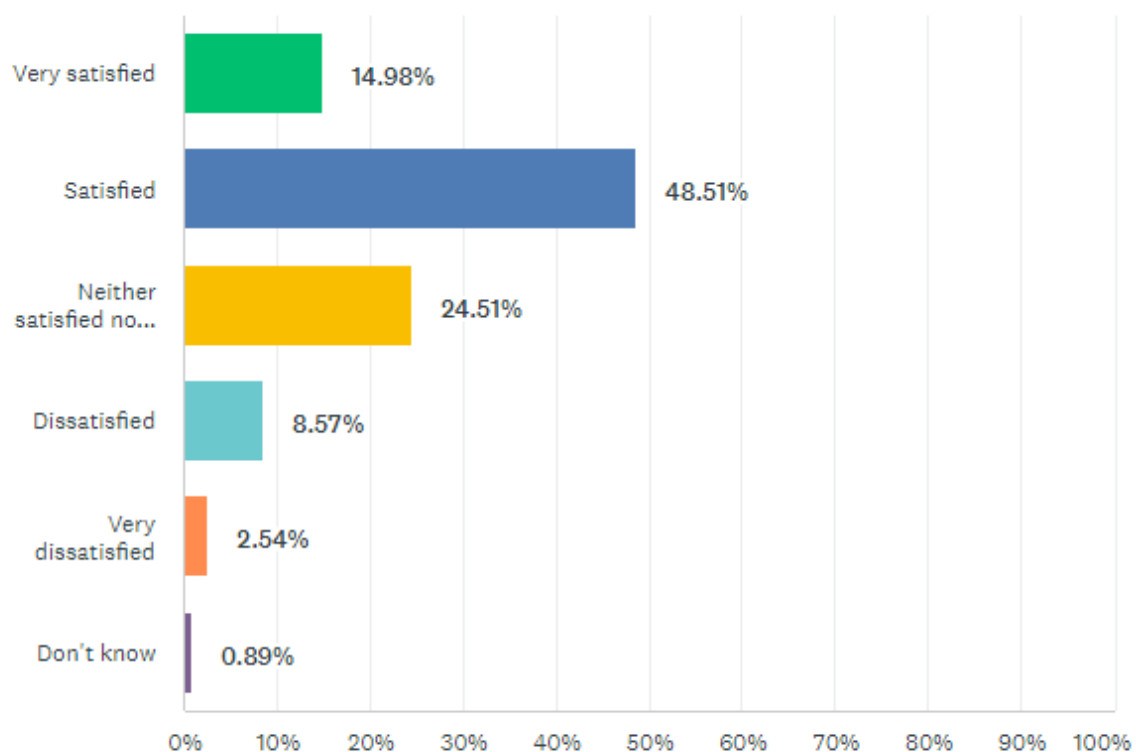
The unemployment rate is lower than other areas as we have a higher number of people living in our district that are undertaking qualified or skilled roles.

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

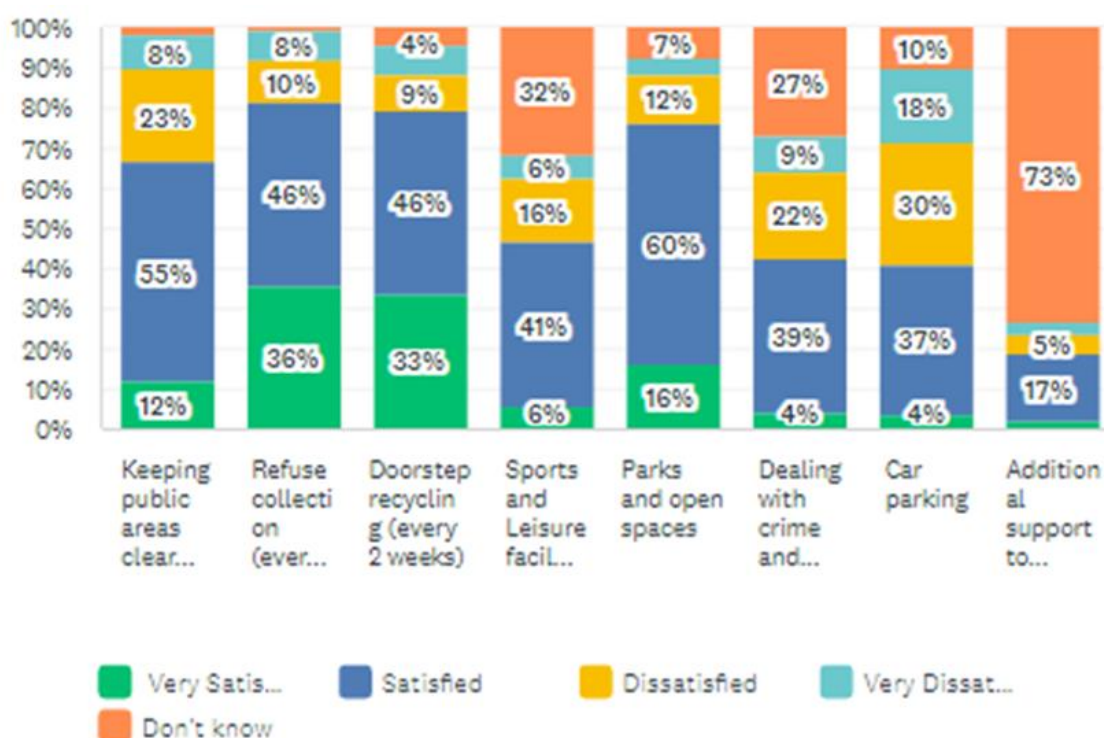
As we work to put the customer at the heart of everything we do, we strive to continually improve services to residents. Consultation supports this by involving people and ensuring services are appropriate to the needs of the customer. In order to deliver fit for purpose services, projects and policies 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.

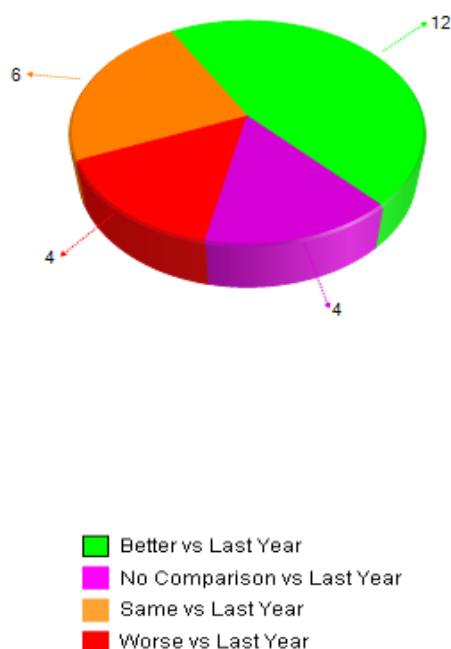
At the end of 2021/22, the dashboard compared those key measures against the position at the end of the previous financial year and showed that of the 26 measures in total:

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

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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