



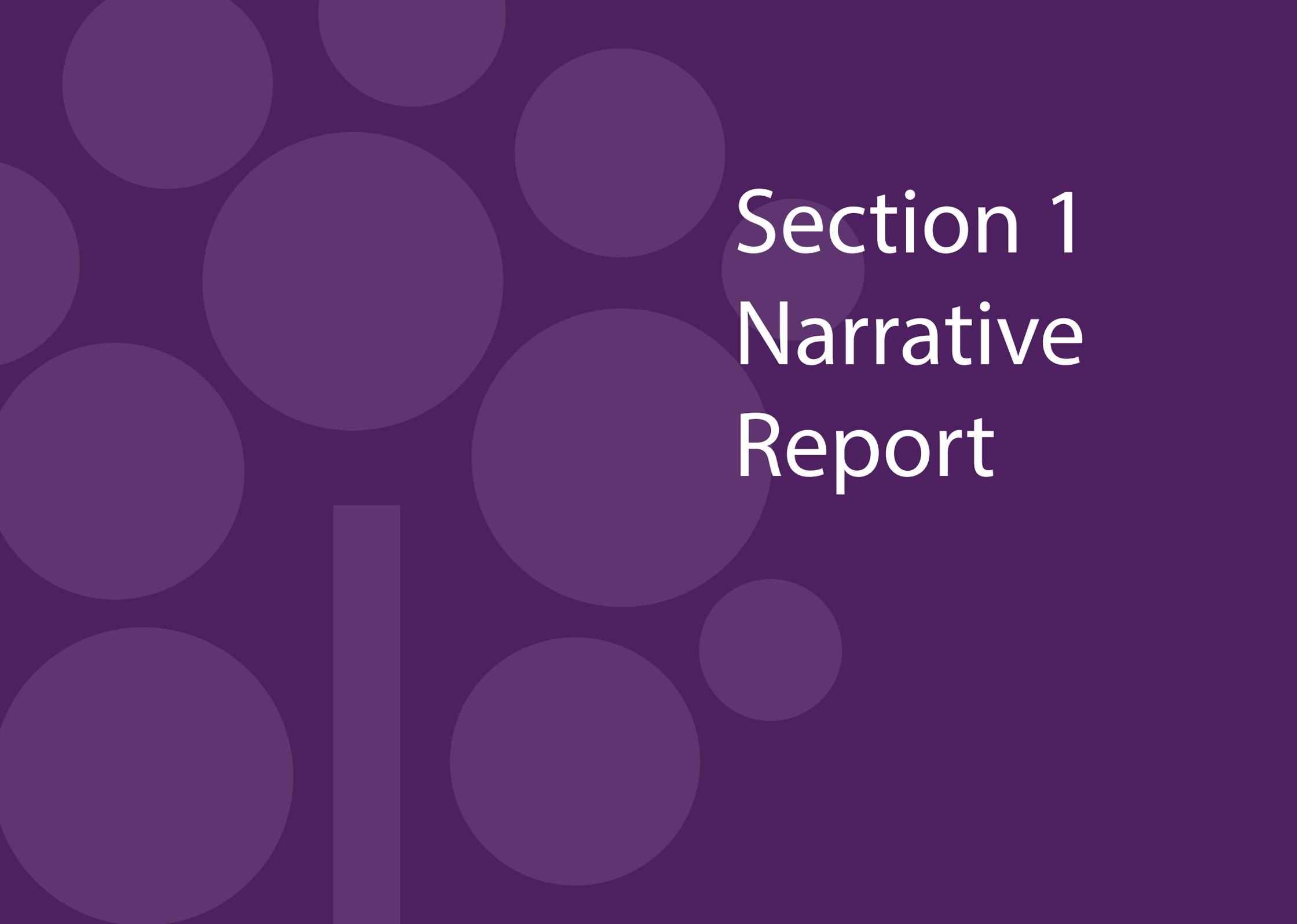
North West Leicestershire District Council

Annual Statement of Accounts 2018 -19



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Section 1 Narrative Report

1. North West Leicestershire as a place

North West Leicestershire is a thriving, vibrant district located in the heart of the National Forest. Over 100,000 people live across the district, the majority of which are in our principal town Coalville, or the settlements of Ashby de la Zouch, Castle Donington, Ibstock, Kegworth and Measham. All are nestled within 27,900 hectares (108 sq. miles) of attractive countryside.

North West Leicestershire is a great place to do business. Our proud industrial heritage has blossomed into a varied economy that includes wholesale, retail, transportation, manufacturing and quarrying. As of 2018 we have around 4,250 businesses located within the district – a rise of 20% since 2010. We are home to 52 of the largest companies in Leicester and Leicestershire, according to the 2018 Leicester Mercury Top 200 Businesses.

Our economy is thriving as a result. We were ranked in the top 20% of local authorities for prosperity in Grant

Thornton's 2018 Vibrant Economy Index and unemployment level of 1.5% was lower than both the regional and national figures of 2.2% and 2.7% respectively. This is the result of our excellent location and transport infrastructure. We sit within the golden triangle of the M1, M6 and M42 motorways, which, along with the A50, links us to the major nearby cities of Birmingham, Derby, Leicester and Nottingham. We host the UK's largest pure freight airport – East Midlands Airport in Castle Donington.

In 2019 we launched a new four year Economic Growth Plan to build on the significant investment we have seen in the past four years and continue to develop a successful, sustainable economy by showcasing our location, transport infrastructure and attractive natural, cultural and heritage assets.



- North West Leicestershire District Council:
 - Collects over £120 million in council tax and business rates but retains only £11 million of this amount to provide essential services such as waste and recycling collection
 - Generates over £9 million of income
 - Collects nearly £18 million in rent payments in respect of our 4,262 council homes.
 - Holds £277 million of assets for service delivery, council housing provision and investments

- The Council is financially strong. We are part of the Leicestershire Business Rate Pool, have strong housing growth, and have been successful in delivering an ongoing balanced budget. We currently hold generous reserves, in a position where redeeming debt can be repaid and have a clear financial plan.

- But the local government finance landscape is changing. There are three central government reviews

underway which will be implemented from April 2020: the Fair Funding review; Business Rates Reform; and Local Government Spending Review and we continue to assess the anticipated adverse impact this is likely to have through our biannual review of our Medium Term Financial Plan.

- We are mindful of further demographic and business growth in North West Leicestershire and we will continue to monitor and 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 & 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](#).

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 2019/20 sets out our priorities and aims for the coming years. Our priority areas are:

- Supporting Coalville to be a more vibrant, family friendly town.

- Our communities are safe, healthy and connected.
- Local people live in high quality, affordable homes.
- Supporting business and helping people into local jobs.
- Developing a clean and green district.

The priorities are underpinned by a balanced budget, a constant focus on value for money, local income generation where appropriate and a prudent approach to future challenges to our funding and expenditure.

Our vision is supported by four key programmes that were launched in 2017/18, each of which oversee the delivery of multiple projects:

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

On the 1 May 2019, the council outsourced its Leisure Centres to Everyone Active. As part of the outsourcing, 210 individuals transferred to the new leisure provider.

Who works for the council?

The council employed 703 individuals at the end of March 2019 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 372 are full time and 331 are part time positions.

We also employed 21 apprentices.

Our People Plan

Having a motivated, skills and capable workforce are critical to delivering our vision, our Council Delivery Plan and high quality services for our community. That is why we have developed a new people plan this year to deliver our ambition of having a sustainable, ambitious, effective and efficient workforce that reflects the local communities we serve. The plan is based on five themes:

- Being an employer of Choice.
- Developing and Supporting Staff.
- Leadership.
- Happy and Healthy workforce.
- Communicate and Listen.

The plan will help us support staff to be the best they can be, give us the flexibility to shift resources, attention and mechanisms of delivery so we can thrive in the constantly changing and evolving nature of Local Government. We have already started to deliver a programme of work to support the plan. For instance, in March 2019 we gained Investors In People accreditation.

During the year, we also adopted new corporate values with staff. Our values reflect how we want to be as a Council:

Trust – We are honest, fair and transparent and we value trust

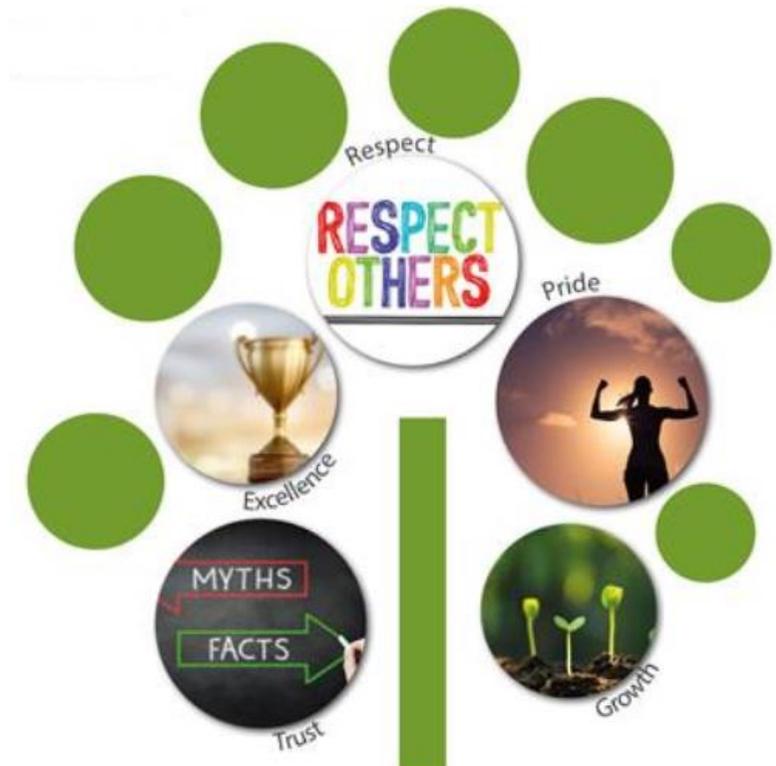
Respect – We respect each other and our customers in a diverse, professional and supportive environment

Excellence – We will always work to be the best that we can be

Pride – We are proud of the role we play in making North West Leicestershire a happy, healthy and vibrant place to live and work

Growth – We will work together to grow and continually improve.

Our Values



3. The council's performance

We have made significant progress towards our priorities in 2018/19. Below is a summary of some of our key achievements for the year under each of the council's five priorities for 2018/19. You can find our full End of Year report on our website [here](#).

Building confidence in Coalville

- We undertook repairs to Memorial Clock Tower in Coalville using council funding and money from the Heritage Lottery Fund and the War Memorials Trust.
- We undertook our promotion of Coalville Market and as a result 16 new traders joined and weekly visits from customers increased by 14% on the previous year.
- We completed the purchase of the former "Litten Tree" pub on Marlborough Square. This will become the new venue for an indoor and outdoor new market location.

Value for money

- We started to implement our 'Customer First' programme, which puts customers at the heart of all our work with the development of our Customer Experience Strategy
- We also developed our Commercial Strategy which sets out our commercial approach which focusses on 'Being More Business-like'.
- We completed procurement to award a contract to Everyone Active, an external leisure provider who will build a new state of the art leisure centre in Coalville and improve Hood Park Leisure Centre in Ashby and operate the centres on behalf of the Council.

Homes and communities

- We adopted a Health and Wellbeing strategy during the year. The strategy will focus on delivering health and wellbeing improvements with partner agencies and within the Council.
- We worked hard to maximise the economic benefits and

minimise the negative impacts from the proposed HS2 route which is planned to travel through our district. Our consultation response defended land, businesses, green spaces and historic buildings around Measham and our response was taken on board with the revised proposed route taking a different path to the west of the area.

- We launched our Good Design Supplementary Planning Document (SPD) to make sure developments across the district are built to a high standard.

Businesses and Jobs

- We were successful in engaging young people to our apprenticeships programme and met our government quota target during the year.
- We worked in partnership with Ashby Town Council to achieve 'Purple Flag' status for Ashby-de-la-Zouch town centre.
- We developed our Economic Growth Plan which sets out our ambitions for North West

Leicestershire and, how working cooperatively with our partners, we will continue to develop a thriving and sustainable economy.

Green Footprints

- We developed our Recycle More strategy which is set to go live in April 2019. This strategy sets out how we will increase recycling rates across the district.
- We completed a feasibility study on installing electric charging bays in council-owned car parks. As a result, two electric charging points will be provided in Ashby in 2019/20.
- We are proud to have achieved 'Green Flag' status for Coalville Park during the year.

4. The council's financial performance

Financial context and outlook

North West Leicestershire District Council is responsible for managing cash flows and assets exceeding £328 million each year. Of this amount:

- £277 million relates to the value of our assets, of which £262 million of these are held for providing council services and £13 million are held as investment property. The remaining £2 million of assets are made up of heritage, intangible and surplus assets.
- Over £20 million 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 nearly £18 million in rent for council homes.
- We collect just over £62 million in business rates. We retain 8.5% of business rates (after paying

our tariff to central government), and pass on approximately 10% to our major preceptors Leicestershire County Council (LCC) and Leicestershire Fire and Rescue Service (LFRS). 4% paid is the contributed into the Leicester and Leicestershire Economic Partnership to support economic growth in Leicestershire. The remaining 77.5% goes to central government.

- We collect £58 million in council tax from residents in the District. We retain just 9% of this amount after £2 million is passed to Parish and Town Councils, with the remainder passed on to LCC, LFRS and PCC.

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 our share of council

tax for the ninth year in 2018/19, 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 £480,000 more in business rates income than we anticipated to in 2018/19. This was because we received more in Section 31 grants (which are additional amounts of funding given to us to ensure that we don't lose out due to central government decisions) were

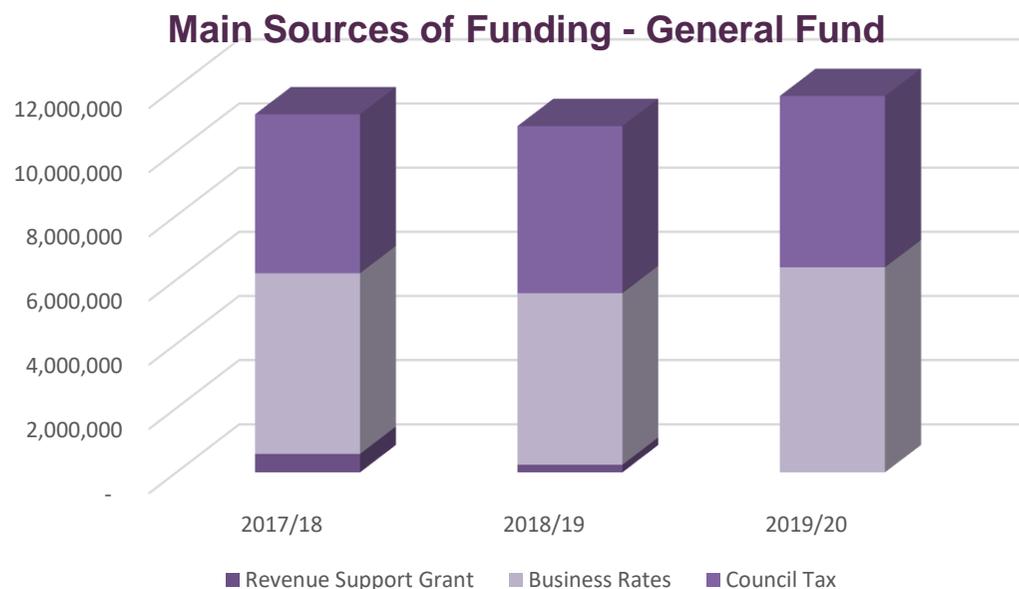
higher than we had originally forecast in our budget.

We are pleased that our ability to collect the £18 million worth of rent payments that are due from tenants has not been significantly impacted by the introduction of Universal Credit this year. We have a dedicated Support Officer in place to continue to assist tenants through the welfare reform changes as the roll out of Universal Credit continues.

At the end of the 2018/19 year, we had a balance of £48 million invested which

earned us interest on balances throughout the year of £401,000 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 awarded a contract to Everyone Active who will run the Council's leisure centres and 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 £23 million facility will be funded through a mixture of reserves, capital receipts and external borrowing. 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.

At 31 March 2019 our level of borrowing was £81.3 million, which



was £1.1 million lower than the previous year due to the repayment of Housing Revenue Account self-financing loans taken out in 2012. We did not borrow in 2018/19 and our balance sheet forecast presented to Council in February 2019 shows that the authority does not expect to need to borrow until 2020/21 as a result of utilising internal reserves held to fund our new Coalville Leisure Centre. We are mindful of the government's Fair Funding Review, Business Rates Reform and Local Government Spending Review and the likely adverse impact to our future cash flows. We are closely monitoring the progress of the review and assessing the likely financial impact proposed changes will have through biannual reviews of our Medium Term Financial Plan.

We hold a generous £30 million in reserves, with £13 million in place to repay HRA Self-Financing loans due for redemption in 2022 and £4.2 million specifically set aside to protect the Council from projected future deficit years and the risk of being unable to deliver a balanced budget. We also maintain healthy and prudent, member

approved minimum levels of reserves of £1.5 million and £1 million for the General Fund and HRA respectively.

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 introduced a new approach for the council in assessing its rolling five year position and the likely financial resources required to deliver the council's strategic priorities and essential services. The strategy also launched our Journey to Self-Sufficiency programme that promotes self-sufficiency and the safeguarding of the council's financial position against anticipated future central government funding changes whilst also maximising the use of government grant and local income.

The strategy's Medium Term Financial

Plan is looked at on a biannual basis - the plan is rebased in February as part of setting the forthcoming year's budget and also reviewed the following July to assess the impact of the previous year's outturn and assess the reasonableness of assumptions in light up more up to date information. Our latest version of the plan predicts future in-year deficits (net of surpluses arising in the 2019/20 and 2020/21 financial years) totalling £5.2 million to 2024 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 and New Homes Bonus funding as a result of the implementation of the government's ongoing Business Rate Reform and Fair Funding reviews.

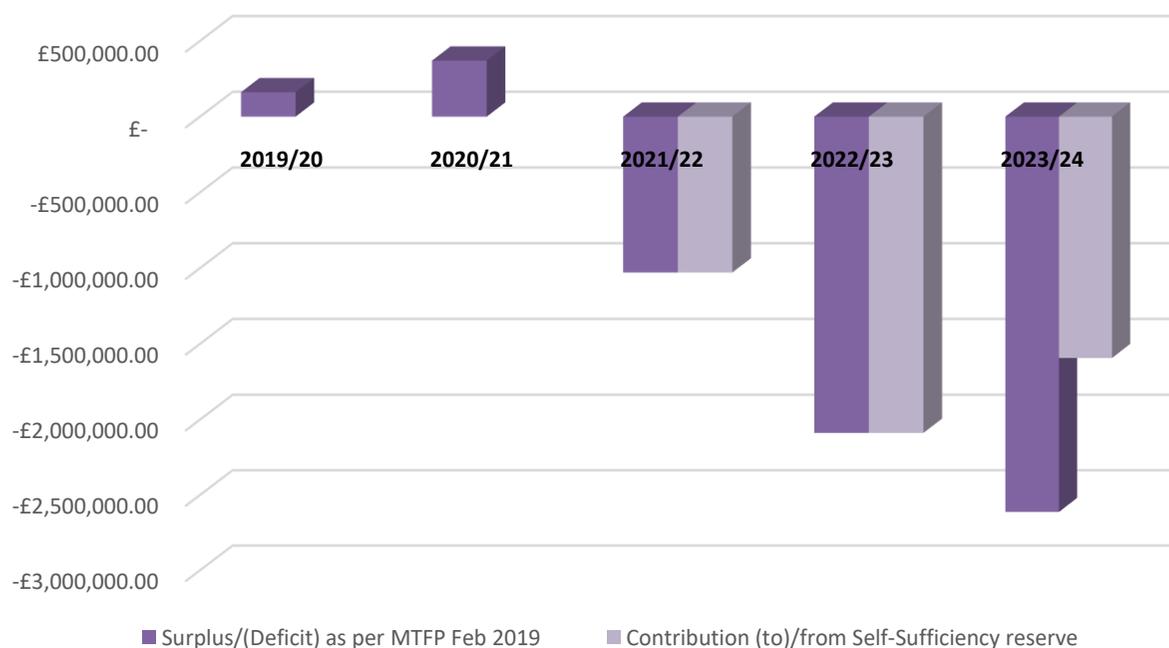
In implementing the Medium Term Financial Strategy, we created a self-sufficiency reserve that will be used to balance future projected deficit General Fund budgets and/or to fund initiatives that reduce ongoing expenditure or generate additional income. As at 31 March 2019, this reserve stood at £4.2 million and it is

planned that the budgeted surpluses forecast to arise in 2019/20 and 2020/21 will contribute to this reserve, taking the reserve to £4.7 million by March 2021. This means that if we were to use this reserve to balance deficit years only, we would be able to meet the majority of the projected deficits that arise between 2022 and 2024.

We are conscious that we can only utilise this reserve once, and so through our Journey to Self Sufficiency Programme we have established a number of work streams to ensure that we are able to take advantage of opportunities to reduce our expenditure and generate additional local income. During 2018/19, the Journey to Self-Sufficiency Programme has:

- Developed a **Commercial Strategy** which sets out how we will focus on income generation and develop the culture of the organisation to become more business-like.
- Committed to **Reducing our Corporate Costs** by establishing a work stream to identify and make savings against the way we deliver our services.
- Started to review our **Asset Management** approach by developing a new Asset Management Strategy and by engaging a commercial property consultant to undertake a market valuation of our commercial properties.
- Changed the way in which we set our **Budget** by challenging service areas to deliver target savings and more robustly forecast anticipated grant funding, income and expenditure. For the forthcoming 2019/20 year, this meant that we limited the increase in the forthcoming budget to just 1% compared to 2018/19. We also implemented a new **Financial**

Our Projected Budget Position Offset by our Self-Sufficiency Reserve



Management approach to monitoring and controlling spend with our 'Finance Clinics' where managers meet with Finance on a monthly basis to track and forecast our financial position and to identify potential savings, efficiencies and more cost advantageous ways of working.

Our Medium Term Financial Strategy 2018 – 2023 can be found on our website [here](#).



Grace Dieu Priory, Thringstone

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 £299,000 into our self-sufficiency reserve balances in 2018/19. We achieved an outturn of £1.525 million, with £1.424 million transferred to the self-sufficiency reserve taking the balance of the reserve to £4.2 million. We transferred the remaining the remaining £100,500 into earmarked reserves to fund one-off projects.

General Fund		2018/19		
		Original Budget £'000	Outturn £'000	Variance £'000
1	Chief Executive	287	280	-7
2	Human Resources & Organisational Development	558	507	-51
3	Legal & Commercial Services	1,309	1,267	-42
4	Strategic Director of Place	341	269	-72
5	Community Services	5,640	5,892	252
6	Planning and Infrastructure	435	195	-240
7	Economic Development	743	657	-86
8	Joint Strategic Planning	8	8	0
9	Customer Services	2,195	1,826	-369
10	Finance	826	914	88
11	Housing & Asset Management	648	634	-14
12	Other	281	115	-166
13	Corporate And Democratic Core	45	30	-15
14	Non-Distributed Costs	87	248	161
15	Net Recharges	-1,273	-1,298	-25
16	Net Financing Costs	1,080	1,024	-56
17	Investment Income	-145	-269	-124
18	Localisation Of Council Tax Grant	139	139	0
19	Revenue Contribution To Capital	0	78	78
20	Debt Restructuring Premium	0	23	23
21	Transfer to Self Sufficiency Fund	299	1,424	1,125
22	Transfer to Earmarked Reserves	0	101	100
23	Transfer To S106	0	385	385
24	Section 106	0	-422	-422
25	Net cost of service after recharges	13,503	14,027	524
26	Revenue Support Grant	235	235	0
27	New Homes Bonus	2,905	2,905	0
28	Transfer From Collection Fund	289	289	0
29	Other Grants	0	8	8
30	Council Tax	5,210	5,210	0
31	Levy account surplus	0	36	36
32	National Non Domestic Rates Baseline	4,864	5,344	480
	Total Funding	13,503	14,027	524

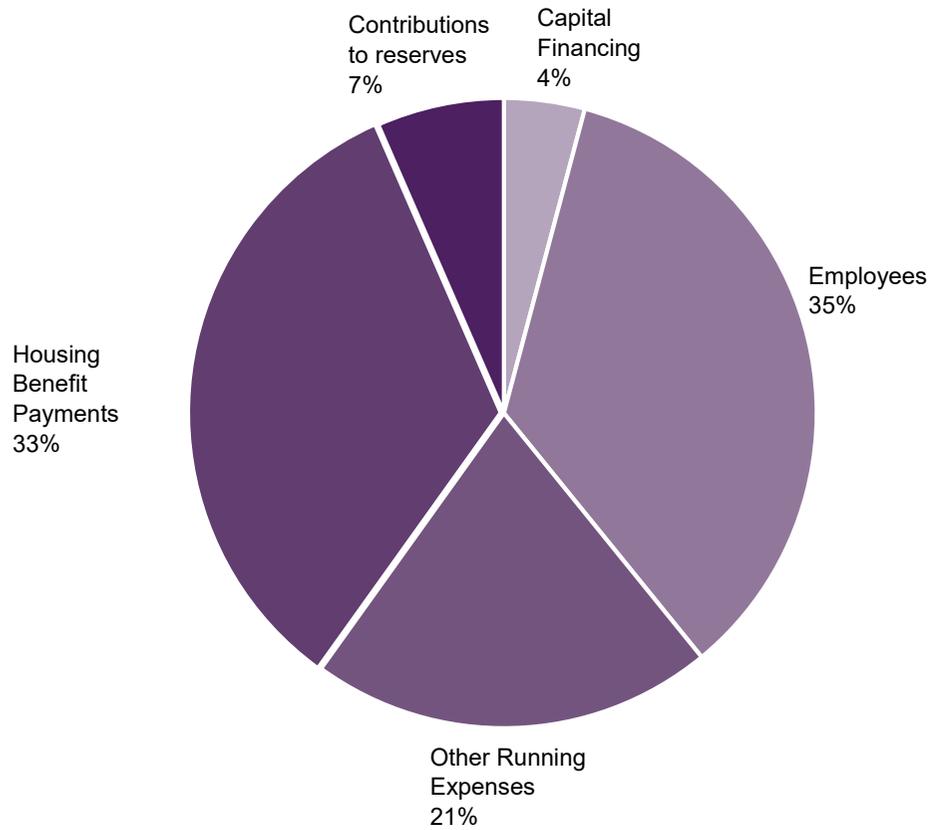
The additional surplus was achieved through a number of favourable variances, the majority of which had been forecast throughout the year. The largest was an additional £480,000 income from business rates as a result of additional Section 31 grants that we had not anticipated in our budget. We also spent £430,000 less on salaries than expected due vacant posts and the effects of a senior management and a number of service restructures undertaken just prior to and during the year that were not built into our budgets.

Other major variances in 2018/19 include an increase in the budgeted deficit of our leisure centres as a result of further decline in memberships, an increase in planning fee income due to us receiving 11% more income than we had anticipated and an underspend in rent allowances and rent rebates as a result of less benefits paid than budgeted for.

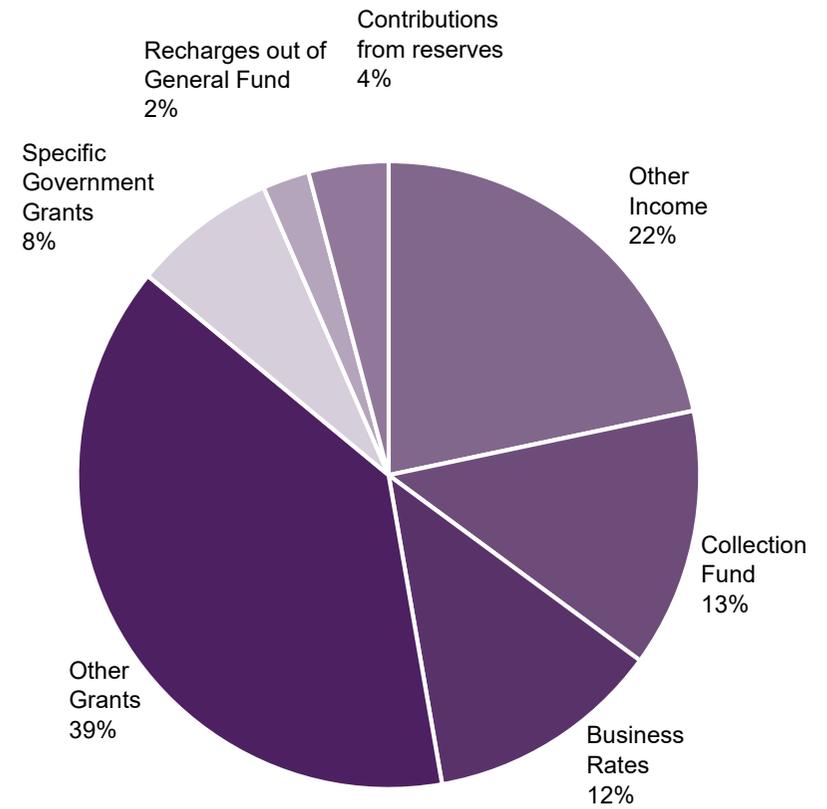
A summary of the major variances on the 2018/19 year are detailed in the table opposite.

Table 2 - Major Variances		£'000	£'000
Adverse Variances			
Non-Distributed Retirement Benefits		-98	
Leisure Centres		-246	
Revenue Contribution to Capital		-78	
			-422
Favourable			
Business Rates		480	
Salary Savings		430	
Recycling Income		56	
Investment Income		124	
Planning Income		130	
Licensing Income		39	
Rent Allowances and Rebates		240	
Phase 1 Restructure Savings		115	
Phase 2 Restructure Savings		33	
Net Financing Costs		56	
Planning Appeals and Associated Costs under Budget		60	
			1,763
Deminimus Variances			
Deminimus Non-Salary Variances		-115	
			-115
Total			1,226

Where the money is spent General Fund 2018/19



Where the money comes from 2018/19



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 £14,000 and the actual outturn was a transfer from reserves of £5,000. This movement was a result of reduced burial fee income and additional event expenditure in relation to Christmas decorations.



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.

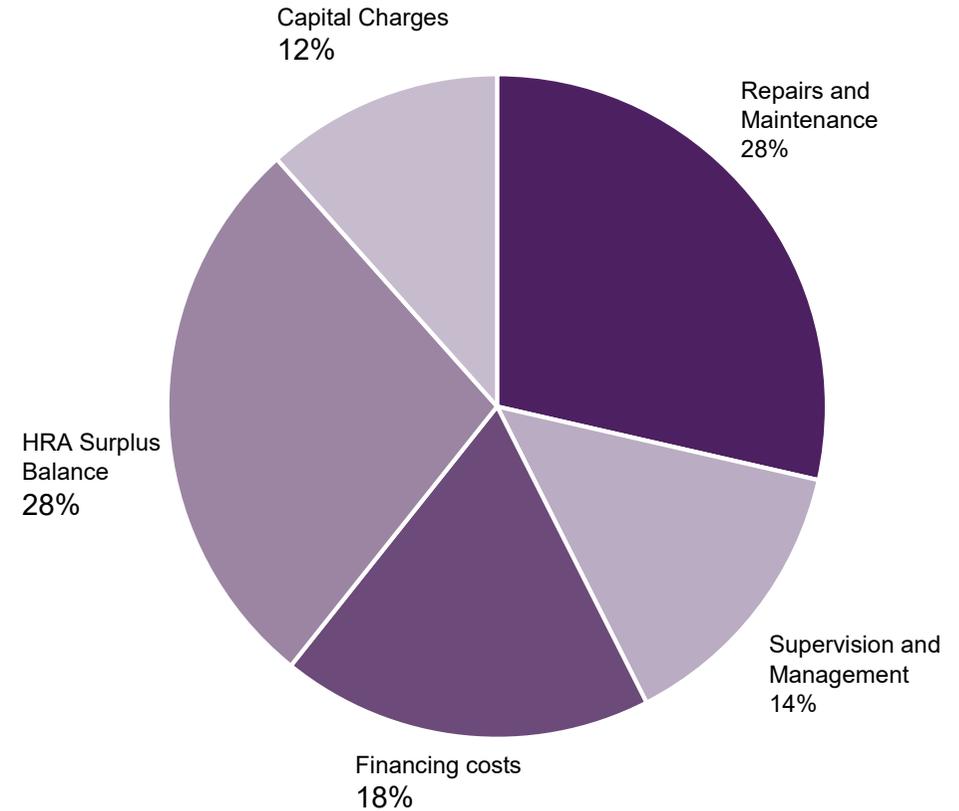
The HRA budgeted a surplus of £2.9 million but achieved a surplus of £4.9 million due to a number of variances. The most significant of these variances included savings from a lower depreciation charge of £535,000, savings of £276,000 on our external painting programme, net savings on employee costs of £223,000. We also benefited from £385,000 from completing more of our repairs and improvements work in-house, increasing our rental income by £113,000 by reducing the length of time our properties are empty between tenants and releasing £231,000 of past earmarked reserves.

In 2012 the HRA took on £76.8 million of debt to purchase its housing stock from the former Housing Revenue Account Subsidy system. We have been automatically transferring surpluses since then to build up a reserve to repay these loans and the first two loans totalling £13 million fall due in March 2022. We will use £4.6m of this year's surplus to bring our HRA loan redemption reserve up to £13 million – which means we have the funds in place to repay the first two loans three years before they fall due.

In February 2019, Council agreed not continue to automatically set aside its budgeted HRA surpluses for the repayment of maturity loans that fall due from 2037, allowing for a more flexible approach to refinancing and reinvesting surpluses back in to the Housing service. The remaining surplus of £281,000 will be retained within working balances so we can use it flexibly in the future.

Where the money is spent HRA 2018/19

	Original Budget £000's	Actual £000's	Variance £000's
Net Expenditure on Services	11,431	9,555	(1,876)
Capital Financing - Self Financing Loans	3,257	3,257	(0)
Total Expenditure	14,688	12,812	(1,876)
Funded by:-			
Rent Income	17,110	17,216	(107)
Other	525	483	42
	17,634	17,699	(65)
Net Operating Expenditure	(2,946)	(4,888)	(1,941)
Balance b/f	9,384	9,384	0
Funding of net operating expenditure	2,946	4,888	1,941
Balance carried forward	12,331	14,272	1,941



Our Assets and Liabilities

Pension Liabilities

£56.3 million

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 £3 million to the scheme in 2018/19 and there was an actuarial loss on the scheme in 2018/19 of £7.2 million, which increased the total liability compared to 2017/18.

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 £240,000 for the 2018/19 financial year. This rate means we pay additional amounts into the pension fund to offset the predicted liability on the scheme.

On 1 May 2019, 210 individual members of council staff transferred to Everyone Active after the Council has awarded a contract to them to run its leisure centres and associated

services. The pension arrangements we have agreed mean that those staff who are members of the pension scheme remain pooled with the Council's pension scheme. As a result, our pension liability will continue to reflect staff members who have transferred to Everyone Active.

Provisions

The 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 2019 is £5.7 million (£4.9 million as at 31 March 2018), the value of appeals used in completing the Collection Fund position as at 31 March 2019.

	2017/18	2018/19
Business Rates Appeals Provision	£4.9 million	£5.7 million

Borrowing

As at 31 March 2019 the council has total external borrowing of £81.3 million of long-term borrowing. Of this, £73 million relates to loans from the Public Loans and Works Board (PWLB), most of which were taken out in 2012 in order to fund Housing Revenue Account self-financing. All of our borrowing was within our Prudential Code limit for 2018/19 of £114 million and is forecast to remain within our limits for future years.

Cash flow

The Council's cash flow shows an increase of £2.86 million in its cash and cash equivalents from the previous year. This was largely due to the cash collected in our collection fund increased by £2.76 million. The amount of S106 monies held by us were also up by £2 million and we increased the amount of short term investments we made by £2 million.

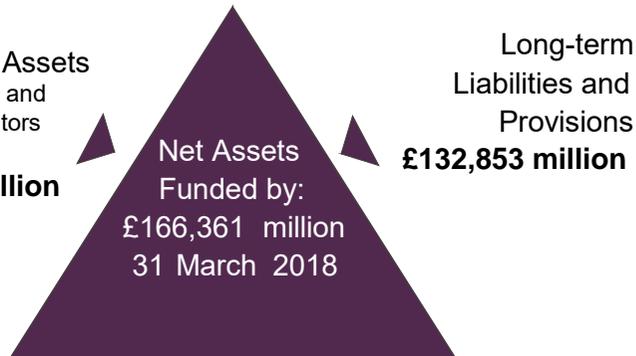
Interest payable and receivable were generally similar compared to 2017/18.

Financial Position

We have maintained a strong financial position despite the financial challenges we face, with net assets increasing by £3.3 million between 2017/18 and 2018/19.

Non-Current Assets
(property and long-term
investments)
£270,531 million

Net Current Assets
(debtors, stock and
cash less creditors
and liabilities)
£28,683 million



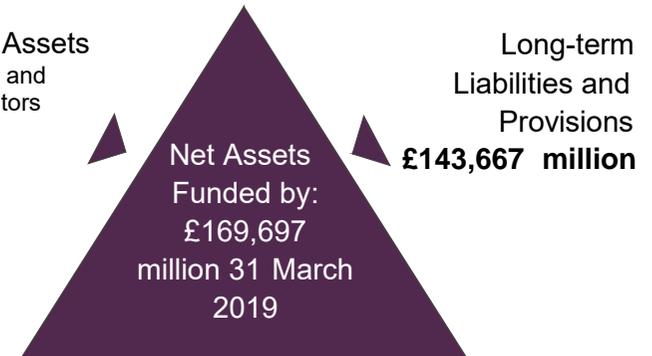
Funded by

Usable Reserves
£34,546 million

Unusable
Reserves
£131,815 million

Non-Current Assets
(property and long-term
investments)
£280,734 million

Net Current Assets
(debtors, stock and
cash less creditors
and liabilities)
**£32,630
million**



Funded by

Usable Reserves
£38,444 million

Unusable
Reserves
£131,253 million

Note: 31 March 2018 figures have been restated from the previous year's accounts.

Capital

We spent £11.7 million on capital schemes in 2018/19, with the main area of spending relating to improvements to and building new council homes. We also have plans to invest over £68 million in our district over next five years as part of our ambitious capital programme. During 2019/20 we are also set to revise our 2019/20 plans to absorb £2.6 million of programme slippage from 2018/19.

This investment over the next five years will support our priorities and includes:

- £24.4 million in a new leisure facilities. This includes a brand new leisure centre in Coalville and upgrades to Ashby's facility.
- £13.9 million in maintaining the Decent homes standard for our 4,262 council homes
- £6.6 million in developing new council homes
- £3.3 million on adapting residents homes through Disabled Facilities Grants

Expenditure	Outturn			Planned		
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Housing Improvements and Modernisations	4,890	8,125	4,907	4,988	5,336	4,578
New Build Schemes	2,731	4,984	1,573	46	-	-
Better Care Fund	693	650	649	648	647	647
Parks and Recreation Grounds	106	40	-	-	-	-
IT and Software	68	216	568	120	25	213
Transport Account Vehicles	1,992	701	1,150	699	467	296
Leisure Services	-	10,195	9,278	4,898	-	-
Car parks	526	-	-	-	-	-
Coalville Market Provision	320	-	-	-	-	-
Various Property Works	196	712	330	-	-	-
Memorial Clock Tower	147	-	-	-	-	-
Other Capital Expenditure	-	195	175	-	-	-
Total Expenditure	11,669	25,818	18,630	11,399	6,475	5,734
Funding	£'000	£'000	£'000	£'000	£'000	£'000
Grants	1,991	1,436	493	453	453	453
Disabled Facility Grants	693	621	621	621	621	621
Capital Receipts	1,409	1,410	1,272	4,208	1,081	1,079
Reserves	1061	7,435	1,678	95	1	1
Revenue	4,333	4,868	3,200	3,306	3,828	3,220
Borrowing	2,182	11,223	11,445	2,717	492	509
Total Funding	11,669	26,993	18,709	11,400	6,476	5,883

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 approach 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, approved by the Corporate Leadership Team and Elected Members is in place. 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. Our risk review cycle aligns with the service planning process and service risks monitored by service areas.

The Corporate Risk Group is represented by each of the Council's services. The CRG 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
Death / serious harm to a vulnerable person receiving a council service	<ul style="list-style-type: none"> • A serious case review arising from death/serious harm to a vulnerable person. • Reputational damage to council. • Loss of confidence in ability of council to deliver services. 	<p>The organisation has the following structures in place:</p> <ul style="list-style-type: none"> • An identified Corporate Lead (Head of Service) with a Portfolio Holder lead; • An identified Team responsible for Safeguarding (Safer & Stronger) with responsibility embedded into Team Leader role and an officer (Child & Adults at risk Officer); • An agreed Safeguarding Policy refreshed as required with delegation to Director of Housing and Customer Services for updates; • An identified group of Designated Support Officers (DSO's) in most service areas; • A programme of regular DSO meetings which consider training, best practice and case issues; • An annual training programme to ensure new DSO's are well informed and trained; • A quarterly senior management review of all cases to check progress/close cases; • A quarterly briefing with the Chief Executive, a 6 monthly report to CLT and an annual report to Cabinet; • Annual report reviews previous year and endorses an action plan for the year ahead.
Mismanagement of council finances	<ul style="list-style-type: none"> • Central Government intervention/special measures. • Adverse publicity. • Possible litigation. • Withdrawal of services. 	<ul style="list-style-type: none"> • Monthly management reviews monitor actual spend against budgets and forecast to the end of the year. • Monthly reporting and challenging at CLT, and reported to Cabinet quarterly • Sound policies and procedures are in place. • Financial planning processes have been documented and are reviewed regularly. • Internal and External audit of systems and accounts. • Membership of CIPFA and engagement of Arling Close gives access to specialist advice, analysis and expertise.

Insufficient resources due to unplanned / unforeseen absences / vacancies	<ul style="list-style-type: none"> • Council unable to perform its statutory duties. • Use of external resources at significantly higher cost. 	<ul style="list-style-type: none"> • Advance planning will mitigate this risk. • 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. • Market conditions are tested through recruitment processes. • The Council can offer a package of additional benefits to enhance the recruitment offer. • The Council has developed innovative partnering relationships with other sectors including the private sector to make posts uniquely attractive. • 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'.
Contracts are not properly procured and managed	<ul style="list-style-type: none"> • Council liable to incur additional costs. • Contract overrun • Litigation • Potential health & safety issues. 	<ul style="list-style-type: none"> • Corporate procurement officer and legal team to support where necessary on contract management. • Policies and procedures are in place. • Reserve contractor in place where appropriate. • A Senior Procurement Officer oversees a procurement planning process. • Training programme in place for staff.
Loss or unlawful use of personal data constituting breach of data protection legislation	<ul style="list-style-type: none"> • Monetary penalties from ICO • Adverse publicity • Private litigation • Personal criminal liability of officers. 	<ul style="list-style-type: none"> • Policies and procedures are in place although not yet rolled out and fully embedded. • Corporate Governance training is undertaken annually and includes information governance as appropriate to reflect changes in legislation. • The Council has a dedicated SIRO. • Corporate Governance Groups are in place to scrutinise impacts/issues arising.

Failure to respond to an emergency in an appropriate manner	<ul style="list-style-type: none"> • General public at risk of harm or unable to access relevant services (e.g. emergency accommodation or rest centre). • Adverse publicity. • “Business as usual” not possible without appropriate business continuity plan in place. • Breakdown in relationship with other responders. 	<ul style="list-style-type: none"> • Business continuity plans have been documented, policies and procedures are in place. • The Leicestershire Resilience Forum partnership arrangement with all Leicestershire and Rutland authorities provide resilience during civil emergency situations. • Business Continuity exercises show the readiness of the Council to deal with emergencies. • System of ICO / FLM duty rotas is in place.
Infiltration of ICT systems	<ul style="list-style-type: none"> • “Business as usual” would not be possible. • Cost of repelling cyber threat and enhancing security features. 	<ul style="list-style-type: none"> • Fully resilient environment in place with no single points of failure for core systems, other critical systems use cold standby equipment. • New business services are run in remote fully resilient data centres and existing systems are being progressively migrated to these cloud computing centres. • Improved business recovery arrangements have been implemented to minimise recovery time. • Accreditation to Cyber Essentials Plus and the Public Services Network.
Projects are poorly managed	<ul style="list-style-type: none"> • Failure of proposed projects could result in failure to achieve overall objectives. • Inefficient use / waste of resources. 	<ul style="list-style-type: none"> • Properly convened project teams with PID and project plan in place, including project risk registers. Progress on corporate projects scrutinised by CLT. • Use of external resources is also being used to support the Coalville and Leisure projects.
Council makes ultra vires (beyond the council’s powers and functions) decisions	<ul style="list-style-type: none"> • Potential litigation against the Council, resulting in increased costs / compensation. • Reputational damage. 	<ul style="list-style-type: none"> • Policies and procedures in place. • Governance processes are documented and in operation. • Ongoing assessments and reviewed are performed. • Completion of the Annual Governance Statement.

Council is subject to fraud, corruption or theft	<ul style="list-style-type: none"> Financial, reputational and political damage to Council. 	<ul style="list-style-type: none"> A policy framework that includes Anti-Fraud and Corruption Policy, Confidential Reporting (Whistleblowing) Policy and Anti-Money Laundering Policy. 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. Internal control and governance arrangements such as segregation of duties, schemes of delegation, bank reconciliations of fund movements, and verification processes. Information on how to report fraud is on the website including relevant links. Participation in National Fraud Initiative (mandatory) and Leicestershire Fraud Intelligence Hub (voluntary). 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.
The Council is subject to a reduction in income	<ul style="list-style-type: none"> Services are unable to be delivered. Potential staff redundancies. Funding of external groups is withdrawn. Potential breach of statutory duties. 	<ul style="list-style-type: none"> Medium Term Financial Strategy in place, including Self Sufficiency initiative. Economic Development Team promotes business offer. Participation in Business Rates Pilots. Accessing external funding where appropriate. Income collection procedures in Revs & Bens Service and Housing.

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 has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- To approve the Statement of Accounts.

The Responsibilities of the S151 Officer

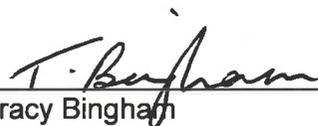
The Section 151 Officer is responsible for the preparation of the council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice'). In preparing this Statement of Accounts, the S151 Officer has: -

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The S151 Officer has also: -

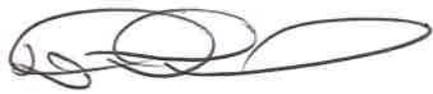
- Kept proper accounting records which were up-to-date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2019.



Tracy Bingham
Head of Finance and S151 Officer

30/07/2019
Date



Councillor Virge Richichi
Chair of Audit and Governance Committee

30/07/19
Date

Section 2 Core Statements

Core Statements

1. Introduction

The following pages summarise the financial activities of North West Leicestershire District Council for 2018/19. The council's Accounts have been produced in accordance with the *Code of Practice on Local Authority Accounting 2018/19* and the service reporting code of Practice 2018/19, 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 2018/19 the accounts consist of these 'core' Financial Statements:

- **Comprehensive Income and Expenditure Statement** 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)

- **Balance Sheet** which sets out the overall financial position of the council at 31 March 2019 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

Other financial statements:

- **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.
- **The Housing Revenue Account (HRA) Income & Expenditure Account and Statement of Movement on the HRA balance** – details income and expenditure on HRA services included in the whole Council Income & 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 2018 Code

The 2018/19 edition of the *Code of Practice on Local Authority Accounting 2018/19* introduces new, or amended, accounting standards or reporting requirements in a number of areas, in particular:

- The adoption of IFRS 15 *Revenue from Contracts with Customers* has changed how income is recognised.
- The adoption of IFRS 9 *Financial Instruments* has resulted in amendments to our financial instruments note on page 67.
- Changes in the disclosure of debtors and creditors in notes 15 and 17.

These changes have not had a material impact on our accounts.



Moira Furnace

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.

2017/18 (Restated)				2018/19		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Notes Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
13	0	13	Chief Executive and Other Services	5	0	5
47	0	47	Human Resources & Organisational Development	41	0	41
998	(448)	550	Legal and Commercial Services	804	(222)	582
15,695	(6,280)	9,415	Community Services (Including Strategic Director of Place)	16,943	(6,167)	10,776
2,997	(1,557)	1,440	Planning & Infrastructure	2,238	(1,784)	454
1,381	(44)	1,337	Economic Development	1,749	(63)	1,686
312	(273)	39	Joint Strategic Planning	110	(98)	12
808	(215)	593	Housing & Asset Management - General Fund	845	(233)	612
19,618	(18,716)	902	Customer Services	17,605	(16,585)	1,020
202	(8)	194	Finance	184	(30)	154
867	(10)	857	Corporate and Democratic Core	884	(1)	883
99	0	99	Non Distributed Costs	1,541	0	1,541
4,427	(17,924)	(13,497)	Housing Services - HRA	8,527	(17,813)	(9,286)
47,464	(45,475)	1,989	Cost of Services	51,476	(42,996)	8,480
		5,835	Other Operating Expenditure	6		7,041
		4,387	Financing and Investment Income and Expenditure	7		2,979
		(17,844)	Taxation and Non-Specific Grant Income	8		(18,694)
		(5,633)	(Surplus)/Deficit on Provision of Services			(194)
		(16,746)	(Surplus)/Deficit on revaluation of non current assets			(8,927)
		0	(Surplus)/Deficit on revaluation of available for sale financial assets			0
		(3,963)	Actuarial (gains)/losses on pension assets/liabilities			9,114
		(20,709)	Other Comprehensive Income and Expenditure			187
		(26,342)	Total Comprehensive Income and Expenditure			(7)

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
Balance as at 1 April 2017 (Restated)	12,507	9,553	5,205	592	1,049	28,906	111,113	140,019
Total Comprehensive Income and Expenditure	(3,119)	8,752	0	0	0	5,633	20,709	26,342
Adjustments between accounting basis and funding basis under regulations	5,101	(8,297)	993	2,439	(229)	7	(7)	0
Increase/(Decrease) in Year	1,982	455	993	2,439	(229)	5,640	20,702	26,342
Balance as at 31 March 2018	14,489	10,008	6,198	3,031	820	34,546	131,815	166,361
Total Comprehensive Income and Expenditure	(4,089)	4,283	0	0	0	194	(187)	7
Adjustments between accounting basis and funding basis under regulations	3,833	132	1,254	(1,692)	177	3,704	(3,704)	0
Increase/(Decrease) in Year	(256)	4,415	1,254	(1,692)	177	3,898	(3,891)	7
Balance at 31 March 2019 carried forward	14,233	14,423	7,452	1,339	997	38,444	127,924	166,368

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) 31 March 2017	(Restated) 31 March 2018		31 March 2019
	£'000	£'000	NOTES	£'000
	232,761	252,866	Property Plant and Equipment	262,348
	13,554	12,614	Investment Property	13,484
	454	383	Intangible Assets	244
	0	1,020	Heritage Assets	1,336
	0	0	Assets Held For Sale	0
	1,475	639	Surplus Assets	316
	9,000	3,000	Long Term Investments	3,000
	5	9	Long Term Debtors	6
	257,249	270,531	Long Term Assets	280,734
	24,495	35,995	Short Term Investments	37,995
	142	133	Inventories	137
	2,125	2,606	Short Term Debtors	2,241
	6,040	4,889	Cash and Cash Equivalents	7,744
	32,802	43,623	Current Assets	48,117
	(1,079)	(1,103)	Short Term Borrowing	(1,128)
	(12,613)	(11,871)	Short Term Creditors	(12,062)
	(3,532)	(1,966)	Provisions	(2,297)
	(17,224)	(14,940)	Current Liabilities	(15,487)
	(82,942)	(81,822)	Long Term Borrowing	(80,680)
	(47,228)	(46,298)	Other Long Term Liabilities	(59,661)
	(179)	(482)	Revenue Grants Receipt In Advance	(809)
	(2,459)	(4,251)	Capital Grants Receipt In Advance	(5,846)
	(132,808)	(132,853)	Long Term Liabilities	(146,996)
	140,019	166,361	Net Assets	166,368
	12,507	14,489	General Fund Balance	14,233
	9,553	10,008	Housing Revenue Account	14,423
	5,205	6,198	Capital Receipts Reserve	7,452
	592	3,031	Major Repairs Reserve	1,339
	1,049	820	Capital Grants Unapplied	997
	28,906	34,546	Usable Reserves	38,444

Balance Sheet

31 March 2017		31 March 2018			31 March 2019	
(Restated)	(Restated)				£'000	£'000
£'000	£'000			NOTES		
38,553	54,155	Revaluation Reserve		19	61,379	
120,862	125,574	Capital Adjustment Account		19	128,033	
(1,332)	(1,296)	Financial Instruments Adjustment Account		19	(1,281)	
(47,228)	(46,298)	Pension Reserve		19	(59,661)	
526	(52)	Collection Fund Adjustment Account		19	(276)	
(268)	(268)	Accumulated Absences Account		19	(270)	
111,113	131,815	Unusable Reserves				127,924
140,019	166,361					166,368

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.

Indirect Method			
2017/18		NOTES	2018/19
(Restated)			£'000
£'000			£'000
(5,633)	Net (surplus) or deficit on the provision of services		(194)
Noncash Movements			
(3,578)	Depreciation		(3,923)
3,453	Impairment and downward valuations		577
(141)	Amortisations		(139)
(74)	Increase in impairment for provision for bad debts		(81)
(580)	(Increase)/decrease in creditors		(289)
314	Increase/(decrease) in debtors		(66)
9	(Increase)/decrease in stock		(4)
(3,033)	Pension liability		(4,249)
(6,157)	Carrying amount of non-current assets sold		(7,634)
3,329	Other non cash items charged to the net Surplus or Deficit on the Provision of Services		3,644
(6,458)	Adjust net surplus or deficit on the provision of services for noncash movements		(12,164)
2,955	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		3,317
(9,136)	Net Cash Flows from Operating Activities		(9,041)
9,552	Investing Activities	21	9,210
735	Financing Activities	22	(3,024)
1,151	Net increase or (decrease) in cash and cash equivalents		(2,855)
6,040	Cash and cash equivalents at the beginning of the reporting period		4,889
4,889	Cash and cash equivalents at the end of the reporting period	16	7,744

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 2018/19 financial year and its position at the year-end of 31 March 2019.

The council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which requires the statement to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2018/19, 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 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest 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.

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 using an approach that is based on the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

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

The council's business model for most of its investments is to hold them to collect contractual cash flows. Financial assets are therefore classified as amortised cost. There are some exceptions, where the council holds strategic investments to help it meet other policy objectives, such as the support of economic development in the district. This means that some investments are ones where contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial assets measured at amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus

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

The council has not given any loans to external or voluntary organisations, nor provided guarantees against loans they have received from financial institutions.

When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain 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. 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 CIES.

Expected credit loss model

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

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

Financial assets measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

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

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

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

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

An equity instrument can be elected into a FVOCI treatment rather than a FVPL treatment if it is not held for trading. The council has reviewed its assets that would be measured at FVPL on the basis of the business model and has elected to classify instruments as either FVPL or FVOCI on an instrument-by-instrument basis based on the assessed benefit to the council from the chosen classification.

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.

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.

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 the 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).



Memorial Clock tower is a Grade II listed building located in Coalville

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 2018/19 (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 2019/20 code:

- IFRS 16 Leases – 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). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2020.

- IAS 40 Investment Property: Transfers of Investment Property - provides further explanation of the instances in which a property can be reclassified as investment property. This will have no impact on the Council as it already complies.

- IFRIC 22 Foreign Currency Transactions and Advance Consideration clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any foreign currency transactions and therefore this standard will have no impact.

- IFRIC 23 Uncertainty over Income Tax Treatments provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the Council.

- IFRS 9 Financial instruments: prepayment features with negative compensation amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Council has no loans to whom this will apply.

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 2018/19.

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 2019 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 34. The Council's actuaries provide an annual statement of the pension liabilities and assets. During 2018/19, the Council's actuaries advised that the net pensions liability had increased by £10m 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 (General Fund) and £46k (HRA) 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 2019, 95 appeals remain outstanding with the Valuation Office Agency against the 2010 rating list. A further 12 appeals have been lodged against the 2017 rating list through the new Check Challenge and Appeal process. As stated in Section 1 we have added additional appeals provision sums based on the estimated additional successful future appeals and the associated losses in income for the period to the end of March 2020.	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 an approximate £200k.
Arrears	Each year the Council reviews the significant balances for Council Tax, Business Rates and sundry debtor arrears. Officers make a judgement on the likelihood of these debts being repaid in the future based on a number of factors, including the age of debts, past experience and the economic climate. We cannot be certain that the current allowance will be sufficient.	If collection rates were to deteriorate, a doubling of the amount of impairment of doubtful debts would require an additional £402k for Council Tax debts, and £127k for business rates 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 2018/19 Statement of Accounts (subject to External Audit) is the 31 May 2019 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.

2018/19	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	
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	1,208	75		2,613		(3,896)
Revaluation (gains) and losses on Property Plant and Equipment	161	(263)				102
Movements in the market value of Investment Properties	(475)					475
Amortisation of intangible assets	139					(139)
Depreciation of Heritage Assets	26					(26)
Capital grants and contributions applied	(97)	(1,910)				2,007
Movement in the Donated Assets		(1,393)				1,393
Revenue expenditure funded from capital under statute						0
Principal Repaid on Self Financing Loans		(1,103)				1,103
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	42	7,615				(7,657)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(553)					553
Capital expenditure charged against the General Fund and HRA balances	(1,100)	(28)				1,128
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(233)	56			177	
	(882)	3,049	0	2,613	177	(4,957)

Notes to core financial statement - continued

2018/19 - continued	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	
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(25)	(3,292)	3,317			0
Use of the Capital Receipts Reserve to finance new capital expenditure			(1,408)			1,408
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	61	(61)			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		0				0
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement						0
Adjustment involving the Major Repairs Reserve:						
Use of the Major Repairs Reserve to finance new capital expenditure				(4,305)		4,305
Adjustments involving the Financial Instruments Adjustment Account:						
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)	14				15
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	6,380	842				(7,222)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,437)	(536)				2,973
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	224					(224)
Adjustments involving the Accumulated Absences Account:						
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	8	(6)				(2)
Total Adjustments	3,833	132	1,254	(1,692)	177	(3,704)

Notes to core financial statement - continued

Restated 2017/18 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		
Adjustments primarily involving the Capital Adjustment Account:						
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 losses/(gains) 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)
Movements in donated assets		(1,806)				1,806
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
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(28)	257			(229)	
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(24)	(2,888)	2,912			
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)			0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(43)	43			0
	1,837	(8,608)	993	2,439	(229)	3,568

Notes to core financial statement - continued

Restated 2017/18 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		
Adjustments involving the Financial Instruments Adjustment Account:						
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
Adjustments involving the Pensions Reserve:						
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
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	578					(578)
Total Adjustments	5,101	(8,297)	993	2,439	(229)	(7)

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 2018/19.

	Balance at 31/3/2017 £'000	Transfers Out 2017/18 £'000	Transfers In 2017/18 £'000	Balance at 31/3/2018 £'000	Transfers Out 2018/19 £'000	Transfers In 2018/19 £'000	Balance at 31/3/2019 £'000
General Fund:							
General reserves	8,521	(1,835)	3,001	9,687	(2,806)	1,193	8,074
Self Sufficiency reserve	0	0	2,769	2,769	0	1,425	4,194
Value for Money reserve	859	(859)	0	0	0	0	0
Housing and Planning Delivery Grant	11	(11)	0	0	0	0	0
Leisure Strategy/Project Grants	89	(89)	0	0	0	0	0
Ivanhoe Sink Fund	138	0	11	149	0	22	171
Hermitage Rec Grd Mtce Fund	21	0	0	21	0	0	21
Asset Protection Fund	165	(68)	68	165	(25)	8	148
Industrial Units Maint Fund	20	(25)	25	20	(56)	36	0
Whitwick Business Centre	40	(20)	30	50	(50)	0	0
Transport Appropriation	129	(152)	23	0	0	0	0
Other	5	(5)	0	0	0	0	0
Total	9,998	(3,064)	5,927	12,861	(2,937)	2,684	12,608
HRA:							
HRA Shops Sinking Fund	6	0	0	6	(2)	0	5
General Earmarked reserves	635	(383)	365	617	(483)	12	146
Total	641	(383)	365	623	(485)	12	151

Notes to core financial statement - continued

6 Other Operating Expenditure

2017/18 £'000	2018/19 £'000
1,944 Parish Council Precepts	2,104
594 Payments to the Government Housing Capital Receipts Pool	594
3,298 Gains/losses on the disposal of non current assets	4,343
5,835 Total	7,041

7 Financing and Investment Income and Expenditure

2017/18 £'000	2018/19 £'000
2,761 Interest payable and similar charges	2,736
1,250 Pensions interest cost and expected return on pensions assets	1,289
(251) Interest receivable and similar income	(400)
627 Income and expenditure in relation to investment properties	(646)
4,387 Total	2,979

8 Taxation and Non Specific Grant Income

2017/18 £'000	2018/19 £'000
(7,492) Council tax income	(7,785)
(5,078) Non domestic rates	(5,325)
(3,453) Non-ring fenced government grants	(3,302)
0 Levy account surplus	(36)
(1,821) Capital grants and contributions	(2,246)
(17,844) Total	(18,694)

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
Cost or Valuation								
At 1 April 2018	223,269	25,871	7,282	0	76	639	1,534	258,671
Additions	4,932	649	2,156				2,699	10,436
Initial gain on donated assets	1,393							1,393
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,248	1,145						6,393
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,675)	(60)				(288)		(5,023)
Derecognition - Disposals	(2,682)	(25)	(736)			(35)		(3,478)
Derecognition - Other		(417)						(417)
Assets reclassified	2,614	(83)			238		(2,769)	0
At 31 March 2019	230,099	27,080	8,702	0	314	316	1,464	267,975

Notes to core financial statement - continued

Accumulated Depreciation and Impairment	Total Property Plant Equipment							
	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	£'000
At 1 April 2018	0	0	5,166	0	0	0	0	5,166
Depreciation charge	2,605	424	859			9		3,897
Depreciation written out to the Revaluation Reserve	(2,390)	(234)						(2,624)
Depreciation written out to the Surplus/ Deficit on the Provision of Services	(184)					(9)		(193)
Impairment losses/(reversals) recognised in the Revaluation Reserve								0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services		(190)						(190)
Derecognition - Disposals	(31)		(714)					(745)
Derecognition - Other								0
At 31 March 2019	0	0	5,311	0	0	0	0	5,311
Net Book Value								
At 31 March 2019	230,099	27,080	3,391	0	314	316	1,464	262,664
At 31 March 2018	223,269	25,871	2,116	0	76	639	1,534	253,505

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
Cost or Valuation								
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
Initial gain on donated assets	1,806	0	0	0	0	0	0	1,806
Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,378	1,878	0	0	0	4	0	14,260
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	3,827	(365)	0	0	0	(441)	0	3,021
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 (to)/from Held for Sale	0	0	0	0	0	0	0	0
At 31 March 2018	223,269	25,871	7,282	0	76	639	1,534	258,671

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 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	0	0	0
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	0	0	5,166

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	31.03.19	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	31.03.19	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 2019, are:-

2017/18 No		2018/19 No
Leisure Centres		
2	Leisure Centres with Pools	2
1	Markets	2
4	Cemeteries	4
Council dwellings		
2,489	Houses	2,480
967	Flats and Maisonettes	962
814	Bungalows	820
Land		
91	Parks and Open Spaces (acres)	108
Other		
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.

2017/18 £'000	2018/19 £'000
832 Rental income from investment property	806
(1,459) Direct operating expenses arising from investment property	(160)
(627) Net gain/(loss)	646

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

2017/18 £'000	2018/19 £'000
13,554 Balance at the start of the year	12,614
Additions:	
0 Purchases	367
0 Construction	28
0 Subsequent expenditure	0
Disposals:	
(940) Net gains/(losses) from fair value adjustments	475
Transfers:	
0 To/from Inventories	0
0 To/from Property, Plant and Equipment	0
0 Other changes	0
12,614 Balance at the end of the year	13,484

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 £139k 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.

	2017/18		2018/19	
	Other Assets	Total	Other Assets	Total
	£'000	£'000	£'000	£'000
Balance at start of year				
- Gross carrying amounts	1,824	1,824	1,894	1,894
- Accumulated amortisation	(1,370)	(1,370)	(1,511)	(1,511)
Net carrying amount at start of year	454	454	383	383
Additions:				
- Purchases	70	70	0	0
Amortisation for the period	(141)	(141)	(139)	(139)
Other changes		0		0
Net carrying amount at end of year	383	383	244	244
Comprising:				
- Gross carrying amounts	1,894	1,894	1,894	1,894
- Accumulated amortisation	(1,511)	(1,511)	(1,650)	(1,650)
	383	383	244	244

Notes to core financial statement - continued

12 Heritage Assets

Three heritage assets are included in the gross carrying amount - Moira Furnace, Memorial Clock Tower, Coalville and the 'Heart of the Forest' Sculpture in Ashby. The Sculpture was commissioned and installed in 2018/19.

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

	2017/18		2018/19		
	Building Assets	Total	Art Assets	Building Assets	Total
	£'000	£'000	£'000	£'000	£'000
Balance at start of year					
- Gross carrying amounts	0	0	0	1,043	1,043
Adjustment to gross Carrying amount*	0	0	0	(23)	(23)
- Accumulated amortisation	0	0	0	(23)	(23)
Adjustment to Accumulated amortisation*	0	0	0	23	23
Net carrying amount at start of year	0	0	0	1,020	1,020
Additions:	0	0	50	147	197
Revaluations increases or (decreases)	1,043	1,043		145	145
Depreciation for the period	(23)	(23)	(1)	(25)	(26)
Net carrying amount at end of year	1,020	1,020	49	1,287	1,336
Comprising:					
- Gross carrying amounts	1,043	1,043	50	1,312	1,362
- Accumulated depreciation	(23)	(23)	(1)	0	(1)
- Depreciation written out to the revaluation reserve	0	0	0	(25)	(25)
	1,020	1,020	49	1,287	1,336

* Presentation adjustment to the balance brought forward due to accumulated depreciation not being shown as written out to the Gross Carrying amount in year. The Net Carrying Amount brought forward remains the same.

Notes to core financial statement - continued

13 Assets Held for Sale

The council did not have any assets held for sale at 31 March 2019.

14 Inventories

	Consumable Stores		Maintenance Materials		Total	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000	£'000
Balance outstanding at start of year	46	60	96	73	142	133
Purchases	639	681	703	656	1,342	1,337
Recognised as an expense in the year	(625)	(674)	(726)	(659)	(1,351)	(1,333)
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	60	67	73	70	133	137

Notes to core financial statement - continued

15 Short-Term Debtors

31 March 2018 £'000		31 March 2019 £'000
719	Central Government bodies	401
635	Other local authorities	488
3	NHS bodies	3
20	Public Corporations and trading funds	5
1,229	Other entities and individuals	1,344
2,606	Total Short-Term Debtors	2,241

16 Cash and Cash Equivalents

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

31 March 2018 £'000		31 March 2019 £'000
4	Cash held by the Council	4
539	Bank current accounts	395
4,346	Short-term deposits with building societies	7,345
4,889	Total Cash and Cash Equivalents	7,744

17 Short-Term Creditors

31 March 2018 £'000		31 March 2019 £'000
3,230	Central Government bodies	3,637
5,563	Other local authorities	4,857
0	NHS bodies	0
422	Public Corporations and trading funds	232
2,656	Other entities and individuals	3,336
11,871	Total Short-Term Creditors	12,062

Notes to core financial statement - continued

18 Usable Reserves

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

19 Unusable Reserves

Restated		31 March 2019
31 March 2018		£'000
£'000		£'000
54,155	Revaluation Reserve	61,379
125,574	Capital Adjustment Account	128,033
(1,296)	Financial Instruments Adjustment Account	(1,281)
(46,298)	Pensions Reserve	(59,661)
(52)	Collection Fund Adjustment Account	(276)
(268)	Accumulated Absences Account	(270)
131,815	Total Unusable Reserves	127,924

Revaluation Reserve

Restated		2018/19
2017/18		£'000
£'000		£'000
38,553	Balance at 1 April	54,155
16,746	Upward revaluation of assets	8,927
0	Downward revaluation	0
16,746	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	8,927
(796)	Difference between fair value depreciation and historical cost depreciation	(234)
(348)	Accumulated gains on assets sold or scrapped	(1,469)
(1,144)	Amount written off to the Capital Adjustment Account	(1,703)
54,155	Balance at 31 March	61,379

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 2017/18 £'000	2018/19	
		£'000	£'000
120,862	Balance at 1 April		125,574
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(4,022)	Charges for depreciation and impairment of non-current assets	(3,922)	
4,837	Revaluation (losses)/gain on Property, Plant and Equipment	102	
(141)	Amortisation of Intangible assets	(139)	
22	Revenue expenditure funded from capital under statute	0	
(6,157)	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	(7,657)	
1,806	Gain on donated assets	1,393	
(3,655)			(10,223)
1,144	Adjusting amounts written out of Revaluation Reserve	1,703	
	Capital financing applied in the year:		
1,265	Use of Capital Receipts Reserve to finance new capital expenditure	1,408	
0	Use of the Major Repairs Reserve to finance new capital expenditure	4,305	
0	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	2,007	
1,079	Repayment of Debt	1,103	
0	Application of grants to capital financing from the Capital Grants Unapplied Account	0	
551	Statutory provision for the financing of capital investment charged against the General	553	
5,268	Capital expenditure charged against the General Fund and HRA balances	1,128	
9,307			12,207
(940)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		475
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		0
125,574	Balance at 31 March		128,033

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.

2017/18 £'000	2018/19 £'000
(1,332) Balance at 1 April	(1,296)
0 Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
0 Proportion of premiums incurred in previous financial years to be charged against the General Fund	0
0 Balance in accordance with statutory requirements	0
36 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	15
(1,296) Balance at 31 March	(1,281)

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.

2017/18 £'000	2018/19 £'000
(47,228) Balance at 1 April	(46,298)
3,963 Actuarial gains or losses on pensions assets and liabilities	(9,114)
(5,779) 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	(7,222)
2,746 Employer's pensions contributions and direct payments to pensioners payable in the year	2,973
(46,298) Balance at 31 March	(59,661)

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

2017/18 £'000	2018/19 £'000
312 Balance at 1 April	283
(29) 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	(205)
283 Balance at 31 March	78

Non-Domestic Rates

2017/18 £'000	2018/19 £'000
214 Balance at 1 April	(335)
(549) 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	(19)
(335) Balance at 31 March	(354)

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.

2017/18 £'000	2018/19 £'000
(268) Balance at 1 April	(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	(2)
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	(2)
(268) Balance at 31 March	(270)

Notes to core financial statement - continued

20 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2017/18 £'000	2018/19 £'000
(243) Interest received	(406)
2,767 Interest paid	2,747
0 Dividends received	0
2,524	2,341

21 Cash Flow Statement - Investing Activities

2017/18 £'000	2018/19 £'000
6,954 Purchase of property, plant and equipment, investment property and intangible assets	10,560
28,500 Purchase of short-term and long-term investments	37,995
53 Other payments for investing activities	2
(2,955) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,317)
(23,000) Proceeds from short-term and long-term investments	(35,995)
0 Other receipts from investing activities	(35)
9,552 Net cash flows from investing activities	9,210

22 Cash Flow Statement - Financing Activities

2017/18 £000	2018/19 £000
0 Cash receipts of short and long-term borrowing	0
(3,137) Other receipts from financing activities	(5,326)
0 Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0
1,090 Repayments of short and long-term borrowing	1,111
2,782 Other payments for financing activities	1,191
735 Net cash flows from financing activities	(3,024)

Notes to core financial statement - continued

23 Expenditure and Income Analysed by Nature

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

Restated 2017/18 £'000	Expenditure/Income	2018/19 £'000
Expenditure		
20,732	Employee expenses	22,452
30,422	Other services expenses	27,023
10,519	Support service recharges	10,701
266	Depreciation, amortisation, impairment	4,180
1,250	Net pension interest	1,289
2,761	Interest payments	2,736
1,944	Precepts and levies	2,104
594	Payments to Housing Capital Receipts Pool	593
0	Donated asset gain	(1,393)
3,298	(Gain) / Loss on the disposal of assets	4,343
71,786	Total Expenditure	74,028
Income		
(30,113)	Fees, charges and other service income	(29,929)
(10,545)	Income recharges	(10,747)
(253)	Interest and investment income	(401)
(12,570)	Income from Council Tax and Non-Domestic Rates	(13,146)
(22,131)	Government Grants and Contributions	(19,999)
(75,612)	Total Income	(74,222)
(3,827)	Surplus or deficit on the Provision of Services	(194)

Notes to core financial statement - continued

External income received by service

2017/18 £'000	2018/19 £'000
0 Chief Executive and Other Services	0
0 Human Resources & Organisational Development	0
(433) Legal & Commercial Services	(210)
(5,543) Community Services (Including Director of Services)	(5,331)
(1,467) Planning & Infrastructure	(1,693)
(43) Economic Development	(46)
(273) Joint Strategic Planning	(98)
(876) Housing (General Fund)	(865)
(1,060) Customer Services	(1,052)
(7) Finance	(11)
(9) Corporate & Democratic Core	0
0 Non Distributed Costs	0
(18,581) Housing Revenue Account	(18,377)
(28,292) Total external income in Cost of Services	(27,683)
(1,821) Other income and Expenditure	(2,246)
(30,113) Total external income	(29,929)

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 £111,190 in 2018/19 (£112,747 2017/18).

25 Members' Allowances

The total value of Members Allowances paid during the year was £234,349.74 in 2018/19 (£230,385.41 2017/18).

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.

2017/18 No of employees	Remuneration Band	2018/19 No of employees
2	£50,000 - £54,999	3
0	£55,000 - £59,999	1
2	£60,000 - £64,999	1
2	£65,000 - £69,999	2
0	£70,000 - £74,999	1
0	£75,000 - £79,999	0
1	£80,000 - £84,999	1
0	£85,000 - £89,999	1
0	£90,000 - £94,999	0
0	£95,000 - £99,999	0
1	£100,000 - £104,999	0
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	1

Notes to core financial statement - continued

2018/19 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		119,956			8,891	128,847	29,028	157,875
Director of Place		77,073			3,122	80,195	18,652	98,847
Director of Housing		82,981			3,220	86,201	2,081	88,282
Head of Finance		54,094			3,296	57,390	13,089	70,479
Head of Legal & Support Services		64,226			3,265	67,491	15,542	83,033
Head of Community Services		64,226			2,709	66,935	15,543	82,478
Head of Housing		64,226			6,093	70,319	15,542	85,861
Head of Regeneration & Planning	1	7,182			369	7,551	1,738	9,289
Head of Planning & Infrastructure	2	4,593			468	5,061	1,112	6,173
Head of Economic Development	3	46,375			2,627	49,002	11,110	60,112
Head of Joint Strategic Planning	4	32,113			5	32,118	7,779	39,897
Head of Customer Services	5	44,399			2,466	46,865	10,737	57,602
Head of HR & Organisation Development		55,828			4,555	60,383	13,508	73,891
		717,272	0	0	41,086	758,358	155,461	913,819

Note 1: The Head of Regeneration & Planning left on 13/5/18. The annual salary was £61,936.

Note 2: The Head of Planning & Infrastructure started on 1/3/19. The annual salary is £55,116.

Note 3: The Head of Economic Development started on 29/5/18. The annual salary is £55,116.

Note 4: The Head of Joint Strategic Planning left on 30/9/18. The annual salary was £64,226.

Note 5: The Head of Customer Services started on 11/6/18. The annual salary is £55,116.

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
		673,263	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

27 External Audit Costs

In 2018/19 North West Leicestershire District Council incurred the following fees relating to external audit and inspection.

2017/18 £'000		2018/19 £'000
	Fees payable with regard to external audit services:-	
51	KPMG LLP	6
0	Mazars LLP	23
	Fees payable for the certification of grant claims and returns:-	
9	KPMG LLP	0
0	Mazars LLP	0
	Fees payable for other assurance work completed in respect of Pooling of Housing capital receipts return	
3	KPMG LLP	5
0	Mazars LLP	0
63		34

28 Contingent Liabilities

In 2018/19 the Council were made aware that pension capital costs may be payable to the Local Government Pension Fund due to a pending decision on ill health grounds of a former Council employee. As a result, the Council is required to disclose a contingent liability for the estimated value of this potential liability. The estimated value is £46k.

Notes to core financial statement - continued

29 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/19:

2017/18 £'000		2018/19 £'000
Credited to Taxation and Non Specific Grant Income		
7,492	Council Tax Income	7,785
5,078	Non Domestic Rates	5,325
573	Revenue Support Grant	235
26	Council Tax Transition Grant	0
2,846	New Homes Bonus	2,905
8	Other grants	162
1,821	Capital Grants and Contributions	2,276
17,844	Total	18,688
Credited to Services		
17,038	Housing Benefit Subsidy	14,946
231	Housing Benefit Admin Grant	208
94	Local Council Tax Support Grant	88
145	Cost of Collection	148
647	Private Sector Grants	694
253	Other Grants under £100k each	333
50	Section 106	39
73	Sport & Physical Activity	106
148	Other Contributions under £100k each	135
18,679	Total	16,697

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. The balances at the year end are as follows:

31 March 2018 £'000	31 March 2019 £'000
Capital Grant Receipts in Advance	
2,096 Affordable Housing	1,047
967 Recreation/Playground	936
1,092 Healthcare	1,262
5 CCTV	5
91 Police	202
0 Highways	2,377
0 Network Rail	17
4,251 Total	5,846

30 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:

2017/18 (Receipts)/ Payments £'000	2018/19 (Receipts)/ Payments £'000
Central Government	
(20,815) Revenue Grants (Benefits/RSG/other grants)	(18,544)
36,651 Leicestershire County Council - Precept	40,822
1,965 Leicestershire Fire and Rescue	2,126
5,853 Leicestershire Police - Precept	6,545

Notes to core financial statement - continued

31 Capital Financing Requirement

2017/18 £'000	2018/19 £'000
89,455	88,419
Opening Capital Financing Requirement	
Capital Investment:	
0	0
Housing Capital Finance (REFCUS)	
7,150	11,028
Operational assets	
0	0
Non-operational assets	
647	693
Revenue Expenditure Funded from Capital Under Statute	
Sources of Finance:	
(1,265)	(1,409)
Capital Receipts	
(647)	(2,700)
Government grants and other contributions	
(6,921)	(7,089)
Revenue provision (including major repairs allowance)	
88,419	88,942
Closing Capital Financing Requirement	
Explanation of movements in the year	
Increase / (Decrease) in underlying need to borrow	
(1,036)	523
(unsupported by Government financial assistance)	
(1,036)	523
Increase/(decrease) in Capital Financing Requirement	

Notes to core financial statement - continued

32 Leases

Council as Lessee

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

Operating Leases:

The Council currently has no operating leases.

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

31-Mar-18 £'000	31-Mar-19 £'000
2 Minimum lease payments	0
0 Contingent rents	0
2	0

Council as Lessor

The Council is not a lessor.

33 Termination Benefits

The Council terminated the contracts of a number of employees in 2018/19, incurring liabilities of £41,814.56 (£20,247.94 in 2017/18).

	No. of compulsory		No. of other agreed		Total no. of exit		Total cost of exit	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0 - £20,000	0	2	6	6	6	8	£20,248	£14,773
£20,001 - £40,000	0	1	0	0	0	1	£0	£27,042
£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
	0	3	6	6	6	9	£20,248	£41,815

Notes to core financial statement - continued

34 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 24th April 2019.

2017/18 £'000		2018/19 £'000
Net Cost of Services		
4,529	Current service cost	4,572
0	Past service costs	1,361
0	Curtailments	0
4,529		5,933
Net Operating Expenditure		
3,450	Interest cost	3,685
(2,200)	Expected return on assets in the scheme	(2,396)
1,250		1,289
5,779	Amount charged to Income and Expenditure Account	7,222
to be met		
(69)	Movement on pension reserve	(69)
amount		
2,677	Employers' contributions payable to the scheme	2,904
69	Unfunded discretionary benefit payments	69

On 1 May 2019, 210 individual members of council staff transferred to Everyone Active after the Council has awarded a contract to them to run its leisure centres and associated services. The pension arrangements we have agreed mean that those staff who are members of the pension scheme remain pooled with the Council's pension scheme. As a result, our future pension liability will continue to reflect staff members who have transferred to Everyone Active.

Notes to core financial statement - continued

Employers Membership Statistics

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

Payroll

	2017/18 £'000	2018/19 £'000
Assumed total pensionable payroll based on contribution information provided	11,466	12,000

Investment Returns

The return on the fund in market value terms for the year to 31 March 2019 is estimated based on actual Fund returns as provided by the Administering Authority. Details are given below.

Actual Return for Period 1 April 2018 to 31 March 2019	5.6%
Total Return for Period from 1 April 2018 to 31 March 2019	5.6%

Unfunded Benefits

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

LGPS Unfunded Pensions	Number at 31 March 2019	Annual Unfunded Pensions (£'000)
Male	23	54
Female	3	2
Dependants	14	15
	40	71

Notes to core financial statement - continued

Projected Pension Expense For Year 31/03/2020

Analysis of Projected Amount to be charged to operating profit for the year to 31 March 2020.

Period Ended	31/03/2020	
	£'000	% of pay
Projected Current service cost	5,248	43.7%
Interest on Obligation	3,719	31.0%
Expected Return on Plan Assets	(2,261)	(18.8%)
Losses /(Gains) on Curtailment and Settlements	0	0.0%
	6,706	55.9%

The liabilities show the underlying commitments that the Council has in the long-run to pay retirement benefits. The total liability of £59,661,000 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

The accounts have been prepared on the basis of the actuary's updated valuation report dated 5 July 2019 and takes into account their assessment of the potential impact of Guaranteed Minimum Pension (GMP) equalisation and the outcome of the McCloud judgement relating to the 2014 reforms of LGPS benefit structure. The impact on liabilities is an increase of 0.11% (£164k) for GMP and 0.79% (£1.197m) for McCloud. These numbers are approximate estimates based on employer data as at 31 March 2016 and will be revised at the upcoming valuation.

The main assumptions used in their calculations have been:

2017/18	Assumptions	2018/19
2.4%	Inflation/Pension Increase Rate	2.5%
3.4%	Salary Increase Rate	3.5%
2.7%	Discount Rate	2.4%

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	2017/18		2018/19	
	Value £'000	Asset Distribution %	Value £'000	Asset Distribution %
Equity Securities	2,150	2.43%	1,636	1.74%
Debt Securities	8,203	9.26%	9,174	9.76%
Private Equity	3,150	3.56%	4,334	4.61%
Real Estate	7,782	8.78%	7,024	7.48%
Investment Funds	63,879	72.10%	69,113	73.54%
Derivatives	(258)	(0.29%)	(119)	-0.13%
Cash and Cash Equivalents	3,686	4.16%	2,815	3.00%
Total	88,592	100.00%	93,977	100.00%

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

2017/18 £'000		2018/19 £'000
131,783	Opening Defined Benefit Obligation	134,889
4,529	Current Service cost	4,572
3,450	Interest cost	3,685
741	Contributions by Members	766
(2,365)	Actuarial losses/(Gains)	11,671
0	Past service costs/(Gains)	1,361
0	Losses/(Gains) on Curtailments	0
(69)	Estimated Unfunded Benefits Paid	(69)
(3,180)	Estimated Benefits Paid	(3,237)
134,889		153,638

Notes to core financial statement - continued

Reconciliation of fair value of employer assets

2017/18 £'000	2018/19 £'000
84,555	88,591
2,200	2,396
741	766
2,677	2,904
69	69
1,598	2,557
(69)	(69)
(3,180)	(3,237)
88,591	93,977

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 2019 is estimated based on actual fund returns as provided by the Administering Authority and index returns where necessary. Details are given below.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Fair Value of Employer Assets	68,568	69,218	84,555	88,591	93,977
Present Value of Defined Benefit Obligation	(123,395)	(107,685)	(131,783)	(134,889)	(153,638)
Surplus/(Deficit)	(54,827)	(38,467)	(47,228)	(46,298)	(59,661)
Experience Gains/(Losses) on Assets	6,885	(1,688)	12,797	1,598	2,557
Experience Gains/(Losses) on Liabilities	837	1,437	3,246	(27)	(12)
Actuarial Gains/ (Losses) on Employer Assets	6,885	(1,688)	12,797	1,598	2,557
Actuarial Gains/ (Losses) on Obligations	(16,171)	20,671	(19,974)	2,365	(11,671)
Actuarial Gains/ (Losses) recognised in SRIE	(9,286)	18,983	(7,177)	3,963	(9,114)

Notes to core financial statement - continued

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

2017/18 £'000	2018/19 £'000
1,598 Actuarial Gains/(Losses) on Plan Assets	2,557
2,365 Actuarial Gains/ (Losses) on Obligations	(11,671)
3,963 Actuarial Gain/(Loss) Recognised in SRIE	(9,114)
(25,241) Cumulative Actuarial Gains and Losses	(34,355)

Balance Sheet

2017/18 £'000	2018/19 £'000
88,591 Fair Value of Employer Assets	93,977
(133,764) Present Value of Funded Liabilities	(152,522)
(45,173) Net (Under)/ Overfunding in Funded Plans	(58,545)
(1,125) Present value of unfunded liabilities	(1,116)
0 Unrecognised Past Service Cost	0
(46,298) Net Asset/(Liability)	(59,661)
Amount in the Balance Sheet	
46,298 Liabilities	59,661
0 Assets	0
46,298 Net Asset/(Liability)	59,661

Notes to core financial statement - continued

35 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 2019 is £5.743m (£4.915m as at 31 March 2018), the value of appeals used in completing the Collection Fund position as at 31 March 2019. The Council has made a provision for 40% of this figure totalling £2.297m (£1.966m as at 31 March 2018) within the 2018/19 accounts.

36 Financial Instruments

A financial Instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, aren't financial instruments.

Financial Liability - an obligation to transfer economic benefits controlled by the council with another entity that is potentially unfavourable to the council

The council's financial liabilities held during the year are measured at amortised cost and comprised

- long-term loans from the Public Works Loans board and commercial lenders
- overdraft facility with Lloyds Bank
- trade payables for goods and services received

Financial Asset - a right to future economic benefits controlled by the council with another entity that is potentially favourable to the council.

The council's financial assets held during the year are accounted for under the following classifications:

Amortised Cost - cash flows are solely payments of principal and interest and the business model is to collect the cash flows only:

- Cash
- bank current and deposit accounts
- Fixed term deposits
- loans to other local authorities
- trade receivables for goods and services provided

Fair value through Profit and Loss:

- Money Market Funds
- loans where the cash flows are not solely payments of principal and interest

Notes to core financial statement - continued

Financial Instruments Balances

FINANCIAL LIABILITIES	Long term		Short term	
	31.03.2018 £'000	31.03.2019 £'000	31.03.2018 £'000	31.03.2019 £'000
<i>Loans at amortised cost</i>				
PWLB	(72,805)	(71,677)	(1,103)	(1,128)
LOBO/Other Loans	(8,913)	(8,906)	0	0
Other Long Term Liabilities	(104)	(97)	0	0
Total Borrowing	(81,822)	(80,680)	(1,103)	(1,128)
<i>Liabilities at amortised cost</i>				
Trade payables-Included in creditors	0	0	(3,683)	(4,251)
Total Financial Liabilities	(81,822)	(80,680)	(4,786)	(5,379)

FINANCIAL ASSETS	Long term		Short term	
	31.03.2018 £'000	31.03.2019 £'000	31.03.2018 £'000	31.03.2019 £'000
<i>At amortised cost</i>				
Principal	3,000	3,000	35,995	37,995
Accrued Interest	0	0	0	0
Loss allowance	0	0	0	0
Total Investments	3,000	3,000	35,995	37,995
<i>At amortised cost</i>				
Principal	0	0	2,289	1,944
Accrued Interest	0	0	0	0
Loss allowance	0	0	0	0
<i>At Fair Value through Profit and Loss</i>				
Money Market Funds	0	0	2,600	5,800
Total Cash and Cash Equivalents	0	0	4,889	7,744
<i>At amortised cost</i>				
Trade Receivables-Included in Debtors	0	0	2,727	2,577
Accrued Interest	0	0	0	0
Loss allowance	0	0	(993)	(1,174)
Total Trade Receivables	0	0	1,734	1,403
Total Financial Assets	3,000	3,000	42,618	47,142

The CIPFA Code for 2018/19 requires that the Council now accounts for Financial Assets and Liabilities under IFRS 9. This has not had a material impact for the Council. The main change is the introduction of a loss allowance (instead of a provision for doubtful debt) which is shown in the table above.

Notes to core financial statement - continued

Financial Instrument - Fair Values

Financial Instruments classified at amortised cost are carried in the balance sheet at amortised cost. Their fair value has been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2019. All other financial instruments are carried in the balance sheet at Fair Value.

Fair Values are shown in the table below split by their level in the Fair Value hierarchy:

Level 1 - FV derived from quoted prices in active markets for identical assets or liabilities e.g. bond prices

Level 2 - FV calculated from inputs other than quoted prices that are observable for the instrument e.g. interest rates or yields for similar instruments

Level 3 - FV determined using unobservable inputs e.g non-market data such as cash-flow forecasts or estimated creditworthiness

	Fair Value level	Re-Styled Balance Sheet 2017/18 £'000	Re-Styled Fair Value 2017/18 £'000	Balance Sheet 2018/19 £'000	Fair Value 2018/19 £'000
<i>Financial Liabilities held at amortised cost:</i>					
Long Term Loans From PWLB	2	(73,908)	(84,641)	(72,805)	(83,863)
Long Term LOBO/Other Loans	2	(8,913)	(13,428)	(8,906)	(13,283)
Other Long Term Liabilities		(104)	(104)	(97)	(97)
Sub-Total		(82,925)	(98,173)	(81,808)	(97,243)
<i>Liabilities for which Fair Value is not disclosed</i>					
Trade payables-Creditors		(3,683)	(3,683)	(4,251)	(4,251)
TOTAL FINANCIAL LIABILITIES		(86,608)	(101,856)	(86,059)	(101,494)

The Fair Value of liabilities is higher than the balance sheet value as the council has a portfolio of loans where the interest rate payable is higher than the current rates available for similar loans.

The Fair Values for Financial Assets are calculated as follows:

	Fair Value level	Re-Styled Balance Sheet 2017/18 £'000	Re-Styled Fair Value 2017/18 £'000	Balance Sheet 2018/19 £'000	Fair Value 2018/19 £'000
<i>Financial Assets held at amortised cost</i>					
Investments with Local Authorities	2	34,500	34,719	35,500	35,625
Investments with Banks	2	6,241	6,858	7,040	7,042
<i>Financial Assets held at Fair value</i>					
Money market Funds	1	2,600	2,609	5,800	5,800
Total		43,341	44,186	48,340	48,467
<i>Assets for which Fair Value is not disclosed</i>					
Cash and Cash equivalents		543	543	399	399
Trade Receivables-Debtors		1,734	1,734	1,403	1,403
TOTAL FINANCIAL LIABILITIES		45,618	46,463	50,142	50,269

The Fair Value of assets is higher than the balance sheet value as 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 as part of the Treasury Management Strategy Statement. 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 is reviewed annually to ensure that security is maintained in line with current economic conditions.

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.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, adjusted for current and forecast economic conditions and with a delay in cash flow having been assumed. As shown in the financial instruments balances tables on [page 92](#). At 31 March 2019, a total of £1,974 of loss allowances related to treasury investments. As this is not material, this figure has not been accounted for in the statements.

Notes to core financial statement - continued

A summary of the credit quality of the of the council's investments at 31 March is shown below:

Rating	31.03.18		31.03.19	
	Long Term £'000	Short Term £'000	Long Term £'000	Short Term £'000
A+	0	0	0	6,040
A	0	0	0	1,000
BBB+	0	6,241	0	
Unrated Local Authorities	3,000	31,500	3,000	32,500
Money Market Funds	0	2,600	0	5,800
Total Investments	3,000	40,341	3,000	45,340

The Council has £5,147,735 of Debtors, for which a provision for doubtful debts of £2,906,352 has been made. Of this debtors figure, £3,704,832 relates to sundry debtors, £756,528 to Council Tax and Business Rates (this includes amounts owed to the Council by the Government for Business Rates) and £686,375 to Housing Tenant Rents. Debtors are analysed by type and the doubtful debt provision is based on the credit quality of debtors.

The council does not allow credit for customers therefore all unpaid balances are past due date for payment. The gross sundry debtor age analysis is shown in the table below.

Age	31.03.18 £'000	31.03.19 £'000
Less than three months	1,835	1,515
Three to six months	0	4
Six months to one year	447	438
More than one year	1,815	1,748
Total	4,097	3,705

The table below breaks this down to debtor type

Type	31.03.18		31.03.19	
	Gross Debt £'000	Loss Allowance £'000	Gross Debt £'000	Loss Allowance £'000
Central Govt Bodies	719	0	401	0
Other Local authorities	635	0	488	0
NHS Bodies	4	0	3	0
Public Corporations and trading funds	20	0	5	0
Other entities and Individuals	4,008	(2,779)	4,250	(2,906)
Total	5,386	(2,779)	5,147	(2,906)

Notes to core financial statement - continued

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.

The maturity analysis of financial instruments is shown below:

Type	31.03.18			31.03.19		
	Re-stated Liabilities £'000	Assets £'000	Net £'000	Liabilities £'000	Assets £'000	Net £'000
Maturity in 1 year	1,103	(40,884)	(39,781)	1,128	(45,739)	(44,611)
Maturity in 1 - 2 years	1,128	(3,000)	(1,872)	1,154	(3,000)	(1,846)
Maturity in 2 - 5 years	17,540		17,540	19,120		19,120
Maturity in 5 - 10 years	7,174		7,174	5,024		5,024
Maturity in over 10 years	51,903		51,903	51,319		51,319
Uncertain Date *	3,500		3,500	3,500		3,500
Total	82,348	(43,884)	38,464	81,245	(48,739)	32,506

* The Council has one LOBO (Lender Option, Borrower Option) where the lender has the option to propose an increase in the rate payable. The Council will then have the option to accept the new rate or repay the loan without penalty. Due to low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain.

Market Risk.

Interest Rate Risk.

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effect:

- borrowings at variable rates - the interest expense will rise
- borrowings at fixed rates - the fair values of the liabilities will fall
- investments at variable rates - the investment income will rise
- investments at fixed rates - the fair value of assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the provision of services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the provision of services as appropriate.

Price Risk.

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

Notes to core financial statement - continued

37 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.

2017/18 £'000	Building Control Charges	2018/19 £'000
Chargeable Work		
146	Expenditure	139
(204)	Income	(157)
(58)	(Surplus) / Deficit	(18)
Non-Chargeable Work		
168	Expenditure	129
(18)	Income	(5)
150	(Surplus) / Deficit	124

38 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 2018/19 was £1.2 million.

Notes to core financial statement - continued

39 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.

2018/19

	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 Services	412	(407)	0	0	5	0	5
Human Resources & Organisational Dev	546	(511)	1	0	36	5	41
Legal and Commercial Services	1,332	(755)	5	0	582	0	582
Community Services including Strategic Director of Place	6,993	1,815	759	(478)	9,089	1,687	10,776
Planning & Infrastructure	(165)	417	202	0	454	0	454
Economic Development	766	175	715	0	1,656	30	1,686
Joint Strategic Planning	1	10	1	0	12	0	12
Housing & Asset Mgmt - General Fund	604	(411)	103	1,124	1,420	(808)	612
Customer Services	2,128	(1,278)	32	0	882	138	1,020
Finance	966	(819)	1	0	148	6	154
Corporate and Democratic Core	16	854	13	0	883	0	883
Non-Distributed Costs	1,540	1	0	0	1,541	0	1,541
Housing Revenue Account	(11,100)	(392)	254	0	(11,238)	1,952	(9,286)
Recharges	(1,301)	1,301	0	0	0	0	0
Net Cost of Services	2,738	0	2,086	646	5,470	3,010	8,480
Other Income and Expenditure	(13,838)	0	(2,905)	(646)	(17,389)	8,715	(8,674)
Surplus/Deficit on Provision of Services	(11,100)	0	(819)	0	(11,919)	11,725	(194)

Notes to core financial statement - continued

Expenditure and Funding Analysis continued

2017/18 (Restated)

	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 Services	755	(747)	5	0	13	0	13
Human Resources & Organisational Dev	529	(490)	3	0	42	5	47
Legal and Commercial Services	1,106	(580)	24	0	550	0	550
Community Services including Strategic							
Director of Place	6,055	1,456	883	(67)	8,327	1,088	9,415
Planning & Infrastructure	673	476	291	0	1,440	0	1,440
Economic Development	702	144	467	0	1,313	24	1,337
Joint Strategic Planning	11	10	18	0	39	0	39
Housing & Asset Mgmt - General Fund	489	(384)	87	(560)	(368)	961	593
Customer Services	1,913	(1,205)	57	0	765	137	902
Finance	905	(721)	1	0	185	9	194
Corporate and Democratic Core	13	826	18	0	857	0	857
Non-Distributed Costs	98	1	0	0	99	0	99
Housing Revenue Account	(10,604)	(281)	325	0	(10,560)	(1,131)	(11,691)
Recharges	(1,495)	1,495	0	0	0	0	0
Net Cost of Services	1,150	0	2,179	(627)	2,702	1,093	3,795
Other Income and Expenditure	(11,773)	0	(4,223)	627	(15,369)	7,747	(7,622)
Surplus/Deficit on Provision of Services	(10,623)	0	(2,044)	0	(12,667)	8,840	(3,827)

Notes to core financial statement - continued

Expenditure and Funding Analysis continued

Analysis of adjustments between funding basis and accounting basis

2018/19	Adjustment for capital purposes £'000	Net change for the pensions adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive and Other Services	0	0	0	0
Human Resources & Organisational Dev	5	0	0	5
Legal and Commercial Services	0	0	0	0
Community Services including Strategic Director of Place	1,687	0	0	1,687
Planning & Infrastructure	0	0	0	0
Economic Development	30	0	0	30
Joint Strategic Planning	0	0	0	0
Housing & Asset Mgmt - General Fund	(809)	0	0	(809)
Customer Services	138	0	0	138
Finance	7	0	0	7
Corporate and Democratic Core	0	0	0	0
Non-Distributed Costs	0	0	0	0
Housing Revenue Account	1,033	(306)	1,225	1,952
Recharges	0	0	0	0
Net Cost of Services	2,091	(306)	1,225	3,010
Other Income and Expenditure	2,423	3,943	2,349	8,715
Surplus/Deficit on Provision of Services	4,514	3,637	3,574	11,725

Notes to core financial statement - continued

Expenditure and Funding Analysis continued

2017/18 (Restated)

	Adjustment for capital purposes £'000	Net change for the pensions adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive and Other Services	0	0	0	0
Human Resources & Organisational Dev	5	0	0	5
Legal and Commercial Services	0	0	0	0
Community Services including Strategic Director of Place	1,088	0	0	1,088
Planning & Infrastructure	0	0	0	0
Economic Development	24	0	0	24
Joint Strategic Planning	0	0	0	0
Housing & Asset Mgmt - General Fund	962	0	0	962
Customer Services	137	0	0	137
Finance	8	0	0	8
Corporate and Democratic Core	0	0	0	0
Non-Distributed Costs	0		0	0
Housing Revenue Account	(1,957)	(317)	1,143	(1,131)
Recharges	0	0	0	0
Net Cost of Services	267	(317)	1,143	1,093
Other Income and Expenditure	3,333	2,716	1,698	7,747
Surplus/Deficit on Provision of Services	3,600	2,399	2,841	8,840

Notes to core financial statement - continued

40 Prior Period Adjustments, Changes in Accounting Policies and Estimates

A material prior period adjustment has been made to the Council's 2017/18 published financial statements, including the opening balances. Further to the amendments made last year the Council has made further amendments to the accounting of 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).

Amendments have also been made to the treatment and presentation of donated assets. Again under the requirements of the CIPFA Code of Practice these entries do not have an impact on the year-end General Fund or Housing Revenue Account Balances. These amendments also have some impact on Note 4 and Note 9.

As result the Authority has restated its 2017/18 balances, including opening balances, as shown in the table below.

2017/18	Property Plant & Equipment £'000	Capital Adjustment Account £'000	Revaluation Reserve £'000	Net Impact on the CIES £'000	General Fund £'000	Housing Revenue Account £'000
Original Opening Position	234,236	(115,106)	(44,309)	0	0	0
Cumulative pre-2017/18 Adjustments		(5,756)	5,756	0	0	0
Restated Opening Position	234,236	(120,862)	(38,553)	0	0	0
Original transactions	19,269	(2,952)	(17,362)	0	0	0
Change in donated assets accounting	0	0	1,806	0	0	(949)
Change in gain/loss on disposals accounting	0	32	(32)	0	0	0
Reallocation of CIES Adjustment	0	(1,806)	0	0	0	949
Changes to Historic Cost Depreciation Adjustment	0	14	(14)	0	0	0
Restated Closing Position	253,505	(125,574)	(54,155)	0	0	0

Section 4 Housing Revenue Account (HRA)

Housing Revenue Account (HRA)

Housing income and expenditure account

(Restated) 2017/18			NOTES	2018/19	
£'000	£'000	INCOME		£'000	£'000
	(17,213)	Rents - Dwellings	H4		(17,142)
(70)		Rents - Garages / Sites		(67)	
(17)		Rents - Shops		(16)	
(12)		Rents - Other		(7)	
	(99)				(90)
	(569)	Charges for Services and Facilities			(577)
	0	Reduction in provision for Bad or Doubtful Debts			(4)
	(43)	Other Income			0
	(17,924)	Total income			(17,813)
		Expenditure			
	5,338	Repairs and Maintenance			4,880
		Supervision and Management			
2,158		- General		2,053	
577		- Special		558	
	2,735				2,611
		Capital Charges			
	2,516	- Depreciation of Fixed Assets	H8		2,689
(4,473)		- Impairment of Fixed Assets	H9		(262)
(1,806)		- Initial Gain on Donated Assets			(1,393)
	116	Increase in provision for Bad or Doubtful Debts			0
	1	Debt Management Expenses			2
	4,427	Total expenditure			8,527
	(13,497)	Net cost of HRA services included in income and expenditure account			(9,286)
	236	Housing Share of Corporate and Democratic Costs			266
	45	Housing Share of other amounts included in the whole authority cost of services but not allocated to specific services			126
	(13,216)	Net cost of HRA services			(8,894)
	3,321	(Gain) or Loss on Sale of HRA Fixed Assets			4,325
	2,298	Interest Payable and Similar Items			2,271
	(86)	Interest on Balances			(130)
	0	Amortisation of Premiums and Discounts			0
(1,069)		Capital Grants and Contributions			(1,854)
	(8,752)	(Surplus) / deficit on HRA services			(4,282)

Housing Revenue Account (HRA)

(Restated)		
2017/18	Statement of movement on the HRA balance	2018/19
£'000		£'000
(8,752)	(Surplus) / Deficit on Housing Income and Expenditure Account	(4,282)
8,280	Amounts Required by Statute to be Taken into Account (detailed below)	(606)
(472)		(4,888)
(8,912)	HRA Balance Brought Forward	(9,384)
(9,384)	HRA Balance Carried Forward	(14,272)
(Restated)		
2017/18	Analysis of the movement in the HRA balance	2018/19
£'000		£'000
Amounts required to be taken into account		
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year		
(3,321)	Gain or (Loss) on Sale of HRA Fixed Assets	(4,325)
7	Amortisation of Premiums and Discounts	(14)
43	RTB Discounts repaid	0
0	Employee Benefits adjustment	6
(774)	Net charges for retirement benefits in accordance with IAS 19	(842)
4,396	Impairment/Revaluation of Fixed Assets	187
1,806	Initial Gain on Donated Assets	1,393
2,157		(3,595)
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA balance for the year		
0	Transfer To/(From) Major Repairs Reserve	0
(51)	Right to Buy Admin Contribution	(60)
456	Employer's contributions payable to Leicestershire County Council Pension Fund	536
1,079	Principal Repaid on Self Financing Loans	1,104
3,610	Capital Expenditure funded by the HRA	28
1,029	Transfer To/(From) Reserves	1,381
6,123		2,989
8,280	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	(606)

Notes to the housing revenue account (HRA)

H1 Movement in dwelling stock

The Council was responsible for managing an average of 4,221 lettable dwellings during 2018/19. The movement in the stock was as follows:-

2017/18		2018/19
4,236	Stock at 1st April	4,224
(39)	Less: Right to buy Sales	(46)
(11)	Less: Other Sales	(1)
(22)	Less: Demolitions	0
(4)	Less: Transfers out of stock	(7)
0	Add: Buy back	0
28	Add: New Build and Gifted units	41
36	Add: Transfers back into stock	7
4,224		4,218

H2 Property types in dwelling stock

The properties owned by the Council at 31st March 2019 comprise the following:-

	Flats/Maisonettes	Bungalows	Houses	Total
In stock				
Bed sits	59	4	0	63
1 Bedroom	524	324	10	858
2 Bedroom	331	483	419	1,233
3 Bedroom	8	6	1,907	1,921
4 Bedroom	0	0	139	139
5 Bedroom	0	0	4	4
	922	817	2,479	4,218
Transferred out of stock				
Bed sits	15	0	0	15
1 Bedroom	17	2	0	19
2 Bedroom	6	0	0	6
3 Bedroom	2	1	1	4
4 Bedroom	0	0	0	0
5 Bedroom	0	0	0	0
	40	3	1	44
Total	962	820	2,480	4,262

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) 2017/18 Balance £'000		2018/19 Balance £'000
223,269	Dwellings	230,099
1,845	Other Land and Buildings	2,013
225,114	Operational assets	232,112
639	Surplus Assets	316
2,168	OLB (Land and Assets under construction)	2,267
2,807	Non-operational assets	2,583
227,921	Total assets	234,695

The vacant possession value of dwellings within the Council's HRA as at 31st March 2019 was £ 547,856,000 (31st March 2018 £ 531,490,000). 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 £78.37 per week in 2018/19 (£78.97 2017/18) there being an average decrease of 0.75% (1.26% in 2017/18) over the previous year. During the year 0.64% (0.91% 2017/18) of lettable properties were vacant.

2017/18 £'000		2018/19 £'000
9,901	Collectable from Tenants	10,663
7,312	Rent Rebates	6,479
17,213	Sub-Total Dwelling Rents	17,142
99	Non - Dwelling Rents	90
17,312		17,232

H5 Rent arrears

During the year total rent arrears, as a proportion of gross rent income were 1.98% (3.10% 2017/18). The arrears figures are as follows:-

Amounts written off during the year were £51,505 (£40,950 - 2017/18). At 31 March the Provision for doubtful debts stood at £676,411 (£582,404 - 2017/18).

2017/18 £'000		2018/19 £'000
661	Total Current and Former Tenant Arrears	686
(108)	Less: Accounts in credit	(336)
553	Net Arrears	350

H6 Major repairs reserve

2017/18 £'000		2018/19 £'000
(592)	Balance at 1st April	(3,031)
(2,439)	Amounts transferred to Reserve during year	(2,614)
	Amounts transferred from Reserve to finance	
	Capital Expenditure:	
0	Dwellings	4,305
0	Depreciation in excess of / (less than) MRA	0
(3,031)	Balance at 31 March	(1,340)

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 £7,621,990. The sources of funding are shown below:

2017/18 £'000	2018/19 £'000
0 Major Repairs Reserve	4,305
1,327 Section 106 Receipts	1,910
3,587 Revenue Contribution	28
0 Other Contributions	0
1,265 Capital Receipts	1,379
6,179	7,622

Total Capital Receipts from disposals of Council Dwellings within the Council's HRA stock in 2018/19 were £3,292,470.

H8 Depreciation of HRA fixed assets

2017/18 £'000	2018/19 £'000
2,416 Dwellings (excl. garages)	2,605
77 Other Land and Buildings	75
23 Surplus Assets	9
2,516 Operational assets	2,689

H9 Revaluation/impairment (reversal) of HRA fixed assets

2017/18 £'000	2018/19 £'000
(4,477) Dwellings (excl. garages)	(440)
(2) Other Land and Buildings	(101)
6 Surplus Assets	279
(4,473) Operational assets	(262)

Section 5 Collection Fund

Collection Fund

2017/18 £'000	Collection fund income and expenditure account	2018/19 £'000	£'000
Income			
(53,793)	Council Tax (Net of benefits, discounts for prompt payment and transitional relief)		(58,121)
Transfers from General Fund:-			
0	- Council Tax Benefit		9
(21)	- CTLS Discretionary		(40)
(54,911)	Business Ratepayers		(62,300)
(108,725)	Total Income		(120,452)
Expenditure			
Council Tax Precepts and Demands:-			
36,651	Leicestershire County Council	40,822	
5,853	Leicestershire Police	6,545	
1,965	Leicestershire Fire and Rescue	2,126	
7,236	N.W.L.D.C. (including Parish and Special Expenses)	7,701	
1,989	Contribution towards previous year's surplus	2,066	
159	Provision for bad/doubtful debts:- Write Offs	121	
121	Provision for bad/doubtful debts:- Provision	216	
53,974			59,597
Non-Domestic Rates (NDR):			
28,752	Share of NDR - Government	30,434	
5,175	Payment to Leicestershire County Council	5,478	
575	Payment to Leicestershire Fire and Rescue Service	609	
23,002	Share of NDR - N.W.L.D.C.	24,347	
1,482	Contribution towards previous year's deficit	(978)	
137	Provision for bad/doubtful debts:- Write Offs	370	
14	Provision for bad/doubtful debts:- Provision	74	
(3,636)	Provision for appeals	1,506	
145	Costs of Collection	148	
0	Disregarded amounts	167	
55,646			62,155
109,620	Total Expenditure		121,752
160	Movement on fund - (Surplus)/Deficit for the year - Council Tax		1,445
735	Movement on fund - (Surplus)/Deficit for the year - NDR		(145)
(2,185)	Collection Fund Balance at 1st April 2018 - Council Tax		(2,025)
182	Collection Fund Balance at 1st April 2018 - NDR		917
(2,025)	Collection Fund Balance at 31st March 2019 - Council Tax		(580)
917	Collection Fund Balance at 31st March 2019 - NDR		772

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	7,074	6/9	4,716
B	10,959	7/9	8,524
C	6,616	8/9	5,881
D	5,798	9/9	5,798
E	3,988	11/9	4,874
F	1,544	13/9	2,229
G	843	15/9	1,405
H	41	18/9	82
	36,863		33,509
Less: 2% Allowance for Valuation Appeals and irrecoverables			657
Council tax base for 2018/19			32,852

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 2019 was £139,862,284 (£136,900,159 - 31st March 2018).

The National Non-Domestic multiplier for the year was 49.3p (47.9p - 2017/18).

The Small Business Rate Multiplier was 48.0p (46.6p - 2017/18).

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 £2.3m in its accounts (£2m - 31st March 2018).

Section 6 Special Expenses

Special Expenses Account

2017/18	2018/19	
£	£	£
Appleby Magna		
19 Balance brought forward	30	
(1,533) Collection Fund Precept	(1,747)	
(93) Localisation Grant	(93)	
(1,607)		(1,810)
Expenditure		
1,637 Parks and Open Spaces		1,662
30 Balance carried forward (Surplus)/Deficit		(148)
Coalville Urban District area		
(68,931) Balance brought forward	(92,113)	
(379,020) Collection Fund Precept	(403,479)	
(58,387) Localisation Grant	(58,387)	
(506,338)		(553,979)
Expenditure		
336,290 Parks, Rec Grds, Open Spaces & Verge Mtce *	19,158	
20,944 Burial Grounds	37,076	
75,825 Events and Grants	89,727	
240 Other Expenses	9,526	
0 R.C.C.O.	0	
(23,362) Asset Management Revaluation Account	(28,607)	
4,536 Impairment	333,873	
(5,282) Other Adjustments	(5,606)	
5,034 Contribution to/from Ear-Marked Reserves	19,420	
414,225		474,567
(92,113) Balance carried forward (Surplus)/Deficit		(79,412)
Coleorton Parish area		
(61) Balance brought forward	(70)	
(2,936) Collection Fund Precept	(2,979)	
(410) Localisation Grant	(410)	
(3,407)		(3,459)
Expenditure		
1,193 Parks and Open Spaces	1,211	
2,144 Burial Grounds	2,176	
3,337		3,387
(70) Balance carried forward (Surplus)/Deficit		(72)

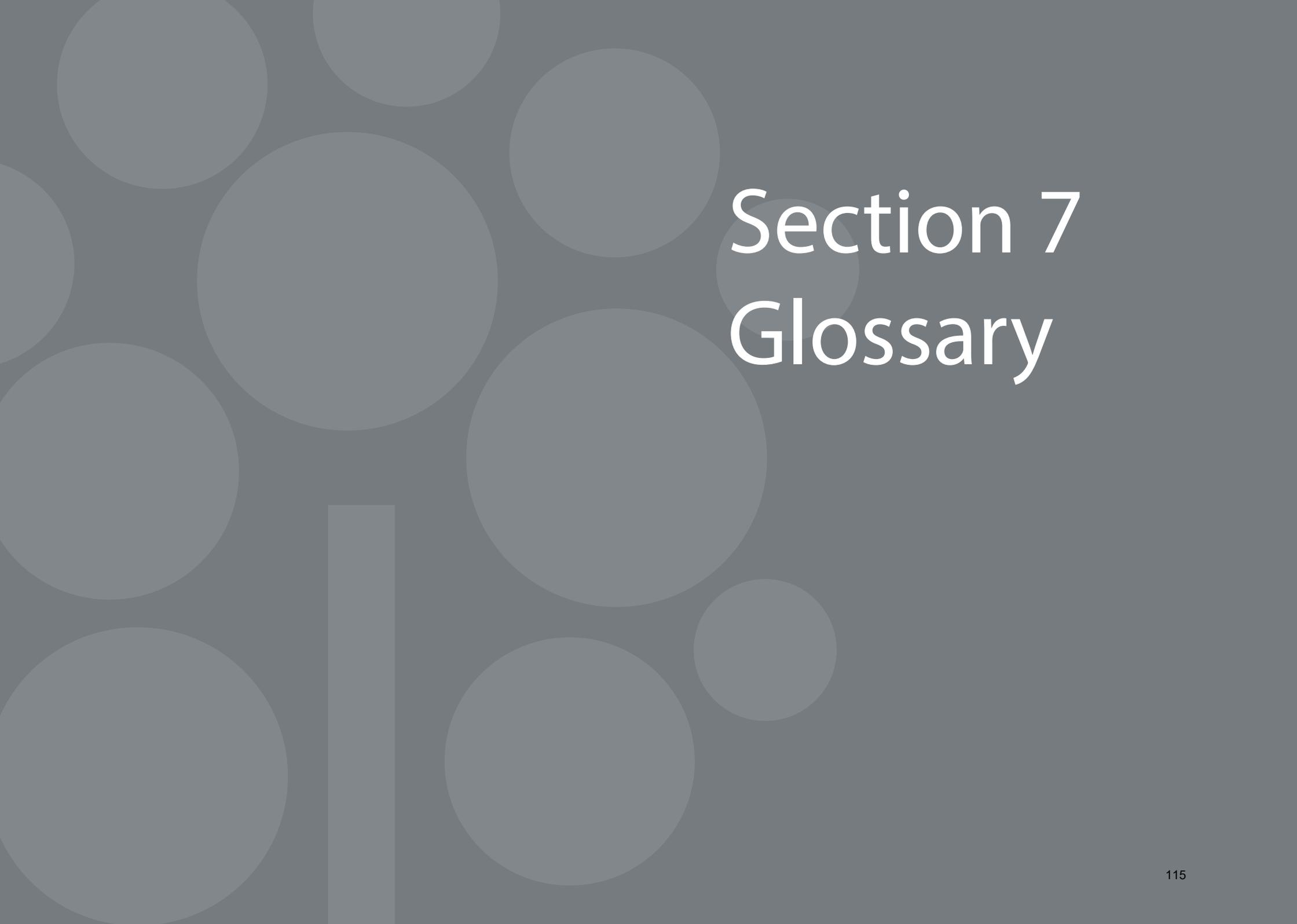
* 18/19 includes impairment credit of £333,873

2017/18	2018/19	
£	£	£
Hugglescote		
7,209 Balance brought forward	16,053	
(23,094) Collection Fund Precept	(25,686)	
(1,986) Localisation Grant	(1,986)	
(17,871)		(11,619)
Expenditure		
0 Parks, Rec Grds, Open Spaces & Verge Mtce	0	
34,381 Burial Grounds	16,971	
(457) Other Adjustments	(884)	
0 Contribution to Ear-Marked Reserves	3,500	
33,924		19,587
16,053 Balance carried forward (Surplus)/Deficit		7,968
Kegworth		
(638) Balance brought forward	(638)	
0 Collection Fund Precept	0	
0 Localisation Grant	0	
(638)		(638)
Expenditure		
0 Parks and Open Spaces		0
(638) Balance carried forward (Surplus)/Deficit		(638)
Lockington / Hemington		
(89) Balance brought forward	(1)	
(1,683) Collection Fund Precept	(1,676)	
(99) Localisation Grant	(99)	
(1,871)		(1,776)
Expenditure		
1,870 Burial Grounds		1,898
(1) Balance carried forward (Surplus)/Deficit		122

Special Expenses Account

2017/18	2018/19	
£	£	£
Measham Parish area		
(102) Balance brought forward	(127)	
(1,703) Collection Fund Precept	(1,788)	
(223) Localisation Grant	(223)	
(2,028)		(2,138)
Expenditure		
1,901 Burial Grounds		1,930
(127) Balance carried forward (Surplus)/Deficit		(208)
Oakthorpe and Donisthorpe		
(167) Balance brought forward	(150)	
(3,414) Collection Fund Precept	(3,536)	
(445) Localisation Grant	(445)	
(4,026)		(4,131)
Expenditure		
3,876 Parks and Open Spaces		3,934
(150) Balance carried forward (Surplus)/Deficit		(197)
Osgathorpe		
(315) Balance brought forward	(308)	
(331) Collection Fund Precept	(352)	
(21) Localisation Grant	(21)	
(667)		(681)
Expenditure		
359 Parks and Open Spaces		364
(308) Balance carried forward (Surplus)/Deficit		(317)
Ravenstone		
(243) Balance brought forward	(273)	
(354) Collection Fund Precept	(391)	
(35) Localisation Grant	(35)	
(632)		(699)
Expenditure		
359 Parks and Open Spaces		364
(273) Balance carried forward (Surplus)/Deficit		(335)

2017/18	2018/19	
£	£	£
Stretton-en-le-field		
(22) Balance brought forward	(7)	
(1,141) Collection Fund Precept	(1,198)	
(206) Localisation Grant	(206)	
(1,369)		(1,411)
Expenditure		
1,362 Burial Grounds		1,382
(7) Balance carried forward (Surplus)/Deficit		(29)
Whitwick		
(952) Balance brought forward	(5,931)	
(20,130) Collection Fund Precept	(20,265)	
(1,598) Localisation Grant	(1,598)	
(22,680)		(27,794)
Expenditure		
627 Parks, Rec Grds, Open Spaces & Verge Mtce	636	
13,226 Burial Grounds	17,927	
(454) Other Adjustments	(884)	
3,350 Contribution to Ear-Marked Reserves	2,805	
16,749		20,484
(5,931) Balance carried forward (Surplus)/Deficit		(7,310)

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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

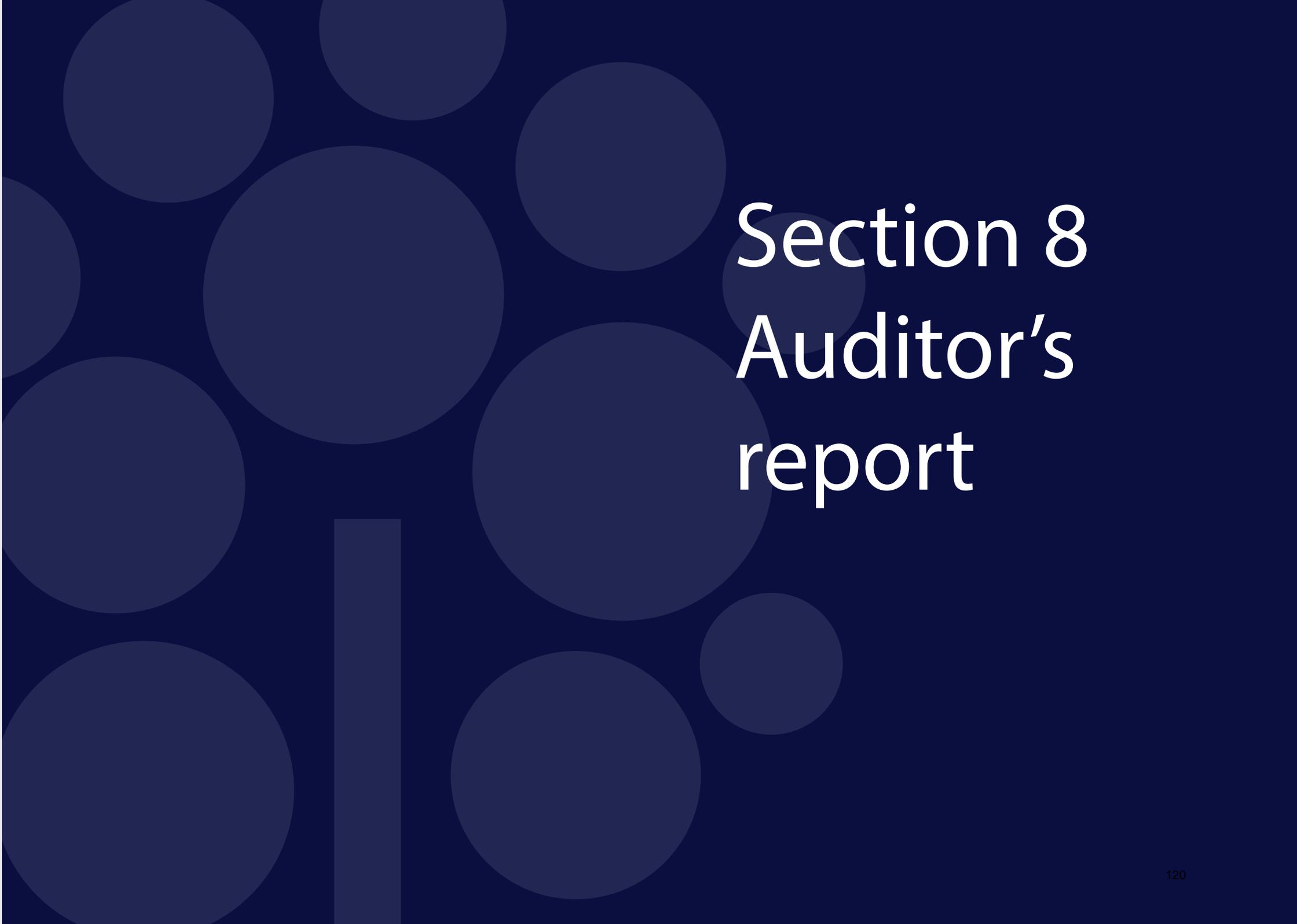
Local authorities are empowered to do only those things authorised by statute. If they do anything not authorised by statute, that action is said to be ultra vires (i.e. beyond their powers).

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 financial statements

Opinion

We have audited the financial statements of North West Leicestershire District Council for the year ended 31 March 2019, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of North West Leicestershire District Council as at 31st March 2019 and of its 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 2018/19.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Head of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Head of Finance is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Financial Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of the Head of Finance for the financial statements

As explained more fully in the Statement of the Head of Finance's Responsibilities, the Head of Finance 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 2018/19, and for being satisfied that they give a true and fair view. The Head of Finance is also responsible for such internal control as the Head of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Head of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Head of Finance is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014. We have nothing to report in these respects.

Conclusion on North West Leicestershire District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, North West Leicestershire District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in November 2017, as to whether the 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 in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Council

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Use of the audit report

This report is made solely to the members of North West Leicestershire District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council 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 Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of North West Leicestershire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Mark Surridge
For and on behalf of Mazars LLP
45 Church Street
Birmingham
B3 2RT

1 August 2019

Useful information

If you would like more information about the Annual Statement of Accounts 2018 -19 or any council service, please use the contact details below:

www.nwleics.gov.uk

customer.services@nwleicestershire.gov.uk

 @nwleics

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