



North West  
Leicestershire  
District Council  
Annual Statement of Accounts 2017-18



Memorial Clock Tower, Coalville



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# Section 1 Narrative Report

## 1. North West Leicestershire as a place

North West Leicestershire is a vibrant and growing district – located in the heart of the National Forest. It is a great place to do business, live or visit with beautiful countryside and historical buildings blended together with modern industrial and commercial premises and well served by a variety of lively towns and villages. Four major cities are in close proximity to the district – namely Leicester, Derby, Nottingham and Birmingham and an estimated 70% of the population of Great Britain live within a two hour drive. The principal town is Coalville and the main settlements are Ashby de la Zouch, Castle Donington, Ibstock, Kegworth and Measham. It is served by the M1/M42 (A42) and A50 and is also home to East Midlands Airport – the UK's busiest 'pure' cargo airport. Whilst North West Leicestershire has a proud industrial heritage, and now offers many and varied commercial opportunities, it has large and attractive rural areas, covering 27,900 hectares (108 sq. miles).

The district contributed £2.98bn of the UK's total economic output in 2016. Our strong local economy is predominantly a result of a number of employment sectors including wholesale, retail, transportation and manufacturing employers choosing to

call North West Leicestershire home, as well as quarrying. Over 4,000 businesses are located in the district. The majority of these businesses employ less than 10 employees, however the district is also home to some large national employers.

Just under 100,000 residents live in North West Leicestershire and in the past 10 years we have seen growth in our population (8.9%) that is higher than average regional (8.2%) and national (8%) growth rates. The majority of our residents live in or around our main settlements and tend to be affluent, however we do have areas of deprivation and overall an ageing population. The council works hard to respond to the challenges of inequalities in wealth and health outcomes, and ever increasing demand for services against the backdrop of diminishing government grants.

In the last decade, Coalville and the wider area has undergone significant regeneration. The coal mining sites formerly used for mineral extraction are now home to a diverse array of business parks and industrial estates providing local employment and drawing from a wide regional labour market. As of March 2018, unemployment stood at 0.9% comparing favourably with the regional (1.8%) and national figures (2.1%).



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- North West Leicestershire:
- Collects £54m in council tax but retains only £5m to provide essential services such as waste and recycling collection after £2m is passed on to Parish and Town Councils;
- Generates over £9m of income;
- Collects £55m in business rates and retains only £6m to spend on delivering council services (after paying a tariff of £17m back to central government out of the council's £23m share of rates);
- Holds £270m of assets for service delivery, council housing provision and investments
- Collects nearly £18m in rent payments in respect of our 4,300 council homes;
- Revenue Support Grant, a grant of £572k that we received from central government, made up only 5% of our total core funding in 2017/18. This is a 49% reduction on what we received in 2016/17 and from 2019 this grant will reduce to zero. To protect us against future financial challenges and reductions in funding, we will use our self-sufficiency reserve to develop new income streams and make us more efficient;
- The Government's Fair Funding Review will address the fairness of current funding distributions to local authorities, including the setting of new baseline funding allocations, deliver an up to date assessment of relative needs and examine

the review and assessing the likely financial impact proposed changes will have;

- We are mindful of further demographic and business growth in North West Leicestershire and we will continue to respond to these pressures.

## 2. The council

### Governance

We operate a cabinet style government with separation of executive and scrutiny functions. All Cabinet members have been allocated a specific portfolio and are responsible for driving forward the Council's key strategic aims.

Every year we undertake a review of our governance framework, assessing against the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' 2016. This review of effectiveness is informed by the work of senior managers and directors within the Council who have responsibility for the development and maintenance of the internal control environment, the Internal Audit Annual Report, the work of the Audit and Governance Committee plus the comments of external auditors and other review agencies and inspectorates. Our Annual Governance Statement summarises

our view of the arrangements and can be found on our website at [www.nwleics.gov.uk/annual\\_accounts\\_and\\_governance\\_reports](http://www.nwleics.gov.uk/annual_accounts_and_governance_reports)

### Our priorities

The Council's vision is that "North West Leicestershire is a place where people and business belong and are proud to call home". Our [Council Delivery Plan](#) for 2017/18 sets out our priorities and aims for the coming years. Our priority areas are:

- Value for Money
- Homes and communities
- Businesses and jobs
- Building confidence in Coalville
- Green Footprints

Four key programmes were launched in 2017/18 that will deliver our corporate vision:

- **Customer First** – making sure we put customers at the heart of what we do, driving and improving services and increasing the choice customers have in where, when and how they engage with the council;
- **Place** – co-ordinating projects that will develop and shape our environment, both built and natural, ensuring delivery of quality homes and facilities for our residents and business;
- **People** – making sure we develop our staff to have the skills for a 21st century business, valuing our staff and transforming the organisation;

- **Self-sufficiency** – having effective financial management that increases our resilience and adaptability to changing financial pressures.

### Who works for the council?

The council employs over 800 individuals across a wide range of services. The majority of the council's services are provided in-house, and our employed positions reflect this, with roles across many job types including manual operatives, skilled tradesmen and accredited service professionals. Of our total employees, about 340 are full time and the remainder are part time positions.

We also employ 7 apprentices.

### Our People Plan

NWLDC is committed to continuous improvement and achieving positive outcomes for our residents, businesses, service users, partners, employees and members. To achieve this we recognise the critical role that a motivated, skilled and capable workforce plays in every aspect of service delivery. Our People Plan (which is in development at the time of publication) will help us achieve the corporate priorities outlined in our Council Delivery Plan.

An effective People Plan means we can plan for the future with a clear focus on improving services through partnership. This plan and the associated Workforce Development Plan

(WDP), is an integral part of our performance management framework. It provides the link between valuing and developing people, improving and developing services and enabling effective dynamic leadership. Our People Plan will ensure that we deploy the right number of trained and motivated people to provide high quality services within our communities. Our business planning will have a strong link to our People Plan and help us develop an organisation that has the right skills, capabilities and capacity in place to achieve our priorities and outcomes. In practical terms, this means making sure our work is effective and has an impact; that we manage demands on our services (including a commitment to channel shift); and we spend only on things that achieve our strategic priorities and deliver essential

services against the backdrop of our corporate values which are set out below.

- **Spend our money wisely** – our staff deliver value for money in everything they do;
- **Support what is possible** – our staff identify, agree and provide the best possible outcomes for all customers;
- **Be fair and proud** – our staff show pride in their work and take individual responsibility for doing what is agreed;
- **Listen carefully** – our staff listen and respond to the needs of customers and colleagues – both internally and externally;
- **Deliver agreed quality** – our staff ensure they deliver within agreed timescales and to the expected quality.



BEE a star staff awards

### 3. The council's performance

Over the last year we have made significant progress towards our priorities. Overall, we made 45 commitments, achieving 29 of these, with 14 on plan and 2 commitments behind plan. Below is a summary of some of our key achievements for the 2017/18 year under each of the council's five priorities. You can find our full [End of Year report here](#).

#### Building confidence in Coalville

- We have acted on improvement plans for Memorial Square and are also working with partners to produce a £1.1 million redesign of Marlborough Square. The work is being done with the support of businesses and users of the square, including taxi and bus companies. Repairs will also be completed to the Memorial Clock Tower between April and September 2018, using council funding and money from the Heritage Lottery Fund and the War Memorials Trust.
- The first six (of 24) new council homes to be built in three decades were completed in March 2018. The largest site at Coalville will have 17 new homes where the Greenacres sheltered scheme used to be. The last of the homes to be finished will be handed over in July 2018.

#### Value for money

- We decided to go ahead with plans to build a new leisure centre in Coalville, and, at the time of writing, we had shortlisted four external providers to build a new leisure centre and make improvements at Hood Park Leisure Centre in Ashby de la Zouch, taking on the management of both centres. We hope to award a contract in April 2019.
- We have managed our assets better to increase income, reducing the number of long term empty council homes from 76 to 45 in a year (March 2018). It now takes an average of 28 days to re-let a council home (down from 37 at the start of the year).
- We brought more of our housing repairs and maintenance work in-house, with £1 million worth of additional work completed by our in-house repairs team, compared to 2016-17. The in-house team also completed a phase of Decent Homes upgrades from the capital programme for the first time and the majority of future work to maintain Decent Homes standards in our council homes will be done in-house – £19.9 million of work over the next 5 years.
- We disposed of surplus land and buildings that we owned to generate income and create opportunities including land sales in Blackfordby, Greenhill and Ibstock that brought in £227,000. The three sites will provide 26 affordable new homes for rent.

#### Homes and communities

- We have started to plan for ambitious growth in the district to 2050, harnessing our excellent transport links to drive jobs, housing and infrastructure in the right places (through a Local Plan review). The district council is working with the other Leicestershire authorities on the preparation of a Strategic Growth Plan. The plan is the overarching plan which will set out the aspirations for delivering growth (housing, economic, infrastructure) in Leicester and Leicestershire until 2050 and our reviewed Local Plan will fit into this overarching strategic plan.
- We have worked hard to ensure that approved planning applications go ahead. 480 new homes were built in 2017/18 (compared to 428 in 2013/14) against a target of 481. We have also sped up developer contributions so they make a real difference to local communities, developing a detailed database of all Section 106 agreements (private agreements made between local authorities and developers through the granting of planning permissions) meaning we can monitor agreements more easily. More than £3 million of Section 106 money has been spent in the district in the last two years.
- We have supported infrastructure improvements that will aid growth, including



proactive partnership working, such as the £7 million project at junction 22 of the M1 and junction 13 of the A42 to reduce congestion and manage traffic flow. Significant changes to the A511, A512 and A42 junction 13 Flagstaff Roundabout near Ashby are being made to cater for new housing developments in the area and a growing economy.

- We have developed the plans to create the Ashby de la Zouch cultural and leisure quarter. The £1.1 million investment to extend North Street Car Park will create 52 new car parking spaces and an enhanced public space.
- We have used planning agreements to acquire new properties from developers to increase the number of council homes. 26 new homes were built on three sites through such agreements with developers and handed over to the council (with 19 more to come in 2018/19).

### **Businesses and Jobs**

- We have driven our town centre business grant programme to create maximum impact for local communities and businesses by allocating £76,314 Enterprising Town Centre grants that were awarded to 13 town centre businesses, bringing in a further £349,629 of private sector match funding. We also held five retail workshops to give advice and support to 48 delegates representing 38 different businesses.

- We supported businesses affected by High Speed Two (HS2) to find new premises in the district, working with 32 local businesses that are impacted by route of the eastern leg of HS2 connecting Birmingham to Leeds. We also provided impacted businesses in the area with updates and latest information from HS2, details of changes in the proposed route and, where necessary, support to find alternative commercial premises.
- We have made sure the Local Plan provides for sufficient new homes, infrastructure and employment land that will sustain economic growth. We are very proud that the North West Leicestershire Local Plan has been adopted, giving the district a clear idea of how it will develop and grow over the next 15 years. The plan, which was approved by the Planning Inspector in October, includes policies on housing, employment, infrastructure and transport. These policies will help to direct homes, roads, jobs and facilities to the right places in the district, whilst protecting green land and heritage assets and enhancing town centres.

### **Green Footprints**

- We have worked with developers to make sure the design and layout of new developments is of the highest quality and has no negative impact on the environment. Our Good Design Supplementary Planning Document (SPD) makes sure developments across the district are built to a high standard.
- In 2017, we reviewed our waste collection service in response to Leicestershire County Council's withdrawal of recycling credit payments from 1 April 2018. NWLDC successfully won the competitive bid to process and retain the future income from recycling collected at kerbside.
- We are investing £3.7 million to replace coal and electric heating with renewable air source heat pumps in 410 council homes by April 2019.

## 4. The council's financial performance

### Financial context and outlook

North West Leicestershire District Council is responsible for managing cash flows and assets exceeding £315m each year. Of this amount:

- £267m relates to the value of our assets, of which £251m of these are held for providing council services and £13m of investment property. The remaining £3m of assets are made up of heritage, intangible and surplus assets.
- Over £23m relates to grants we receive and local income that we raise in the form of fees and charges. We use this funding and income to deliver services and keep council tax down. In addition we collect £18m in rent for council homes.
- We collect just under £55m in business rates – the largest amount collected in Leicestershire. We retain 10% of business rates (after paying our tariff to central government), and pass on approximately 10% to our major preceptors Leics County Council (LCC) and Leics Fire and Rescue Service (LFRS), 4% paid into the Leicester and Leics Economic Partnership to support economic growth in Leicestershire. The remaining 76% goes to central government.

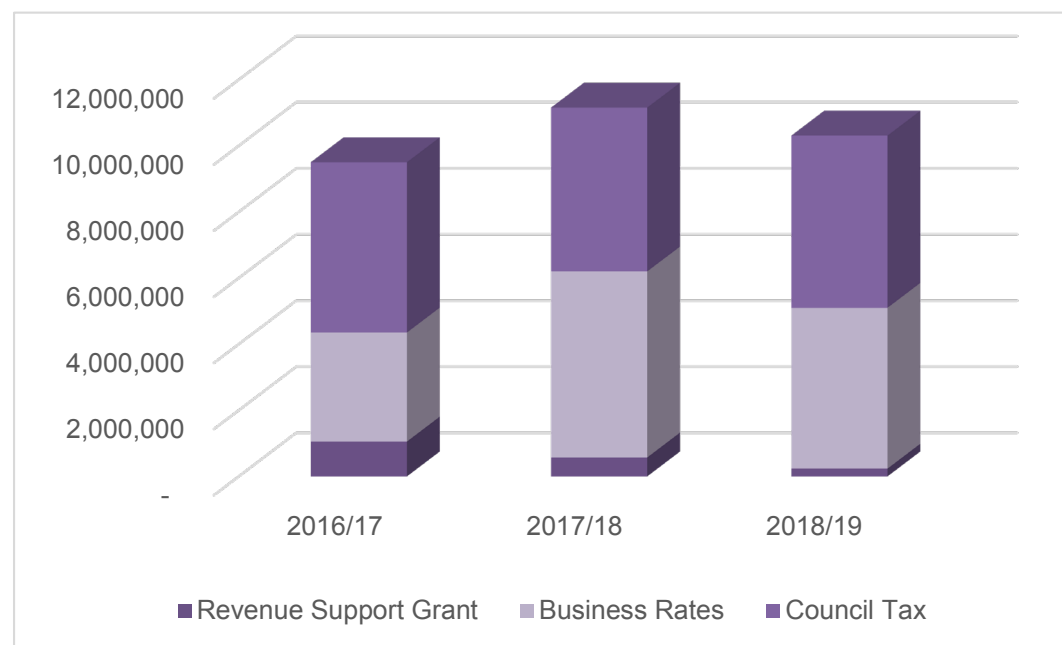
- We collect nearly £54m in council tax from residents in the District. We retain just 9% after we pass on the tax that we collect on behalf of parish and town councils and the remainder is passed on to LCC, LFRS and Police and Crime Commissioner.

Like all Local Authorities, we have seen a continued reduction in the level of Revenue Support Grant we receive from central government:

Despite this, the council has remained financially resilient whilst maintaining its policy to freeze council tax for the eighth year in 2017/18, at £158.58 for a Band D

property. This means that all of our growth in respect of council tax income results from growth in the number of homes in North West Leicestershire.

We received £1.8m more in business rates income than we anticipated to in 2017/18. This was because our provision for appeals in relation to the 2010 rating list was reduced as a result of settlement of a number of outstanding claims. The Government has introduced a new business rates appeals system which has coincided with the 2017 revaluation and new rating list. The new process called 'Check, Challenge, Appeal' includes a number of steps to be undertaken for businesses to lodge an appeal and as



a result, we have made a provision for appeals against the the 2017 rating list. In addition, we have also set aside an earmarked reserve of £614k to provide a local provision for this council in manage the impact of forthcoming appeals to our budgeted level of business rates.

We are conscious of the impact that Universal Credit could have on the council's ability to collect the £18m worth of rent payments that are due from tenants.

This is because some tenants previously receiving housing benefit, have had this paid directly to us. Universal Credit will mean that these tenants will now directly receive their housing benefit element as part of one overall benefits payment, and we will need to collect rent payments from them. We have put in place a dedicated Support Officer to assist tenants and residents through the welfare reform changes.

At the end of the 2017/18 year, we had a balance of £44m invested which earned us interest on balances throughout the year of £250k for the year. However, from 2019/20 and beyond, we do not expect to receive this level of income. This is because the council has decided to build a new, state of the art leisure centre in Coalville to support the council's priority of regenerating

and building confidence in Coalville and to meet growing demand for our leisure service. The new £19.5m facility will be funded through a mixture of reserves, capital receipts and external borrowing and, will see the current council run leisure centres outsourced to a new operator in return for an annual management fee. The project will reduce the overall cost of providing leisure centres in the district. Although we expect a reduction in our investment returns post 2020 as we invest our surplus funds into the new leisure centre, we will no longer run a loss-making service and will instead generate an ongoing revenue return, therefore improving our long term financial position whilst contributing to the improved health and wellbeing of our residents.

We are mindful of the government's Fair Funding Review and its impact to our future cash flows, particularly in respect of retained business rates income. We are closely monitoring the progress of the review and assessing the likely financial impact proposed changes will have.

We expect to remain financially resilient in managing our cash flows going forward.

## **Our Medium Term Financial Strategy 2018 – 2023 and self-sufficiency**

Our Medium Term Financial Strategy (MTFS) was adopted by Cabinet in February 2018. The strategy provides a high level, five year assessment of the likely financial resources required to deliver the council's strategic priorities and essential services from April 2018. The strategy promotes self-sufficiency to safeguard the council's financial position against future central government funding changes whilst also maximising the use of government grant collected.

The strategy predicts future in-year deficits (net of surpluses arising in the 2018/19 and 2019/20 financial years) totalling £5.3m to 2023 on the General Fund as a result of increasing cost pressures, reduction in Revenue Support Grant, and, from 2020 an anticipated significant reduction in retained business rates income as a result of the baseline funding reset under the government's Fair Funding Review. In addition, the strategy also sets out how we will reduce our reliance on the New Homes Bonus (NHB) by 25% by 2023, with a phased savings target of 6.25% per year from 2019/20. In reality, the council will still receive this funding (should it be paid as projected in this MTFS), but will have greater autonomy in deciding how it is spent, rather

than budgeting to receive the grant in full to fund its core services expenditure.

In 2017/18 the council created its self-sufficiency reserve by setting aside £900k from its general reserves and committing to contribute the surplus arising on the 2017/18 year of £1.8m and the projected future in year surpluses anticipated in 2018/19 and 2019/20. This self-sufficiency reserve, forecast to have reserves committed of £3.1m over the period of the strategy, will support a change programme as part of our wider journey to self-sufficiency, in developing new ways of working and reviewing our services to reduce expenditure. The reserve may also be used to counteract future deficit years from 2020/21, thereby ensuring financial resilience and enabling us to continue to meet our obligation to deliver a balanced budget. Our [Medium Term Financial Strategy 2018 – 2023](#) can be found here.

## General Fund

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

We budgeted to contribute £934k into our general fund reserve balances in 2017/18 but achieved an outturn of £3.27m. As we had committed to, we have transferred £1.856m to our self-sufficiency reserve, taking the balance of the reserve to £2.7m. We have transferred the remaining £1.4m to reserves to create an additional local provision against business rates appeals (£614k) and to assist in delivering key priority projects.

Table 1 General Fund		Original Estimate	2017/18 Provisional Outturn	Provisional Variance
		£'000	£'000	£'000
	Total District Expenses			
1	Chief Executive and Other	1,428	1,392	-36
2	Legal and Support	2,467	2,176	-291
3	Service Transformation / Finance	2,010	1,685	-325
4	Community Services including Strategic Director of Place	4,791	5,140	349
5	Strategic Housing	483	461	-22
6	Regeneration and Planning	301	261	-40
7	Corporate And Democratic Core	45	31	-14
8	Non-Distributed Costs	87	167	80
9	Net Financing Costs	1,053	1,020	-33
10	Investment Income	-76	-165	-89
11	Provision For Bad Debt	-	150	150
12	Localisation Of Council Tax Grant	168	164	-4
13	Net Recharges From General Fund	-1,187	-1,596	-409
14	Debt Restructuring Premium	-	23	23
15	Transfer To Earmarked Reserves		1,414	1,414
16	Transfer To Self Sufficiency Reserve	935	1,857	922
17	Transfer To S106		142	142
<b>18</b>	<b>Net cost of service after recharges</b>	<b>12,505</b>	<b>14,322</b>	<b>1,817</b>
19	Revenue Support Grant	572	572	-
20	Council Tax Transitional Grant	-	26	26
21	New Homes Bonus	2,840	2,846	6
22	Transfer From Collection Fund	285	285	-
23	Other Grants	-	8	8
24	Council Tax	4,958	4,958	-
25	National Non Domestic Rates Baseline	3,850	5,627	1,777
		12,505	14,322	1,817

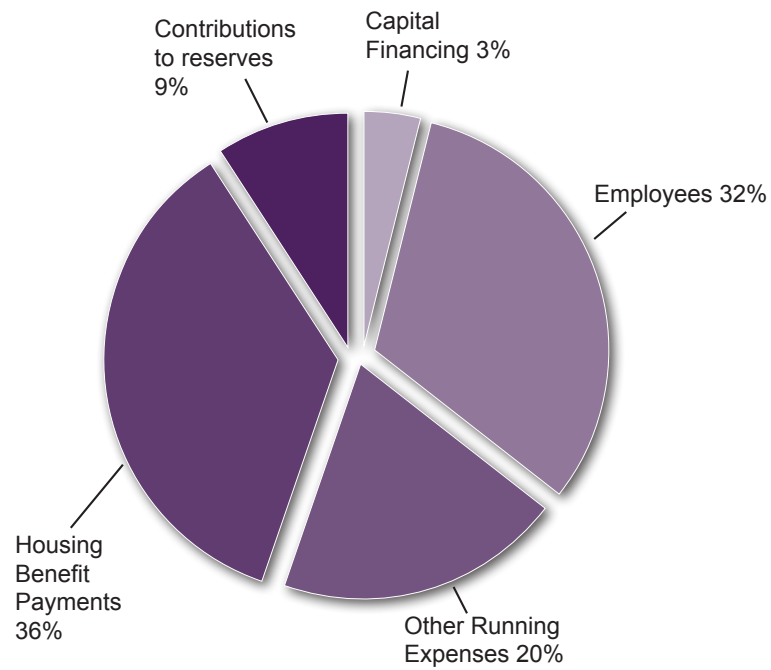
The additional surplus was achieved largely through an additional £1.8m collected in business rates, because our provision for appeals in relation to the 2010 rating list was reduced as a result of settlement of a number of outstanding claims. As described above, whilst appeals against the 2017 rating list are yet to be acknowledged, we have ensured that we have provided for likely appeals in our appeals provision and by creating a business rate reserve.

Other major variances in 2017/18 include an increase in the budgeted deficit in our leisure centres as a result of a decline in memberships, a reduction in planning fee income due to a lower than anticipated level of planning applications and a underspend in rent allowances and rent rebates as a result of less benefits paid than budgeted for (the budget was based on the 2016/17 mid-year subsidy estimate submitted in August 2016), differences in overpayments recovered and a reduction in the bad debt provision for overpayment invoices.

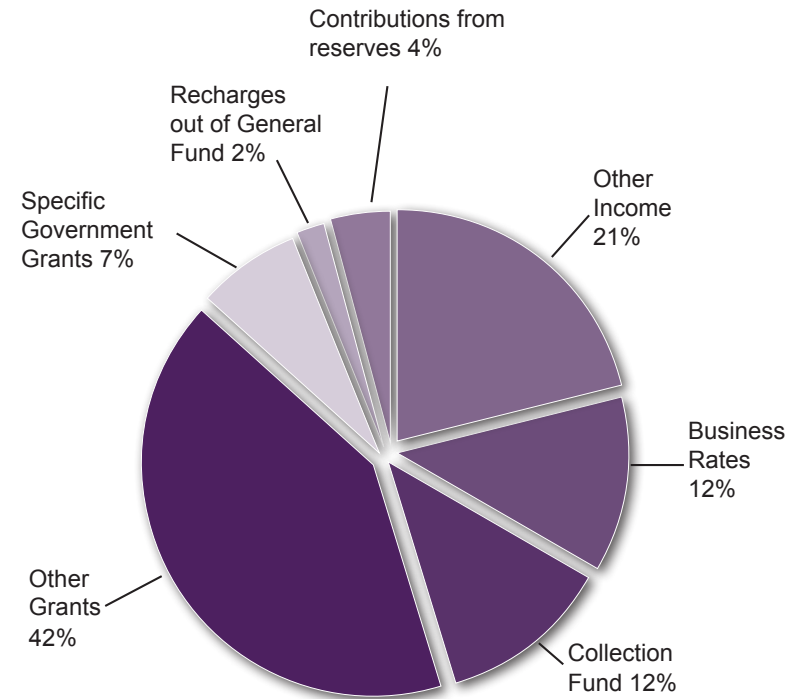
A summary of the major variances on the 2017/18 year are detailed in the table below.

<b>Major Variances</b>	<b>£'000</b>	<b>£'000</b>
<b>Adverse</b>		
Bad debt provision	-150	
Leisure Centres	-236	
Planning Fees Income	-187	
		-573
<b>Favourable</b>		
Business Rates Income	1,777	
Recycling Income	145	
Investment Income	89	
Salary underspends within Chief Executive's directorate	179	
Rent Allowances and Rent Rebates	255	
Revenues and Benefits Partnership contributions	33	
Revenues Summons Income	74	
Planning Appeals and Associated Costs under Budget	166	
		2,718
<b>Total</b>		<b>2,145</b>

## Where the money is spent General Fund 2017/18



## Where the money comes from 2017/18



## Special Expenses

When the district council provides services on behalf of a parish, or because there is no parish council in that area, these become special expenses of the district council and are only charged to the council tax payers in that area. Special expenses are paid to the district council for maintaining parks, play areas, allotments, burial grounds, grass verges and any other open spaces owned by the council.

The budgeted contribution to Special Expenses reserves was £6k and the actual outturn was a contribution to reserves of £19k. This movement was a result of increased burial fee income and a reduction in repairs and operational purchases at Coalville parks and recreation grounds.



Urban Forest Park, Coalville



## Housing Revenue Account (HRA)

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation of over 4,200 homes provided by the Council.

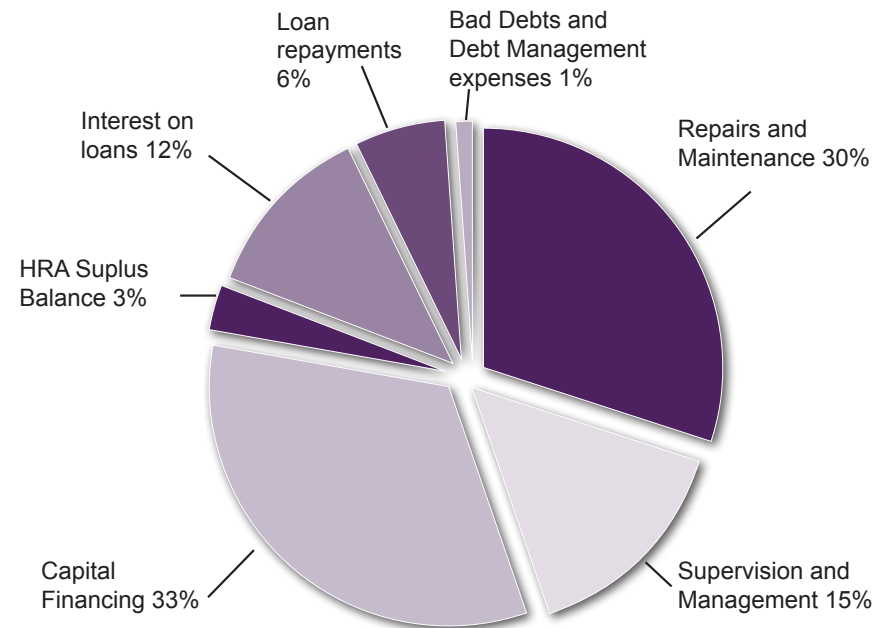
The HRA is a ring-fenced account, meaning that HRA funds are maintained separately from other council finances and must only be spent on the council's housing stock and tenants' services.

The HRA budgeted a surplus of £142k but achieved a surplus of £520k due to a number of variances. The most significant of these variances include £104k additional rental income as a result of reduced empty homes, a reduced depreciation charge of £146k, underspends on utilities and cleaning of £94k, underspends on council tax of £89k and overspends in respect of repairs and maintenance.

The surplus will be paid into the HRA loan redemption reserve which now stands at £8.4m which is building up to repay the first two self-financing maturity loans which total £13m and are due for payment in March 2022.

	Original Budget	Actual	Variance
	£000's	£000's	£000's
Net Expenditure on Services	14,534	14,285	(249)
Capital Financing - Self Financing Loans	3,257	3,257	0
<b>Total Expenditure</b>	<b>17,791</b>	<b>17,542</b>	<b>(249)</b>
<b>Funded by:-</b>			
Rent Income	17,207	17,313	(106)
Other	726	749	(23)
	<b>17,933</b>	<b>18,062</b>	<b>(129)</b>
Net Operating Expenditure	(142)	(520)	(378)
Balance b/f	8,912	8,912	0
Funding of net operating expenditure	142	520	378
<b>Balance carried forward</b>	<b>9,054</b>	<b>9,432</b>	<b>378</b>

## Where the money is spent HRA



## Our Assets and Liabilities

### Pension Liabilities

#### £46.3m

This is the value of what the council owes across future years offset by the value of assets invested in the pension fund. The council made a contribution of £2.7m to the scheme in 2017/18 and in addition, actuarial gain on the scheme in 2017/18 was £4m which reduced the total liability compared to 2016/17.

The pension fund, which is a Local Government Pension Scheme, is revalued every three years to set the future contribution rates. The last valuation took place in March 2016 which set our additional contribution rate at 22.2% plus £131,000 for the 2017/18 financial year. This rate means we pay additional amounts into the pension fund to offset the predicted liability on the scheme.

### Provisions

The council sets aside provision for business rate appeals against rateable valuations. Business ratepayers who have appealed against their assessment are still required to pay the rates demanded but should their appeal be successful then any sums overpaid will be refunded.

	2016/17	2017/18
Business Rates Appeals Provision	£8.5m	£4.9m

### Borrowing

As at 31st March 2018 the council has total external borrowing of £82.5m of long-term borrowing. Of this, £74m relates to loans from the Public Works Loan Board (PWLB) which were taken out in 2012 in order to fund HRA self-financing. Our HRA borrowing remains well below the 'debt cap' which is the limit of indebtedness that the government imposed when the self-financing regime was introduced, meaning we have the capacity to borrow an additional £16.7m. All of our borrowing is within our Prudential Code limit of £115m.

### Cash flow

The Council's cash flow shows a reduction of £1.15m in its cash and cash equivalents from the previous year. This was largely because whilst the cash collected in our collection fund increased by £2.6m and the amount of S106 monies held by us were also up by £1.8m, we increased the amount of short term investments we made by £5.5m, meaning that we collected more funds but actually held less in cash at 31 March 2018.

## Financial Position

We have maintained a strong financial position despite the financial challenges we face, with net assets increasing by £26 million between 2016/17 and 2017/18.

Non-Current Assets  
(property and long-term  
investments)  
**£257,249 million**

Net Current Assets  
(debtors, stock and  
cash less creditors  
and liabilities)  
**£15,578 million**

Long-term  
Liabilities and  
Provisions  
**£132,808 million**

**Net Assets**  
Funded by:  
**£140,019 million**  
31 March 2017

Funded by

Usable Reserves  
**£28,906 million**

Unusable  
Reserves  
**£111,113 million**

Non-Current Assets  
(property and long-term  
investments)  
**£270,633 million**

Net Current Assets  
(debtors, stock and  
cash less creditors  
and liabilities)  
**£28,684 million**

Long-term  
Liabilities and  
Provisions  
**£132,853 million**

**Net Assets**  
Funded by:  
**£166,464 million**  
31 March 2018

Funded by

Usable Reserves  
**£34,593 million**

Unusable  
Reserves  
**£131,871 million**

## Capital

We spent £7.8m on capital schemes in 2017/18, with the main area of spending relating to improvements to and building new council homes. We will invest £30m in our district over next five years as part of our ambitious five year capital programme. This investment will support our 5 priorities and includes:

- £19.5m in a new leisure facility for Coalville
- £12.5m in maintaining the Decent homes standard for our 4,268 council homes
- £6.6m in developing new council homes
- £3.3m on adapting residents homes through Disabled Facilities Grants

Expenditure	Outturn	Five Year Plan				
	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Improvements and modernisations	3,695	6,246	4,468	4,909	5,142	7,959
New Build Schemes	2,484	3,839	2,800	-	-	-
Better Care Fund - Disabled Facility Grants	647	762	623	623	623	623
Parks and Recreation Grounds	19	80	-	-	-	-
IT and Software	97	573	85	618	175	25
Transport Account Vehicles	491	1,095	600	927	928	260
Leisure Services	0	42	12,276	7,199	-	-
Car Parks	295	65	99	60	-	-
Other Capital Expenditure	71	570	598	185	35	-
<b>Total Expenditure</b>	<b>7,797</b>	<b>13,272</b>	<b>21,549</b>	<b>14,521</b>	<b>6,903</b>	<b>8,867</b>
Funding	£'000	£'000	£'000	£'000	£'000	£'000
Unsupported Borrowing	594	2,290	10,702	8,989	1,138	285
Revenue	3,588	50	50	50	50	2,999
Contributions	1,326	-	381	200	200	200
Reserves	377	8,675	5,474	3,175	3,470	3,464
Grants	647	573	573	573	573	573
Capital Receipts	1,265	1,684	4,369	1,534	1,471	1,346
<b>Total Funding</b>	<b>7,797</b>	<b>13,272</b>	<b>21,549</b>	<b>14,521</b>	<b>6,903</b>	<b>8,867</b>

## 5. Risk Management

We have a Risk Management Policy in place which was approved on 1 May 2018. This policy superseded our former Risk Management Strategy which Cabinet previously approved on 29 July 2014.

The overall objective of the Council's risk management strategy is the identification, analysis, management and financial control of those risks which can most impact on the Council's ability to pursue its approved delivery plan.

A Corporate Risk Register has been developed and approved by both the Corporate Leadership Team and Elected Members. The Corporate Risk Register is a live document constantly under review to ascertain progress on managed risks and new risks that could impact on the Council. A risk review cycle has been developed that will allow closer links with the service planning process

The Corporate Risk Group is represented by each of the Council's services. The CRG will

identify new risks and review the corporate risk register, whilst the review of all risk management activity is part of the terms of reference of the Audit and Governance Committee. Risks are reported to Cabinet as part of the Quarterly Performance Management Report. In addition, all reports to Council, Cabinet and Committees have a risk management section for consideration of risks associated with specific decisions. All service areas and corporate projects maintain service and project based risk registers.

Set out below are the key risks from the council's corporate risk register.

Risk	Impact	Mitigation
<b>Death / serious harm to a vulnerable person receiving a council service</b>	<ul style="list-style-type: none"> <li>• A serious case review arising from death/serious harm to a vulnerable person.</li> <li>• Reputational damage to council.</li> <li>• Loss of confidence in ability of council to deliver services.</li> </ul>	<ul style="list-style-type: none"> <li>• The organisation has the following structures in place;</li> <li>• An identified Corporate Lead (Head of Service) with a Portfolio Holder lead;</li> <li>• An identified Team responsible for Safeguarding (Safer and Stronger) with responsibility embedded into Team Leader role and an officer (Child and Adults at risk Officer);</li> <li>• An agreed Safeguarding Policy refreshed as required with delegation to Director of Housing and Customer Services for updates;</li> <li>• A programme of regular DSO meetings which consider training, best practice and case issues;</li> <li>• An annual training programme to ensure new DSO's are well informed and trained;</li> <li>• A quarterly senior management review of all cases to check progress/close cases;</li> <li>• A quarterly briefing with the Chief Executive, a 6 monthly report to CLT and an annual report to Cabinet;</li> <li>• Annual report reviews previous year and endorses an action plan for the year ahead.</li> </ul>

Risk	Impact	Mitigation
<b>Mismanagement of council finances</b>	<ul style="list-style-type: none"> <li>• Central Government intervention/special measures.</li> <li>• Adverse publicity.</li> <li>• Possible litigation.</li> <li>• Withdrawal of services.</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly management reviews monitor actual spend against budgets and forecast to the end of the year;</li> <li>• Monthly reporting and challenging at CLT, and reported to Cabinet quarterly Sound policies and procedures are in place;</li> <li>• Financial planning processes have been documented and are reviewed regularly;</li> <li>• Internal and External audit of systems and accounts;</li> <li>• Membership of CIPFA and engagement of Arlingclose gives access to specialist advice, analysis and expertise.</li> </ul>
<b>Insufficient resources due to unplanned / unforeseen absences / vacancies</b>	<ul style="list-style-type: none"> <li>• Council unable to perform its statutory duties.</li> <li>• Use of external resources at significantly higher cost.</li> </ul>	<ul style="list-style-type: none"> <li>• Advance planning will mitigate this risk;</li> <li>• Ability to divert resources from other services, bringing in additional resources from other sources (e.g. Agencies, Consultants, Voluntary/ Community sector etc.) would be activated;</li> <li>• Market conditions are tested through recruitment processes;</li> <li>• The Council can offer a package of additional benefits to enhance the recruitment offer;</li> <li>• The Council has developed innovative partnering relationships with other sectors including the private sector to make posts uniquely attractive;</li> <li>• Best Employee Experience is a programme to attract and develop the right skills, and promoting existing staff talent through secondments and tailored development programmes. Apprenticeships allow the Council to 'grow our own'.</li> </ul>
<b>Contracts are not properly procured and managed</b>	<ul style="list-style-type: none"> <li>• Council liable to incur additional costs.</li> <li>• Contract overrun</li> <li>• Litigation</li> <li>• Potential health and safety issues.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate procurement officer and legal team to support where necessary on contract management.</li> <li>• Policies and procedures are in place.</li> <li>• A Senior Procurement Officer oversees a procurement planning process.</li> <li>• Training programme in place for staff.</li> </ul>

Risk	Impact	Mitigation
<b>Loss or unlawful use of personal data constituting breach of data protection legislation</b>	<ul style="list-style-type: none"> <li>• Monetary penalties from ICO</li> <li>• Adverse publicity</li> <li>• Private litigation</li> <li>• Personal criminal liability of officers.</li> </ul>	<ul style="list-style-type: none"> <li>• Policies and procedures are in place although not yet rolled out and fully embedded;</li> <li>• Corporate Governance training is undertaken annually and includes information governance as appropriate to reflect changes in legislation;</li> <li>• The Council has a dedicated SIRO. Corporate Governance Groups are in place to scrutinise impacts/issues arising.</li> </ul>
<b>Failure to respond to an emergency in an appropriate manner</b>	<ul style="list-style-type: none"> <li>• General public at risk of harm or unable to access relevant services (e.g. emergency accommodation or rest centre).</li> <li>• Adverse publicity.</li> <li>• “Business as usual” not possible without appropriate business continuity plan in place.</li> <li>• Breakdown in relationship with other responders.</li> </ul>	<ul style="list-style-type: none"> <li>• Business continuity plans have been documented, policies and procedures are in place.</li> <li>• The LRF partnership arrangement with all Leicestershire and Rutland authorities provide resilience during civil emergency situations.</li> <li>• Business Continuity exercises show the readiness of the Council to deal with emergencies.</li> <li>• System of ICO / FLM duty rotas is in place.</li> </ul>
<b>Infiltration of ICT systems</b>	<ul style="list-style-type: none"> <li>• “Business as usual” would not be possible.</li> <li>• Cost of repelling cyber threat and enhancing security features.</li> </ul>	<ul style="list-style-type: none"> <li>• Fully resilient environment in place with no single points of failure for core systems, other critical systems use cold standby equipment.</li> <li>• New business services are run in remote fully resilient data centres and existing systems are being progressively migrated to these cloud computing centres.</li> <li>• Data is backed up to a second disk unit offsite at Hermitage Leisure Centre</li> <li>• Improved business recovery arrangements have been implemented to minimise recovery time. Accreditation to Cyber Essentials Plus and the Public Services Network.</li> </ul>

Risk	Impact	Mitigation
<b>Projects are poorly managed</b>	<ul style="list-style-type: none"> <li>• Failure of proposed projects could result in failure to achieve overall objectives.</li> <li>• Inefficient use / waste of resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Properly convened project teams with PID and project plan in place, including project risk registers. Progress on corporate projects scrutinised by CLT.</li> <li>• Use of external resources is also being used to support the Coalville and Leisure projects.</li> </ul>
<b>Council is subject to fraud, corruption or theft</b>	<ul style="list-style-type: none"> <li>• Financial, reputational and political damage to Council.</li> </ul>	<ul style="list-style-type: none"> <li>• A policy framework that includes Anti-Fraud and Corruption Policy, Confidential Reporting (Whistleblowing) Policy and Anti-Money Laundering Policy.</li> <li>• The Internal Audit annual planning process takes into account high risk areas, which considers fraud risks. Fraud risks are considered as part of specific audits with testing designed to detect fraud where possible. The Council is also subject to External Audit.</li> <li>• Internal control and governance arrangements such as segregation of duties, schemes of delegation, bank reconciliations of fund movements, and verification processes.</li> <li>• Information on how to report fraud is on the website including relevant links.</li> <li>• Participation in National Fraud Initiative (mandatory) and Leicestershire Fraud Intelligence Hub (voluntary).</li> <li>• Leicestershire Revenues and Benefits Partnership have two trained officers working solely on Council Tax Reduction Scheme Fraud and act as Single Point of Contact for DWP referrals.</li> </ul>
<b>The Council is subject to a reduction in income</b>	<ul style="list-style-type: none"> <li>• Services are unable to be delivered.</li> <li>• Potential staff redundancies.</li> <li>• Funding of external groups is withdrawn.</li> <li>• Potential breach of statutory duties.</li> </ul>	<ul style="list-style-type: none"> <li>• Medium Term Financial Strategy in place, including Self Sufficiency initiative.</li> <li>• Economic Development Team promotes business offer.</li> <li>• Participation in Business Rates Pilots.</li> <li>• Accessing external funding where appropriate.</li> <li>• Income collection procedures in Revs and Bens Service and Housing.</li> </ul>



## **6. Basis of preparation**

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

# The Statement of Responsibilities for the Statement of Accounts

## The Council's Responsibilities

The Council is required: -

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Head of Finance and S151 Officer) has the responsibility for the administration of those affairs.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

## The Head of Finance and S151 Officer's responsibilities

The Head of Finance and S151 Officer is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code).

In preparing this Statement of Accounts, the Head of Finance and S151 Officer has: -

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future: and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2018 and of its income and expenditure for the year then ended.



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Tracy Bingham  
Head of Finance and S151 Officer

09/11/18

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Date



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Councillor Virge Richichi  
Chair of the Audit and Governance Committee

09/11/18

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Date

# Section 2 Core Statements

# Core Statements

## 1. Introduction

The following pages summarise the financial activities of North West Leicestershire District Council for 2017/18.

The council's Accounts have been produced in accordance with the Code of Practice on Local Authority Accounting 2017/18 and the service reporting code of Practice 2017/18, supported by the International Financial Reporting Standards (IFRS). Explanatory notes to the accounts have been included to give further information where appropriate. The layout of the accounts follows the recommendations of the Code.

For 2017/18 the accounts consist of these 'core' Financial Statements:

- Comprehensive income and Expenditure Account which shows income and expenditure of all main services. This also includes the Statement of Total Recognised Gains and Losses which shows all gains and losses of the council for the year and the aggregate change in its net worth
- Movement in Reserves Statement which shows the movement in the year on the different reserves held by the council analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure

or reduce local taxation) and unusable reserves (i.e. those that cannot be used to fund expenditure)

- The balance sheet which sets out the overall financial position of the council at 31 March 2018 showing its assets, liabilities and reserves
- Cash Flow statement which summarises the movements of cash and cash equivalents into and out of the Council arising from transactions with third parties
- The Expenditure and Funding Analysis (EFA) – This shows how annual expenditure is used and funded from resources by the Council in comparison with how those resources by the Council are consumed or earned by the Council. It also shows how this expenditure is allocated for the decision making purposes between the council's portfolio holders
- Notes to the Core Financial Statements which provide explanations of key figures within the statement.

Other financial statements:

- The Housing Revenue Account (HRA) Income and Expenditure Account and Statement of Movement on the HRA balance – details income and expenditure on HRA services included in the whole Council Income and Expenditure Account and the latter reconciles the surplus for the year to the movement on the HRA balance
- The collection Fund Income and Expenditure Account – this fulfils the Council's Statutory requirement as a billing authority to maintain a separate Collection Fund showing transactions for the Council Tax Non-domestic Rates and how these have been distributed to precepting authorities and the General Fund
- The special Expenses Account – showing income and expenditure in those areas of the district where special expenses are levied.

## 2. Changes to the Statement of Accounts introduced in the 2017 Code

This 2017/18 edition of the Code introduces new, or amended, accounting standards or reporting requirements in a number of areas, in particular:

- Amendment to section 3.1 (Narrative Reporting) to introduce key new reporting principles for the Narrative Report
- Changes to sections 4.2 (Lease and Lease Type Arrangements), 4.3 (Service Concession Arrangements: Local Authority as Grantor), 7.4 (Financial Instruments – Disclosure and Presentation Requirements) and Appendix B (Sources and Legislation) for the Local Authority (Capital Finance and Accounting) Scotland Regulations 2016
- Updates to section 3.4 (Presentation of Financial Statements) to clarify the reporting requirements for accounting policies and going concern reporting

- Amendments to section 6.5 (Accounting and Reporting by Pension Funds) to require a new disclosure of investment management transaction costs and clarification of the approach to the investment concentration disclosure
- Changes to section 3.5 (Housing Revenue Account) to reflect the Housing Revenue Account (Accounting Practices) Directions 2016 disclosure requirements for English authorities.



Grace Dieu Priory, Thringstone

## 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 regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

(Restated) 2016/17				2017/18			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Notes Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	
948	(176)	772	Chief Executive and Other Services		1,752	(316)	1,436
1,809	(752)	1,057	Legal and Support Services		1,929	(736)	1,193
20,824	(19,750)	1,074	Service Transformation/Finance		19,877	(18,779)	1,098
13,483	(5,814)	7,669	Community Services (Including Strategic Director of Place)		14,710	(5,938)	8,772
658	(134)	524	Strategic Housing		806	(215)	591
4,670	(1,754)	2,916	Regeneration and Planning		2,997	(1,557)	1,440
(12,131)	(18,161)	(30,292)	Housing Services - HRA		6,233	(17,924)	(11,691)
891	(1)	890	Corporate and Democratic Core		867	(10)	857
80	0	80	Non Distributed Costs		99	0	99
<b>31,232</b>	<b>(46,542)</b>	<b>(15,310)</b>	<b>Cost of Services</b>		<b>49,270</b>	<b>(45,475)</b>	<b>3,795</b>
		7,251	Other Operating Expenditure	6			5,835
		3,541	Financing and Investment Income and Expenditure	7			4,387
		(17,139)	Taxation and Non-Specific Grant Income	8			(17,844)
		<b>(21,657)</b>	<b>(Surplus)/Deficit on Provision of Services</b>				<b>(3,827)</b>
		(27,762)	(Surplus)/Deficit on revaluation of non current assets				(18,552)
			(Surplus)/Deficit on revaluation of available for sale financial assets				0
		7,177	Actuarial (gains)/losses on pension assets/liabilities				(3,963)
		<b>(20,585)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(22,515)</b>
		<b>(42,242)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(26,342)</b>

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce taxation) and unusable reserves. The statement shows how the movement in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and statutory adjustments required to return to the amounts chargeable to Council Tax or rents for the year. The net increase/decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

(Restated)	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major repairs reserve	Capital Grants unapplied	Total Usable reserves	Unusable reserves	Total Authority reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 April 2016</b>	<b>11,876</b>	<b>6,209</b>	<b>4,037</b>	<b>1,797</b>	<b>1,118</b>	<b>25,037</b>	<b>72,730</b>	<b>97,767</b>
Total Comprehensive Income and Expenditure	(1,316)	22,973	0	0	0	21,657	20,585	42,242
Adjustments between accounting basis and funding basis under regulations	1,449	(19,629)	1,666	(1,205)	(69)	(17,788)	17,788	0
Transfers between reserves	498	0	(498)	0	0	0	10	10
<b>Increase/(Decrease) in Year</b>	<b>631</b>	<b>3,344</b>	<b>1,168</b>	<b>(1,205)</b>	<b>(69)</b>	<b>3,869</b>	<b>38,383</b>	<b>42,252</b>
<b>Balance as at 31 March 2017 (restated)</b>	<b>12,507</b>	<b>9,553</b>	<b>5,205</b>	<b>592</b>	<b>1,049</b>	<b>28,906</b>	<b>111,113</b>	<b>140,019</b>
Total Comprehensive Income and Expenditure	(3,119)	6,946	0	0	0	3,827	22,515	26,342
Adjustments between accounting basis and funding basis under regulations	5,101	(6,491)	993	2,439	(229)	1,813	(1,813)	0
<b>Increase/(Decrease) in Year</b>	<b>1,982</b>	<b>455</b>	<b>993</b>	<b>2,439</b>	<b>(229)</b>	<b>5,640</b>	<b>20,702</b>	<b>26,342</b>
<b>Balance at 31 March 2018 carried forward</b>	<b>14,489</b>	<b>10,008</b>	<b>6,198</b>	<b>3,031</b>	<b>820</b>	<b>34,546</b>	<b>131,815</b>	<b>166,361</b>



## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories.

The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	(Restated)	(Restated)		
	31 March 2016	31 March 2017		31 March 2018
	£'000	£'000	NOTES	£'000
	187,445	232,761	Property Plant and Equipment	9 252,866
	13,554	13,554	Investment Property	10 12,614
	492	454	Intangible Assets	11 383
	0	0	Heritage Assets	12 1,020
	0	0	Assets Held For Sale	13 0
	1,459	1,475	Surplus Assets	9 639
	8,000	9,000	Long Term Investments	3,000
	10	5	Long Term Debtors	9
	<b>210,960</b>	<b>257,249</b>	<b>Long Term Assets</b>	<b>270,531</b>
	16,995	24,495	Short Term Investments	35,995
	144	142	Inventories	14 133
	2,533	2,125	Short Term Debtors	15 2,606
	6,388	6,040	Cash and Cash Equivalents	16 4,889
	<b>26,060</b>	<b>32,802</b>	<b>Current Assets</b>	<b>43,623</b>
	(1,055)	(1,079)	Short Term Borrowing	(1,103)
	(10,118)	(12,613)	Short Term Creditors	17 (11,871)
	(2,986)	(3,532)	Provisions	34 (1,966)
	<b>(14,159)</b>	<b>(17,224)</b>	<b>Current Liabilities</b>	<b>(14,940)</b>
	(84,087)	(82,942)	Long Term Borrowing	(81,822)
	(38,467)	(47,228)	Other Long Term Liabilities	(46,298)
	(121)	(179)	Revenue Grants Receipt In Advance	(482)
	(2,420)	(2,459)	Capital Grants Receipt In Advance	(4,251)
	<b>(125,095)</b>	<b>(132,808)</b>	<b>Long Term Liabilities</b>	<b>(132,853)</b>
	<b>97,766</b>	<b>140,019</b>	<b>Net Assets</b>	<b>166,361</b>
	11,876	12,507	General Fund Balance	14,489
	6,209	9,553	Housing Revenue Account	10,008
	4,037	5,205	Capital Receipts Reserve	6,198
	1,797	592	Major Repairs Reserve	3,031
	1,118	1,049	Capital Grants Unapplied	820
	<b>25,037</b>	<b>28,906</b>	<b>Usable Reserves</b>	<b>34,546</b>

31 March 2016		31 March 2017		31 March 2018		
(Restated)		(Restated)				
£'000	£'000			NOTES	£'000	£'000
17,515	44,309	Revaluation Reserve		19	61,671	
95,933	115,106	Capital Adjustment Account		19	118,058	
(1,368)	(1,332)	Financial Instruments Adjustment Account		19	(1,296)	
(38,467)	(47,228)	Pension Reserve		19	(46,298)	
(616)	526	Collection Fund Adjustment Account		19	(52)	
(268)	(268)	Accumulated Absences Account		19	(268)	
<b>72,729</b>	<b>111,113</b>	<b>Unusable Reserves</b>				<b>131,815</b>
<b>97,766</b>	<b>140,019</b>					<b>166,361</b>

## Cash Flow Statement

The Cash Flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as; operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

<b>(Restated) Indirect Method</b>	<b>NOTES</b>	<b>2017/18</b>
<b>2016/17</b>		<b>£'000</b>
<b>£'000</b>		<b>£'000</b>
<b>(21,657) Net (surplus) or deficit on the provision of services</b>		<b>(3,827)</b>
<b>Noncash Movements</b>		
(3,023) Depreciation		(3,578)
21,321 Impairment and downward valuations		3,453
(187) Amortisations		(141)
(387) Increase in impairment for provision for bad debts		(74)
302 (Increase)/decrease in creditors		(580)
(68) Increase/(decrease) in debtors		314
2 (Increase)/decrease in stock		9
(1,584) Pension liability		(3,033)
(7,865) Carrying amount of non-current assets sold		(6,157)
414 Other non cash items charged to the net Surplus or Deficit on the Provision of Services		1,523
<b>8,925 Adjust net surplus or deficit on the provision of services for noncash movements</b>		<b>(8,264)</b>
Adjust for items included in the net surplus or deficit on the provision of services that are		
3,039 investing and financing activities		2,955
<b>(9,693) Net Cash Flows from Operating Activities</b>		<b>(9,136)</b>
12,949 Investing Activities	21	9,552
(2,908) Financing Activities	22	735
<b>348 Net increase or decrease in cash and cash equivalents</b>		<b>1,151</b>
6,388 Cash and cash equivalents at the beginning of the reporting period		6,040
<b>6,040 Cash and cash equivalents at the end of the reporting period</b>	16	<b>4,889</b>

# Section 3 Notes to the Core Financial Statements

# Notes to the accounts

## Accounting policies

### 1. General Principles

The Statement of Accounts has been prepared with reference to the objective of showing the results of the stewardship and accountability of elected members and management for the resources entrusted to them, and on the underlying assumption of a going concern basis.

The Statement of Accounts summarises the council's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. 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 Council Accounting in the United Kingdom 2017/18, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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

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

The Council's accounting policies as far as possible have been developed to ensure that the Council's accounts are understandable, relevant, free from material error or misstatement, reliable and comparable, and are applied consistently. A glossary of terms can be found at the end of this document.

### 2. Accruals of income and expenditure

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

- Revenue from the sale of goods is recognised when the council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the council.
- Revenue from the provision of services is recognised when the council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the council.
- 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 receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### 3. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

### 4. Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

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

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

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

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

## 6. Charges to revenue for non-current assets

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. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision) 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 4% of the opening balance for the financial period (the Regulatory Method)

## 7. Council tax and non-domestic rates (England)

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

## Accounting for Council Tax and NDR

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

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



BEE a star staff awards

## 8. 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 wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) 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 wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the council can no longer withdraw the offer of those benefits or when the council recognises costs for a restructuring.

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



## Post-employment Benefits

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

- The liabilities of the Leicestershire County Council pension fund attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and 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 Leicestershire County Council pension fund attributable to the council are included in the Balance Sheet at their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate

- Unitised securities – current bid price
- Property – market value.

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

- Service cost comprising:
  - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees 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 (asset), i.e. net interest expense for the council – the change during the period in the net defined benefit liability (asset) 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 (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) 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 (asset) – 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 Leicestershire County Council 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.

## 9. Events after the reporting period

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

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

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

## 10. Financial Instruments

### Financial Liabilities

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/ settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a

transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

### Loans and Receivables

Loans and receivables 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 loans that the council has made, 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.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

## 11. 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 council when there is reasonable assurance that:

- The council 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 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.



Moira Furnace a listed monument of historical interest located in Moira which is owned by the council.

## 12. Heritage Assets

The council has two heritage assets which are held in support of increasing the knowledge, understanding and appreciation of the council's history and local area. These are Moira Furnace, a listed monument of historical interest located in Moira and Memorial Clock Tower, a Grade II listed building that services as a historic war memorial located in the centre of Coalville.

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 heritage assets, e.g. where an item 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 18. The council will occasionally dispose of heritage assets. The proceeds of such items are accounted for in accordance with the council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial

statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see note 18 below).

## 13. Intangible Assets

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the 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.

## 14. Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula. Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

## 15. 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. Properties 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 applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income 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.

## 16. 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. 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 Council 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 periods in which they are incurred.

Lease payments are apportioned between:

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

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the council 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 or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

### **17. Overheads and Support Services**

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

### **18. Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

#### **Recognition**

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

#### **Measurement**

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services 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 this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Depreciation

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

Depreciation is calculated on the following bases – straight-line allocation over the useful life of the property as estimated by the valuer.

Where an item of property, plant and equipment asset 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 previously recognised losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government (50% for land and other assets, net of statutory deductions and allowances and for dwellings, amounts determinable under the Right to Buy and One for One Agreement that the council signed in 2012). 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 non-current 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.

## 19. 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 when the council has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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 than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **20. Reserves**

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. 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 the 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, local taxation, retirement and employee benefits and do not represent usable resources for the council – these reserves are explained in the relevant policies.

## **21. 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.

## 22. 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.

## 23. Accounting standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a disclosure of information relating to the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code. This applies to the adoption of the following new or amended standards within the 2018/19 code:

- IFRS 9 Financial Instruments – These changes constitute classification and measurement, impairment, and new disclosure requirements concerning local authority investments. The changes replace IAS39 Financial Instruments: Recognition and Measurement. Provisions do not apply until 1 April 2018. The council will be required to extend the current Balance Sheet disclosure across the new classifications of financial assets, extend the Comprehensive Income and Expenditure Statement disclosure to capture gains and losses on financial assets and include additional disclosures on impairment of financial assets.
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers – This change will constitute revenue recognition and disclosure changes. The council will be required to recognise revenue in a way that it represents the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the authority expects to be entitled in exchange for those goods or services.
- Amendment to IAS 7 Statement of Cash Flows: Disclosure Initiative – These additional disclosure requirements will constitute a presentational change to the notes of the cash flow statement.
- Amendment to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses – The council does not expect this standard to be relevant to our single entity accounts, but may become so in future years should the council be required to prepare group accounts.
- IFRS16 Leases - This change will require local authorities that are lessees to recognise most leases on their balance sheet as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases).
- Amendment to IFRS 16 – this standard will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases).

## Notes to core financial statement

### 1 Critical Judgements In Applying Accounting Policies

In applying the accounting policies set out in Section 3, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. No such critical judgements have been deemed to be necessary for 2017/18.

### 2 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 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
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 is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions are included in Note 33. The Council's actuaries provide an annual statement of the pension liabilities and assets. During 2017/18, the Council's actuaries advised that the net pensions liability had reduced by £930k as a result of revisions to estimates and judgements.
Asset Life / Maintenance	Assets are depreciated over their useful lives as determined by the Council's valuer. Property, plant and equipment are reviewed for both economic and price impairment on an annual basis. Any movement in either the assets useful life or the market value of the property will have an impact on the Council's Valuation.	If the useful life of assets is reduced, the depreciation increases and the carrying amount of assets falls. The depreciation charge for buildings would increase by an estimated £13k for every year useful life is reduced. If an asset is impaired the carrying amount of asset is reduced.
Business Rates Appeals Provision	The introduction of the Business Rates Retention scheme in 2013/14 means that the Council now bears 40% of the risk for business rates appeals. As at the end of March 2018, 148 appeals remain outstanding with the Valuation Office Agency. As stated in Section 1, we have created an earmarked reserve for estimated successful future appeals and the associated losses in income for the period to the end of March 2019.	If the estimated success rate of existing appeals increased in monetary value by 10%, then this would require the Council to increase its share of the provision for appeals by £197k.
Arrears	Each year the Council reviews the significant balances for Council Tax, Business Rates and sundry debtor arrears. Officers estimate the potential impairment of those debts based on historical default experience, and the age of the debts. 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 impairment of doubtful debts would require an additional £376k for Council Tax debts, £105k for business rates and £159k for sundry debts to be set aside as an allowance.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

## Notes to core financial statement - continued

### 3 Events after the Balance Sheet Date

The reporting date for the 2017/18 Statement of Accounts (subject to External Audit) is the 31 May 2018 on which the Council's Section 151 Officer certifies the accounts. Any events occurring after this date which have had a material impact on the figure contained within the Statement of Accounts will be added and issued with the audited accounts as appropriate.

### 4 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.

2017/18	Usable Reserves					Movement in Unusable reserves £'000
	General fund Balance £'000	Housing Revenue Account £'000	Capital Receipts reserve £'000	Major Repairs reserves £'000	Capital Grants Unapplied £'000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	1,037	523		2,439		(3,999)
Revaluation (gains) and losses on Property Plant and Equipment	82	(4,919)				4,837
Movements in the market value of Investment Properties	940					(940)
Amortisation of intangible assets	141					(141)
Depreciation of Heritage Assets	23					(23)
Revenue expenditure funded from capital under statute		(22)				22
Principal Repaid on Self Financing Loans		(1,079)				1,079
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	6,157				(6,157)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(551)					551
Capital expenditure charged against the General Fund and HRA balances	(377)	(4,891)				5,268
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(28)	257			(229)	
	1,267	(3,974)	0	2,439	(229)	497

## Notes to core financial statement - continued

2017/18 - continued	General fund Balance £'000	Housing Revenue Account £'000	Usable Reserves			Movement in Unusable reserves £'000
			Capital Receipts reserve £'000	Major Repairs reserves £'000	Capital Grants Unapplied £'000	
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(24)	(2,888)	2,912			0
Use of the Capital Receipts Reserve to finance new capital expenditure			(1,265)			1,265
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	103	(103)			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	594		(594)			
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(43)	43			0
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(29)	(7)				36
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	5,005	774				(5,779)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,290)	(456)				2,746
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	578					(578)
<b>Total Adjustments</b>	<b>5,101</b>	<b>(6,491)</b>	<b>993</b>	<b>2,439</b>	<b>(229)</b>	<b>(1,813)</b>

## Notes to core financial statement - continued

(Restated) 2016/17 comparative figures	General fund Balance £'000	Housing Revenue Account £'000	Usable Reserves		Capital Grants Unapplied £'000	Movement in Unusable reserves £'000
			Capital Receipts reserve £'000	Major Repairs reserves £'000		
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	1,019	9		1,995		(3,023)
Revaluation losses/(gains) on Property Plant and Equipment	201	(21,522)				21,321
Movements in the market value of Investment Properties	31					(31)
Amortisation of intangible assets	187					(187)
Principal Repaid on Self Financing Loans		(1,055)				1,055
Amount 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	4	7,861				(7,865)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(536)					536
Capital expenditure charged against the General Fund and HRA balances	(473)					473
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	69				(69)	
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(14)	(3,025)	3,039			
Use of the Capital Receipts Reserve to finance new capital expenditure			(715)			715
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	59	(59)			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	599		(599)			0
	1,087	(17,673)	1,666	1,995	(69)	12,994



## Notes to core financial statement - continued

(Restated) 2016/17 comparative figures continued	General fund Balance £'000	Housing Revenue Account £'000	Usable Reserves		Capital Grants Unapplied £'000	Movement in Unusable reserves £'000
			Capital Receipts reserve £'000	Major Repairs reserves £'000		
<b>Adjustment involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA		(2,000)		2,000		
Use of the Major Repairs Reserve to finance new capital expenditure				(5,200)		5,200
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(22)	(14)				36
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,625	515				(4,140)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,099)	(457)				2,556
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,142)					1,142
<b>Total Adjustments</b>	<b>1,449</b>	<b>(19,629)</b>	<b>1,666</b>	<b>(1,205)</b>	<b>(69)</b>	<b>17,788</b>

## Notes to core financial statement - continued

### 5 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans into the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2017/18.

	Balance at 31/3/2016 £'000	Transfers Out 2016/17 £'000	Transfers In 2016/17 £'000	Balance at 31/3/2017 £'000	Transfers Out 2017/18 £'000	Transfers In 2017/18 £'000	Balance at 31/3/2018 £'000
<b>General Fund:</b>							
General reserves	6,602	(1,807)	3,726	<b>8,521</b>	(1,835)	3,001	<b>9,687</b>
Self Sufficiency reserve	0	0	0	<b>0</b>	0	2,769	<b>2,769</b>
Value for Money reserve	1,651	(792)	0	<b>859</b>	(859)	0	<b>0</b>
Housing and Planning Delivery Grant	11	0	0	<b>11</b>	(11)	0	<b>0</b>
Leisure Strategy/Project Grants	126	(37)	0	<b>89</b>	(89)	0	<b>0</b>
Ivanhoe Sink Fund	142	(13)	9	<b>138</b>	0	11	<b>149</b>
Hermitage Rec Grd Mtce Fund	21	0	0	<b>21</b>	0	0	<b>21</b>
Asset Protection Fund	204	(75)	36	<b>165</b>	(68)	68	<b>165</b>
Industrial Units Maint Fund	20	(40)	40	<b>20</b>	(25)	25	<b>20</b>
Whitwick Business Centre	48	(34)	26	<b>40</b>	(20)	30	<b>50</b>
Capital Reserve	195	(195)	0	<b>0</b>	0	0	<b>0</b>
Transport Appropriation	66	0	63	<b>129</b>	(152)	23	<b>0</b>
Other	5	0	0	<b>5</b>	(5)	0	<b>0</b>
<b>Total</b>	<b>9,091</b>	<b>(2,993)</b>	<b>3,900</b>	<b>9,998</b>	<b>(3,064)</b>	<b>5,927</b>	<b>12,861</b>
<b>HRA:</b>							
HRA Shops Sinking Fund	7	(2)	1	<b>6</b>	(0)	0	<b>6</b>
General Earmarked reserves	524	(148)	259	<b>635</b>	(383)	365	<b>617</b>
<b>Total</b>	<b>531</b>	<b>(150)</b>	<b>260</b>	<b>641</b>	<b>(383)</b>	<b>365</b>	<b>623</b>

## Notes to core financial statement - continued

### 6 Other Operating Expenditure

(Restated) 2016/17 £'000	2017/18 £'000
1,826 Parish Council Precepts	1,944
599 Payments to the Government Housing Capital Receipts Pool	594
4,826 Gains/losses on the disposal of non current assets	3,298
<b>7,251 Total</b>	<b>5,835</b>

### 7 Financing and Investment Income and Expenditure

2016/17 £'000	2017/18 £'000
2,770 Interest payable and similar charges	2,761
1,349 Pensions interest cost and expected return on pensions assets	1,250
(283) Interest receivable and similar income	(251)
(295) Income and expenditure in relation to investment properties	627
<b>3,541 Total</b>	<b>4,387</b>

### 8 Taxation and Non Specific Grant Income

2016/17 £'000	2017/18 £'000
(7,257) Council tax income	(7,492)
(3,685) Non domestic rates	(5,078)
(3,934) Non-ring fenced government grants	(3,453)
(2,263) Capital grants and contributions	(1,821)
<b>(17,139) Total</b>	<b>(17,844)</b>

## Notes to core financial statement - continued

### 9 Movements on Assets

Costs	Council dwelling £'000	Other Land and Buildings £'000	Vehicle, Plant, Furniture and Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under construction £'000	Total Property Plant and Equipment £'000
<b>Cost or Valuation</b>								
At 1 April 2017	207,145	23,361	6,808	0	76	1,475	0	238,865
Additions	3,913	997	650	0	0	0	1,534	7,094
Donations	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	13,328	1,878	0	0	0	4	0	15,210
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	4,683	(365)	0	0	0	3	0	4,321
Derecognition - Disposals	(2,113)	0	(176)	0	0	(399)	0	(2,688)
Derecognition - Other	(3,687)	0	0	0	0	0	0	(3,687)
Assets reclassified	0	0	0	0	0	0	0	0
At 31 March 2018	223,269	25,871	7,282	0	76	1,083	1,534	259,115

## Notes to core financial statement - continued

Accumulated Depreciation and Impairment	Council dwelling £'000	Other Land Buildings £'000	Vehicle, Plant, Furniture and Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under construction £'000	Total Property Plant Equipment £'000
At 1 April 2017	0	0	4,643	0	0	0	0	4,643
Depreciation charge	2,417	416	699	0	0	23	0	3,555
Depreciation written out to the Revaluation Reserve	(2,069)	(236)	0	0	0	0	0	(2,305)
Depreciation written out to the Surplus/ Deficit on the Provision of Services	(323)	(180)	0	0	0	(13)	0	(516)
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	444	0	444
Derecognition - Disposals	(25)	0	(176)	0	0	(10)	0	(211)
Derecognition - Other	0	0	0	0	0	0	0	0
At 31 March 2018	0	0	5,166	0	0	444	0	5,610
<b>Net Book Value</b>								
<b>At 31 March 2018</b>	<b>223,269</b>	<b>25,871</b>	<b>2,116</b>	<b>0</b>	<b>76</b>	<b>639</b>	<b>1,534</b>	<b>253,505</b>
<b>At 31 March 2017</b>	<b>207,145</b>	<b>23,361</b>	<b>2,164</b>	<b>0</b>	<b>76</b>	<b>1,475</b>	<b>0</b>	<b>234,221</b>

## Notes to core financial statement - continued

### Comparative Movements

Restated costs	Council dwelling £'000	Other Land and Buildings £'000	Vehicle, Plant, Furniture and Equipment £'000	Infra- structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under construction £'000	Total Property Plant and Equipment £'000
<b>Cost or Valuation</b>								
At 1 April 2016	161,714	23,704	5,909	0	76	1,459	0	192,862
Additions	5,937	313	912	0	0	0	0	7,162
Donations	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	26,695	(201)	0	0	0	0	0	26,494
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	20,647	(380)	0	0	0	15	0	20,283
Derecognition - Disposals	(1,958)	(75)	(13)	0	0	0	0	(2,046)
Derecognition - Other	(5,890)	0	0	0	0	0	0	(5,890)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0
At 31 March 2017	207,145	23,361	6,808	0	76	1,475	0	238,865

## Notes to core financial statement - continued

### Comparative Movements

Restated Accumulated Depreciation and Impairment	Council dwelling £'000	Other Land and Buildings £'000	Vehicle, Plant, Furniture and Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under construction £'000	Total Property Plant and Equipment £'000
At 1 April 2016	0	0	3,958	0	0	0	0	3,958
Depreciation charge	1,887	420	695	0	0	21	0	3,023
Depreciation written out to the Revaluation Reserve	(1,033)	(234)	0	0	0	0	0	(1,267)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(831)	(186)	0	0	0	(21)	0	(1,038)
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Derecognition - Disposals	(23)	0	(10)	0	0	0	0	(33)
Derecognition - Other	0	0	0	0	0	0	0	0
<b>At 31 March 2017</b>	<b>0</b>	<b>0</b>	<b>4,643</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,643</b>

## Notes to core financial statement - continued

### Fixed Assets Valuation

The fixed assets shown in the Balance Sheet are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice. The different types of assets have been valued on the following basis:

(i) Operational assets are included in the balance sheet at open market value in existing use or depreciated replacement cost where the asset is of a specialist nature, i.e. there is no market for such an asset.

(ii) Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at open market value.

(iii) Infrastructure and community assets are included in the balance sheet at historic cost, net of any depreciation.

(iv) Council dwellings have been valued using the beacon principal, where a typical property is valued as being representative of a particular house type and location. The valuation for each of the beacon properties selected was on the basis of existing use value – Social Housing.

Category	Date of Last Valuation	Basis of Valuation	Details of Valuers
Council Dwellings	31.03.18	The valuations have been made in accordance with the RICS Appraisal and Valuation manual as published by the Royal Institute of Chartered Surveyors. In the case of housing stock this is based upon Existing Use Value for Social Housing.	Mr G Harbord (MA,MRICS,IRRV) Wilks Head and Eve
Other Land & Building	31.03.18	The valuations have been made in accordance with the RICS Appraisal and Valuation manual as published by the Royal Institute of Chartered Surveyors.	Mr G Harbord (MA,MRICS,IRRV) Wilks Head and Eve

Major fixed assets held at 31 March 2018, are:-

2016/17 restated No		2017/18 No
	<b>Leisure Centres</b>	
2	Leisure Centres with Pools	2
1	Markets	1
4	Cemeteries	4
	<b>Council dwellings</b>	
2,510	Houses	2,489
994	Flats and Maisonettes	967
810	Bungalows	814
	<b>Land</b>	
91	Parks and Open Spaces (acres)	91
	<b>Other</b>	
1	Office Properties	1
2	Depots	2
18	Off Street Car Parks	18
5	Public Conveniences	5
12	Industrial Estates/Business Units	12



## Notes to core financial statement - continued

### 10 Investment Properties

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

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

2016/17 £'000	2017/18 £'000
865 Rental income from investment property	832
(570) Direct operating expenses arising from investment property	(1,459)
295 Net gain/(loss)	(627)

The following table summarises the movement in the fair value of investment properties over the year.

2016/17 £'000	2017/18 £'000
13,554 Balance at the start of the year	13,554
Additions:	
0 Purchases	0
0 Construction	0
31 Subsequent expenditure	0
Disposals:	
(31) Net gains/(losses) from fair value adjustments	(940)
Transfers:	
0 To/from Inventories	0
0 To/from Property, Plant and Equipment	0
0 Other changes	0
13,554 Balance at the end of the year	12,614

### 11 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 both purchased licences and 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.

## Notes to core financial statement - continued

### Intangible Assets - continued

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £141k was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	Internally Generated Assets £'000	2016/17 Other Assets £'000	Total £'000	Internally Generated Assets £'000	2017/18 Other Assets £'000	Total £'000
Balance at start of year						
- Gross carrying amounts		1,675	1,675		1,824	1,824
- Accumulated amortisation		(1,183)	(1,183)		(1,370)	(1,370)
Net carrying amount at start of year		492	492		454	454
Additions:						
- Internal development						
- Purchases		149	149		70	70
- Acquired through business combinations						
Assets reclassified as held for sale						
Other disposals						
Revaluations increases or decreases						
Impairment losses recognised or reversed directly in the Revaluation Reserve						
Impairment losses recognised in the Surplus/Deficit on the Provision of Services						
Reversals of past impairment losses written back to the Surplus/Deficit on the Provision of Services						
Amortisation for the period		(187)	(187)		(141)	(141)
Other changes			0			0
Net carrying amount at end of year		454	454		383	383
Comprising:						
- Gross carrying amounts		1,824	1,824		1,894	1,894
- Accumulated amortisation		(1,370)	(1,370)		(1,511)	(1,511)
		454	454		383	383

## Notes to core financial statement - continued

### 12 Heritage Assets

Two heritage assets are included in the gross carrying amount - Moira Furnace and Memorial Clock Tower, Coalville. These assets were identified and brought onto the balance sheet in 2017/18 as part of a wider review of all assets within Council ownership.

The movement on Heritage Asset balances during the year is as follows.

	Internally Generated Assets £'000	2017/18 Other Assets £'000	Total £'000
Balance at start of year			
- Gross carrying amounts		0	0
- Accumulated amortisation		0	0
Net carrying amount at start of year		0	0
Additions:		0	0
Assets reclassified as held for sale			
Other disposals			
Revaluations increases or (decreases)		1,043	1,043
Impairment losses recognised or reversed directly in the Revaluation Reserve			
Impairment losses recognised in the Surplus/Deficit on the Provision of Services			
Reversals of past impairment losses written back to the Surplus/Deficit on the Provision of Services			
Depreciation for the period		(23)	(23)
Other changes			0
Net carrying amount at end of year		1,020	1,020
Comprising:			
- Gross carrying amounts		1,043	1,043
- Accumulated depreciation		(23)	(23)
		1,020	1,020

## Notes to core financial statement - continued

### 13 Assets Held for Sale

The council did not have any assets held for sale at 31 March 2018.

### 14 Inventories

	Consumable Stores		Maintenance Materials		Total	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000	£'000
Balance outstanding at start of year	49	46	95	96	144	142
Purchases	643	639	612	703	1,255	1,342
Recognised as an expense in the year	(646)	(625)	(611)	(726)	(1,257)	(1,351)
Written off balances	0	0	0	0	0	0
Reversals of write-offs in previous years	0	0	0	0	0	0
Balance outstanding at year end	<b>46</b>	<b>60</b>	<b>96</b>	<b>73</b>	<b>142</b>	<b>133</b>

## Notes to core financial statement - continued

### 15 Short-Term Debtors

31 March 2017 £'000	31 March 2018 £'000
366 Central Government bodies	719
529 Other local authorities	635
11 NHS bodies	3
38 Public Corporations and trading funds	20
1,181 Other entities and individuals	1,229
<b>2,125 Total Short-Term Debtors</b>	<b>2,606</b>

### 16 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2017 £'000	31 March 2018 £'000
4 Cash held by the Council	4
686 Bank current accounts	539
5,350 Short-term deposits with building societies	4,346
<b>6,040 Total Cash and Cash Equivalents</b>	<b>4,889</b>

### 17 Short-Term Creditors

31 March 2017 £'000	31 March 2018 £'000
5,472 Central Government bodies	3,230
4,203 Other local authorities	5,563
22 NHS bodies	0
523 Public Corporations and trading funds	422
2,393 Other entities and individuals	2,656
<b>12,613 Total Short-Term Creditors</b>	<b>11,871</b>

## Notes to core financial statement - continued

### 18 Usable Reserves

The Council's usable reserves are detailed in the Movement in Reserves

### 19 Unusable Reserves

<b>(Restated)</b>		
<b>31 March</b>		<b>31 March</b>
<b>2017</b>		<b>2016</b>
<b>£'000</b>		<b>£'000</b>
44,309	Revaluation Reserve	61,671
115,106	Capital Adjustment Account	118,058
(1,332)	Financial Instruments Adjustment Account	(1,296)
(47,228)	Pensions Reserve	(46,298)
526	Collection Fund Adjustment Account	(52)
(268)	Accumulated Absences Account	(268)
<b>111,113</b>	<b>Total Unusable Reserves</b>	<b>131,815</b>

#### Revaluation Reserve

<b>(Restated)</b>		
<b>2016/17</b>		<b>2017/18</b>
<b>£'000</b>		<b>£'000</b>
17,516	<b>Balance at 1 April</b>	44,309
27,762	Upward revaluation of assets	18,552
0	Downward revaluation	0
	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	18,552
(334)	Difference between fair value depreciation and historical cost depreciation	(796)
(635)	Accumulated gains on assets sold or scrapped	(394)
(969)	Amount written off to the Capital Adjustment Account	(1,190)
<b>44,309</b>	<b>Balance at 31 March</b>	<b>61,671</b>

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.

## Notes to core financial statement - continued

### 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 posting from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

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

(Restated) 2016/17 £'000	2017/18 £'000	2017/18 £'000
95,933 <b>Balance at 1 April</b>		115,106
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
0 Housing Reform Financing		
(3,023) Charges for depreciation and impairment of non-current assets	(4,022)	
21,321 Revaluation (losses)/gain on Property, Plant and Equipment	4,837	
(187) Amortisation of Intangible assets	(141)	
0 Revenue expenditure funded from capital under statute	22	
(7,865) Amounts of non current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	(6,157)	
10,246		(5,461)
968 Adjusting amounts written out of Revaluation Reserve	1,190	
968 Net written out amount of the cost of non current assets consumed in the year		1,190
Capital financing applied in the year:		
715 Use of Capital Receipts Reserve to finance new capital expenditure	1,265	
5,200 Use of the Major Repairs Reserve to finance new capital expenditure	0	
0 Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0	
1,055 Repayment of Debt	1,079	
0 Application of grants to capital financing from the Capital Grants Unapplied Account	0	
536 Statutory provision for the financing of capital investment charged against the General	551	
473 Capital expenditure charged against the General Fund and HRA balances	5,268	
7,979		8,163
(21) Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(940)
0 Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		0
115,106 <b>Balance at 31 March</b>		118,058

## Notes to core financial statement - continued

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

<b>2016/17</b>	<b>2017/18</b>
<b>£'000</b>	<b>£'000</b>
<b>(1,368) Balance at 1 April</b>	<b>(1,332)</b>
0 Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
29 Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0
7 Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	36
<b>(1,332) Balance at 31 March</b>	<b>(1,296)</b>



## Notes to core financial statement - continued

### 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 employee benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes 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.

2016/17 £'000	2017/18 £'000
(38,467) <b>Balance at 1 April</b>	(47,228)
(7,177) Actuarial gains or losses on pensions assets and liabilities	3,963
(4,140) 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	(5,779)
2,556 Employer's pensions contributions and direct payments to pensioners payable in the year	2,746
(47,228) <b>Balance at 31 March</b>	(46,298)

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

## Notes to core financial statement - continued

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax/Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax/Rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

#### Council Tax

2016/17 £'000	2017/18 £'000
358 <b>Balance at 1 April</b>	312
(46) 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	(29)
<b>312 Balance at 31 March</b>	<b>283</b>

#### Non-Domestic Rates

2016/17 £'000	2017/18 £'000
(974) <b>Balance at 1 April</b>	214
1,188 Amount by which Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(549)
<b>214 Balance at 31 March</b>	<b>(335)</b>

### Accumulated Absences Account

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

2016/17 £'000	2017/18 £'000
(268) <b>Balance at 1 April</b>	(268)
0 Settlement or cancellation of accrual made at the end of the preceding year	0
0 Amounts accrued at the end of the current year	0
0 Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0
<b>(268) Balance at 31 March</b>	<b>(268)</b>

## Notes to core financial statement - continued

### 20 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2016/17 £'000	2017/18 £'000
(295) Interest received	(243)
2,794 Interest paid	2,767
0 Dividends received	0
2,499	2,524

### 21 Cash Flow Statement - Investing Activities

2016/17 £'000	2017/18 £'000
7,488 Purchase of property, plant and equipment, investment property and intangible assets	6,954
24,000 Purchase of short-term and long-term investments	28,500
0 Other payments for investing activities	53
(3,039) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,955)
(15,500) Proceeds from short-term and long-term investments	(23,000)
0 Other receipts from investing activities	0
12,949 <b>Net cash flows from investing activities</b>	9,552

### 22 Cash Flow Statement - Financing Activities

2016/17 £000	2017/18 £000
0 Cash receipts of short and long-term borrowing	0
(4,153) Other receipts from financing activities	(3,137)
0 Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0
1,079 Repayments of short and long-term borrowing	1,090
166 Other payments for financing activities	2,782
(2,908) <b>Net cash flows from financing activities</b>	735

## Notes to core financial statement - continued

### 23 Expenditure and Income Analysed by Nature

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

(Restated) 2016/17 £'000	Expenditure/Income	2017/18 £'000
<b>Expenditure</b>		
18,222	Employee expenses	20,732
32,312	Other services expenses	30,422
9,283	Support service recharges	10,519
(18,080)	Depreciation, amortisation, impairment	266
1,349	Net pension interest	1,250
2,770	Interest payments	2,761
1,826	Precepts and levies	1,944
599	Payments to Housing Capital Receipts Pool	594
4,826	(Gain) / Loss on the disposal of assets	3,298
<b>53,107</b>	<b>Total Expenditure</b>	<b>71,786</b>
<b>Income</b>		
(31,292)	Fees, charges and other service income	(30,113)
(9,330)	Income recharges	(10,545)
(284)	Interest and investment income	(253)
(10,942)	Income from Council Tax and Non-Domestic Rates	(12,570)
(22,916)	Government Grants and Contributions	(22,131)
<b>(74,764)</b>	<b>Total Income</b>	<b>(75,612)</b>
<b>(21,657)</b>	<b>Surplus or deficit on the Provision of Services</b>	<b>(3,827)</b>
<b>External income received by service</b>		
2016/17 £'000		2017/18 £'000
(176)	Chief Executive and Other Services	(316)
(737)	Legal and Support Services	(721)
(1,870)	Service Transformation/Finance	(1,856)
(5,638)	Community Services (Including Director of Services)	(5,201)
(127)	Strategic Housing	(141)
(1,715)	Regeneration and Planning	(1,467)
(18,766)	Housing Services - HRA	(18,581)
0	Corporate & Democratic Core	(9)
0	Non Distributed Costs	0
<b>(29,029)</b>	<b>Total external income in Cost of Services</b>	<b>(28,292)</b>
(2,263)	Other income and Expenditure	(1,821)
<b>(31,292)</b>	<b>Total external income</b>	<b>(30,113)</b>

## Notes to core financial statement - continued

### 24 Agency Services

The Council, in partnership with Leicestershire County Council carries out the Decriminalised Parking Enforcement throughout North West Leicestershire which cost £112,747 in 2017/18 (£98,287 2016/17).

### 25 Members' Allowances

The total value of Members Allowances paid during the year was £230,385.41 in 2017/18 (£223,792 2016/17).

### 26 Officers' Remuneration

The table below shows the number of employees whose remuneration, including redundancy payments but excluding pension contribution was £50,000 or above. These employees constitute the Council's Corporate Management Team.

2016/17 No of employees	Remuneration Band	2017/18 No of employees
1	£50,000 - £54,999	2
1	£55,000 - £59,999	0
4	£60,000 - £64,999	2
2	£65,000 - £69,999	2
0	£70,000 - £74,999	0
2	£75,000 - £79,999	0
0	£80,000 - £84,999	1
1	£85,000 - £89,999	0
0	£90,000 - £94,999	0
0	£95,000 - £99,999	0
0	£100,000 - £104,999	1
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
1	£125,000 - £129,999	0

## Notes to core financial statement - continued

### 2017/18 Senior Officers emoluments - salary is between £50,000 and £150,000 per year

Post information (Post title)	Note	Salary £	Bonus £	Compensation (loss of emp) £	Other £	Total ex pension £	Employers Pension £	Total inc pension £
Chief Executive	1	14,226			387	14,613	3,322	17,935
Chief Executive	2	95,800			5,157	100,957	22,365	123,322
Director of Services	3	27,070			616	27,686	6,319	34,005
Director of Place	4	18,570			783	19,353	4,335	23,688
Director of Housing		79,525			2,161	81,686	18,566	100,252
Director of Resources	5	48,677			651	49,328	10,829	60,157
Head of Finance	6	7,542			520	8,062	1,761	9,823
Head of Service Transformation	7	41,360			719	42,079	9,631	51,710
Head of Legal & Support Services		62,967			3,362	66,329	14,701	81,030
Head of Community Services	8	13,085			397	13,482	2,980	16,462
Head of Community Services	9	25,012			1,303	26,315	5,838	32,153
Head of Housing		62,967			5,450	68,417	14,700	83,117
Head of Regeneration & Planning		59,599			2,127	61,726	13,912	75,638
Head of Economic Development	10	46,978			2,033	49,011	10,582	59,593
Head of Joint Strategic Planning		61,844			301	62,145	14,477	76,622
Head of HR & Organisation Development	11	8,041			786	8,827	1,877	10,704
		673,264	0	0	26,753	700,016	156,195	856,211

**Note 1:** The Chief Executive left on 12/05/2017. The annual salary was £123,076.09

**Note 2:** The Chief Executive started on 01/06/2017. The annual salary is £114,960.17.

**Note 3:** The Director of Services left on 28/07/2017. The annual salary was £83,225.

**Note 4:** The Director of Place started on 01/01/2018. The annual salary is £74,280.

**Note 5:** The Director of Resources left on 31/10/2017. The annual salary was £79,525.

**Note 6:** The Head of Finance started on 07/02/2018. The annual pro-rated salary for this post is £50,681. The post holder was promoted from another post and the above remuneration is for the Head of Service post only, other costs include taxable benefits and have been pro-rated between the posts held in the year.

**Note 7:** The Head of Service Transformation left on 31/12/2017. The annual salary was £55,109.

**Note 8:** The Head of Community Services left on 13/06/2017. The annual salary was £62,967.

**Note 9:** The Head of Community Services started on 08/11/2017. The annual salary is £62,967.

**Note 10:** The Head of Economic Development left on 15/01/2018. The annual salary was £57,354.

**Note 11:** The Head of HR & Organisation Development started on 07/02/2018. The annual salary for this post is £54,035. The post holder was promoted from another post and the above remuneration is for the Head of Service post only, other costs include taxable benefits and professional fees and have been pro-rated between the two posts.

## Notes to core financial statement - continued

### 2016/17 Senior Officers emoluments - salary is between £50,000 and £150,000 per year

Post information (Post title)	Note	Salary £	Bonus £	Compensation (loss of emp) £	Other £	Total ex pension £	Employers Pension £	Total inc pension £
Chief Executive		121,857	0	0	6,337	128,194	21,934	150,129
Director of Services		82,402	0	0	6,960	89,362	14,832	104,194
Director of Housing		76,968	0	0	1,186	78,155	13,854	92,009
Director of Resources		76,391	0	0	1,137	77,529	13,750	91,279
Head of Finance	1	30,916	0	37,030	0	67,946	5,393	73,339
Head of Service Transformation	2	23,011	0	0	414	23,425	4,142	27,567
Head of Legal and Support Services		64,324	0	0	0	64,324	11,578	75,902
Head of Community Services		61,233	0	0	5,206	66,439	11,022	77,461
Head of Housing		61,233	0	0	1,975	63,208	11,022	74,230
Head of Regeneration and Planning		57,898	0	0	2,569	60,467	10,422	70,889
Head of Economic Development		55,675	0	0	963	56,638	10,022	66,660
Head of Joint Strategic Planning		60,121	0	0	281	60,402	10,822	71,224
		772,030	0	37,030	27,029	836,089	138,794	974,882

**Note 1:** The Head of Finance left on 16/09/2016. The annual salary was £65,435.21

**Note 2:** The Head of Service Transformation started on 27/10/2016. The annual salary is £53,500.

### 27 External Audit Costs

In 2017/18 North West Leicestershire District Council incurred the following fees relating to external audit and inspection.

2016/17 £'000	2017/18 £'000
<b>Fees payable with regard to external audit services:-</b>	
51 KPMG LLP	51
<b>Fees payable for the certification of grant claims and returns:-</b>	
15 KPMG LLP	9
<b>Fees payable for other assurance work completed in respect of Pooling of Housing capital receipts return</b>	
3 KPMG LLP	3
<b>69</b>	<b>63</b>
1 Additional audit fee for 16/17	0
4 Fees paid for work on 14/15 Housing Benefits	0

## Notes to core financial statement - continued

### 28 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/18:

2016/17 £'000		2017/18 £'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
7,257	Council Tax Income	7,492
3,685	Non Domestic Rates	5,078
1,122	Revenue Support Grant	573
26	Council Tax Transition Grant	26
2,778	New Homes Bonus	2,846
8	Other grants	8
2,263	Capital Grants and Contributions	1,821
17,139	<b>Total</b>	<b>17,844</b>
<b>Credited to Services</b>		
18,061	Housing Benefit Subsidy	17,038
252	Housing Benefit Admin Grant	231
99	Local Council Tax Support Grant	94
146	Cost of Collection	145
283	Private Sector Grants	647
142	Other Grants under £100k each	253
68	Section 106	50
119	Active Together	73
68	Other Contributions under £100k each	148
19,237	<b>Total</b>	<b>18,679</b>



## Notes to core financial statement - continued

### Grant Income - continued

The Council has received a number of grants, contributions and donations that have yet to be 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:

31 March 2017 £'000	31 March 2018 £'000
<b>Capital Grant Receipts in Advance</b>	
644 Affordable Housing	2,096
622 Recreation/Playground	967
1,097 Healthcare	1,092
5 CCTV	5
91 Police	91
<b>2,459 Total</b>	<b>4,251</b>

### 29 Related Parties

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 has effective control 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 re-distribution of non-domestic rates, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with the government are shown below.

It is the nature of local government that the majority of Council Members are heavily involved in the local community through various organisations such as voluntary bodies, societies, groups and so on, often as an appointed Council representative. Members' interests are formally disclosed in a register of interests, of which details are available on request.

During the year transactions with related parties arose as follows:

2016/17 (Receipts)/ Payments £'000	2017/18 (Receipts)/ Payments £'000
Central Government	
(22,345) Revenue Grants (Benefits/RSG/other grants)	(20,815)
34,182 Leicestershire County Council - Precept	36,651
1,868 Leicestershire Fire and Rescue	1,965
5,566 Leicestershire Police - Precept	5,853

## Notes to core financial statement - continued

### 30 Capital Financing Requirement

2016/17 £'000	2017/18 £'000
90,119 <b>Opening Capital Financing Requirement</b>	89,455
Capital Investment:	
0 Housing Capital Finance (REFCUS)	0
7,315 Operational assets	7,150
0 Non-operational assets	0
344 Revenue Expenditure Funded from Capital Under Statute	647
Sources of Finance:	
(715) Capital Receipts	(1,265)
(667) Government grants and other contributions	(647)
(6,942) Revenue provision (including major repairs allowance)	(6,921)
89,455 <b>Closing Capital Financing Requirement</b>	88,419
Explanation of movements in the year	
Increase / (Decrease) in underlying need to borrow	
(663) (unsupported by Government financial assistance)	(1,036)
<b>(663) Increase/(decrease) in Capital Financing Requirement</b>	<b>(1,036)</b>

## Notes to core financial statement - continued

### 31 Leases

#### Council as Lessee

Finance Leases - the Council no longer has any Finance Leases.

Operating Leases:

The Council currently has no operating leases.

The future minimum lease payments due under non-cancellable leases in future years are:

31-Mar-17 £'000	31-Mar-18 £'000
1 Not later than one year	0
0 Later than one year and not later than five years	0
0 Later than five years	0
1	0

The expenditure charged to the Chief Executive and Other Services and Community Services lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

31-Mar-17 £'000	31-Mar-18 £'000
30 Minimum lease payments	2
0 Contingent rents	0
30	2

#### Council as Lessor

The Council is not a lessor.

## Notes to core financial statement - continued

### 32 Termination Benefits

The Council terminated the contracts of a number of employees in 2017/18, incurring liabilities of £20,247.94 (£117,778.77 in 2016/17).

	No. of compulsory redundancies		No. of other agreed departures		Total no. of exit packages by band		Total cost of exit packages by band	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0 - £20,000	1	0	10	6	11	6	£34,830	£20,248
£20,001 - £40,000	0	0	3	0	3	0	£82,949	£0
£40,001 - £60,000	0	0	0	0	0	0	£0	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
£80,001 - £100,000	0	0	0	0	0	0	£0	£0
	1	0	13	6	14	6	£117,779	£20,248

### 33 Pension Schemes Accounted for as Defined Contribution Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement 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 Council participates in the Local Government Pension Scheme (LGPS) for employees, which is administered by Leicestershire County Council - this is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Income & Expenditure Account (I & E) after net operating expenditure. The following transactions have been made in the Income and Expenditure Account during the year.

The Annual Report of the Leicestershire County Council Superannuation Fund is available from Leicestershire County Council, County Hall, Glenfield, Leicestershire. Income and Expenditure Account contains details of the Council's participation in the Local Government Pension Scheme (LGPS), administered by Leicestershire County Council.

The following information was supplied by Hymans Robertson LLP on 6th April 2018.

	2016/17 £'000	2017/18 £'000
<b>Net Cost of Services</b>		
2,758	Current service cost	4,529
33	Past service costs	0
0	Curtailements	0
2,791		4,529
<b>Net Operating Expenditure</b>		
3,772	Interest cost	3,450
(2,423)	Expected return on assets in the scheme	(2,200)
1,349		1,250
4,140	<b>Amount charged to Income and Expenditure Account</b>	5,779
<b>to be met</b>		
(69)	Movement on pension reserve	(69)
<b>amount</b>		
2,487	Employers' contributions payable to the scheme	2,677
69	Unfunded discretionary benefit payments	69

## Notes to core financial statement - continued

### Employers Membership Statistics

	Average Age 31-Mar-16
Actives	50
Deferred Pensioners	50
Pensioners	68

### Payroll

	2016/17 £'000	2017/18 £'000
Assumed total pensionable payroll based on contribution information provided	10,858	11,466

### Investment Returns

The return on the fund in market value terms for the year to 31 March 2018 is estimated based on actual Fund returns as provided by the Administering Authority. Details are given below.

Actual Return for Period 1 April 2017 to 31 March 2018	4.5%
Total Return for Period from 1 April 2017 to 31 March 2018	4.5%

### Unfunded Benefits

A summary of the membership data in respect of unfunded benefits is shown below.

LGPS Unfunded Pensions	Number at 31 March 2018	Annual Unfunded Pensions (£'000)
Male	24	56
Female	4	3
Dependants	13	13
	41	72

## Notes to core financial statement - continued

### Projected Pension Expense For Year 31/3/2019

Analysis of Projected Amount to be charged to operating profit for the year to 31 March 2019.

Period Ended	31/03/2019	
	£'000	% of pay
Projected Current service cost	4,374	38.1%
Interest on Obligation	3,666	32.0%
Expected Return on Plan Assets	(2,396)	(20.9%)
Losses /(Gains) on Curtailment and Settlements	0	0.0%
	<b>5,644</b>	<b>49.2%</b>

The liabilities show the underlying commitments that the Council has in the long-run to pay retirement benefits. The total liability of £46,298,000 has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Pension Fund will be made good by increased contributions as assessed by the Actuary.

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The LGPS Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31 March 2018.

The main assumptions used in their calculations have been:

2016/17	Assumptions	2017/18
2.4%	Inflation/Pension Increase Rate	2.4%
3.4%	Salary Increase Rate	3.4%
2.6%	Discount Rate	2.7%

## Notes to core financial statement - continued

Assets in the County Council Pension Fund are valued at bid price as required under IAS 19.

Assets Category	2016/17		2017/18	
	Value £'000	Asset Distribution %	Value £'000	Asset Distribution %
Equity Securities	2,184	2.58%	2,150	2.43%
Debt Securities	8,209	9.71%	8,203	9.26%
Private Equity	3,193	3.78%	3,150	3.56%
Real Estate	6,794	8.04%	7,782	8.78%
Investment Funds	58,814	69.55%	63,879	72.10%
Derivatives	(39)	(0.05%)	(258)	(0.29%)
Cash and Cash Equivalents	5,400	6.39%	3,686	4.16%
<b>Total</b>	<b>84,555</b>	<b>100.00%</b>	<b>88,592</b>	<b>100.00%</b>

### Mortality

Life Expectancy is based on the Fund's Vitacurves with improvements from CMI2013 in line with the Medium Cohort and a 1.25% p.a. underpin. Based on these assumptions, the future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.1	24.3
Future pensioners	23.8	26.2

### Reconciliation of Present Value of the Scheme Liabilities

2016/17 £'000		2017/18 £'000
<b>107,685</b>	<b>Opening Defined Benefit Obligation</b>	<b>131,783</b>
2,758	Current Service cost	4,529
3,772	Interest cost	3,450
709	Contributions by Members	741
19,974	Actuarial losses/(Gains)	(2,365)
33	Past service costs/(Gains)	0
0	Losses/(Gains) on Curtailments	0
(69)	Estimated Unfunded Benefits Paid	(69)
(3,079)	Estimated Benefits Paid	(3,180)
<b>131,783</b>		<b>134,889</b>

## Notes to core financial statement - continued

### Reconciliation of fair value of employer assets

2016/17 £'000		2017/18 £'000
<b>69,218</b>	<b>Opening Fair Value of Employer Assets</b>	<b>84,555</b>
2,423	Expected Return on Assets	2,200
709	Contributions by Members	741
2,487	Contributions by the Employer	2,677
69	Contributions in respect of Unfunded Benefits	69
12,797	Actuarial gains/(losses)	1,598
(69)	Estimated Unfunded Benefits Paid	(69)
(3,079)	Estimated Benefits Paid	(3,180)
<b>84,555</b>		<b>88,591</b>

### Scheme History

#### Amounts for the current and previous accounting periods

The return on the fund in market value terms for the year to 31 March 2018 is estimated based on actual fund returns as provided by the Administering Authority and index returns where necessary. Details are given below.	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Fair Value of Employer Assets	59,309	68,568	69,218	84,555	88,591
Present Value of Defined Benefit Obligation	(102,690)	(123,395)	(107,685)	(131,783)	(134,889)
Surplus/(Deficit)	(43,381)	(54,827)	(38,467)	(47,228)	(46,298)
Experience Gains/(Losses) on Assets	(1,547)	6,885	(1,688)	12,797	1,598
Experience Gains/(Losses) on Liabilities	(632)	837	1,437	3,246	(27)
Actuarial Gains/ (Losses) on Employer Assets	(1,547)	6,885	(1,688)	12,797	1,598
Actuarial Gains/ (Losses) on Obligations	(5,189)	(16,171)	20,671	(19,974)	2,365
Actuarial Gains/ (Losses) recognised in SRIE	(6,736)	(9,286)	18,983	(7,177)	3,963



## Notes to core financial statement - continued

### Notes to the Statement of Recognised Income and Expense (SRIE)

2016/17 £'000	2017/18 £'000
12,797 Actuarial Gains/(Losses) on Plan Assets	1,598
(19,974) Actuarial Gains/ (Losses) on Obligations	2,365
<b>(7,177) Actuarial Gain/(Loss) Recognised in SRIE</b>	<b>3,963</b>
<b>(29,204) Cumulative Actuarial Gains and Losses</b>	<b>(25,241)</b>

### Balance Sheet

2016/17 £'000	2017/18 £'000
84,555 Fair Value of Employer Assets	88,591
(130,640) Present Value of Funded Liabilities	(133,764)
(46,085) Net (Under)/ Overfunding in Funded Plans	(45,173)
(1,143) Present value of unfunded liabilities	(1,125)
0 Unrecognised Past Service Cost	0
<b>(47,228) Net Asset/(Liability)</b>	<b>(46,298)</b>
<b>Amount in the Balance Sheet</b>	
47,228 Liabilities	46,298
0 Assets	0
<b>47,228 Net Asset/(Liability)</b>	<b>46,298</b>

## Notes to core financial statement - continued

### 34 Provisions

This provision for Business Rates appeals was created as a result of the adoption in 2013/14 of the Business Rates Retention scheme which means that the Council now bears part of the risk for future appeals. Under the former business rates scheme, appeals were borne by the Government. The Council's estimate of the value of outstanding appeals up to 31 March 2018 is £4.915m (£8.551m as at 31 March 2017), the value of appeals used in completing the Collection Fund position as at 31 March 2018. The Council has made a provision for 40% of this figure totalling £1.966m (£3.42m as at 31 March 2017) within the 2017/18 accounts.

### 35 Nature and Extent of Risks Arising from Financial Instruments

The Borrowings and Investments disclosed in the Balance Sheet are made up of the following categories of Financial Instruments:

2016/17 £'000		2017/18 £'000
<b>Financial liabilities</b>		
86,716	Financial Liabilities at Amortised Cost	86,608
<b>Financial assets</b>		
40,786	Loans and Receivables	45,618

#### Fair Value of Assets and Liabilities carried at Amortised Cost

Financial Liabilities and Financial Assets represented by Loans and Receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- No early repayment or impairment is recognised;
- Where an Instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value;
- The Fair Value of Trade and other receivables is taken to be the invoiced or billed amount.

An analysis of Long-Term Borrowing and Deferred Liabilities outstanding by maturity is shown below:-

2016/17 £000's	Period of Maturity	2017/18 £000's
1,079	Maturity in 1 year	1,103
1,103	Maturity in 1 - 2 years	1,128
16,462	Maturity in 2 - 5 years	17,540
8,811	Maturity in 5 - 10 years	7,174
55,972	Maturity in over 10 years	55,403
<b>83,427</b>		<b>82,348</b>

## Notes to core financial statement - continued

Fair Values are shown in table below, split by their level in the fair value hierarchy

- Level 1 - fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices.
- Level 2 - fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.
- Level 3 - fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

The Fair Values for Financial Liabilities are calculated as follows:

	Fair Value Level	Balance Sheet 2016/17 £'000	Fair Value 2016/17 £'000	Balance Sheet 2017/18 £'000	Fair Value 2017/18 £'000
<b>Financial Liabilities held at Fair Value</b>					
Long Term Loans From PWLB	2	74,987	88,804	73,908	84,641
Long Term LOBO/Other Loans	2	8,919	14,145	8,913	13,428
<b>Sub-Total</b>		<b>83,906</b>	<b>102,949</b>	<b>82,821</b>	<b>98,069</b>
<b>Liabilities for which Fair Value is not disclosed</b>					
Creditors		2,695	2,695	3,683	3,683
Other Long Term Liabilities		115	115	104	104
<b>Total</b>		<b>86,716</b>	<b>105,759</b>	<b>86,608</b>	<b>101,856</b>

The fair value of financial liabilities is higher than their balance sheet carrying amount because the Council's portfolio of loans where the interest rate payable is higher than the current rates available for similar loans as at the balance sheet date.

The Fair Values for Financial Assets are calculated as follows:

	Fair Value Level	Balance Sheet 2016/17 £'000	Fair Value 2016/17 £'000	Balance Sheet 2017/18 £'000	Fair Value 2017/18 £'000
<b>Financial Assets held at Fair Value</b>					
Investments	2	38,845	39,576	43,341	44,186
<b>Assets for which Fair Value is not disclosed</b>					
Debtors / Cash and Cash Equivalents		1,943	1,943	2,277	2,277
<b>Total</b>		<b>40,788</b>	<b>41,519</b>	<b>45,618</b>	<b>46,463</b>

The fair value of financial assets is higher than their balance sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

## Notes to core financial statement - continued

### Financial Instruments Gains/Losses

There are no Gains/losses recognised in the Income and Expenditure Account or the Statement of Total Recognised Gains and losses in relation to Financial Instruments.

### Financial Instruments - Nature and Extent of Risk

#### Credit Risk.

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

Prior to the beginning of each financial year, the Council agrees and publishes an Investment Strategy. The Investment Strategy sets out the minimum credit rating criteria for counterparties who are banks and other financial institutions. The Council relies to some extent on credit ratings and utilises the services of a Treasury Consultant to monitor and advise of changes to these ratings.

The minimum credit rating criteria, set out in the Investment Strategy, are kept under constant review. As a result of liquidity problems (the credit crunch) experienced by banks and financial institutions since Autumn 2007, the minimum criteria were increased to provide additional security to the Council's investments. This action had the effect of removing most of the counterparties who had been on the existing list.

As a result of the Council's prudent approach to investment, which places security and liquidity above yield, the Council has never experienced any losses on investments. Nevertheless, theoretical considerations suggest that an investment with any institution carries some risk, albeit very small. The events which could give rise to these risks are rare or unforeseen and it is therefore very difficult to assess and quantify. Subject to these rare or unforeseen risks, the assessment that the maximum exposure is nil is considered to be a practical and pragmatic assessment.

The Council has £5,385,330 of Debtors, for which a provision for doubtful debts of £2,779,029 has been made.

#### Liquidity Risk.

As the Council has ready access to funds from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replace a significant proportion of its borrowings at a time of unfavourable interest rates. The Council's strategy is to ensure an even maturity debt profile to mitigate against this risk.

#### Market Risk.

##### Interest Rate Risk.

The Council is not exposed to significant risk in terms of exposure to interest rate movement on its borrowings. However, a change in interest rates could impact upon the Council's investment income. For example an increase in rates would have the following effect:

- a) investments at variable rates – the interest income credited to the Income and Expenditure Account will rise;
- b) investments at fixed rates – the fair value of the assets will fall.

##### Price Risk.

The Council does not invest in equities and is therefore not exposed to this risk.

## Notes to core financial statement - continued

### 36 Building Control Charges

The Building (Local Authority Charges) Regulations 2010 requires the disclosure of information regarding the setting of charges for the administration of the building control function. However the Building Control service cannot charge for building work solely required for disabled persons. The overriding objective is to ensure the chargeable account recovers costs for the chargeable functions.

2016/17 £'000	Building Control Charges	2017/18 £'000
<b>Chargeable Work</b>		
163	Expenditure	146
(183)	Income	(204)
(20)	(Surplus) / Deficit	(58)
<b>Non-Chargeable Work</b>		
137	Expenditure	168
(3)	Income	(18)
134	(Surplus) / Deficit	150

### 37 Jointly Controlled Partnerships

The Council has entered into a partnership with Hinckley and Bosworth Borough Council and Harborough District Council to provide shared administration of Revenues and Benefits and will continue for the foreseeable future. The Partnership is currently hosted by Hinckley and Bosworth Borough Council on behalf of the other partners.

All partners contribute towards the operation of the partnership which is classified as a Jointly Controlled Operation. On this basis, each partner accounts for their share of contributions within their Statement of Accounts. The funding provided by North West Leicestershire District Council in 2017/18 was £1.1 million.

## Notes to core financial statement - continued

### 38 Expenditure and Funding Analysis

This analysis statement shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18

	Net Expenditure chargeable to the General Fund and Housing Revenue a/c £'000	Recharges £'000	Contributions to/from Reserves £'000	Investment Properties £'000	Revised Net Expenditure chargeable to the General Fund and Housing Revenue a/c £'000	Adjustments between funding basis and accounting basis £'000	Net expenditure in the Comprehensive Income and Expenditure Statement £'000
Chief Executive and Other	1,578	(664)	492	0	1,406	30	1,436
Legal and Support	2,290	(1,196)	99	0	1,193	0	1,193
Service Transformation/Finance	2,451	(1,995)	96	(560)	(8)	1,106	1,098
Community Services including Strategic Director of Place	5,734	1,209	808	(67)	7,684	1,088	8,772
Strategic Housing	412	129	50	0	591	0	591
Regeneration and Planning	673	476	291	0	1,440	0	1,440
Housing Revenue Account	(10,604)	(281)	325	0	(10,560)	(1,131)	(11,691)
Corporate and Democratic Core	13	826	18	0	857	0	857
Non-Distributed Costs	98	1	0	0	99	0	99
Recharges	(1,495)	1,495	0	0	0	0	0
<b>Net Cost of Services</b>	<b>1,150</b>	<b>0</b>	<b>2,179</b>	<b>(627)</b>	<b>2,702</b>	<b>1,093</b>	<b>3,795</b>
Other Income and Expenditure	(11,773)	0	(4,223)	627	(15,369)	7,747	(7,622)
<b>Surplus/Deficit on Provision of Services</b>	<b>(10,623)</b>	<b>0</b>	<b>(2,044)</b>	<b>0</b>	<b>(12,667)</b>	<b>8,840</b>	<b>(3,827)</b>

## Notes to core financial statement - continued

### Expenditure and Funding Analysis continued

(Restated) 2016/17

	Net Expenditure chargeable to the General Fund and Housing Revenue a/c £'000	Recharges £'000	Contributions to/from Reserves £'000	Investment Properties £'000	Revised Net Expenditure chargeable to the General Fund and Housing Revenue a/c £'000	Adjustments between funding basis and accounting basis £'000	Net expenditure in the Comprehensive Income and Expenditure Statement £'000
Chief Executive and Other	1,074	(706)	400	0	768	4	772
Legal and Support	2,140	(1,119)	31	0	1,052	5	1,057
Service Transformation/Finance	2,069	(1,633)	74	359	869	205	1,074
Community Services including							
Director of Services	4,817	1,051	636	(64)	6,440	1,229	7,669
Strategic Housing	402	104	23	0	529	(5)	524
Regeneration and Planning	2,180	416	320	0	2,916	0	2,916
Housing Revenue Account	(11,661)	(260)	149	0	(11,772)	(18,520)	(30,292)
Corporate and Democratic Core	36	846	8	0	890	0	890
Non-Distributed Costs	42	30	8	0	80	0	80
Recharges	(1,272)	1,272	0	0	0	0	0
<b>Net Cost of Services</b>	<b>(173)</b>	<b>1</b>	<b>1,649</b>	<b>295</b>	<b>1,772</b>	<b>(17,082)</b>	<b>(15,310)</b>
Other Income and Expenditure	(9,260)	0	(2,686)	(295)	(12,241)	5,894	(6,347)
<b>Surplus/Deficit on Provision of Services</b>	<b>(9,433)</b>	<b>1</b>	<b>(1,037)</b>	<b>0</b>	<b>(10,469)</b>	<b>(11,188)</b>	<b>(21,657)</b>

## Notes to core financial statement - continued

### Expenditure and Funding Analysis continued

Analysis of adjustments between funding basis and accounting basis

2017/18	Adjustment for capital purposes £'000	Net change for the pensions adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive and Other	30	0	0	30
Legal and Support	0	0	0	0
Service Transformation/Finance	1,106	0	0	1,106
Community Services including Strategic Director of Place	1,088	0	0	1,088
Strategic Housing	0	0	0	0
Regeneration and Planning	0	0	0	0
Housing Revenue Account	(1,957)	(317)	1,143	(1,131)
Corporate and Democratic Core	0	0	0	0
Non-Distributed Costs	0	0	0	0
Recharges	0	0	0	0
<b>Net Cost of Services</b>	<b>267</b>	<b>(317)</b>	<b>1,143</b>	<b>1,093</b>
Other Income and Expenditure	3,333	2,716	1,698	7,747
<b>Surplus/Deficit on Provision of Services</b>	<b>3,600</b>	<b>2,399</b>	<b>2,841</b>	<b>8,840</b>

(Restated) 2016/17	Adjustment for capital purposes £'000	Net change for the pensions adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive and Other	4	0	0	4
Legal and Support	5	0	0	5
Service Transformation/Finance	205	0	0	205
Community Services including Director of Services	1,229	0	0	1,229
Strategic Housing	(5)	0	0	(5)
Regeneration and Planning	0	0	0	0
Housing Revenue Account	(19,518)	(58)	1,056	(18,520)
Corporate and Democratic Core	0	0	0	0
Non-Distributed Costs	0	0	0	0
Recharges	0	0	0	0
<b>Net Cost of Services</b>	<b>(18,080)</b>	<b>(58)</b>	<b>1,056</b>	<b>(17,082)</b>
Other Income and Expenditure	4,733	1,525	(364)	5,894
<b>Surplus/Deficit on Provision of Services</b>	<b>(13,347)</b>	<b>1,467</b>	<b>692</b>	<b>(11,188)</b>



## Notes to core financial statement - continued

### 39 Prior Period Adjustments, Changes in Accounting Policies and Estimates

A material prior period adjustment has been made to the Council's 2016/17 published financial statements, including the opening balances. The Council has incorrectly accounted for the revaluation of Council Dwellings between the Revaluation Reserve and Comprehensive Income & Expenditure Statement.

Due to the historical nature of these errors, the Council has recalculated the revaluation transactions from 2007/08 to present - the year in which the Revaluation Reserve was first created to ensure that the balances on the Revaluation Reserve and the Comprehensive Income & Expenditure Statement are correct.

Under the requirements of the CIPFA Code of Practice, all adjustments to the Comprehensive Income and Expenditure Statement that relate to asset valuations are reversed out to the Capital Adjustment Account. As such, the correction of these errors has no impact on the year-end General Fund and Housing Revenue Balances, and the impact is limited to changing to two unusable reserves (Capital Adjustment Account and Revaluation Reserve).

The accounting policy in respect of depreciation has also been updated to clarify that it is based on the gross value of the beginning of the year.

As result the Authority has restated its 2016/17 balances, including opening balances, as shown in the table below.

2016/17	Property Plant & Equipment £'000	Capital Adjustment Account £'000	Revaluation Reserve £'000	Net Impact on the CIES £'000	General Fund £'000	Housing Revenue Account £'000
<b>Original Opening Position</b>	<b>187,445</b>	<b>(93,790)</b>	<b>(19,668)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cumulative pre-2016/17 Adjustments	0	(2,153)	2,153	0	0	0
<b>Restated Opening Position</b>	<b>187,445</b>	<b>(95,943)</b>	<b>(17,515)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Original transactions	45,274	(22,537)	(23,378)	0	0	0
Increase in valuation	42	0	(42)	0	0	0
CIES Adjustment	0	0	0	4,081	0	(4,081)
Reallocation of CIES Adjustment	0	4,081	(4,081)	0	0	0
Reallocation to CAA	0	(707)	707	0	0	0
<b>Restated Closing Position</b>	<b>232,761</b>	<b>(115,106)</b>	<b>(44,309)</b>	<b>4,081</b>	<b>0</b>	<b>(4,081)</b>

# Section 4 Housing Revenue Account (HRA)

# Housing Revenue Account (HRA)

## Housing income and expenditure account

(Restated) 2016/17			NOTES	2017/18	
£'000	£'000	INCOME		£'000	£'000
	(17,478)	Rents - Dwellings	H4		(17,213)
(74)		Rents - Garages / Sites		(70)	
(16)		Rents - Shops		(17)	
(18)		Rents - Other		(12)	
	(108)				(99)
	(561)	Charges for Services and Facilities			(569)
	0	Contributions towards expenditure			0
	0	Other Income			(43)
	(18,147)	<b>Total income</b>			(17,924)
		<b>Expenditure</b>			
	4,618	Repairs and Maintenance			5,338
		Supervision and Management			
2,164		- General		2,158	
532		- Special		577	
	2,696				2,735
		Capital Charges			
	2,004	- Depreciation of Fixed Assets	H8		2,516
	(21,522)	- Impairment of Fixed Assets	H9		(4,473)
	58	Increase in provision for Bad or Doubtful Debts			116
	1	Debt Management Expenses			1
	(12,145)	<b>Total expenditure</b>			6,233
	<b>(30,292)</b>	<b>Net cost of HRA services included in income and expenditure account</b>			<b>(11,691)</b>
	258	Housing Share of Corporate and Democratic Costs			236
	3	Housing Share of other amounts included in the whole authority cost of services but not allocated to specific services			45
	<b>(30,031)</b>	<b>Net cost of HRA services</b>			<b>(11,410)</b>
	4,870	(Gain) or Loss on Sale of HRA Fixed Assets			3,321
	2,325	Interest Payable and Similar Items			2,298
	(96)	Interest on Balances			(86)
	7	Amortisation of Premiums and Discounts			0
	0	Capital Grants and Contributions			(1,069)
	<b>(22,925)</b>	<b>(Surplus)/deficit on HRA services</b>			<b>(6,946)</b>

## Housing Revenue Account (HRA)

<b>(Restated)</b>		
<b>2016/17</b>	<b>Statement of movement on the HRA balance</b>	<b>2017/18</b>
<b>£'000</b>		<b>£'000</b>
(22,925)	Deficit on Housing Income and Expenditure Account	(6,946)
19,691	Amounts Required by Statute to be Taken into Account (detailed below)	6,474
(3,234)		(472)
(5,678)	HRA Balance Brought Forward	(8,912)
<b>(8,912)</b>	<b>HRA Balance Carried Forward</b>	<b>(9,384)</b>

<b>(Restated)</b>		
<b>2016/17</b>	<b>Analysis of the movement in the HRA balance</b>	<b>2017/18</b>
<b>£'000</b>		<b>£'000</b>
<b>Amounts required to be taken into account</b>		
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year		
(4,870)	Gain or (Loss) on Sale of HRA Fixed Assets	(3,321)
0	Amortisation of Premiums and Discounts	7
0	RTB Discounts repaid	43
(516)	Net charges for retirement benefits in accordance with IAS 19	(774)
21,513	Impairment/Revaluation of Fixed Assets	4,396
16,127		351
<b>Items not included in the HRA Income and Expenditure Account but included in the movement on HRA balance for the year</b>		
2,000	Transfer To/(From) Major Repairs Reserve	0
(59)	Right to Buy Admin Contribution	(51)
457	Employer's contributions payable to Leicestershire County Council Pension Fund	456
1,055	Principal Repaid on Self Financing Loans	1,079
1,205	Capital Expenditure funded by the HRA	3,610
(1,094)	Transfer To/(From) Reserves	1,029
3,564		6,123
<b>19,691</b>	<b>Net additional amount required by statute to be debited or (credited) to the HRA balance for the year</b>	<b>6,474</b>

# Notes to the housing revenue account (HRA)

## H1 Movement in dwelling stock

The Council was responsible for managing an average of 4,230 dwellings during 2017/18. The movement in the stock was as follows:-

2016/17		2017/18
4,267	Stock at 1st April	4,236
(45)	Less: Right to buy Sales	(39)
(1)	Less: Other Sales	(11)
0	Less: Demolitions	(22)
(3)	Less: Transfers out of stock	(4)
1	Add: Buy back	0
0	Add: New Build and Gifted units	28
17	Add: Transfers back into stock	36
<b>4,236</b>		<b>4,224</b>

## H2 Property types in dwelling stock

The properties owned by the Council at 31st March 2018 comprise the following:-

	Flats/Maisonettes	Bungalows	Houses	Total
<b>In stock</b>				
Bed sits	57	4	0	61
1 Bedroom	523	325	0	848
2 Bedroom	335	478	402	1,215
3 Bedroom	8	7	1,941	1,956
4 Bedroom	0	0	140	140
5 Bedroom	0	0	4	4
	<b>923</b>	<b>814</b>	<b>2,487</b>	<b>4,224</b>
<b>Transferred out of stock</b>				
Bed sits	18	0	0	18
1 Bedroom	21	0	0	21
2 Bedroom	3	0	0	3
3 Bedroom	2	0	2	4
4 Bedroom	0	0	0	0
5 Bedroom	0	0	0	0
	<b>44</b>	<b>0</b>	<b>2</b>	<b>46</b>
<b>Total</b>	<b>967</b>	<b>814</b>	<b>2,489</b>	<b>4,270</b>

The dwellings transferred out of stock are mainly long term empty properties. However, they are still owned by the Council and are included in the value shown in note H3.

## H3 Balance sheet value of council's housing revenue account stock

(Restated)		
2016/17		2017/18
Balance		Balance
£'000		£'000
207,145	Dwellings	223,269
1,724	Other Land and Buildings	1,838
<b>208,869</b>	<b>Operational assets</b>	<b>225,107</b>
1,474	Surplus Assets	639
0	OLB (Land and Assets under construction)	2,168
<b>1,474</b>	<b>Non-operational assets</b>	<b>2,807</b>
<b>210,343</b>	<b>Total assets</b>	<b>227,914</b>

The vacant possession value of dwellings within the Council's HRA as at 31st March 2018 was £ 531,490,000 (31st March 2017 £ 493,136,000). The vacant possession value of the dwellings within the HRA show the economic cost to Government of providing Council Housing at less than open market rents.

## Notes to the housing revenue account (HRA)

### H4 Rent income

Rent income can be analysed as follows:-

This is the total rent income due for the year after an allowance is made for empty properties/voids etc. Average rents were £78.97 per week in 2017/18 (£79.97 2016/17) there being an average decrease of 1.26% (0.88% in 2016/17) over the previous year. During the year 0.91% ( 1.14% 2016/17) of rentable properties were vacant.

2016/17 £'000		2017/18 £'000
9,635	Collectable from Tenants	9,901
7,843	Rent Rebates	7,312
17,478	Total Dwelling Rents	17,213
108	Non - Dwelling Rents	99
<b>17,586</b>		<b>17,312</b>

### H5 Rent arrears

During the year total rent arrears, as a proportion of gross rent income were 3.10% (2.26% 2016/17). The arrears figures are as follows:-

Amounts written off during the year were £40,950 (£21,107 - 2016/17). At 31 March the Provision for doubtful debts stood at £582,404 (£489,624 - 2016/17).

2016/17 £'000		2017/18 £'000
546	Total Current and Former Tenant Arrears	661
(136)	Less: Accounts in credit	(108)
410	Net Arrears	553

### H6 Major repairs reserve

2016/17 £'000		2017/18 £'000
(1,797)	Balance at 1st April	(592)
(1,967)	Amounts transferred to Reserve during year	(2,439)
	Amounts transferred from Reserve to finance	
	Capital Expenditure:	
5,200	Dwellings	0
(2,028)	Depreciation in excess of / (less than) MRA	0
<b>(592)</b>	<b>Balance at 31 March</b>	<b>(3,031)</b>

## Notes to the housing revenue account (HRA)

### H7 Capital expenditure and receipts

Total Capital Expenditure within the Council's HRA during the financial year was £6,178,741. The sources of funding are shown below:

2016/17 £'000	2017/18 £'000
5,200 Major Repairs Reserve	0
0 Section 106 Receipts	1,327
0 Revenue Contribution	3,587
0 Other Contributions	0
715 Capital Receipts	1,265
<b>5,915</b>	<b>6,179</b>

Total Capital Receipts from disposals of Council Dwellings within the Council's HRA stock in 2017/18 were £2,820,380.

### H8 Depreciation of HRA fixed assets

(Restated)	
2016/17 £'000	2017/18 £'000
1,887 Dwellings (excl. garages)	2,416
96 Other Land and Buildings	77
21 Surplus Assets	23
<b>2,004 Operational assets</b>	<b>2,516</b>

### H9 Revaluation/impairment (reversal) of HRA fixed assets

(Restated)	
2016/17 £'000	2017/18 £'000
(21,565) Dwellings (excl. garages)	(4,477)
(7) Other Land and Buildings	(2)
50 Surplus Assets	6
<b>(21,522) Operational assets</b>	<b>(4,473)</b>

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# Section 5 Collection Fund



## Collection Fund

2016/17 £'000	Collection fund income and expenditure account	2017/18	
		£'000	£'000
	<b>Income</b>		
(50,860)	Council Tax (Net of benefits, discounts for prompt payment and transitional relief)		(53,793)
	Transfers from General Fund:-		
12	- Council Tax Benefit		0
(24)	- CTLS Discretionary		(21)
(53,859)	Business Ratepayers		(54,911)
<b>(104,731)</b>	<b>Total Income</b>		<b>(108,725)</b>
	<b>Expenditure</b>		
	Council Tax Precepts and Demands:-		
34,182	Leicestershire County Council	36,651	
5,566	Leicestershire Police	5,853	
1,868	Leicestershire Fire and Rescue	1,965	
6,958	N.W.L.D.C. (including Parish and Special Expenses)	7,236	
2,355	Contribution towards previous year's surplus	1,989	
86	Provision for bad/doubtful debts:- Write Offs	159	
118	Provision for bad/doubtful debts:- Provision	121	
51,133			53,974
	Non-Domestic Rates (NDR):		
25,490	Share of NDR - Government	28,752	
4,588	Payment to Leicestershire County Council	5,175	
510	Payment to Leicestershire Fire and Rescue Service	575	
20,392	Share of NDR - N.W.L.D.C.	23,002	
(1,228)	Contribution towards previous year's surplus	1,482	
369	Provision for bad/doubtful debts:- Write Offs	137	
(58)	Provision for bad/doubtful debts:- Provision	14	
1,396	Provision for appeals	(3,636)	
146	Costs of Collection	145	
51,605			55,646
<b>102,738</b>	<b>Total Expenditure</b>		<b>109,620</b>
261	Movement on fund - (Surplus)/Deficit for the year - Council Tax		160
(2,254)	Movement on fund - (Surplus)/Deficit for the year - NDR		735
(2,446)	Collection Fund Balance at 1st April 2017 - Council Tax		(2,185)
2,436	Collection Fund Balance at 1st April 2017 - NDR		182
<b>(2,185)</b>	<b>Collection Fund Balance at 31st March 2018 - Council Tax</b>		<b>(2,025)</b>
182	<b>Collection Fund Balance at 31st March 2018 - NDR</b>		917

# Notes to the Collection Fund

## C1 General

This 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 from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

## C2 Council tax

The Council's tax base i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent of band D dwellings, was calculated as follows:-

Band	Estimated number of taxable properties after effect of discount	Ratio	Band 'D' Equivalent dwellings
A	6,963	6/9	4,642
B	10,594	7/9	8,240
C	6,288	8/9	5,589
D	5,450	9/9	5,450
E	3,651	11/9	4,462
F	1,431	13/9	2,066
G	820	15/9	1,367
H	42	18/9	84
	35,239		31,900
<b>Less: 2% Allowance for Valuation Appeals and irrecoverables</b>			638
<b>Council tax base for 2017/18</b>			<b>31,262</b>

## C3 Income from business rates

The Council collects Non-Domestic Rates for its area which are based on local rateable values multiplied by a uniform rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by Central Government, which in turn redistributes the pool back to local authorities general fund.

The total Non-Domestic Rateable Value at the 31st March 2018 was £136,900,159 (£123,528,733 - 31st March 2017).

The National Non-Domestic multiplier for the year was 47.9p (49.7p - 2016/17).

The Small Business Rate Multiplier was 46.6p (48.4p - 2016/17).

## C4 Provisions

The provision for the Council's share of potential cost of settling outstanding business rates appeals, was created as a result of the introduction of the Business Rates Retention scheme. As part of this scheme, billing authorities acting as agents on behalf of major preceptors (10%), Central Government (50%) and themselves are required to make a provision for refunding ratepayers who have appealed against the rateable value of their properties. Although under the scheme, the Council is able to retain a larger share of the business rates locally, it also now bears the risks and uncertainties linked to the level of rateable value appeals. The Council has made a provision of £2m in its accounts (£3.4m - 31st March 2017).

# Section 6 Special Expenses

## Special Expenses Account

2016/17	2017/18	
£	£	£
<b>Appleby Magna</b>		
(3) Balance brought forward	19	
(1,491) Collection Fund Precept	(1,533)	
(108) Localisation Grant	(93)	
(1,602)		(1,607)
<b>Expenditure</b>		
1,621 Parks and Open Spaces		1,637
<b>19</b> Balance carried forward (Surplus)/Deficit		<b>30</b>
<b>Coalville Urban District area</b>		
(83,336) Balance brought forward	(68,931)	
(368,982) Collection Fund Precept	(379,020)	
(62,077) Localisation Grant	(58,387)	
(514,395)		(506,338)
<b>Expenditure</b>		
341,105 Parks, Rec Grds, Open Spaces & Verge Mtce	336,290	
26,397 Burial Grounds	20,944	
81,849 Events and Grants	75,825	
257 Other Expenses	240	
12,000 R.C.C.O.	0	
(26,627) Asset Management Revaluation Account	(23,362)	
2,460 Impairment	4,536	
(1,725) Other Adjustments	(5,282)	
9,748 Contribution to/from Ear-Marked Reserves	5,034	
445,464		414,225
<b>(68,931)</b> Balance carried forward (Surplus)/Deficit		<b>(92,113)</b>
<b>Coleorton Parish area</b>		
(69) Balance brought forward	(61)	
(2,857) Collection Fund Precept	(2,936)	
(439) Localisation Grant	(410)	
(3,365)		(3,407)
<b>Expenditure</b>		
1,181 Parks and Open Spaces	1,193	
2,123 Burial Grounds	2,144	
3,304		3,337
<b>(61)</b> Balance carried forward (Surplus)/Deficit		<b>(70)</b>

2016/17	2017/18	
£	£	£
<b>Hugglescote</b>		
(1,412) Balance brought forward	7,209	
(22,662) Collection Fund Precept	(23,094)	
(2,213) Localisation Grant	(1,986)	
(26,287)		(17,871)
<b>Expenditure</b>		
1,121 Parks, Rec Grds, Open Spaces & Verge Mtce	0	
29,569 Burial Grounds	34,381	
(144) Other Adjustments	(457)	
2,950 Contribution to Ear-Marked Reserves	0	
33,496		33,924
<b>7,209</b> Balance carried forward (Surplus)/Deficit		<b>16,053</b>
<b>Kegworth</b>		
(638) Balance brought forward	(638)	
0 Collection Fund Precept	0	
0 Localisation Grant	0	
(638)		(638)
<b>Expenditure</b>		
0 Parks and Open Spaces		0
<b>(638)</b> Balance carried forward (Surplus)/Deficit		<b>(638)</b>
<b>Lockington / Hemington</b>		
(120) Balance brought forward	(89)	
(1,704) Collection Fund Precept	(1,683)	
(116) Localisation Grant	(99)	
(1,940)		(1,871)
<b>Expenditure</b>		
1,851 Burial Grounds		1,870
<b>(89)</b> Balance carried forward (Surplus)/Deficit		<b>(1)</b>

## Special Expenses Account

2016/17	2017/18	
£	£	£
<b>Measham Parish area</b>		
(98) Balance brought forward	(102)	
(1,647) Collection Fund Precept	(1,703)	
(239) Localisation Grant	(223)	
(1,984)		(2,028)
<b>Expenditure</b>		
1,882 Burial Grounds		1,901
<b>(102)</b> Balance carried forward (Surplus)/Deficit		<b>(127)</b>
<b>Oakthorpe and Donisthorpe</b>		
(223) Balance brought forward	(167)	
(3,304) Collection Fund Precept	(3,414)	
(478) Localisation Grant	(445)	
(4,005)		(4,026)
<b>Expenditure</b>		
3,838 Parks and Open Spaces		3,876
<b>(167)</b> Balance carried forward (Surplus)/Deficit		<b>(150)</b>
<b>Osgathorpe</b>		
(318) Balance brought forward	(315)	
(328) Collection Fund Precept	(331)	
(24) Localisation Grant	(21)	
(670)		(667)
<b>Expenditure</b>		
355 Parks and Open Spaces		359
<b>(315)</b> Balance carried forward (Surplus)/Deficit		<b>(308)</b>
<b>Ravenstone</b>		
(247) Balance brought forward	(243)	
(313) Collection Fund Precept	(354)	
(38) Localisation Grant	(35)	
(598)		(632)
<b>Expenditure</b>		
355 Parks and Open Spaces		359
<b>(243)</b> Balance carried forward (Surplus)/Deficit		<b>(273)</b>

2016/17	2017/18	
£	£	£
<b>Stretton-en-le-field</b>		
(13) Balance brought forward	(22)	
(1,141) Collection Fund Precept	(1,141)	
(217) Localisation Grant	(206)	
(1,371)		(1,369)
<b>Expenditure</b>		
1,349 Burial Grounds		1,362
<b>(22)</b> Balance carried forward (Surplus)/Deficit		<b>(7)</b>
<b>Whitwick</b>		
1,059 Balance brought forward	(952)	
(19,763) Collection Fund Precept	(20,130)	
(1,796) Localisation Grant	(1,598)	
(20,500)		(22,680)
<b>Expenditure</b>		
621 Parks, Rec Grds, Open Spaces & Verge Mtce	627	
14,138 Burial Grounds	13,226	
(146) Other Adjustments	(454)	
4,935 Contribution to Ear-Marked Reserves	3,350	
19,548		16,749
<b>(952)</b> Balance carried forward (Surplus)/Deficit		<b>(5,931)</b>



# Section 7 Glossary

# Glossary of main financial terms

## **Amortisation**

A reduction in the value of an intangible asset over time, due to wear and tear.

## **Budget**

A statement defining the council's policies over a specified period in terms of finance. Budgets usually include statements about the use of other resources (e.g. numbers of staff) and provide some information on performance measures.

## **Budget requirement**

The estimated revenue expenditure on general fund services that needs to be financed from the council tax after deducting income from fees and charges, certain specific grants and any funding from reserves. It is used to decide the criteria for capping local authority revenue expenditure.

## **Capital expenditure**

(or capital spending) - section 40 of the Local Government and Housing Act 1989 defines 'expenditure for capital purposes'. This includes spending on the acquisition of assets either directly by the local authority or indirectly in the form of grants to other persons or bodies. Expenditure that does not fall within this definition must be charged to a revenue account.

## **Capital receipts**

The proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure within rules set down by the Government, but they cannot be used to finance revenue expenditure.

## **Collection fund**

A statutory fund maintained by a billing authority, which is used to record local taxes and non-domestic rates collected by the authority, along with payments to precepting authorities, the national pool of non-domestic rates and its own general fund.

## **Contingency**

Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

## **Contingent liability**

Money that may be owed, but the exact amount is unclear.

## **Council tax**

The main source of local taxation to local authorities. Council tax is levied on households within its area by the billing authority and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

## **Council tax benefit**

Assistance provided by billing authorities to adults on low incomes to help them pay their council tax bill. The cost to authorities of council tax benefit is largely met by government grant.

## **Current expenditure**

Running costs, including employee costs, premises costs and supplies and services, but not including debt charges.

## **Deferred charge**

Spending on an asset that has a lasting value but is not owned e.g. improvement grants.

## **Depreciation**

A measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset.

## **Earmarked reserve**

Money set aside for a specific purpose.

## **Estimates**

The amounts expected to be spent, or received as income, during an accounting period. The term is also used to describe detailed budgets, which are either being prepared for the following year, or have been approved for the current year.

## **Original estimate**

The estimates for a financial year approved by the council before the start of the financial year.

### **Revised estimate**

An updated revision of the estimates for a financial year.

### **Supplementary estimate**

An amount, which has been approved by the authority, to allow spending to be increased above the level of provision in the original or revised estimates.

### **External audit**

The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### **Fees and charges**

Income raised by charging users of services for the facilities. For example, local authorities usually make charges for the use of leisure facilities, the collection of trade refuse, etc.

### **Finance lease**

A lease, usually of land, or land and buildings, which is treated in the Government's capital control system as a credit arrangement as if it were similar to borrowing. Other types of lease are termed 'operating leases'.

### **Financial regulations**

A written code of procedures approved by the authority, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative procedures and budgeting systems.

### **General fund**

The main revenue fund of a billing authority. Day-to-day spending on services is met from the fund. Spending on the provision of housing, however, must be charged to a separate Housing Revenue Account.

### **Housing benefit**

An allowance to persons on low income (or none) to meet, in whole or part, their rent. Benefit is allowed or paid by local authorities but central government refunds part of the cost of the benefits and of the running costs of the service to local authorities. Benefit paid to the authority's own tenants is known as rent rebate and that paid to private sector tenants as rent allowance. See also Council Tax Benefit.

### **Housing revenue account (HRA)**

Local authorities are required to maintain a separate account - the HRA - which sets out the expenditure and income arising from the provision of housing. Other services are charged to the General Fund.

### **Hra subsidy**

A government grant paid to some housing authorities towards the cost of providing, managing and maintaining dwellings and paying housing benefits to tenants.

### **IAS 19**

a statement of recommended practice to account for the cost of pensions.

### **IFRS**

International Financial Reporting Standards

### **Impairment**

A reduction in the value of an asset, arising (for example) from a significant reduction in Market Value.

### **LOBO**

A commercial loan method of borrowing, which gives options for both parties – ("Lenders options; borrowers options").

### **Minimum revenue provision (MRP)**

The minimum amount which must be charged to an authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.



**National non-domestic rate (NNDR)**

A levy on businesses, based on a national rate in the pound set by the Government multiplied by the 'rateable value' of the premises they occupy. NNDR is collected by billing authorities on behalf of central government and then redistributed among all local authorities and police authorities on the basis of population. Also known as 'business rates', the 'uniform business rate' and the 'non-domestic rate'.

**Net expenditure**

Gross expenditure less specific service income, but before deduction of Revenue Support Grant.

**Non-recurring**

Items that are in a budget for one year only.

**Operating lease**

A type of lease, usually of computer equipment, office equipment, furniture, etc which is similar to renting and which does not come within the Government's capital control system. Ownership of the asset must remain with the lessor for a lease to be classed as an operating lease.

**Outturn**

Actual income and expenditure in a financial year.

**Pension fund**

An employees' pension fund maintained by an authority, or group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing authority, the employee and investment income.

**Precept**

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council tax payers on their behalf.

**Precepting authorities**

Those authorities which are not billing authorities, i.e. do not collect the council tax and non-domestic rate. County councils, police authorities and joint authorities are 'major precepting authorities' and parish, community and town councils are 'local precepting authorities'.

**Provisions and reserves**

Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or 'balances'), which every authority must maintain as a matter of prudence.

**Public works loan board (PWLB)**

A central government agency which provides long- and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local authorities are able to borrow a proportion of their requirements to finance capital spending from this source.

**Revenue support grant (RSG)**

A grant paid by central government to aid local authority services in general, as opposed to specific grants, which may only be used for a specific purpose. The grant makes up the difference between expenditure at SSA and the amount which would be collected in council tax for that level of expenditure (CTSS) and the amount of non-domestic rate redistributed.

**Section 137 expenditure**

Under Section 137 of the Local Government and Housing Act 1972, local authorities are allowed to spend a limited amount to do things they are not otherwise empowered to do, but which they consider to be in the interests of residents.

**Specific grants**

The term used to describe all government grants - including supplementary and special grants - to local authorities other than RSG, capital grants and HRA subsidy. Not to be confused with specified capital grants.

### **Specified capital grant (SCG)**

Certain government grants towards capital spending, for example house renovation grants. Local authorities must apply a special accounting treatment to these grants, i.e. reduce their credit approvals by the amount of the grant received. SCGs all relate to housing.

### **Ultra vires**

Local authorities are empowered to do only those things authorised by statute. If they do anything not authorised by statute, that action is said to be ultra vires (i.e. beyond their powers).

### **Value for money (VFM)**

A much-used term that describes a service or product that demonstrates a good balance between its cost, quality and usefulness to the customer. A VFM audit takes into account the economy, efficiency and effectiveness (known as the 'three Es') of a local authority service, function or activity.

### **Virement**

The permission to spend more on one budget head when this is matched by a corresponding reduction on some other budget head, i.e. a switch of resources between budget heads. Virement must be properly authorised by the appropriate committee or by officers under delegated powers.

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# Section 8 Auditor's report



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of North West Leicestershire District Council ('the Authority') for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund and the related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of the Authority's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

**Other information published with the financial statements**

The Head of Finance and S151 Officer is responsible for the other information published with the financial statements, including the Narrative Report and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.



### **Head of Finance and S151 Officer's responsibilities**

As explained more fully in the statement set out on pages 22 and 23, the Head of Finance and S151 Officer is responsible for: the preparation of the Authority's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

## **REPORT ON OTHER LEGAL AND REGULATORY MATTERS**

### **Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

#### **Conclusion**

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, North West Leicestershire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

#### **Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

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

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether North West Leicestershire District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us



to consider under the Code of Audit Practice in satisfying ourselves whether North West Leicestershire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

#### **Statutory reporting matters**

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014;
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

#### **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT**

##### **Due to work on the WGA Return not being completed by 9<sup>th</sup> November 2018**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.



A handwritten signature in blue ink, appearing to read 'J.R. Cornett', with a long horizontal line extending to the right.

**John Cornett**  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
St Nicholas House  
31 Park Row  
Nottingham  
NG1 6FQ

9<sup>th</sup> November 2018

# Useful information

If you would like more information about the Annual Statement of Accounts 2017-18 or any council service, please use the contact details below:

[www.nwleics.gov.uk](http://www.nwleics.gov.uk)

[customer.services@nwleicestershire.gov.uk](mailto:customer.services@nwleicestershire.gov.uk)

 @nwleics

 This is NWLeics

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01530 454545 (Main switchboard)

If you have an emergency outside of normal hours  
please call 01530 454789

Fax:

01530 454506 (Reception)

