



**STATEMENT OF ACCOUNTS**

**2021/22**

# Statement of Accounts 2021/22

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## **Narrative Statement**

### Context

The twelve months representing the financial year 2021/22 saw the gradual emergence of the United Kingdom from the COVID-19 pandemic such that by the end of the financial year, most restrictions on day to day life had been lifted. At the time of writing, the most significant impacts of COVID-19 seem to have abated, but it is still with us and case numbers are once again rising. New variants of the virus carry the risk of significant new spikes in infection rates, with the health implications that would entail, although the reintroduction of restrictions on day to day life now appear unlikely.

Although the health impact of COVID generally reduced through the year the Council was still undertaking a wide of activities associated with the pandemic – such as community support, distribution of business grants and increasing homelessness mitigation services. This inevitably displaced some ‘business as usual’ service delivery but compensation in the form of additional grant and new burdens funding did have a favourable effect on Council finances. Many of the Council’s income streams did start to recover such that 2022/23 budgets are set at pre-COVID levels but some service income, such as car parking fees and market stall rentals, continue to lag, possibly reflecting a new ‘normal’ which the Council will need to manage.

The General Fund budget for 2021/22 assumed a £0.8m use of reserves, in broad terms reflecting projected income losses. However, a combination of unbudgeted COVID grants and new burdens funding (c£1m), income being generally above budgeted levels and additional retention of business rates resulted in a net addition to reserves of £0.8m. This undoubtedly positive result improves the General Fund Working Balance at £6.6m, although it may be noted that this is mainly attributable to ‘one-off’ factors and the underlying structural issues with the Council’s budget – uncertain and declining real-term government funding, increasing costs and potential regulatory challenges remain. The increase in reserves provide a welcome additional financial cushion for future financial shocks, and greater ability to invest in the transformational changes required for the Council to become financially sustainable.

Operationally, the Council’s Landlord Services function has faced challenges associated with limits on access to properties arising from COVID and the availability of contractors. However, the associated Housing Revenue Account is in a robust position with reserves totalling £19.4m to cover HRA debt repayment and HRA Capital Investment.

The financial standing of the Council continues to be robust, with reserves held at a sufficient level to meet foreseeable future challenges and reductions in Government funding for local authorities in the medium term. There are good financial management and governance processes and procedures in place which are reviewed regularly by management and the internal audit team. Resources are allocated as part of the annual budget setting process, which considers service pressures and savings on a detailed basis. Overall, the Council’s financial position provides a sound base that enables service delivery in forthcoming years.

### Economic Environment

The wider economic environment is generally important to the social fabric of Charnwood – for jobs and prosperity – and for the Council in terms of income streams, cost pressures and the demand on services.

Statistics show that the UK economy as a whole grew by 7.5% in 2021, the largest gain since the Second World War. However, this was after a 9.4% contraction in 2020, with the UK enduring a larger-than-average hit from COVID-19 and public health restrictions. Interest rates started to increase but remained at historically low levels, and the Council’s experience broadly reflects this relatively benign environment.

The current outlook appears more difficult, with price pressures and tax increases eroding household real incomes, potentially leading to an increase demand for Council services at a time when income generation and local taxation collections become more difficult. These effects will however be mitigated by increasing interest rates which will lead to enhanced returns from treasury operations

### Significant items within the Financial Statements

Factors that impacted key income and expenditure lines (and hence a favourable working balance and reserves) include unbudgeted Covid Grant Income allocated in the year (c£1m), and income exceeding expectations in Planning, Building Control, Commercial Income, Garden Bins and Bulky Waste.

Further details of such items are included in Section 5, Major Items included in the accounts 2021/22.

## Financial Statements

The purpose of the published statement of accounts is to give electors, local taxpayers, members of the Council and other interested parties clear information about the Council's financial performance and economy, efficiency and effectiveness in its use of resources over the financial year. The aim is to provide users with information that is fair, balanced and understandable. A glossary of terms is included at the end of the document. The statements should inform readers of

- The cost of services provided by the Council in the year 2021/22.
- How services were paid for.
- The Council's assets and liabilities at the year-end and
- The financial performance of the Council.

The following Core Financial statements are also included: -

- The **Comprehensive Income and Expenditure Statement** which shows all of the Council's income and expenditure for the financial year. The top part of the statement shows a breakdown by service and the bottom part relates to transactions and funding at a corporate level, which links the statement to budget monitoring reports that are produced for management throughout the year and are subject to Member scrutiny.
- The **Balance Sheet** which sets out a 'snapshot' of the overall financial position of the Council at 31st March 2022 showing its assets, liabilities and reserves.
- The **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 local taxation) and 'unusable reserves' (i.e. those that arise out of interaction of legislation and proper accounting practice to store revaluation gains or as an adjustment).
- The **Cash Flow Statement** which summarises the movements of cash and cash equivalents into and out of the Council arising from transactions with third parties. This also shows whether movements are due to operating activities, new investment or financing activities.
- **Notes to the Core Financial Statements** which give an explanation of key figures within the statements and more detail on the Council's accounting policies and individual transactions.

The following Supplementary Financial Statements and supporting notes are included:-

- **Housing Revenue Account (HRA)** – separately identifies income and expenditure in respect of the Council's statutory landlord function as a provider of social housing.
- **Collection Fund Statement** - shows the transactions in relation to the collection and distribution of Council Tax and National Non-domestic Rates ('NNDR').

## **2. Pension Fund Liability**

Charnwood Borough Council participates in the Local Government Pension Scheme through which pension provision is made for those of its employees who wish to join the scheme. Under the Code, the Council must include its share of the net Pension Fund Liability as at 31st March 2022 and this amounted to a £60.3m deficit. This is a decrease of £24.4m on the position at 31st March 2021. Although this liability appears in the Council's Balance Sheet it is offset by the Pensions Reserve and is not funded from Council Tax or Government Grants in the current year. However, it represents the amount that will need to be found from future budgets to pay for pension entitlements already incurred in delivering services. Actual employer's contributions to the pension scheme during the year are paid out of the Council's expenditure as funded by Government Grants, Council Tax and National Non-Domestic Rates (business rates)

## **3. Borrowing Facilities and Funding of Capital Expenditure**

The Council has sufficient resources, through both the use of reserves and revenue, to fund General Fund and capital expenditure without needing to borrow. It is expected that this position may change in the short term and if the Council were to borrow then it would be able to obtain funds from the Public Works Loans Board (PWLB), which is part of Central Government, with relatively low rates. There is one old outstanding General Fund loan of £2m which due for repayment in 2024.

The HRA has external loans of £79.19m which arose from the change in the Housing Subsidy system in 2012. These are all with the PWLB and are repayable from 2024 to 2062 with fixed annual interest rates. The annual interest is covered by the HRA's rental income. Both the General Fund and HRA work within treasury parameters agreed each year by Council.

#### 4. General Fund Revenue Outturn Summary 2021/22

Actual 2020/21 £000	GENERAL FUND OUTTURN 2021/22	Original Budget 2021/22 £000	Actual 2021/22 £000	Variance 2021/22 £000
<b>20,386</b>	<b>Net Service Expenditure</b>	<b>18,932</b>	<b>17,078</b>	<b>1,854</b>
182	Revenue Contribution to Capital	0	645	(645)
(309)	NDR LCC Pilot Gain/NDR Net additional Income	0	(387)	387
(652)	NDR Enterprise Zone LLEP contribution	0	0	0
240	Interest Paid	240	230	10
(342)	Less: Interest on Balances	(300)	(281)	(19)
<b>19,506</b>	<b>Total Borough Expenditure</b>	<b>18,872</b>	<b>17,285</b>	<b>1,586</b>
(292)	Contribution to (from) Reinvestment Reserve	0	(96)	96
1,175	Contribution to/(from) Working Balance	(849)	749	(1,598)
143	Contribution to/(from) Working Balance (Collection Fund)	2	2	0
(101)	Contribution to/(from) Growth Fund	0	0	0
857	Contribution to/(from) Other Revenue Reserves	(106)	785	(891)
453	Contribution to/(from) Capital Plan Reserve	0	(524)	524
<b>21,741</b>	<b>Precept Requirement</b>	<b>17,919</b>	<b>18,202</b>	<b>(283)</b>
4,947	NNDR	4,547	4,547	0
7,288	Council Tax Receipts	7,640	7,640	0
1,271	Loughborough Special Levy	1,311	1,311	0
143	Collection Fund Surplus/(Deficit)	2	2	0
4,122	New Homes Bonus	3,000	3,000	0
1,778	DCLG Covid Income Loss Claim	0	275	(275)
2,184	DCLG Covid/Lower Tier Services Grant	1,418	1,418	0
8	Government Grants	0	8	(8)
<b>21,741</b>	<b>Precept Income</b>	<b>17,919</b>	<b>18,202</b>	<b>(283)</b>
	<b>Revenue Reserves Balances</b>			
4,498	<b>Working Balance 1st April</b>	1,820	5,816	(3,996)
1,318	Transfer from General Fund	(847)	751	(1,598)
1,224	Transfer from General Fund to EZ LLEP Creditor Account	0	0	0
(1,224)	Contribution/Payment to the LLEP Fund	0	0	0
0	Business Rates Appeals Adjustments	1,561	0	1,561
<b>5,816</b>	<b>Balance at 31 March</b>	<b>2,534</b>	<b>6,567</b>	<b>(4,033)</b>
883	<b>Reinvestment Reserve 1st April</b>	357	591	(234)
(292)	Transfers From/(to) General Fund	0	(96)	96
<b>591</b>	<b>Balance at 31 March</b>	<b>357</b>	<b>495</b>	<b>(138)</b>
1,980	<b>Capital Plan Reserve 1st April</b>	1,819	2,433	(614)
500	Transfers From General Fund	0	0	0
(47)	Funding of Capital Expenditure	0	(524)	524
<b>2,433</b>	<b>Balance at 31 March</b>	<b>1,819</b>	<b>1,909</b>	<b>(90)</b>
<b>7,346</b>	<b>NDR Deficit /S31/ (Covid) Reserve 1st April</b>	<b>7,346</b>	<b>7,346</b>	<b>0</b>
<b>0</b>	NDR Offset NDR Deficit	<b>0</b>	<b>(4,294)</b>	<b>4,294</b>
<b>7,346</b>	<b>Balance at 31 March</b>	<b>7,346</b>	<b>3,052</b>	<b>4,294</b>
1,158	<b>Other Revenue Reserves 1st April</b>	1,113	2,015	(902)
857	Transferred From/(to) General Fund	(106)	1,328	(1,434)
2,015	<b>Balance at 31 March</b>	<b>1,007</b>	<b>3,343</b>	<b>(2,336)</b>
<b>18,201</b>	<b>TOTAL BALANCES</b>	<b>13,063</b>	<b>15,366</b>	<b>(2,303)</b>

The main purpose of the General Fund Revenue Outturn Summary is to compare the General Fund actual figures to the Original Budget set for 2021/22. This provides a summarised position of the Council's balances held. Please note that the table does not form part of the formal Statement of Accounts.

The Council's General Fund, Net Service Expenditure which relates to all its activities except Housing Revenue Account, was £1,854k lower (8.4%) than the Original Budget of £18,932k. The major variances in Service Expenditure between 2020/21 and 2021/22 are itemised below in paragraph 5, in addition other major variances were:-

- Revenue Contribution to Capital costs of £645k are higher than Budget, these costs relate to ICT capital costs, CCTV Costs, Loughborough Cemetery costs, Bedford square costs funded by Capital Plan Reserve £524k, Reinvestment Reserve £40k and revenue savings £81k in the year.
- NDR Net additional Income £387k above the budget, after setting aside £911k as a creditor being 88% earmarked for the Enterprise Zone LLEP agreement.
- Covid Income Loss claim from DCLG April-June £275k was unbudgeted due to the timing of DCLG notification.
- **The Total revenue reserves balances at 31<sup>st</sup> March 2022 are £15,366k, of which £3,052k relates to the NDR S31 Reserve to cover the estimated NDR Covid Deficit in 2022/23, £951k is earmarked for future Commercialisation Income Losses, £905k balance for the Town Deal fund, £577k S106 Monies to cover maintenance of Open Space sites in future.**

## **5. Major Items in the 2021/22 Accounts**

There are no major changes to the way the accounts have been compiled in 2021/22. The General Fund Net controllable service expenditure of £22.3m in 2020 compared to £18m in 2021/22 is a decrease of £4.3m, 19.2%, this is mainly to do with numerous one off grant income received in 2021/22 related to Covid.

Major differences in the Comprehensive Income and Expenditure Statement between 2020/21 and 2021/22 being:

- Strategic Director; Commercial Development, Assets and Leisure, Capital investment of £25m to purchase four Commercial Properties in the autumn of 2020 created a new income stream for the Council. In addition, the NHS Vaccination centre was set up, both contributed to an Income increase between the two years of £1.3m. In addition a contribution to the Commercialisation Reserve was made of £543k, with a total Commercialisation Reserve balance of £951k to cover future rental losses.
- Head of Customer Experience, expenditure on Rent Allowances to private landlords was £1,153k lower in 2021/22. The Housing element of Universal Credit is gradually replacing Rent Allowance scheme, and this run by the DWP. Rent Rebate costs to Charnwood Borough Council Housing tenants expenditure was £484k lower in 2021/22 also due to Universal Credit scheme.
- Head of Leisure & Culture, net reduction in costs of £1,052k, this is due to Covid19, the Town Hall, Museum, Leisure Centres, Fair, Town Events, Public Toilets and reduced Markets, were all closed in 2020, budgets were reduced in 2021/22 to cover income losses, however services were all reopened part way through 2021/22 including the annual Pantomime which produced a favourable budget.
- Head of Regulatory, Covid19 restrictions limited Car Park income generation, due to closed car parks, free parking given to business holders and 1 hour free parking introduced. Car Parks were re-opened in 2021/22 and income levels were £386k higher than 2020, however they have not returned to budgeted levels. The Car Parks charges are currently under review.
- Head of Planning & Regeneration, net reduction in costs £790k lower in 2021/22 compared to 2020/21, due to additional Income Grant of £909k from DCLG for Towns Fund Deal, increased Planning Charges of £199k and an additional £182k for providing Building Control Services to North West Leicester District Council. Increased agency costs of £280k and consultant fees £234k in 2021/22.
- The HRA net cost of service is £279k lower in 2021/22 than 2020/21. This includes a £673k increase in compliance expenditure as the Covid backlog of work was reduced, offset by £81k reduction in general repairs

and £138k void repairs and £68k Tenancy services. Rents were increased by 1.50% although the additional income was offset by a higher rate of void properties.

- The Council holds two Property Funds being valued at 31<sup>st</sup> March 2022 of £5.398m (£4.664m in 2020/21). Lothbury Property Trust £2.677m (£2.337m in 2020/21) and Hermes Property Funds £2.721m (£2.327m in 2020/21). These are accounted for as a long-term investments on the Balance Sheet as a Financial Instrument Reserve and the revaluation gain £734k (£106k Loss in 2020/21) on the property funds has been accounted for under financing and Investment Income in the Comprehensive Income and Expenditure Statement.
- Net gains on Revaluation of Fixed Assets were £21.525m in 2021/22 compared to a £6.781m gain 2020/21, being £14.744m higher, this relates to a desktop revaluation of assets held by the Council at 31<sup>st</sup> March 2022. The increase is primarily due to the increase in valuation of HRA Housing Stock and other Land and Buildings.
- The Pension Liabilities on the Balance Sheet has decreased from £84.7m to £60.3m, this is due to an actuarial gain in the pension fund of £24.4m, further details are included in Note 33 below.

## 6. Capital Expenditure

For the financial year 2021/22, the Council's capital spending on an accruals basis, totalled £8,792k compared with a final Capital Plan budget of £50,622k the net underspend of £41,830k, represents a £5,460k underspend 10.8% of the programme, however part of the underspend are committed schemes of £36,370k and these will be carried forward to 2022/23.

	2021/22 £'000	%
<b>Capital Expenditure</b>	<b>8,792</b>	<b>100</b>
<b>Financed by:-</b>		
Major Repairs Reserve	2,642	30
Revenue Contributions - General Fund	645	7
Capital Receipts – General Fund	2,667	30
Capital Receipts – HRA	584	7
Capital Grants and Contributions – HRA	292	3
Capital Grants and Contributions – General Fund	1,962	23
	<b>8,792</b>	<b>100</b>

## 7. Provisions

The NDR Provision for bad debt as at 31<sup>st</sup> March 2022 is £1,127k (£987k at 31<sup>st</sup> March 2021) , an increase of £140k using the same basis of 2020/21 and Council Tax Provision for bad debt 31<sup>st</sup> March 2022 is £1,268k (£1,281k at 31<sup>st</sup> March 2021), a decrease of £13k.

## 8. The Council's Finances

The Council's budget for 2022/23 was approved with planned use of working balance reserves of £189k. The Medium Term Financial Strategy (MTFS) for 2023/24 estimates a use of reserves of £2.1m depending on Government Funding streams and this can be covered from the Council's reserves. Efficiencies will be refreshed to ensure long term financial sustainability as part of the next budget setting process and a revised MTFS taken to Cabinet at the same time as the budget. At the time of writing, the intentions of the new government regarding the fairer funding review of local authority are not clear, with significant items such as the retention of business rates and the New Homes Bonus Scheme still under consideration. Changes, will be taken into account, if known, when the next MTFS to 31<sup>st</sup> March 2025 is prepared in late 2022/23.

## **9. Non-Financial Performance**

The Council's objectives are set out in the Corporate Plan and this is reviewed through Cabinet and wider consultation with local partners and the community. The achievement of the plan is monitored through performance management and review processes carried out by Cabinet and Scrutiny Committees as well as officers. The Corporate Plan and associated quarterly performance monitors and annual performance report are available through the Council's website.

A rigorous and robust annual service delivery and team planning process is in place that includes consultation with service users, which ensures that resources and budgets are aligned to the corporate objectives set out in the Corporate Plan, as well as providing for a controlled and objective means of identifying efficiency savings and opportunities for investment to improve service delivery.

### **Outlook and Risk**

Previous paragraphs have outlined the negative economic conditions which the Council is likely to face in the near future, in particular, those created by the coronavirus outbreak, the economic impacts of Brexit and the cost of living crisis. These factors will impact government finances (and hence the ability to fund public services), which in turn will influence the Council's funding settlements in future years.

This outlook combined with the MTFs structural budget deficit gives rise to further financial challenges with which the Council are already fully engaged in addressing and will reviewed again as part of the budget setting process for 2023/24 and a revised MTFs for 2023/24 once we have notification of the government settlement in the autumn of 2022.

Underpinning these plans are ongoing initiatives targeted at increasing efficiencies, developing commercial opportunities and looking to leverage existing asset and treasury resources.

As noted above, the Council does maintain adequate levels of reserves (and there is confidence that the Council can continue to provide services in a financially sustainable way).

In terms of managing risk, a risk management framework has been established under which strategic risks may cause the Council to be unable to operate or provide key services leading to a significant adverse effect on public wellbeing are identified on an annual basis, are approved as reasonable and complete by Cabinet, and are subsequently monitored on a quarterly basis by senior managers and by the Audit Committee. Lower level corporate and operational risks are identified by the annual service delivery planning process and are monitored on an ongoing quarterly basis, with any exceptions or significant concerns being escalated to senior managers and to the Audit Committee.

All Cabinet reports recommending decisions include details of any relevant financial and legal implications and contain a risk management section which sets out any identified risks together with their likelihood and impact, and actions planned to manage the risks.

## **10. Statement of Authorisation**

The Statement of Accounts were authorised for presentation on 22nd July 2022 by Simon Jackson, Strategic Director of Environmental and Corporate Services and S.151 Officer. All financial events up to and including 22nd July 2022, have been considered in these accounts.

## **11. Preparation of Accounts**

I would like to thank all staff who have been involved in the preparation of these accounts.

## **12. Further Information**

Further information regarding the accounts may be obtained from:

The Head of Financial Services,  
Charnwood Borough Council,  
Southfield Road,  
Loughborough,  
LE11 2TU.



Members of the public have a statutory right to inspect the accounts on deposit for audit purposes and the availability of the accounts for inspection is advertised on the Council's web site at [www.charnwood.gov.uk](http://www.charnwood.gov.uk) and on public notices displayed in the Council Offices.

## **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 Strategic Director of Environmental and Corporate Services and Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### **Chief Financial Officer's Responsibilities**

The Chief Financial 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).

In preparing this statement of accounts, the Chief Financial Officer has:

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31st March 2022.

**Certified by the S151 Officer:**

SIMON JACKSON  
**Strategic Director of Environmental and Corporate Services**

**Date**

In accordance with section 9 of the Accounts and Audit Regulations 2015 No 234, the Statement of Accounts shall be signed and dated by the Chairman of the Audit committee who presided at the meeting at which approval was given.

**Certified by Chair of Audit Committee**

JANE NELLIST  
**Chair of Audit Committee**

## 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 and rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Gross Controllable Expenditure	Gross Controllable Income	Net Controllable Costs		Gross Controllable Expenditure	Gross Controllable Income	Net Controllable Costs
2020/21 £'000	2020/21 £'000	2020/21 £'000		2021/22 £'000	2021/22 £'000	2021/22 £'000
119	0	119	Strategic Director; Community, Planning & Housing	122	0	122
1,520	(1,059)	462	Head of Strategic & Private Sector Housing	1,674	(969)	705
0	(218)	(218)	Head of Landlord Services	0	(221)	(221)
1,726	(331)	1,395	Head of Neighbourhood Services	1,673	(317)	1,356
3,011	(1,780)	1,231	Head of Planning & Regeneration	3,462	(3,021)	441
2,232	(801)	1,431	Head of Regulatory Services	2,188	(1,187)	1,001
<b>8,608</b>	<b>(4,188)</b>	<b>4,420</b>	<b>Community, Housing, Planning Regeneration Directorate</b>	<b>9,119</b>	<b>(5,715)</b>	<b>3,404</b>
1,995	(1,827)	168	Strategic Director; Commercial Development, Assets and Leisure	1,957	(3,211)	(1,254)
2,389	(416)	1,974	Head of Leisure Services	2,633	(1,710)	923
<b>4,384</b>	<b>(2,242)</b>	<b>2,142</b>	<b>Commercial Development, Assets and Leisure, Directorate</b>	<b>4,590</b>	<b>(4,921)</b>	<b>(331)</b>
8,108	(2,425)	5,683	Head of Waste, Engineering & Open Spaces	8,181	(2,532)	5,649
119	0	119	Strategic Director; Environmental & Corporate Services	122	0	122
256	0	256	Chief Executive's Team	261	0	261
1,055	(18)	1,037	Head of Financial Services	1,285	0	1,285
1,392	(3)	1,388	Organisational Development	1,578	(39)	1,539
29,980	(24,706)	5,274	Head of Customer Experience	28,221	(23,458)	4,763
2,323	(263)	2,060	Head of Strategic Support	1,706	(359)	1,347
<b>43,233</b>	<b>(27,416)</b>	<b>15,817</b>	<b>Environmental &amp; Corporate Services Directorate</b>	<b>41,354</b>	<b>(26,388)</b>	<b>14,966</b>
<b>56,225</b>	<b>(33,846)</b>	<b>22,379</b>	<b>Total General Fund</b>	<b>55,063</b>	<b>(37,024)</b>	<b>18,039</b>
<b>10,694</b>	<b>(21,817)</b>	<b>(11,123)</b>	<b>Housing Revenue Account</b>	<b>11,007</b>	<b>(21,851)</b>	<b>(10,844)</b>
<b>66,919</b>	<b>(55,664)</b>	<b>11,256</b>	<b>Cost of Service</b>	<b>66,070</b>	<b>(58,875)</b>	<b>7,195</b>
		<b>(8,646)</b>	<b>Net Recharges, REFCUS &amp; Capital charges</b>			<b>(1,247)</b>
		3,821	Parish Precepts			4,052
		886	Contribution to Housing Pooled Capital Receipts			723
		385	(Gains)/Loss on Disposal Fixed Assets			(7)
		<b>5,092</b>	<b>Other Operating Expenditure</b>			<b>4,768</b>
		2,941	Interest Payable and similar charges			2,930
		1,467	Pensions Interest Costs and Returns on Assets			1,714
		(388)	Interest and Investment Income			(327)
		603	Investment Properties Change in Fair Value			(641)
		106	(Gains)/Losses Financial instruments Revaluation Property Funds			(734)
		<b>4,729</b>	<b>Financing and Investment Income and Expenditure</b>			<b>2,942</b>
		(8,091)	General Government Grant			(4,871)
		(577)	Capital Grants and Contributions			(1,868)
		(4,427)	Non Domestic Rates Distribution			(5,474)
		(12,381)	Council Tax Income			(13,003)
		(60)	Collection Fund			(25)
		<b>(25,536)</b>	<b>Taxation and non-specific Grant Income</b>			<b>(25,241)</b>
		<b>(13,105)</b>	<b>(Surplus)/Deficit on provision of services</b>			<b>(11,584)</b>
		(6,781)	(Gains)/Losses on revaluation of Fixed Assets			<b>(22,519)</b>
		19,330	Actuarial (Gains)/Losses on pension assets/liabilities			(28,170)
		<b>12,549</b>	<b>Other comprehensive Income and Expenditure</b>			<b>(50,689)</b>
		<b>(556)</b>	<b>Total comprehensive Income &amp; Expenditure</b>			<b>(62,273)</b>

## Balance Sheet as at 31st March 2022

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 (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council are 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'.

31st March 2021 £'000		Note	31st March 2022 £'000	31st March 2022 £'000
311,274	Council Dwellings	10	337,173	
57,164	Other Land & Buildings	10	58,423	
5,788	Vehicles, Plant & Equipment	10	5,125	
26	Infrastructure Assets	10	2,025	
4,010	Community Assets	10	4,009	
135	Assets Under Construction	10	1,244	
757	Surplus Assets Not Held for Sale	10/11	757	
379,154	<b>Property, Plant and Equipment Total</b>			408,756
279	Heritage Assets	13		279
26,257	Investment Property	11		25,638
4,664	Long Term Investments	14		5,399
156	Intangible Assets	12		180
200	Long Term Debtors	15		1,808
410,710	<b>Non Current Assets (Sub-total)</b>			442,060
11,000	Short -Term Investments	14		25,050
99	Inventories			128
12,553	Short -Term Debtors	15		14,401
(3,836)	Bad Debt Impairments	15		(3,746)
19,826	Cash and Cash Equivalents	16		34,591
39,642	<b>Current Assets (Sub-Total)</b>			70,424
(678)	Bank Overdraft	16		(1,868)
(28,520)	Short-Term Creditors	18		(50,221)
(1,359)	Provisions	19		(1,035)
(30,557)	<b>Current Liabilities (Sub-Total)</b>			(53,124)
0	Long-Term Creditors	18		(1,065)
(81,190)	Long-Term Borrowing, over 12 Months	14		(81,190)
(84,704)	Defined Benefit Pension Scheme Asset/(Liability)	33		(60,370)
(3,882)	Capital Grants Receipts in Advance	28		(4,444)
(169,776)	<b>Long term Liabilities Total</b>			(147,069)
250,019	<b>Net Assets Total</b>			312,292

## Balance Sheet as at 31st March 2022

31st March 2021 £'000		Note	31st March 2022 £'000	31st March 2022 £'000
(9,863)	Capital Receipts Reserve	20		(10,382)
(3,210)	HRA Major Repairs Reserve	7		(4,248)
(11,794)	Revenue Reserves	7		(8,303)
(591)	Reinvestment Reserve	7		(495)
(219)	Capital Grants Unapplied	20		(1,081)
(5,816)	General Fund Balance			(6,567)
(610)	HRA Fund Balance			(606)
(11,630)	HRA Financing Fund	8		(14,575)
<b>(43,733)</b>	<b>Usable Reserves Total</b>			<b>(46,257)</b>
6,816	Collection Fund Adjustment Account	21		1,785
(262,130)	Capital Adjustment Account	21		(269,593)
134	Financial Instruments Revaluation Reserve	21		(601)
84,704	Pension Reserve (Surplus)/Deficit	21		60,370
(36,511)	Revaluation Reserve	21		(58,638)
701	Accumulated Absences Account	21		643
<b>(206,286)</b>	<b>Unusable Reserves Total</b>			<b>(266,034)</b>
<b>(250,019)</b>	<b>Total Reserves</b>			<b>(312,292)</b>

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to the Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance, before any discretionary transfers to or from earmarked reserves undertaken by the Council.

<b>Movement in Reserves Statement 2021/22</b>	<b>General Fund Balance</b>	<b>Earmarked General Fund Reserves</b>	<b>Housing Revenue Account</b>	<b>Earmarked Housing Revenue Account Reserves</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Opening Balance at the beginning of the period</b>	(5,816)	(12,385)	(610)	(14,840)	(9,863)	(219)	(43,733)	(206,286)	(250,019)
(Surplus)/Deficit on provision of Services (accounting basis)	(1,042)	0	(10,542)	0	0	0	(11,584)	0	(11,584)
Other comprehensive income and expenditure	0	0	0	0	0	0	0	(50,689)	(50,689)
<b>Total comprehensive income and expenditure</b>	<b>(1,042)</b>	<b>0</b>	<b>(10,542)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(11,584)</b>	<b>(50,689)</b>	<b>(62,273)</b>
<b>Adjustments Primarily involving the Capital Receipts Reserve:-</b>									
Use of Capital Receipts Reserve to finance new Capital Expenditure	0	0	0	0	3,251	0	3,251	0	3,251
Cash Proceeds	0	0	0	0	(3,770)	0	(3,770)	0	(3,770)
<b>Sub-Total - Adjustments Primarily involving the Capital Receipts Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(519)</b>	<b>0</b>	<b>(519)</b>	<b>0</b>	<b>(519)</b>
<b>Adjustments Primarily involving the Capital grants Unapplied Account:-</b>									
Application of Grants to Capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	0	0	0	0
Application of Grants to Capital financing transferred to the Capital Grants and Contributions Applied	0	0	0	0	0	(581)	(581)	0	(581)
Transfer to General Fund	0	0	0	0	0	(280)	(280)	0	(280)
<b>Sub-Total - Adjustments Primarily involving the Capital grants Unapplied Account</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(862)</b>	<b>(862)</b>	<b>0</b>	<b>(862)</b>
<b>Adjustments Primarily involving the Major Repairs Reserve:-</b>									
Depreciation	0	0	0	(3,680)	0	0	(3,680)	0	(3,680)
Use of the Major Repair Reserve to finance new capital Expenditure	0	0	0	2,642	0	0	2,642	0	2,642
<b>Sub-Total - Adjustments Primarily involving the Major Repairs Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,038)</b>	<b>0</b>	<b>0</b>	<b>(1,038)</b>	<b>0</b>	<b>(1,038)</b>
<b>Total Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,038)</b>	<b>(519)</b>	<b>(862)</b>	<b>(2,418)</b>	<b>2,418</b>	<b>0</b>
<b>Adjustment between accounting basis and funding basis under regulations:-</b>									
Pension Fund Reserve	(2,977)	0	(859)	0	0	0	(3,836)		
Financial Instrument Reserve	734						734		
General Fund and HRA	583	0	0	0	0	0	583		
Collection Fund Account	23	0	0	0	0	0	23		
NNDR Account new & final renewable energy disregard	5,009	0	0	0	0	0	5,009		
Accumulated Absences Account	42	0	16	0	0	0	58		
Capital Adjustment Account							0		
Upward revaluation	882	0	8,106	0	0	0	8,988		
Downward Revaluation	(14)	0	0	0	0	0	(14)		
GAIN on disposal of fixed assets	74	0	(67)	0	0	0	7		
REFCUS	(1,419)	0	0	0	0	0	(1,419)		
Depreciation	(1,692)	0	0	0	0	0	(1,692)		
Capital Expenditure charged against general fund and HRA balances	644	0	0	0	0	0	644		
Application of Grants to Capital Adjustment Account	2,713	0	403	0	0	0	3,117		
Capital Receipts Reserve	(723)	0	0	0	0	0	(723)		
<b>Sub Total Adjustments between accounting basis and funding basis under regulations</b>	<b>3,878</b>	<b>0</b>	<b>7,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,478</b>	<b>(11,478)</b>	<b>0</b>
<b>Net Increase/(Decrease) before transfers to earmarked reserves</b>	<b>2,835</b>	<b>0</b>	<b>(2,942)</b>	<b>(1,038)</b>	<b>(519)</b>	<b>(862)</b>	<b>(2,524)</b>	<b>(59,748)</b>	<b>(62,273)</b>
Transfers to/(from) earmarked reserves	(3,587)	3,587	2,945	(2,945)	0	0	0	-	-
<b>Sub Total Increase/(decrease) in the year</b>	<b>(752)</b>	<b>3,587</b>	<b>4</b>	<b>(3,983)</b>	<b>(519)</b>	<b>(862)</b>	<b>(2,524)</b>	<b>(59,748)</b>	<b>(62,273)</b>
<b>Balance at the end of the period</b>	<b>(6,567)</b>	<b>(8,798)</b>	<b>(606)</b>	<b>(18,823)</b>	<b>(10,382)</b>	<b>(1,081)</b>	<b>(46,257)</b>	<b>(266,034)</b>	<b>(312,292)</b>

<b>Movement in Reserves Statement 2020-21</b>	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening Balance at the beginning of the period</b>	<b>(4,499)</b>	<b>(4,122)</b>	<b>(610)</b>	<b>(11,598)</b>	<b>(12,007)</b>	<b>(219)</b>	<b>(33,055)</b>	<b>(216,408)</b>	<b>(249,463)</b>
(Surplus)/Deficit on provision of Services (accounting basis)	3,890	0	(16,995)	0	0	0	(13,105)	0	(13,105)
Other comprehensive income and expenditure	0	0	0	0	0	0	0	12,549	12,549
<b>Total comprehensive income and expenditure</b>	<b>3,890</b>	<b>0</b>	<b>(16,995)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(13,105)</b>	<b>12,549</b>	<b>(556)</b>
<b>Adjustments Primarily involving the Capital Receipts Reserve:-</b>									
Use of Capital Receipts Reserve to finance new Capital Expenditure	0	0	0	0	2,989	0	2,989	0	2,989
Cash Proceeds	0	0	0	0	(846)	0	(846)	0	(846)
<b>Sub-Total - Adjustments Primarily involving the Capital Receipts Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,144</b>	<b>0</b>	<b>2,144</b>	<b>0</b>	<b>0</b>
<b>Adjustments Primarily involving the Capital grants Unapplied Account:-</b>								0	0
Application of Grants to Capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	0	0	0	0
Application of Grants to Capital financing transferred to the Capital Grants and Contributions Applied	0	0	0	0	0	0	0	0	0
Transfer to General Fund	0	0	0	0	0	0	0	0	0
<b>Sub-Total - Adjustments Primarily involving the Capital grants Unapplied Account</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustments Primarily involving the Major Repairs Reserve:-</b>								0	0
Reversal of Major Repairs allowance credited to the HRA	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	(3,464)	0	0	(3,464)	0	(3,464)
Use of the Major Repair Reserve to finance new capital Expenditure	0	0	0	3,617	0	0	3,617	0	3,617
<b>Sub-Total - Adjustments Primarily involving the Major Repairs Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>154</b>	<b>0</b>	<b>0</b>	<b>154</b>		
<b>Total Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>154</b>	<b>2,144</b>	<b>0</b>	<b>2,297</b>	<b>(2,297)</b>	<b>0</b>
<b>Adjustment between accounting basis and funding basis under regulations:-</b>									
Pension Fund Reserve	(1,573)	0	(96)	0	0	0	(1,668)		
Financial Instrument Reserve	(106)						(106)		
General Fund and HRA	0	0	0	0	0	0	0		
Collection Fund Account	(83)	0	0	0	0	0	(83)		
NNDR Account new & final renewable energy disregard	(8,825)	0	0	0	0	0	(8,825)		
Accumulated Absences Account	(331)	0	(112)	0	0	0	(442)		
Capital Adjustment Account							0		
Upward revaluation	8,668	0	14,077	0	0	0	22,745		
Downward Revaluation	(9,477)	0	0	0	0	0	(9,477)		
GAIN on disposal of fixed assets	89	0	(474)	0	0	0	(385)		
REFCUS	(1,193)	0	0	0	0	0	(1,193)		
Depreciation	(1,490)	0	0	0	0	0	(1,490)		
Capital Expenditure charged against general fund and HRA balances	182	0	0	0	0	0	182		
Capital grants and contributions unapplied credits to the I&E	0	0	0	0	0	0	0		
Application of Grants to Capital Adjustment Account	1,554	0	204	0	0	0	1,759		
Capital Receipts Reserve	(886)	0	0	0	0	0	(886)		
<b>Sub Total Adjustments between accounting basis and funding basis under regulations</b>	<b>(13,470)</b>	<b>0</b>	<b>13,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>130</b>	<b>(130)</b>	<b>0</b>
<b>Net Increase/(Decrease) before transfers to earmarked reserves</b>	<b>(9,580)</b>	<b>0</b>	<b>(3,395)</b>	<b>154</b>	<b>2,144</b>	<b>0</b>	<b>(10,678)</b>	<b>10,122</b>	<b>(556)</b>
Transfers to/(from) earmarked reserves	8,263	(8,263)	3,396	(3,396)	0	0	0	-	-
<b>Sub Total Increase/(decrease) in the year</b>	<b>(1,317)</b>	<b>(8,263)</b>	<b>1</b>	<b>(3,243)</b>	<b>2,144</b>	<b>0</b>	<b>(10,678)</b>	<b>10,122</b>	<b>(556)</b>
<b>Balance at the end of the period</b>	<b>(5,816)</b>	<b>(12,385)</b>	<b>(610)</b>	<b>(14,840)</b>	<b>(9,863)</b>	<b>(219)</b>	<b>(43,733)</b>	<b>(206,286)</b>	<b>(250,019)</b>

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2020/21 £'000		2021/22 £'000
(13,105)	<b>Net (Surplus)/Deficit on the provision of services</b>	<b>(11,584)</b>
	<b>Adjustments for non-cash movements</b>	
8,918	Depreciation, Impairment, Amortisation of Non-current Assets	2,962
(1,668)	Net Charges made for Retirement Benefit	(3,836)
(31)	Increase/(Decrease) in Inventories	29
2,212	Increase/(Decrease) in Debtors	25
(11,387)	(Increase)/Decrease in Creditors	(14,633)
(2,116)	Carrying Amount of non-current Assets and non-current Assets held for sale	(4,456)
(6,834)	Other non-cash items charged to the net Surplus or Deficit on Provision of Services	15,101
<b>(10,906)</b>	Adjustments to net Surplus/Deficit for non-cash movements	<b>(4,808)</b>
	<b>Adjustments for items that are Investing or Financing Activities</b>	
3,491	Other Capital Receipts and (Gains)/Loss on Sale non-current Assets	7,306
<b>(20,520)</b>	<b>Net Cash outflows/(inflows) from Operating Activities</b>	<b>(9,086)</b>
31,973	Net Capital Activities	3,753
(2,371)	Net Change in Investments	(2,123)
<b>29,602</b>	<b>Net Cash outflows/(inflows) from Investing Activities (Note 23)</b>	<b>1,630</b>
<b>5,892</b>	<b>Net Cash outflows/(inflows) from Financing Activities (Note 24)</b>	<b>(6,118)</b>
<b>14,974</b>	<b>Net (Increase)/Decrease in Cash and Cash Equivalents</b>	<b>(13,575)</b>
34,122	Cash and Cash Equivalents at the beginning of the period	19,148
19,148	<b>Cash and Cash Equivalents at the end of the period (Note 16)</b>	32,723
<b>14,974</b>	<b>(Increase)/Decrease in Cash and Cash Equivalents</b>	<b>(13,575)</b>



## Accounting Policies

### 1. General Principles

This Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at 31<sup>st</sup> March 2022 year end. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audits Regulations 2015. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). 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.

### 2. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

#### Debtors and Creditors

The Council's revenue accounts are maintained on an accrual's basis in accordance with the Code. That this relates to sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. An exception to this principle relates to repayments of NNDR which are made on a cash basis in the year that the Council is notified of the necessity to refund and, although the amount is outside of the Council's control, a provision has been established to cover the Council's share of such possible refunds.

#### Interest on balances

General Fund interest for the year is accrued and accounted for in the accounts in the relevant period to which it relates. Interest is credited to the Housing Revenue Account based on an average rate of interest earned on the Council's investments during the year.

### 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 investments that mature in no more than 3 months from the Balance Sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the cash flow, cash and cash equivalents are shown net of debit amounts with banks that are repayable on demand and form an integral part of the Council's cash management.

### 4. Provisions and Contingent Liabilities

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by transfer of economic benefits and where a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

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.

## **5. Employee Benefits**

Benefits Payable During Employment - Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, and any bonuses for current employees and are recognised as an expense for services in the year in which the employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary 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 Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

## **6. Retirement Benefits**

Most employees of the Council are members of the Local Government Pensions Scheme (the 'Scheme'), administered by Leicestershire County Council, which provides defined benefits to members, earned as employees work for the Council.

The liabilities of the 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, staff turnover etc. and projections of projected earnings for current staff. Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (2.% 2020/21) based on the indicative rate of return on high quality corporate bonds as measured by the yield on iBoxx Sterling Corporate Index, AA over 15 years, at the IAS 19 valuation date.

The change in the net pension liability is analysed into seven components:

- Current service cost, which is the increase in liabilities as a result of years of service earned this year and is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for the relevant employees.
- Past service cost, the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment. These costs are part of Non-Distributed Costs.
- Interest cost, which is the expected increase in the present value of liabilities during the year and is debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.
- Expected return on assets is the annual investment return on the Scheme's fund based on the average of the expected long-term return and is credited to the Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.
- Gains/losses on settlements and curtailments which result from actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is debited or credited, as appropriate, to the Net Cost of Services as part of Non-Distributed Costs.
- Actuarial gains and losses change to the net pension liability and arise because events have not coincided with assumptions made at the last actuarial valuation or because those assumptions have been updated and these are debited to the Statement of Total Recognised Gains and Losses.
- Contributions paid to the Scheme as the employer's contributions.

Statutory provisions limit the Council to raising council tax to cover the amounts payable to the Scheme in the year. This results in appropriations to and from the Pensions Reserve in the Movement in Reserves Statement to remove the notional debits and credits and replace them with debits for cash paid and payable to the Scheme in the year.

## **7. 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 effects 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 has always been applied. Should any material errors be discovered in prior period figures they are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## 8. Financial Instruments

### Financial Liabilities

Financial Liabilities are initially measured at fair value and are carried in the Balance Sheet at their amortised cost, which is based upon the nature of the liability concerned. 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 value of the liability, multiplied by the effective rate of interest for the instrument. For 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 loan in the agreement.

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

### Financial Assets

Financial assets are classified into two types:

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

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially valued at fair value, based upon prevailing benchmark market rates for new borrowing. They are subsequently measured and carried on the Balance Sheet at amortised cost. PWLB loan fair value estimates are based upon new borrowing (certainty rate) discount rates. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, interest is credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the investment's original effective interest rate.

Any gains and losses on de-recognition of an asset are credited or debited directly to the Comprehensive Income and Expenditure Statement.

Available for sale assets are recognised when the Council becomes a party to the contractual provisions of a financial instrument and are initially valued at fair value in the Balance Sheet. Changes in fair value are balanced by an entry in the Available for Sale Reserve and the gain/loss is recognised in the surplus or deficit on Revaluation of Available for Sale Financial Assets. Any gains/losses on de-recognition are taken directly to the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available For Sale Reserve.

The Council also holds a very small amount of Government stock. This is treated as an Available for Sale asset under the Code. However, these are held at cost in the Balance Sheet as the difference between this and their market value is immaterial to the Council as a whole.

The notes to the financial statements, show this information, where relevant, relating to the appropriate class of assets and liabilities.

## 9. 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 acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried 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 (non-ring-fenced 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.

#### **10. Intangible Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

#### **11. Heritage Assets**

The Council owns heritage assets such as civic regalia, statues, paintings and sculptures. Those valued at £10k or more are included on the Balance Sheet as Heritage Assets. The actual assets are situated in Council premises, parks and squares in Loughborough. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets in that heritage items are reported in the Balance Sheet at insurance valuation.

#### **12. Inventories**

Inventories are included in the Balance Sheet at the latest purchase price.

#### **13. Investment Property**

Investment properties are those that are used solely to earn rentals and/or 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, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated. Gains and losses on revaluation and disposal are posted to the Comprehensive Income and Expenditure Statement.

Rentals received in relation to investment properties are credited to the Comprehensive Income and Expenditure Statement. 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 £10k) the Capital Receipts Reserve.

#### **14. 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. No finance leases have been identified and currently all the Council's leases are classified as operating leases.

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

#### **15. Charges to Revenue for Non-Current Assets**

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

- depreciation attributable to the assets used by the relevant service,

- revaluation and impairment losses, if relevant, on non-current assets used by the service, if there are no accumulated gains in the Revaluation Reserve against which they can be written off,
- Amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment or amortisation and therefore these are reversed in the Movement in Reserves Statement on the General Fund Balance.

## 16. Overheads

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2021/22. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

## 17. 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 that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual 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 on routine repairs and maintenance of non-current assets that do not enhance the asset or extend its useful economic life is charged directly to service revenue accounts. The de-minimus level for accounting for property, plant and equipment is £10k.

### Measurement

Assets are initially measured at cost, comprising of the purchase price and 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.

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

- Infrastructure assets, community assets and assets under construction are included in the balance sheet at depreciated historical cost.
- Council dwellings have been valued using the 'Beacon valuation' method, whereby a sample of each category of dwelling is valued and then these valuations are applied to all similar dwellings to arrive at a gross valuation. They are valued at fair value, determined using the basis of existing use value for social housing (EUV-SH).
- Land, operational properties and other operational assets are included in the balance sheet at existing use value, market value or depreciated replacement cost.

Non-specialised operational properties are valued at either existing use or market value. Depreciated replacement cost is used for specialised operational properties and market value for investment properties and surplus assets.

Revaluations of non-current assets take place at five yearly intervals. Annual desktop valuations are carried out with any changes to valuations of plus or minus £10k, to be adjusted for in the interim period, as they occur. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains, unless the increase is reversing a previous revaluation decrease charged to Surplus or Deficit on the Provision of Services on the same asset.

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 gain).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

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

## Impairment

Non-Current Assets are assessed at each year end as to whether there is any indication that an asset may be impaired.

## 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 under construction.

Depreciation is provided using the straight-line method over either the remaining life of the asset or the following periods:

Buildings (where appropriate – including HRA)	15 - 60	years
Infrastructure	20	years
Plant, vehicles and equipment (excluding computers)	7 - 8	years
Computers and software licences	5	years

No item of Property, Plant and Equipment has been identified as having major components whose cost is significant in relation to the total cost of the item; therefore, no separate depreciation calculations are required.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged to 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 devalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Depreciation is not charged to Assets Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Receipts from disposals are part of the gain or loss on disposal line in the Comprehensive Income and Expenditure Statement (i.e. netted off against the carrying value of the assets 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 £10k are categorised as a capital receipt. A proportion of receipts relating to housing disposals are payable to the Government. The balance of receipts is credited to the Capital Receipts Reserve and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

## **18. Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. Expenditure to be funded from a reserve is charged to the appropriate service revenue account and reflected in the Net Cost of Services in the Comprehensive Income and Expenditure Statement. The relevant amount is then transferred back into the General Fund Balance so that there is no net charge to council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained elsewhere in these Accounting Policies.

## **19. Revenue Expenditure Funded from Capital under Statute**

This is expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset for the Council. This is charged as expenditure to the relevant service revenue account in the year. The cost of this expenditure is met from existing capital resources and a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax.

## **20. Value Added Tax**

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

## **21. Accounting for Council Tax**

The Council Tax income for the year credited to the Collection Fund is the accrued income for the year but regulations determine when it should be released from the Collection Fund to the Council's General Fund or to major preceptors. The amount credited to the General Fund under statute is Council's demand for the year plus or minus its share of the surplus or deficit on the Collection Fund for the previous year. The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The difference between this amount and the amount credited to the General Fund is transferred to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from Council Taxpayers belongs proportionately to the Council and the major preceptors. The difference between the amounts collected on behalf of the major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

## **22. Accounting for Business Rates**

The Business Rates income for the year credited to the Collection Fund is the accrued income for the year but regulations determine when it should be released from the Collection Fund to the Council's General Fund or to major preceptors and the Government. The amount credited to the General Fund under statute is the Council's estimated share of Business Rates for the year from the National Non Domestic Rates (NNDR) 1 return.

The Business Rates income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year from the NNDR3 return. The difference between this amount and the amount credited to the General Fund is transferred to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from Business Ratepayers belongs proportionately to the Council, the major preceptors, and the Government. The difference between the amounts collected on behalf of the major preceptors and Government, and the payments made to them is reflected as a debtor or creditor balance as appropriate.

## **23. Fair Value Measurement of Non-Financial Assets**

The Council's accounting policy for fair value measurement of financial assets is set out in the policy on financial instruments in Note 14. The Council also measures some of its non-financial assets such as investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

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

## Notes to the Financial Statements

### Note 1 Accounting Standards Issued, Not Adopted

There have been no substantial changes to the Council's accounting policies in 2021/22 and, whilst there have been some changes to International Financial Reporting Standards (IFRS), these have either been incorporated in the Financial Statements or they do not apply to the Council. IFRS 16 Leases Accounting Standard has been delayed and therefore not adopted.

### Note 2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

- There is uncertainty about future levels of funding for local government notably issues around welfare reform, localisation of Business Rates and the upcoming Fairer Funding and Spending Reviews. Government have proposed that Councils will get to keep 75% of business rates income in the future, but will also need to take on new responsibilities. The Council has determined that the information regarding this is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- One factor that has had a demonstrable impact in the past few years on the accounts concerns the assumptions surrounding pensions and the likelihood of legislative change and the impact of such change.
- It is anticipated that no substantial legal claims or appeals will be made against the Council in the next financial year.
- No contracts exist with other bodies which need to be accounted for as a service concession or contain an embedded lease.
- The decision to leave the European Union (EU) was made in 2016/17 and the UK left the EU on 31 January 2020, it is unclear what the implications of withdrawal from the EU might be for this Council and Local Government as a sector.

### Note 3 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, the actual results could be materially different from the assumptions and estimates. Major estimates are Pensions, Plant Property and Equipment, Property Funds and provisions in respect of NNDR.

The outbreak of the COVID-19, declared by the World Health Organisation as a Global Pandemic on 11 March 2020 has impacted on global financial markets and market activity is being impacted in many sectors, as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value.

Asset valuations for the council's property portfolio are based on market prices and are reviewed annually to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 31 March 2022. In respect of Retail and specific trading related assets/sectors such as Car Parks, as at the valuation date the external valuers continued to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base judgements. The valuation of these assets are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case.

The carrying value of Property, Plant and Equipment at 31 March 2022 is £405m (£379m 2021).

The Council's net pension liability included in our balance sheet and disclosed at note 33 includes an estimate of the total value of the Council's share of the Leicestershire Pension Fund investment assets. The valuation of the Fund's property investment assets has been impacted by Covid-19 and reported on the basis of material valuation uncertainty per the requirements of VPGA10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution



should be attached to the Council's share of the Pension Fund assets. The Council's actuary has estimated that the value of the Council's share of the Pension Fund Property investment assets at 31 March 2022 was £11.5m (£9.9m as at 31<sup>st</sup> March 2021).

Freehold, Leasehold, Property funds, valuation techniques are used to determine the carrying amount. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data.

COVID 19 has impacted the Council's ability to generate income. The Council has had to perform additional duties due to the demands placed on Local Government to deliver Community Hubs and Business Rate Grant Support. This has resulted in additional costs, the government has provided the council with grant funding for business support packages to be delivered by the council and other grant funding has been received to support business as a discretionary scheme, hardship support scheme and a COMF (Contained Outbreak Management Fund) budget to further support the Council over the COVID period.

#### **Note 4 Exceptional Items of Income and Expenditure**

There are no Exceptional Items for 2021/22.

#### **Note 5 Events after the Balance Sheet Date**

The Statement of Accounts was authorised for presentation by the S151 Officer on 22nd July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## Note 6 Expenditure and Income Analysed by Nature

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

Restated 2020/21 £'000		2021/22 £'000
	<b>Expenditure</b>	
19,556	Employee Benefits Expenses	19,730
48,557	Other Services Expenses	47,759
259	Net Support Service Recharges	1,543
(8,314)	Depreciation, Amortisation, Impairments	(3,602)
2,941	Interest Payments	2,930
1,467	Net Pension Interest	1,714
3,821	Parish Precepts	4,052
886	Payment to Housing Capital Receipts Pool	723
385	Loss on the Disposal of Assets	(7)
<b>69,558</b>	<b>Total Expenditure</b>	<b>74,842</b>
	<b>Income</b>	
(56,845)	Fees, Charges and Other Income	(60,125)
(388)	Interest and Investment Income	(327)
106	(Gains)/Losses on Revaluation of Property Funds	(734)
(16,868)	Income from Council Tax and Non Domestic Rates	(18,502)
(8,091)	Government Grants and Contributions	(4,870)
(577)	Capital Grants	(1,868)
<b>(82,663)</b>	<b>Total Income</b>	<b>(86,426)</b>
<b>(13,105)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(11,584)</b>

## Note 7 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 and the amounts transferred out from earmarked reserves to meet General Fund and HRA expenditure in 2021/22.

Revenue Reserves	Balance at 31st March 2021 £'000	Transfers Out £'000	Transfers in £'000	Balance at 31st March 2022 £'000
Reinvestment Reserve	(591)	96	0	(495)
Capital Plan Reserve	(2,433)	524	0	(1,909)
NDR S31 Covid Reserve	(7,346)	4,294	0	(3,052)
Other Reserves	(2,015)	0	(1,327)	(3,342)
<b>Total General Fund</b>	<b>(12,385)</b>	<b>4,914</b>	<b>(1,327)</b>	<b>(8,798)</b>
<b>HRA Financing Fund</b>	<b>(11,630)</b>	<b>0</b>	<b>(2,945)</b>	<b>(14,575)</b>
<b>HRA Major Repairs Reserve</b>	<b>(3,210)</b>	<b>0</b>	<b>(1,038)</b>	<b>(4,248)</b>

## Note 8 Other Income and Expenditure

Other income and expenditure included within the Comprehensive Income and Expenditure Cost of Service are Loughborough Special Expenses and the Building Control Account as detailed below:-

### Loughborough Special Expenses

Loughborough Special Expenses is the town precept comparable to parish precepts. These costs are included within specific service lines in the Comprehensive Income and Expenditure Statement.

There was a credit balance of £2k in 2020/21. However, a debit of £63k was adjusted in the setting of the special expenses levy for 2022/23, leaving a credit balance of £65k to be adjusted for in future years. The 2021/22 credit balance of £126k will be adjusted in the setting of the special expenses levy for 2023/24.

Budget 2020/21 £'000	Actuals 2020/21 £'000	Credit Balance 2020/21 £'000		Budget 2021/22 £'000	Actuals 2021/22 £'000	Credit Balance 2021/22 £'000
1,291	1,289	2	Total Levy	1,335	1,209	126
(20)	(20)	0	Adjustments from Year 2018/19	0	0	0
0	0	0	Adjustments from Year 2019/20	(24)	(24)	0
0	0	0	Council Tax Support Grant	0	0	0
<b>1,271</b>	<b>1,269</b>	<b>2</b>	<b>Amended Total Levy</b>	<b>1,311</b>	<b>1,185</b>	<b>126</b>

### Building Control Account

The Building (Local Council Charges) Regulations 2010 (SI 2010/404) requires the disclosure of information regarding the setting of charges for the administration of the building control function. However, the Building Control Unit cannot charge for building work solely required for disabled persons. The overriding objective is to ensure the chargeable account recovers costs for chargeable functions. The Building Control service have entered into a shared service with North West Leicester District Council from January 2021.

2020/21 £'000		2021/22 £'000
313	<b>Chargeable Work</b>	125
(263)	Expenditure	(432)
	Income	
<b>50</b>	<b>(Surplus)/Deficit</b>	<b>(307)</b>
	<b>Non-Chargeable Work</b>	
231	Expenditure	130
(72)	Income	(157)
<b>159</b>	<b>(Surplus)/Deficit</b>	<b>(27)</b>

## Note 9 Expenditure and Funding Analysis

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

Net Expenditure Chargeable to Services	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES		Net Expenditure Chargeable to Services	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
2020/21 £'000	2020/21 £'000	2020/21 £'000		2021/22 £'000	2021/22 £'000	2021/22 £'000
(4)	4	0	Strategic Director, Community, Planning & Housing	0	0	0
1,076	37	1,113	Head of Strategic & Private Sector Housing	1,131	151	1,282
92	(2)	90	Head of Landlord Services	92	8	100
1,951	125	2,076	Head of Planning & Regeneration	1,058	114	1,172
1,977	511	2,488	Head of Regulatory Services	1,494	(58)	1,436
1,740	104	1,844	Head of Neighbourhood Services	1,627	200	1,827
6,832	779	7,611	<b>Community, Planning &amp; Housing Directorate</b>	5,402	415	5,817
(1,292)	(795)	(2,087)	Strategic Director, Commercial Development, Assets & Leisure	(929)	(649)	(1,578)
2,451	2,042	4,493	Head of Leisure Services	1,714	359	2,073
1,159	1,247	2,406	<b>Community, Assets &amp; Leisure Directorate</b>	785	(290)	495
(6)	6	0	Strategic Director, Environmental & Corporate Services	1	(1)	0
(11)	11	0	Chief Executive's Team	1	(1)	0
(11)	11	0	Organisational Development	1	(1)	0
98	(70)	28	Head of Financial Services	336	(61)	275
2,797	245	3,042	Head of Customer Experience	2,324	350	2,674
2,609	38	2,647	Head of Strategic Support	1,859	158	2,017
6,317	479	6,796	Head of Waste, Engineering & Open Spaces	6,219	1,312	7,531
11,793	720	12,513	<b>Environmental &amp; Corporate Services Directorate</b>	10,741	1,756	12,497
19,784	2,746	22,530	<b>Total General Fund</b>	16,928	1,881	18,809
(9,515)	(10,406)	(19,921)	<b>Housing Revenue Account</b>	(9,276)	(3,583)	(12,860)
10,269	(7,660)	2,609	<b>Cost of Service</b>	7,652	(1,702)	5,949
3,821	1,271	5,092	Other Operating Expenditure	4,052	715	4,767
2,554	2,176	4,730	Financing & Investment Income & Expenditure	2,603	339	2,942
(26,196)	660	(25,536)	Taxation and non-specific Grant Income	(23,348)	(1,893)	(25,241)
(9,552)	(3,553)	(13,105)	<b>(Surplus)/Deficit on provision of services</b>	(9,042)	(2,542)	(11,584)
		(6,781)	(Gains)/Losses on revaluation of Fixed Assets			(22,519)
		19,330	Actuarial (Gains)/Losses on pension assets/liabilities			(28,170)
		12,549	<b>Other comprehensive Income and Expenditure</b>			(50,689)
		(556)	<b>Total comprehensive Income &amp; Expenditure</b>			(66,273)

This note provides a reconciliation of the main adjustments to Net Expenditure chargeable to the General Fund and HRA balances to arrive at the amount in the Comprehensive Income and Expenditure statement.

Adjustments for Capital Purpose	Net Change for Pension Adjustments	Restated Other Differences	Restated Total Adjustments Adjustment between Funding & Accounting Basis		Adjustments for Capital Purpose	Net Change for Pension Adjustments	Other Differences	Total Adjustments Adjustment between Funding & Accounting Basis
2020/21	2020/21	2020/21	2020/21		2021/22	2021/22	2021/22	2021/22
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
0	0	4	4	Strategic Director, Community, Planning & Housing	0	0	0	0
6	16	15	37	Head of Strategic & Private Sector Housing	8	119	24	151
0	(2)	0	(2)	Head of Landlord Services	0	8	0	8
11	22	92	125	Head of Planning & Regeneration	8	61	45	114
459	19	33	511	Head of Regulatory Services	(162)	109	(6)	(59)
9	15	80	104	Head of Neighbourhood Services	9	139	52	200
<b>485</b>	<b>70</b>	<b>224</b>	<b>779</b>	<b>Community, Planning &amp; Housing Directorate</b>	<b>(137)</b>	<b>436</b>	<b>115</b>	<b>414</b>
(822)	0	27	(795)	Strategic Director, Commercial Development, Assets & Leisure	(465)	(182)	(2)	(649)
1,979	35	28	2,042	Head of Leisure Services	232	133	(5)	360
<b>1,157</b>	<b>35</b>	<b>55</b>	<b>1,247</b>	<b>Community, Assets &amp; Leisure Directorate</b>	<b>(233)</b>	<b>(49)</b>	<b>(7)</b>	<b>(289)</b>
0	0	6	6	Strategic Director, Environmental & Corporate Services	0	0	(1)	(1)
0	0	11	11	Chief Executive's Team	0	0	(1)	(1)
0	0	11	11	Organisational Development	0	0	(1)	(1)
5	(94)	19	(70)	Head of Financial Services	8	(63)	(2)	(57)
170	25	50	245	Head of Customer Experience	152	203	(5)	350
6	17	15	38	Head of Strategic Support	7	154	(3)	158
476	53	(50)	479	Head of Waste, Engineering & Open Spaces	699	578	34	1,312
<b>656</b>	<b>1</b>	<b>62</b>	<b>720</b>	<b>Environmental &amp; Corporate Services Directorate</b>	<b>866</b>	<b>872</b>	<b>21</b>	<b>1,760</b>
<b>2,298</b>	<b>106</b>	<b>341</b>	<b>2,745</b>	<b>General Fund Total</b>	<b>496</b>	<b>1,259</b>	<b>129</b>	<b>1,885</b>
<b>(10,614)</b>	<b>96</b>	<b>112</b>	<b>(10,406)</b>	<b>Housing Revenue Account</b>	<b>(4,428)</b>	<b>859</b>	<b>(19)</b>	<b>(3,588)</b>
<b>(8,316)</b>	<b>202</b>	<b>452</b>	<b>(7,660)</b>	<b>Net Cost of Service</b>	<b>(3,932)</b>	<b>2,118</b>	<b>110</b>	<b>(1,704)</b>
				<b>Other Income and Expenditure from Funding Analysis</b>				
		886	886	Contribution to Housing Pooled Capital Receipts			723	723
		385	385	(Gains)/Loss on Disposal Fixed Assets			(7)	(7)
		1,467	1,467	Net Pensions Interest and Costs			1,714	1,714
		603	603	Investment Properties Change in Fair Value			(641)	(641)
		106	106	(Gains)/Losses Financial Instruments			(734)	(734)
		577	577	Revaluation Property Funds			(1,868)	(1,868)
		83	83	Capital Grants and Contributions			(25)	(25)
				Collection Fund				
<b>(8,316)</b>	<b>202</b>	<b>4,560</b>	<b>(3,553)</b>	<b>Adjustments between Funding &amp; Accounting Basis General Fund/HRA Surplus and Comprehensive Income &amp; Expenditure</b>	<b>(3,932)</b>	<b>2,118</b>	<b>(728)</b>	<b>(2,542)</b>
			<b>(9,552)</b>	<b>Net Expenditure Chargeable to General Fund &amp; HRA Balances</b>				<b>(9,042)</b>
			<b>(13,105)</b>	<b>(Surplus)/Deficit on Comprehensive Income &amp; Expenditure Statement</b>				<b>(11,584)</b>

**Note 10 Property, Plant and Equipment**

<b>Movements in 2021/22</b>	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets under Construction</b>	<b>Total Plant, Property and Equipment</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>								
At 1st April 2021	311,284	57,219	10,036	166	4,044	758	135	383,642
Additions	3,518	392	193	2,001	13	0	1,182	7,299
Revaluation increases/(decreases) recognised in the Revaluation Reserve	19,011	632	0	0	0	0	0	19,643
Revaluation increases/(decreases) recognised in the Provision of Services CAA	6,667	211	0	0	0	0	0	6,878
Derecognition – disposals	(3,297)	(32)	(63)	0	0	0	0	(3,392)
Asset Reclassification	0	73	0	0	0	0	(73)	0
<b>At 31st March 2022</b>	<b>337,183</b>	<b>58,495</b>	<b>10,166</b>	<b>2,167</b>	<b>4,057</b>	<b>758</b>	<b>1,244</b>	<b>414,070</b>
<b>Accumulated Depreciation and impairment</b>								
At 1st April 2021	(10)	(55)	(4,248)	(140)	(34)	(1)	0	(4,488)
Depreciation charge	(3,633)	(817)	(856)	(2)	(14)	0	0	(5,322)
Depreciation written out to the Revaluation Reserve	2,208	771	0	0	0	0	0	2,979
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,425	29	0	0	0	0	0	1,454
Derecognition – disposals	0	0	63	0	0	0	0	63
<b>At 31st March 2022</b>	<b>(10)</b>	<b>(72)</b>	<b>(5,041)</b>	<b>(142)</b>	<b>(48)</b>	<b>(1)</b>	<b>0</b>	<b>(5,314)</b>
<b>Net Book Value at 31st March 2022</b>	<b>337,173</b>	<b>58,423</b>	<b>5,125</b>	<b>2,025</b>	<b>4,009</b>	<b>757</b>	<b>1,244</b>	<b>408,756</b>
<b>Net Book Value at 31st March 2021</b>	<b>311,274</b>	<b>57,164</b>	<b>5,788</b>	<b>26</b>	<b>4,010</b>	<b>757</b>	<b>135</b>	<b>379,154</b>

<b>Movements in 2020/21</b>	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets under Construction</b>	<b>Total Plant, Property and Equipment</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>								
At 1st April 2020	291,305	58,488	5,165	166	3,937	845	59	359,965
Additions	4,029	356	4,977	0	107	0	26	9,495
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,371	(1,116)	0	0	0	(372)	0	5,883
Revaluation increases/(decreases) recognised in the Provision of Services CAA	10,686	(525)	0	0	0	351	0	10,512
Derecognition – disposals	(2,107)	0	(106)	0	0	0	0	(2,213)
Asset Reclassification	0	16	0	0	0	(66)	50	0
<b>At 31st March 2021</b>	<b>311,284</b>	<b>57,219</b>	<b>10,036</b>	<b>166</b>	<b>4,044</b>	<b>758</b>	<b>135</b>	<b>383,642</b>
<b>Accumulated Depreciation and impairment</b>								
At 1st April 2020	(7)	(62)	(3,744)	(137)	(21)	(8)	0	(3,979)
Depreciation charge	(3,415)	(844)	(610)	(3)	(13)	(7)	0	(4,892)
Depreciation written out to the Revaluation Reserve	143	761	0	0	0	14	0	918
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,269	90	0	0	0	0	0	3,359
Derecognition – disposals	0	0	106	0	0	0	0	106
<b>At 31st March 2021</b>	<b>(10)</b>	<b>(55)</b>	<b>(4,248)</b>	<b>(140)</b>	<b>(34)</b>	<b>(1)</b>	<b>0</b>	<b>(4,488)</b>
<b>Net Book Value at 31st March 2021</b>	<b>311,274</b>	<b>57,164</b>	<b>5,788</b>	<b>26</b>	<b>4,010</b>	<b>757</b>	<b>135</b>	<b>379,154</b>
<b>Net Book Value at 31st March 2020</b>	<b>291,298</b>	<b>58,426</b>	<b>1,421</b>	<b>29</b>	<b>3,916</b>	<b>837</b>	<b>59</b>	<b>355,986</b>

## Impairment Losses

The code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the surplus or deficit on the provision of services and to other Comprehensive Income and Expenditure Statement.

These disclosures are consolidated in Notes 10 and 12 reconciling movement over the year in the Property, Plant and Equipment and Intangible Asset balances.

## Capital Budgets

At 31st March 2022, the Council had entered into a number of contracts and capital commitments for the construction or enhancement of Property, Plant and Equipment, as well as certain capital grants and contributions in 2022/23. Similar commitments at 31st March 2021 were £49,251k with future year's budgets being £53,449k. The current major commitments are:

	<b>31st March 2022 £'000</b>
Shepshed Bull Ring	1,065
Bedford Square Gateway	1,868
Enterprise Zone	13,000
Town Deal and Regeneration	17,970
Loughborough Town Hall	268
Rothley Parish Council – upgrade Rothley Centre	173
Planned Building Improvements	742
Carbon Neutral Action Fund	1,095
Private Sector Housing and Disabled Facilities Grants	2,734
HRA Decent Homes and Neighbourhoods	11,860
Other Commitments	2,674
	<b>53,449</b>



## Revaluations

There was a full revaluation of the Council's Operational and Non-Operational non housing stock (Land and Property), on 1st April 2019. The valuation report was prepared by G S C Harbord MA MRICS IRRV (Hons) RICS Registered Valuer of Wilks Head and Eve LLP, Third Floor, 55 New Oxford Street, London (the "Valuer"). The valuations were made in accordance with RICS Valuation Standards the Red Book UK Appendix 5 – Valuation of Local Authority Assets. Each land parcel and property has been assessed for the most appropriate method of valuation. The valuation categories used are – open market value, existing use value and depreciated replacement cost. Where the parcel includes a property, this has been valued separately. The value of the site is the sum of the land value and the value of the property. Life expired buildings or infrastructure are given a notional value of one pound. The valuation included an inspection of all assets.

The operational Housing Revenue stock comprising dwellings, shops, garages and a store were valued as at 1st April 2019. The valuations were made by the Valuer in accordance with RICS Valuation Standards the Red Book UK Appendix 5 – Valuation of Local Authority Assets. The dwellings were valued using the Beacon approach. This valuation included:

- an inspection of each beacon property for each archetype group
- research on sales of directly comparable property which took place during the financial year.
- information at local level showing house price movements
- regional and national Indices
- a review of the existing asset groups and archetypes

The dwellings, store, shops and garages are valued on an existing use value.

Council HRA dwellings, shops, garages and stores along with the Council's Operational and Non-Operational non-housing stock (land and property) were revalued at the end of March 2022 on a 'desk top' basis by the Valuer to reflect their fair value as at that time.

### Note 11 Investment Properties

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

2020/21 £'000		2021/22 £'000
(59)	Rental Income from Investment Property	(72)
3	Direct Operating expenses arising from investment property	0
<b>(56)</b>	<b>Total</b>	<b>(72)</b>

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

2020/21 £'000		2021/22 £'000
<b>3,685</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>26,257</b>
23,205	Acquisitions	0
(30)	Disposals	(1,260)
(603)	Change in Fair Values	641
<b>26,257</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>25,638</b>

## Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31<sup>st</sup> March 2022 are as follows:

	<b>Quoted prices in active markets for identical assets (Level 1) £'000</b>	<b>Other significant observable inputs (Level 2)  £'000</b>	<b>Significant unobservable inputs (Level 3)  £'000</b>	<b>Fair value as at 31 March 2022  £'000</b>
Investment Land	0	15,488	228	15,716
Investment Properties	0	9,742	180	9,922
Surplus Assets Not Held for Sale	0	757	0	757
<b>Total</b>	<b>0</b>	<b>25,987</b>	<b>408</b>	<b>26,395</b>

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

### Significant Observable Inputs – Level 2

Land, Office, Residential, Industrial and Retail assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs is significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

### Significant Unobservable Inputs – Level 3

Community Buildings, Sports Ground and Centres assets have been based on a comparable approach either by estimated market rental values as the majority of these assets are let at sub-market or subsidised passing rents. We have had to draw on a number of our own assumptions and utilised third-party resources in order to value these assets. These assets are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Typical valuation inputs which have been analysed in arriving at our Fair Valuations include:

Market Rental and Sale Values

Yields

Void and Letting Periods

Size

Configuration, proportions and layout

Location, visibility and access

Condition

Lease covenants

Obsolescence

## Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

## Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

	As at 31st March 2022  £'000	Valuation technique used to measure fair value	Unobservable inputs	Range	Sensitivity
Community Centres	29	Comparative based on limited rental evidence	Rental Value  Yields	£10 - £40 psm  10% - 14%	Changes in rental growth, yields, occupancy will result in a lower or higher fair value
Sports Ground and Centres	380	Comparative based on limited rental evidence	Rental Value  Yields	£5,000 - £15,000/ha  8% - 12%	Changes in rental growth, yields, occupancy will result in a lower or higher fair value

## Note 12 Intangible Assets

The Council accounts for its software purchases 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. There is no internally generated software.

All software assets are given a finite useful life of 5 years. The carrying amount of intangible assets is amortised on a straight-line basis.

**Movement on Intangible Asset balances during the year is as follows:**

2020/21 £'000		2021/22 £'000
	<b>Balance at 1<sup>st</sup> April:</b>	
2,985	Gross carrying amounts	2,875
(2,807)	Accumulated Amortisation	(2,719)
178	<b>Net carrying amount at 1<sup>st</sup> April</b>	156
39	Additions: Purchases	73
(61)	Amortisation for the period	(49)
(149)	Derecognition – disposals	(112)
149	Derecognition – depreciation written out	112
<b>156</b>	<b>Net carrying amount at 31<sup>st</sup> March</b>	<b>180</b>
2,875	Gross carrying amounts	2,837
(2,719)	Accumulated Amortisation	(2,657)
<b>156</b>		<b>180</b>

## Note 13 Heritage Assets

2020/21 £'000		2021/22 £'000
<b>279</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>279</b>
0	Revaluations	0
<b>279</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>279</b>

## Note 14 Financial Instruments

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

Financial Assets	Long-Term	Long-Term	Restated Long-Term	Long-Term	Short-Term	Short-Term	Short-Term	Short-Term	Total	Total
	Investment	Investments	Debtors	Debtors	Investments	Investments	Debtors	Debtors		
	March 2021	March 2022	31st March 2021	March 2022	31st March 2021	31st March 2022	March 2021	March 2022	March 2021	March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Long Term Investments	4,664	5,399							4,664	5,399
Short Term Investments	0				11,000	25,050			11,000	25,050
Cash and Cash Equivalents					19,148	32,723			19,148	32,723
Trade Debtors							2,855	3,391	2,855	3,391
Long Term Debtor			200	1,808					200	1,808
<b>Total Financial Assets</b>	<b>4,664</b>	<b>5,399</b>	<b>200</b>	<b>1,808</b>	<b>30,148</b>	<b>57,773</b>	<b>2,855</b>	<b>3,391</b>	<b>37,867</b>	<b>68,371</b>
Financial Liabilities	Long-Term	Long-Term	Long-Term	Long-Term	Short-Term	Short-Term	Short-Term	Short-Term	Total	Total
	Borrowings	Borrowings	Creditors	Creditors	Borrowings	Borrowings	Creditors	Creditors		
	March 2021	March 2022	31st March 2021	March 2022	31st March 2021	31st March 2022	March 2021	March 2022	March 2021	March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised Cost										
External Borrowings	(81,190)	(81,190)							(81,190)	(81,190)
Trade Creditors							(9,378)	(8,597)	(9,378)	(8,597)
Long Term Creditor				(1,065)					0	(1,065)
<b>Total Financial Liabilities</b>	<b>(81,190)</b>	<b>(81,190)</b>	<b>0</b>	<b>(1,065)</b>	<b>-</b>	<b>-</b>	<b>(9,378)</b>	<b>(8,597)</b>	<b>(90,568)</b>	<b>(90,852)</b>

Whilst no amount is shown above there is one long-term 'Loans and Receivables' being:

Investment held on behalf of Newtown Linford Parish Council	Cost Price £	Nominal Value £
Common Investment Fund - High Yield Units	152	180

Charnwood Borough Council holds an investment on Behalf of Newtown Linford Parish Council. There is no current market value for this investment, the last time it was sold in December 2008, its Value was £1,145. Interest on this investment is received and paid over to Newtown Linford Parish Council.

In addition to the above, the Council holds 10.2% of the Ordinary Shares of the Great Central Railway (1986) plc. These cost £261k and the shares are fully paid-up and there is no further liability to pay any more to the company. The company is operated to re-create the best years of steam locomotives and experience mainline railway operation. The company has a non-profit distribution status and its Memorandum and Articles of Association prohibits any distribution to shareholders. As such the shares have no current value and are shown at Nil as an Unquoted Equity Investment at amortised cost.

The Borrowing of £81.19m outstanding is classified as a 'Financial liability at amortised cost' under the Code and requires a fair value to be disclosed where this is different to the carrying amount stated in the Balance Sheet. £2m of these loans has been attributed a fair value of £2.458m (new loan rate) at the date of the Balance Sheet (£2.m in 2020/21) The original loan date in 1984, and although it carries a LOBO (Lender's Option, Borrower's Option) it is unlikely to be called in by the counterparty before the maturity date in 2024. This would only occur if the prevailing interest rate became consistently above 11.625%. Therefore, the risk of replacement is slight. In this event, the Council has access to the Public Works Loan Board funds, or could disinvest surplus cash.

The fair value of the remaining £79.19m is £90.379m (£97.557m in 2020/21) and these loans were taken out to fund a repayment to the government in order to 'buy out' the Council's participation in the old Housing Subsidy

system. All the loans are at fixed rates of interest maturing between 4.5 years and 41.5 years time and the loan interest will be serviced from housing rental income. The Council does not currently intend to pay off any of these loans early and they are therefore held at their face value, which is the same basis as in previous years when the fair value was less than the book value.

The fair value of all the loans is determined by calculating the Net Present Value (NPV) of future cash flows which provides an estimate of the value of payments in the future. The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender or the new loan rate in respect of the £79.19m of PWLB loans. The discount/new loan rates were evaluated at between 2.15% and 2.66% by Link Asset Services Ltd, the Council's treasury adviser.

These will be the rates applicable in the market on the date of valuation for an instrument of the same duration, i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same. Total Interest of £2.696m a year is payable in two instalments on the loans each year and is charged directly to the Comprehensive Income and Expenditure Statement.

Financial Liabilities in Creditors are in respect of various trade creditors and accruals which are classified as financial instruments and are shown at cost.

### **Other Short-Term Investments**

Short-term lending is carried in the Balance Sheet at amortised cost at the Balance Sheet date. Therefore, the material accrued interest at 31st March 2022 is included in the above value for Balance Sheet purposes. Interest received during the year is credited to the Comprehensive Income and Expenditure Statement. There are no costs associated with these transactions.

### **Long-Term Investments**

The Council holds a total at 31<sup>st</sup> March 2022 of £5.399m Long Term Investments (£4.664m in 2020/21) in the Lothbury Property Trust and £2.677m (£2.337m in 2020/21) and in Hermes Property Funds £2.722m (£2.327m as at the Balance Sheet date. These are accounted for as a long-term investments on the Balance Sheet as a Financial Instrument Reserve and the revaluation gain £734k (£106k Loss in 2020/21) on the property funds has been accounted for under financing and Investment Income in the Comprehensive Income and Expenditure Statement.

Income, Expense, Gains and Losses on Financial Instruments

	2020/21			2021/22		
	Financial Assets: Loans and Receivables £'000	Financial Liabilities at Amortised Costs £'000	Total £'000	Financial Assets: Loans and Receivables £'000	Financial Liabilities at Amortised Costs £'000	Total £'000
Interest Expense	0	2,941	2,941	0	2,930	2,930
<b>Total Expense in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>2,941</b>	<b>2,941</b>	<b>0</b>	<b>2,930</b>	<b>2,930</b>
Interest Income	(342)	0	(342)	(327)	0	(327)
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>(342)</b>	<b>0</b>	<b>(342)</b>	<b>(327)</b>	<b>0</b>	<b>(327)</b>
Gain on Revaluation	0	0	0	0	0	0
<b>Surplus/deficit arising on revaluation of Financial Assets in Other Comprehensive Income and Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net (Gain)/Loss for the Year</b>	<b>(342)</b>	<b>2,941</b>	<b>2,599</b>	<b>(327)</b>	<b>2,930</b>	<b>2,603</b>

**Note 15 Short-Term & Long-Term Debtors**

31st March 2021 £'000		31st March 2022 £'000
	<u>Amounts falling due in one year:</u>	
668	HM Revenue and Customs	515
1,202	Housing Rents	1,166
1,360	Reserved Debtors	2,045
4,129	Sundry Debtors	3,926
671	CBC Net Share of Council Tax Debtors	792
2,838	Council Tax Preceptors Cash Paid in Advance	3,542
0	NNDR With Central Government	1,119
200	Government Departments	171
767	CBC Share of NNDR Arrears	902
575	Leicestershire County Council	201
143	Combined Fire Authority	22
0	Other	0
<b>12,553</b>		<b>14,401</b>

**Short-Term Debtors** - most Debtors are considered to be Financial Instruments and are classified as Loans and Receivables. Statutory debts such as Council Tax and National Non-Domestic Rates are not Financial Instruments. Those that are Financial Instruments are measured at amortised cost at the Balance Sheet date. In effect that is the initial amount less any repayments or accrued interest. The Council does not routinely charge interest on the debtor accounts and impairment is dealt with as set out below. The impairment of these assets is considered in depth when calculating the provision for doubtful debts using the IFRS9 credit model loss and appropriate provision is made which is charged to the Comprehensive Income and Expenditure Statement. There is a general provision for doubtful debts of £3,746k (2020/21 £3,836k).

**Long-Term Debtor** - has two debtors £200k related to a bond payment for Bedford Square Gateway Deed S278 Agreement, and £1,608k Loughborough Campus EZ forward funding grant payment that will be repaid over the next 4 year period.

**Bad Debts Impairments**

The Provision for Bad Debt Impairments are analysed as follows:-

2020/21 £'000		2021/22 £'000
(129)	Bed and Breakfast	(129)
(1,794)	Housing Benefits	(1,719)
(150)	General Fund Other	(131)
(1,357)	Housing Rents	(1,306)
(396)	CBC Share of NNDR Bad/Doubtful Debt	(451)
(10)	General Fund Rent	(10)
<b>(3,836)</b>		<b>(3,746)</b>



## Note 16 Cash and Cash Equivalents

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

<b>31st March 2021</b>		<b>31st March 2022</b>
<b>£'000</b>		<b>£'000</b>
121	Cash held by the Council	76
19,705	Short-term deposits with approved institutions	34,515
<b>19,826</b>		<b>34,591</b>
(678)	Bank Overdraft	(1,868)
<b>(678)</b>		<b>(1,868)</b>
<b>19,148</b>	<b>Total Cash and Cash Equivalents</b>	<b>32,723</b>

## Note 17 Surplus Assets Held for Sale

The authority does not currently hold any Surplus Assets held for Sale.

## Note 18 Short-Term Creditors

<b>31st March 2021</b>		<b>31st March 2022</b>
<b>£'000</b>		<b>£'000</b>
596	HM Revenue and Customs	711
10,360	Government Departments	25,042
316	Leicestershire County Council	333
635	Housing Rents	706
2,395	Other Sundry Creditors	2,943
6,348	Reserved Creditors	4,948
1,451	Section 106 Developers' Contributions	1,525
598	Enterprize Zone	484
227	CBC Share of Overpaid Council Tax	229
701	Accumulated Absences Account	643
0	NNDR Prepayments	353
3,146	NNDR - Central Government	10,988
1,747	NNDR - Leicestershire Pool	1,316
<b>28,520</b>		<b>50,221</b>

Creditors are regarded as financial instruments for accounting purposes except those in respect of items such as NNDR and payments due to certain government departments. All such items regarded as financial instruments are valued at fair value as at 31st March 2022.

Long Term Creditor of £1,065k relates to a receipt relating to the Town Deal Funds which will be held and paid over to third parties when they fall due, the work is scheduled from 2021/22-2025/26.

## Note 19 Provisions

The Code requires that the accounts clearly differentiate the provisions from the reserves of the Council. Provisions are required for any liabilities of uncertain timing or amounts that have been incurred.

2020/21 £'000		2021/22 £'000
(1,354)	<b>NNDR Provision for Appeals Brought Forward 1<sup>st</sup> April</b>	(1,359)
(5)	<b>Changes to NNDR Provision:</b> Decrease/(Increase) in Provision NNDR Appeals	324
<b>(1,359)</b>	<b>Balance at 31st March</b>	<b>(1,035)</b>

## Note 20 Usable Reserves

### General Fund Balance

Purpose of Reserve: Resources available to meet future running costs for non-housing services. The guideline used by the Council requires a balance to be maintained of at least £2m.

### Housing Revenue Account

Purpose of Reserve: Resources available to meet future running costs for council houses. It is recommended that there is at least £110 per council house dwelling within this reserve. The actual dwelling amount at 31<sup>st</sup> March 2022 was £110 per council house dwelling.

Movements in the Council's Usable Reserves are detailed in the Movement in Reserves Statement, being:- General Fund Balance, General Fund Earmarked Reserves, HRA Balance, HRA Earmarked Reserves in addition to those Usable Reserves below:-

### Usable Capital Receipts Reserve

Purpose of Reserve: proceeds of non-current asset sales available to meet future capital investment.

2020/21 £'000		2021/22 £'000
<b>(12,007)</b>	<b>Balance at 1st April</b>	<b>(9,863)</b>
(845)	General Fund amounts receivable	(1,225)
0	HRA amounts receivable – 1-4-1 receipts	(2,545)
2,989	Amounts applied to finance new capital investments	3,251
<b>(9,863)</b>	<b>Balance at 31st March</b>	<b>(10,382)</b>

## Usable Capital Grants and Contributions Reserve

Purpose of Reserve: proceeds of grants and contributions to meet future capital investment and specific revenue expenditure.

2020/21 £'000		2021/22 £'000
(219)	<b>Balance at 1st April</b>	(219)
0	Capital Grants	(280)
0	Amounts applied to finance new capital investments	(582)
<b>(219)</b>	<b>Balance at 31st March</b>	<b>(1,081)</b>

## Note 21 Unusable Reserves

31st March 2021 £'000		31st March 2022 £'000
6,816	Collection Fund Adjustment Account	1,785
(262,130)	Capital Adjustment Account	(269,593)
134	Financial Instrument Revaluation Reserve	(601)
84,704	Pension Reserve Deficit	60,370
(36,511)	Revaluation Reserve	(58,638)
701	Accumulated Absences Account	643
<b>(206,286)</b>		<b>(266,034)</b>

## Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

2020/21 £'000		2021/22 £'000	2021/22 £'000
(30,140)	<b>Balance at 1st April</b>		(36,511)
(10,140)	Upward Revaluation of Assets	(24,788)	
3,339	Downward Revaluation of Assets and Impairment	2,167	
0	Accumulated gains on assets sold or scrapped	36	
(6,801)	<b>Surplus or Deficit on Revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>		(22,585)
20	Adjusting amounts written to the Capital Adjustment Account	96	
410	Difference between Fair Value Depreciation and Historical Cost Depreciation	362	
430	<b>Amount written off to the Capital Adjustment Account</b>		458
(36,511)	<b>Balance at 31st March</b>		(58,638)

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

31st March 2021 £'000		31st March 2022	
		£'000	£'000
(248,168)	<b>Balance at 1st April</b>		(262,130)
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
(9,506)	Charges for Depreciation and Impairment on Non-current Assets	(3,024)	
527	Revaluation losses on Property, Plant and Equipment	14	
61	Amortisation of Intangible assets	49	
1,193	Revenue Expenditure Funded from Capital under Statute	1,420	
	Amounts of Non-current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		
2,116		4,456	2,915
(5,609)			
(410)	Adjusting amounts written out of the Revaluation Reserve		(362)
	Net written out amount of the cost of Non-current Assets consumed in the year		(259,577)
(254,187)	<b>Capital financing applied in the year:</b>		
(2,989)	Use of Capital Receipts to finance new capital expenditure	(3,251)	
(3,617)	Use of Major Repairs Reserve to finance new capital expenditure	(2,642)	
(1,758)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,255)	
0	Statutory provision for the financing of capital investment charged against the General Fund balance	(583)	
(182)	Capital expenditure charged against the General Fund and HRA balances	(644)	
(8,546)			(9,375)
	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		
603			(641)
(262,130)	<b>Balance at 31st March</b>		(269,593)

### Pension Reserve

The Pension Reserve absorbs the timing differences arising from the arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However statutory arrangements require benefits earned to be financed as the Council makes employers contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/21 £'000		2021/22 £'000
63,706	<b>Balance at 1st April</b>	84,704
19,330	Actuarial (gains) or losses on pension assets and liabilities	(28,170)
5,675	Reversal of items relating to retirement benefits to the Comprehensive Income and Expenditure Statement	8,015
(4,007)	Employers Pension Contributions in the year	(4,179)
<b>84,704</b>	<b>Balance at 31st March</b>	<b>60,370</b>

### Collection Fund Adjustment Account

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

Purpose of Reserve: A separate fund is maintained by billing authorities for the collection and distribution of amounts due in respect of Council Tax and NNDR of which, in-year surpluses and deficits are due to/from precepting authorities in future years. This shows the amount owed (to)/from the Council towards the current Collection Fund balance and Notes to the Collection Fund Statement.

31st March 2021 £'000		31st March 2022 £'000
(2,092)	<b>Balance at 1st April</b>	6,816
	Amounts credited to the Comprehensive Income and Expenditure Statement are different from council tax income calculated for the year in accordance with statutory requirements:	
83	Council Tax	(23)
8,825	NDR Business Rates	(5,008)
<b>6,816</b>	<b>Balance at 31st March</b>	<b>1,785</b>

**Note 22 Cash Flow Statement – Operating Activities** include the following within the Comprehensive Income and Expenditure Statement:-

2020/21 £'000		2021/22 £'000
(388)	Interest Received	(327)
2,941	Interest Paid	2,926
<b>2,553</b>	<b>Cash (Inflow)/Outflow</b>	<b>2,599</b>

**Note 23 Cash Flow Statement – Investing Activities**

2020/21 £'000		2021/22 £'000
33,704	Purchase of Property, Plant, Equipment, Investment Property and Intangible Assets	8,246
221	Other payments for investing activities	1,252
(1,731)	Proceeds from the Sale of Property, Plant, Equipment, Investment Property and Intangible Assets	(4,493)
(2,592)	Other Receipts for Investing Activities	(3,375)
<b>29,602</b>	<b>Cash (Inflow)/Outflow</b>	<b>1,630</b>

**Note 24 Cash Flow Statement – Financing Activities**

2020/21 £'000		2021/22 £'000
5,892	Net Council Tax/NNDR Debtor and Creditors	(6,118)
<b>5,892</b>	<b>Cash (Inflow)/Outflow</b>	<b>(6,118)</b>

**Note 25 Trading Operations**

The Council's trading operations include Loughborough Market, Shepshed Market, Woodgate Chambers and Museum Cafe. Increased income in 2021/22 is due to the lifting of Covid-19 lockdown restrictions.

2020/21 £'000		2021/22 £'000
(194)	Income	(335)
424	Expenditure	382
<b>230</b>	<b>(Surplus)/Deficit</b>	<b>47</b>

**Note 26 Members Allowances**

The Council paid the following amounts to Members during the year. Members Allowances exclude employer's National Insurance.

2020/21 £'000		2021/22 £'000
374	Salaries/Allowances	361
1	Expenses	1
<b>375</b>		<b>362</b>

## Note 27 Officers' Remuneration

Details of the numbers of Council staff, whose remuneration is greater or equal to £50,000 per annum, grouped in rising bands of £5,000. Remuneration for these purposes includes all sums paid to or receivable by an employee, including expenses allowances, loss of office payments, compensation pay and the money value of any other benefits, but excluding employer's normal pension contributions and any special pension contributions payable due to loss of office.

There are no employees within this category who work part time but whose full time annualised salary is £50,000 or above. Only relevant remuneration bands are shown.

Total Number of Employees 2020/21	Remuneration Band	Total Number of Employees 2021/22
0	£50,000 - £54,999	2
9	£55,000 - £59,999	0
2	£60,000 - £64,999	7
1	£65,000 - £69,999	3
0	£70,000 - £74,999	1
0	£75,000 - £79,999	1
2	£80,000 - £84,999	2
1	£130,000 - £134,999	0
0	£140,000 - £144,999	1

### Details of Remuneration

The Chief Executive and the Directors are shown below, and their remuneration is also included in the previous table for completeness. There are no exit packages relating to senior officers in 2021/22.

Total Remuneration including Pension Contribution 2020/21 £	Post Holder Information (Post Title)	Salary, Fees and Allowances £	Expense Allowances £	Total Remuneration excluding Pension Contribution 2021/22 £	Employers Pension Contribution £	Total Remuneration including Pension Contribution 2021/22 £
176,979	Chief Executive	142,033	0	142,033	48,110	190,143
73,165	Strategic Director of Commercial Development, Assets and Leisure	76,719	0	76,719	25,038	101,757
108,243	Strategic Director of Community, Planning and Housing	83,805	0	83,805	27,389	111,194
108,244	Strategic Director of Environmental and Corporate Services	84,218	0	84,218	27,389	111,607
<b>466,631</b>		<b>386,775</b>	<b>0</b>	<b>386,775</b>	<b>127,926</b>	<b>514,701</b>



## Note 28 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

2020/21 £'000	Credited to Taxation and Non-Specific Grant Income	2021/22 £'000
(577)	Capital Grants and Contributions	(1,868)
(4,122)	New Homes Bonus	(3,000)
(3,969)	Other Government Grants/(Covid)	(1,871)
<b>(8,668)</b>	<b>Total Credited to Taxation and Non-Specific Grant Income</b>	<b>(6,739)</b>
	<b>Benefit Grants Credited to Services</b>	
(15,103)	Rent Allowance Subsidy	(14,183)
(8,172)	Rent Rebate Subsidy	(7,683)
(401)	Housing Benefit Administration Subsidy	(342)
	<b>Other Grants Credited to Services</b>	
(88)	Crime and Disorder Reduction	(92)
(146)	Localisation of Council Tax	(171)
(109)	Leicestershire County Council Sports and Active Grant	(97)
(38)	Armed Forces Covenant Grant	(38)
(1,181)	Capital Grants and Contributions	(1,248)
(20)	Local Plans	(80)
(102)	Syrian Vulnerable Person Resettlement Scheme	(70)
(101)	Rough Sleepers Grant	0
(221)	Homelessness Prevention Fund	(540)
(70)	Town Fund Deal	(979)
(330)	Next Steps Accommodation – Move On	0
(265)	Sports Council Grant	(185)
(190)	LLEP – Economic Regeneration	0
(121)	DCLG Compliance & Enforcement and Re- open High Streets Safely – Covid19	(300)
0	Brexit Preparation Emergency Plan	(50)
0	New Burdens – Statutory Domestic Abuse	(32)
(59)	Other Government Grants	(72)
<b>(26,717)</b>	<b>Total Grants credited to Services</b>	<b>(26,162)</b>

The Council has received a number of capital grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned to the giver. The balances at the year-end are as follows:

<b>31st March 2021 £'000</b>	<b>Capital Grants and Contributions - Receipts in Advance</b>	<b>31st March 2022 £'000</b>
(3,384)	Balance Brought Forward	(3,882)
(498)	S106 Developers Contributions and other Capital Grants and Contributions	(562)
<b>(3,882)</b>	Balance Carried Forward	<b>(4,444)</b>

The Council has a number of revenue grants and contributions that have not yet been recognised as they have conditions attached to them that may require the monies to be returned to the giver. The balances at the year-end are as follows:

<b>31st March 2021 £'000</b>	<b>Revenue Grants and Contributions - Receipts in Advance</b>	<b>31st March 2022 £'000</b>
(218)	S106 Developers' Contributions	(219)
(436)	Other Revenue Grants and Contributions	(504)
<b>(654)</b>		<b>(723)</b>

#### **Note 29 External Audit Costs**

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Council's external auditors.

<b>2020/21 Restated £'000</b>		<b>2021/22 £'000</b>
<b>62</b>	Fees payable with regard to external audit services carried out by the appointed auditor	63
13	Fees payable for the certification of grant claims and returns for the year	13
<b>75</b>		<b>76</b>

### **Note 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**

Central Government has a significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates. It provides a significant proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments and other grants received in advance are set out in Note 28.

#### **Members**

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in Note 26. No members of the Council or senior officers undertook any material related party transactions requiring disclosure during 2021/22.

#### **Leicester and Leicestershire Business Rates Pool**

Under the Local Government Finance Act 2012 local authorities are able to retain a proportion of the business rates generated in their area and rather than paying certain amounts to central government, they can create a 'pool' locally.

The Council along with Leicester City Council, Leicestershire County Council, Leicestershire Combined Fire Authority and all other Leicestershire District Councils agreed to operate a pooling agreement for business rates levies and safety net payments for 2013/14, the Leicester and Leicestershire Pool (LLP). The County Council was the lead authority for the LLP. The Pool was based on a "no better, no worse" position, with District Councils paying any levies into the Pool and any safety net payments being made from the Pool.

The LLP partners decided not to continue with the Pool in 2014/15 but it was started again for the 2015/16 financial year and has continued in successive financial years up to 31<sup>st</sup> March 2022, with the exception of 2019/20 when Pool members participated in a 75% Business Rate Retention pilot and pilot rules applied, with locally agreed arrangements between participants.

#### **Other Public Bodies**

Local Government Pension Scheme is set out in Note 33.

Precepts collected on behalf of other local authorities and bodies are shown in the Collection Fund Statement.

### Note 31 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2020/21 £'000		2021/22 £'000
<b>81,820</b>	<b>Opening Capital Financing Requirement</b>	<b>107,205</b>
	<b>Capital Investment</b>	
32,700	Property, Plant and Equipment	7,299
39	Intangible Assets	73
1,193	Revenue Expenditure Funded from Capital under Statute	1,420
	<b>Sources of Finance</b>	
(2,989)	Capital Receipts	(3,251)
(3,617)	Major Repairs Reserve	(2,642)
(1,759)	Government Grants and other Contributions	(2,255)
	<b>Sums set aside from revenue:</b>	
(182)	Direct Revenue Contributions	(644)
0	Minimum Revenue Provision	(583)
<b>107,205</b>	<b>Closing Capital Financing Requirement</b>	<b>106,622</b>
	<b>Explanation of movements in year</b>	
25,385	Increase/(Decrease) in underlying need to borrowing (unsupported by government financial assistance)	(583)
<b>25,385</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(583)</b>

### Note 32 Termination Benefits

The Council had 6 redundancies in 2021/22 incurring liabilities totalling £190.6k (there were 3 redundancies and 1 settlement agreement in 2020/21 totalling £79.7k). Three of the redundancies were in Customer Services, two were in Property Services and one in the Policy and Green Spaces Development team. None of these employees were Directors.

## Note 33 Defined Benefit Pension Schemes

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make payments that need to be disclosed at the time that employees earn their future entitlement.

Charnwood Borough Council participates in a defined benefit scheme administered by Leicestershire County Council in accordance with the Local Government Pension Scheme Regulations 1997, as amended. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

### Transactions Relating to Post-employment Benefits

The cost of retirement benefits is reported in the 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 post-employment/retirement benefits is reversed out of the General Fund and HRA via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

<b>Comprehensive Income and Expenditure Statement</b>	<b>Restated Local Government Pension Scheme 2020/21 £'000</b>	<b>Local Government Pension Scheme 2021/22 £'000</b>
Current Service cost	4,208	6,299
Past Service costs (including curtailments)	0	2
<b>Financing and Investment Income and Expenditure</b>	<b>1,467</b>	<b>1,714</b>
Net Pensions Interest costs and Expected return on scheme assets		
Total Post Employment Benefit charge to the (Surplus)/ Deficit on the Provision of Services	5,675	8,015
<b>Movement in Reserve Statement</b>		
Reversal of net charges made to the (Surplus)/Deficit for the Provision of Services for post-employment benefits in accordance with the code	(1,668)	(3,836)
<b>Actual amount charged against the General fund balance for pension in the year</b>	<b>4,007</b>	<b>4,179</b>
<b>Actuarial Gains and (Losses) in the year</b>	<b>(19,325)</b>	<b>28,198</b>

There is a £28k Actuarial gain reconciling item in 2021/22; this is due to Charnwood Borough Council's higher pension contributions in year compared to Hymans Valuation Report.

## Pension Assets and Liabilities Recognised in the Balance Sheet.

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefits plan is as follows:

	2020/21 £'000	2021/22 £'000
Fair Value of Employer Assets	135,706	150,681
Present Value of Funded Liabilities	(219,213)	(210,005)
Net (Under)/Over funding in Funded Plans	(83,507)	(59,324)
Present Value of Unfunded Liabilities	(1,197)	(1,046)
Net Asset/(Liability) in Balance Sheet	(84,704)	(60,370)

## Basis for Estimating Assets and Liabilities

The basis for estimating assets and liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Leicestershire County Council's Fund Liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries.

Charnwood Borough Council participates in the Local Government Pension Scheme through which pension provision is made for those of its employees who wish to join the scheme. Under the Code, the Council must include its share of the net Pension Fund Liability as at 31st March 2022 and this amounted to £60,370k. This is a decrease of £24,334k on the position at 31st March 2021. Although this liability appears in the Council's Balance Sheet, it is offset by the Pensions Reserve and is not funded from Council Tax or Government Grants. Actual employer's contributions to the pension scheme during the year are paid out of the Council's expenditure as funded by Government Grants and Council Tax.

31st March 2021		31st March 2022
% Per Annum	Financial Assumptions:	% Per Annum
2.85%	Rate of Inflation/Pension Increase Rate	3.20%
3.35%	Salary Increase Rate	3.70%
2.0%	Discount Rate	2.70%

Mortality Assumptions:	Males	Females
<u>Longevity at 65 for pensioners</u>		
Current Pensioners	21.5 years	24.0 years
Future Pensioners	22.4 years	25.7 years

**Reconciliation of the Movements in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability**

<b>Assets 2020/21 £'000</b>	<b>Obligations 2020/21 £'000</b>	<b>Net(Liability) /Asset 2020/21 £'000</b>		<b>Assets 2021/22 £'000</b>	<b>Obligations 2021/22 £'000</b>	<b>Net(Liability) /Asset 2021/22 £'000</b>
109,203		109,203	Fair Value of employer assets	135,706		135,706
	(171,705)	(171,705)	Present value of funded liabilities		(219,213)	(219,213)
	(1,204)	(1,204)	Present value of unfunded liabilities		(1,197)	(1,197)
<b>109,203</b>	<b>(172,909)</b>	<b>(63,706)</b>	<b>Opening Position as at 31st March</b>	<b>135,706</b>	<b>(220,410)</b>	<b>(84,704)</b>
	(4,208)	(4,208)	Current Service Cost		(6,299)	(6,299)
	0	0	Past Service Cost (including Curtailements)		(2)	(2)
<b>0</b>	<b>(4,208)</b>	<b>(4,208)</b>	<b>Total Service Cost</b>	<b>0</b>	<b>(6,301)</b>	<b>(6,301)</b>
2,502		2,502	<b>Interest Income on plan assets</b>	2,705		2,705
	(3,969)	(3,969)	Interest Cost on defined benefit obligation		(4,419)	(4,419)
<b>2,502</b>	<b>(3,969)</b>	<b>(1,467)</b>	<b>Total Net Interest</b>	<b>2,705</b>	<b>(4,419)</b>	<b>(1,714)</b>
<b>2,502</b>	<b>(8,177)</b>	<b>(5,675)</b>	<b>Total Defined Benefit Cost Recognised in Profit or (Loss)</b>	<b>2,705</b>	<b>(10,720)</b>	<b>(8,015)</b>
			<u>Cashflows</u>			
816	(816)	0	Plan Participants Contributions	814	(814)	0
3,912		3,912	Employers Contributions	4,065		4,065
90		90	Contributions in respect of unfunded benefits	86		86
(5,408)	5,408	0	Benefits paid	(5,622)	5,622	0
(90)	90	0	Unfunded Benefits Paid	(86)	86	0
<b>(680)</b>	<b>4,682</b>	<b>4,002</b>	<b>Total Cashflows</b>	<b>(743)</b>	<b>4,894</b>	<b>4,151</b>
<b>111,025</b>	<b>(176,404)</b>	<b>(65,379)</b>	<b>Expected Closing Position</b>	<b>137,668</b>	<b>(226,236)</b>	<b>(88,568)</b>
			<u>Remeasurements</u>			
	(43,419)	(43,419)	Changes in financial assumptions		14,374	14,374
	(2,530)	(2,530)	Changes in demographic assumptions		1,176	1,176
	1,943	1,943	Other experience		(365)	(365)
24,681		24,681	Return on assets excluding amounts included in net interest	13,013		13,013
<b>24,681</b>	<b>(44,006)</b>	<b>(19,325)</b>	<b>Total Measurements recognised in Other Comprehensive Income</b>	<b>13,013</b>	<b>15,185</b>	<b>28,198</b>
<b>135,706</b>	<b>(220,410)</b>	<b>(84,704)</b>	<b>Total Expected Closing Position</b>	<b>150,681</b>	<b>(211,051)</b>	<b>(60,370)</b>
135,706		135,706	Fair Value of employer assets	150,681		150,681
	(219,213)	(219,213)	Present value of funded liabilities		(210,005)	(210,005)
	(1,197)	(1,197)	Present value of unfunded liabilities		(1,046)	(1,046)
<b>135,706</b>	<b>(220,410)</b>	<b>(84,704)</b>	<b>Closing Position</b>	<b>150,681</b>	<b>(211,051)</b>	<b>(60,370)</b>

Value of Employers Assets	31st March 2021 £'000	% of Total Assets	31st March 2022 £'000	% of Total Assets
<b>Equity Securities:</b>				
Total Equity Securities	2,363	1%	1,257	0%
<b>Debt Securities:</b>				
UK Government	11,490	8%	7,564	5%
Other	1,758	1%	283	0%
<b>Private Equity</b>	6,258	5%	10,077	7%
<b>Real Estate – UK Property</b>	10,143	7%	11,593	8%
<b>Investment Funds and Unit Trusts:</b>				
Equities	54,504	42%	69,376	46%
Bonds	5,734	4%	0	0%
Hedge Funds	11	0%	0	0%
Commodities	4,800	4%	3,781	3%
Infrastructure	7,137	5%	7,878	5%
Other	27,615	20%	30,951	21%
<b>Derivatives – Foreign Exchange</b>	(173)	0%	312	0%
<b>Cash and Cash Equivalents</b>	4,066	3%	7,609	5%
<b>Closing Balance at 31st March</b>	<b>135,706</b>	<b>100%</b>	<b>150,681</b>	<b>100%</b>

Sensitivity Analysis	Approximate % Increase to Employer Liability	Approximate Monetary Amount £'000
0.1% Decrease in Real Discount Rate	2%	3,930
1 year increase in member life expectancy	4%	8,442
0.1% Increase in the Salary Increase Rate	0%	389
0.1% Increase in the Pension Increase Rate	2%	3,511

The Sensitivity Analysis above has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.



<b>Scheme History</b>	<b>2021/22</b>	<b>2020/21</b>	<b>Restated 2019/20</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair Value of Employer Assets	150,681	135,706	109,203	118,315	112,658
Present Value of Defined Benefit Obligation	(211,051)	(220,410)	(172,909)	(195,934)	(175,400)
<b>Surplus/(Deficit)</b>	<b>(60,370)</b>	<b>(84,704)</b>	<b>(63,706)</b>	<b>(77,619)</b>	<b>(62,742)</b>

The liabilities show the underlying commitments that the Council has, in the long run, to pay retirement benefits. The total liability of £60,370k 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 of the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. The estimated total employers' contributions for 2023 will be approximately £4,227k.

### **Note 34 Contingent Liabilities and Contingent Assets**

The Council is in a contractual dispute with a supplier. The contractual dispute is still not finalised and therefore no decision has been made. **The Council has a potential material liability but considers the chances does not considers the chances of this crystallising to be remote and has not therefore included any accrual or provision within the financial statements.**

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

The Council's activities expose it to a number of risks the main ones being:

- Credit Risk – the possibility that other parties may fail to pay the amounts due
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the central Finance team, under policies approved by the Council in the annual Treasury Management Strategy Statement. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as borrowing strategy, investment policy, creditworthiness policy and investment strategy.

#### **Credit Risk**

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria. The Council has a contract with Link Asset Services Ltd ('LAS') who advise on investment policy and supply credit ratings for use on the day to day management of investments. These criteria are based on such factors as:

- Credit ratings of counter parties, plus
- Credit watches and credit outlooks from credit rating agencies, plus
- Credit Default Swaps spreads to give early warning of likely changes in credit ratings, and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

These ratings will alter throughout the year and various limits are set on the type of investments which can be made. These are based on Specified and Non-Specified investments for local authorities and further inner limits

are set and periodically reviewed as between investments of the same type, such as banks with a similar credit rating. Short term investments are typically rated F1 and amounts with each institution, or group, was limited to a maximum of £18m.

Appropriate checks are made on customers for goods and services based on the size and/or length of contract with them. The Council's maximum exposure in relation to its investments in banks and other financial institutions can rise to over £60m during the year and it cannot be assessed generally as the risk of any institution failing to make interest payments and repay the principal sum will be specific to each individual institution. There is always a potential risk of not recovering investments and this applies to all of the Council's deposits, but there was no evidence at 31st March 2022 that this was likely to crystallise.

The Council does allow credit for some types of service and amounts that are due, but not impaired, included as part of sundry debtors are as follows:

<b>31st March 2021</b>		<b>31st March 2022</b>
<b>£'000</b>		<b>£'000</b>
1,056	Less than three months	1,063
122	Three to six months	16
51	Six months to one year	114
90	More than one year	163
<b>1,319</b>		<b>1,356</b>

### **Liquidity Risk**

The Council needs to manage cash flow to have sufficient funds to pay debts when due. This is done by investing surplus cash when available and by arranging investments to cover the expected liability dates. The Council works to a balanced budget in accordance with legislation with a reserve of revenue balances to manage the cash flow. This is continually changing during the year as creditors and debtors accounts mature. The Council always has access to borrowing through the Public Works Loan Board. Council borrowing, if required, is secured on the revenues of the Council. The Council, through its counterparty policy, also seeks to ensure that each counter party is of sufficient size to be able to repay the amounts loaned on the due date.

The Council has investments in Lothbury Property Fund with a value of £2.677m (£2.337m in 2020/21) and Hermes £2.721m (£2.327m in 2020/21). Whilst this is intended to be a longer-term investment redemption notices are settled quarterly therefore can be recalled on this basis. IFRS9 fair value of investments, the CIPFA statutory override applies for five years from 1<sup>st</sup> April 2018 and any impact of unrealised fair value movements are disclosed in an unusable financial instruments reserve.

### **Market Risk**

The Council is exposed to changes in the interest rate on one of its borrowings. This £2m borrowing is at a high interest rate and it is not anticipated that interest rates will reach this level in the short to medium term, so effectively rendering this rate as fixed. The remainder of the Council's borrowings are at fixed interest rates and do not contain a market risk.

In-house lending is mainly for cash flow purposes and is all for under two years. This lowers risk but prevents the strategic longer-term lending which would help to mitigate the variations in interest rates. The interest rates move in cycles and the Council clearly receives lower interest receipts at the bottom of the cycle. This is managed by having a Treasury Strategy in place that forecasts the movements in rates and therefore allows the budget to be informed of the expected interest receipts so that spending plans are not based on unrealistic interest receipt assumptions. Based on the Short-Term investments at Balance Sheet date of £25m, a 1% change in interest rate would equate to £251k higher or lower receipt to the Council in revenue.

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

## Supplementary Statements and Notes

### HRA Income and Expenditure Statement

The Housing Revenue Account reflects a statutory obligation under legislation to account separately for local council housing provision. The Account is “ring-fenced” and has to be self-financing. The costs of HRA activities, not met by subsidy or other income, are met by the rents payable and deficits on the HRA cannot be made good by the council taxpayer.

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account.

2020/21 £'000		Note	2021/22 £'000
	<b>Expenditure</b>		
6,020	Supervision and Management		6,293
5,562	Repairs and Maintenance		6,169
652	Rents, Rates, Taxes and other charges		749
(10,613)	Depreciation/Revaluation increase/impairment of non-current assets	2	(4,427)
18	Debt management costs		10
175	Movement in the allowance for bad debts (not specified by the Code)		96
1,814	<b>Total Expenditure</b>		<b>8,890</b>
	<b>Income</b>		
(20,596)	Dwellings	1	(20,636)
(412)	Non-dwelling rents		(348)
(649)	Charges for Services and Facilities		(714)
(115)	Contributions towards expenditure		(115)
(45)	Other Income		(38)
(21,817)	Total Income		(21,851)
(20,003)	Net cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		(12,961)
82	HRA services' share of Corporate and Democratic Core		100
(19,921)	<b>Net Cost for HRA Services</b>		<b>(12,861)</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
(205)	Capital grants and contributions receivable		(403)
474	Loss on disposal of HRA non-current assets		67
(45)	Interest and investment income		(45)
2,702	Interest Payable		2,699
<b>(16,995)</b>	<b>Net Cost/(Income) of HRA Services</b>		<b>(10,543)</b>

### Movement on the HRA Statement

2020/21 £'000		2021/22 £'000
(610)	Balance on the HRA at the end of the previous year	(610)
(16,995)	Surplus for the year on the HRA Income and Expenditure Statement	(10,543)
13,695	Adjustments between accounting basis and funding basis under statute	8,458
(3,300)	Net increase before transfers to or from reserves	(2,083)
(3,300)	Transfers to reserves	(2,087)
0	Decrease in year on the HRA	4
(610)	Balance on the HRA at the end of the current year	(606)

### Reconciling Items for the Statement of Movement on the HRA Balance

2020/21 £'000		Note	2021/22 £'000
	<b>Adjustments between accounting basis and funding basis under statute</b>		
(474)	Loss on sale of HRA non-current assets		(67)
(112)	Accumulated Absences Account		16
204	Reversal of Capital Grants and Contributions		403
14,077	Reversal of Gain on Revaluation		8,106
13,695			8,458
	<b>Transfers (to) or from reserves</b>		
(96)	HRA share of contributions to/(from) the Pension Reserve	7	(859)
3,396	Transfer to/(from) the Housing Financing Fund	8	2,946
(3,300)			2,087

## Notes to the Housing Revenue Account

### Note 1 Gross Rents

Gross rent due in the year, after allowance is made for empty properties, was £20,636k. The rent loss caused by empty properties was 4.90% for 2021/22 compared with 3.88% in 2020/21. The average rent for 2021/22 on a 52 week basis was £76.05 (£74.73 in 2020/21).

#### Rent Arrears

2020/21 £'000		2021/22 £'000
677	Arrears at 31st March:	681
411	Current Tenants	381
6	Former Tenants	1
	Garages and Shops	
<b>1,094</b>		<b>1,063</b>
5.79%	Arrears & court costs as % of gross debit	5.60%
98	Court Costs	93
163	Rent Write-off/irrecoverable	148
8	Rechargeable Repairs Write-off/irrecoverable	33

A Provision for Bad Debts has been made in the accounts in accordance with the requirements of the CIPFA Code of Practice. The provision includes an element in respect of rent rebate overpayments. Rent rebates were transferred to the General Fund on 1st April 2004. This provision relates to overpayments made prior to that date which were financed by the HRA. Landlord Services rechargeable repairs relates to a provision for bad debts where damage to HRA property has been recharged to its perpetrators.

#### Bad Debt Provision

31st March 2021 £'000		31st March 2022 £'000
1,192	Rent	1,156
68	Overpaid Rent Rebate	67
71	Landlord Services rechargeable repairs	46
26	Leaseholder Charges	37
<b>1,357</b>		<b>1,306</b>

## Note 2 Depreciation Charge and Capital Credit

Total Capital Financing Charges of £10k was debited to the HRA in 2021/22 and £18k in 2020/21 in accordance with the Item 8 determinations for the year. Depreciation Charge is analysed below: -

2020/21 £'000		2021/22 £'000
3,415	Depreciation:	
34	Dwellings	3,633
8	Garages and Shops	34
7	Plant, Vehicles and Equipment	8
	Intangibles	5
<b>3,464</b>		<b>3,680</b>
(14,077)	Net Revaluation increase of non-current assets	(8,107)
<b>(10,613)</b>		<b>(4,427)</b>

## Note 3 Housing Stock

The Council was responsible for managing 5,505 HRA dwellings as at 31st March 2022. This excludes one shared ownership dwelling, which is shared on a 50% equity basis. The stock was made up as follows: -

Number of Dwellings 31st March 2021		Number of Dwellings 31st March 2022
2,705	Flats/Maisonettes	2,692
2,840	Houses/Bungalows	2,813
<b>5,545</b>		<b>5,505</b>

The change in stock can be summarised as follows:-

Number of Dwellings 31 March 2021		Number of Dwellings 31 March 2022
<b>5,548</b>	<b>Stock at 1st April</b>	<b>5,545</b>
23	Add: New properties, acquisitions and Appropriations	10
(26)	Property Sales	(50)
<b>5,545</b>	<b>Stock at 31st March</b>	<b>5,505</b>

On 31st March 2022 there were 9 void properties withheld from letting (9 at 31st March 2021) for major refurbishment. Two HRA properties are being used as community centres on a temporary basis. The figure of 5,505 represents the actual HRA dwelling stock the Council owns.

The dwellings are classified as operational assets within the Housing Revenue Account. In addition, there was no movement to the number of non-dwelling assets which were 818 garages, 13 shops and 1 store in 2021/22.

#### Note 4 Balance Sheet Value of Council's Housing Stock

31st March 2021 £'000		31st March 2022 £'000
311,274	Dwellings	337,173
	Other land and buildings	
4,036	Garages	4,034
1,418	Shops and Store	1,412
<b>316,728</b>	<b>Net carrying amount at 31<sup>st</sup> March</b>	<b>342,916</b>

Dwellings, Garages, Shops and Stores are all Operational Assets. There are no Non-Operational Assets.

#### Vehicles, Plant and Equipment

31st March 2021 £'000		31st March 2022 £'000
36	Balance at 1 <sup>st</sup> April	28
0	Additions: Purchases	0
(8)	Depreciation	(8)
<b>28</b>	<b>Net carrying amount at 31<sup>st</sup> March</b>	<b>20</b>

#### Intangibles

31st March 2021 £'000		31st March 2021 £'000
26	Balance at 1 <sup>st</sup> April	18
0	Additions: Purchases	0
(8)	Depreciation	(4)
<b>18</b>	<b>Net carrying amount at 31<sup>st</sup> March</b>	<b>14</b>

The Existing Use Value – Social Housing on 1st April 2021 was £311,283k. The vacant possession value of dwellings as at 1st April 2021 was £741,150k. The difference between the vacant possession value and Balance Sheet value of dwellings within the Housing Revenue Account shows the economic cost to government of providing council housing at less than open market rents.

## Note 5 Summary Total of Capital Expenditure and Receipts

Housing capital expenditure during the financial year was £3,518k.

Capital expenditure is shown as follows:-

2020/21 £'000		2021/22 £'000
4,026	Capital Expenditure Financed By:	3,518
3,617	Major Repairs Reserve	2,642
204	Other Capital Contributions	14
0	Section 106	278
205	HRA Capital Receipts	584
<b>4,026</b>		<b>3,518</b>

Total capital receipts from the sale of HRA assets were £3,331k as follows:-

2020/21 £'000		2021/22 £'000
1,679	Council House Sales	3,396
(34)	Less: Administration costs	(65)
1,645	Net Council House Sales	3,331
0	Reclaimable Discount from Council House Sales	0
<b>1,645</b>		<b>3,331</b>

## Note 6

### Major Repairs Reserve

2020/21 £'000		2021/22 £'000
<b>(3,364)</b>	<b>Balance at 1st April</b>	<b>(3,210)</b>
(3,463)	Transfer to Major Repairs Reserve	(3,680)
3,617	Capital Expenditure funded from Major Repairs Reserve	2,642
<b>(3,210)</b>	<b>Balance at 31st March</b>	<b>(4,248)</b>



### Note 7 Pension Fund

In accordance with IAS19, Accounting for Retirement Benefits, accounting adjustments have been made in the Housing Revenue Account to report pension liabilities. In 2021/22, this represented an increase of £859k to net cost of service compared to an increase of £96k in 2020/21.

### Note 8 HRA Financing Fund

<b>2020/21 £'000</b>		<b>2021/22 £000</b>
(8,234)	<b>Balance as at 1<sup>st</sup> April</b>	(11,630)
(3,396)	Contribution to Financing Fund	(2,946)
<b>(11,630)</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>(14,576)</b>

## Collection Fund Statement 2021/22

Business Rates 2020/21 £'000	Council Tax 2020/21 £'000	Total 2020/21 £'000		Note	Business Rates 2021/22 £'000	Council Tax 2021/22 £'000	Total 2021/22 £'000
0	(106,989)	(106,989)	<b>Income</b>				
0	(848)	(848)	Council Tax Receivable	2	0	(113,877)	(113,877)
(28,407)	0	(28,407)	Covid 19 Discretionary Grant from General Fund			(360)	(360)
(28,407)	(107,837)	(136,244)	Business Rates Receivable	3	(41,987)	0	(41,987)
					(41,987)	(114,237)	(156,224)
			<b>Expenditure</b>				
			<b>Apportionment of Previous Year</b>				
			<b>Surplus/(Deficit)</b>				
264	0	264	Central Government		(8,686)	0	(8,686)
591	143	734	Charnwood Borough Council		(6,496)	2	(6,494)
741	884	1,625	Leicestershire County Council		(735)	13	(722)
0	153	153	Leicestershire Police and Crime Commissioner		0	2	2
16	46	62	Combined Fire Authority		(161)	1	(160)
1,612	1,226	2,838			(16,078)	18	(16,060)
			<b>Precept, Demands and Shares</b>				
23,143	0	23,143	Central Government		22,456	0	22,456
18,525	12,380	30,905	Charnwood Borough Council	4	17,965	13,003	30,968
4,167	77,409	81,576	Leicestershire County Council		4,042	82,230	86,272
0	13,436	13,436	Leicestershire Police and Crime Commissioner		0	14,469	14,469
463	3,915	4,378	Combined Fire Authority		449	4,039	4,488
46,298	107,140	153,438			44,912	113,741	158,653
			<b>Charges to the Collection Fund</b>				
59	227	286	Less Write Offs of Non-Collectable Amounts	7	230	264	494
657	(55)	602	Less Increase/(Decrease) In Bad Debt Provision	6	141	16	157
(212)	0	(212)	Less Increase/(Decrease) In Provision For Appeals		(810)	0	(810)
187	0	187	Less Cost of Collection		187	0	187
840	0	840	Less Disregarded Amounts		1,167	0	1,167
1,531	172	1,703			915	280	1,195
<b>21,034</b>	<b>701</b>	<b>21,735</b>	<b>(Surplus)/Deficit arising during the year</b>		<b>(12,238)</b>	<b>(198)</b>	<b>(12,436)</b>
(4,201)	(1,377)	(5,578)	(Surplus)/Deficit brought forward 1st April		16,833	(676)	16,157
<b>16,833</b>	<b>(676)</b>	<b>16,157</b>	<b>(Surplus)/Deficit carried forward 31st March</b>	8/9/11	<b>4,595</b>	<b>(874)</b>	<b>3,721</b>

## Notes to the Collection Fund Statement

### Note 1 General

This account reflects the statutory requirements for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing Council in relation to non-domestic rates and the Council Tax and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with the other accounts of the billing Council. The transactions are prescribed by legislation and are prepared on an accruals basis.

The major items contained within the Fund are:

- \* Council Tax collected from Borough Residents
- \* Business Rates collected from businesses within the Borough
- \* Transitional Relief granted to Council Taxpayers
- \* Precepts, Demands and Shares on the collection fund paid out to:
  - \* Central Government
  - \* Charnwood Borough Council
  - \* Leicestershire County Council
  - \* Leicestershire Police and Crime Commissioner
  - \* Leicestershire Combined Fire Authority
- \* The cost of collection allowance for Business Rates retained by the Billing Authority
- \* Additional items, such as
  - \* Write offs of non-collectable amounts
  - \* Provision for possible bad and doubtful debts
  - \* Provision for appeals on NNDR bills
  - \* Other disregarded amounts
- \* The deficit or surplus relating to Council Tax. This is then distributed between billing authorities and precepting authorities on the basis of an estimate made on 15<sup>th</sup> of January in each year.
- \* The deficit or surplus relating to Business rates. This is distributed between billing authorities, precepting authorities and central government on the basis of an estimate made during January in each year.

### Note 2 Council Tax

The basis of Council Tax is a property valuation. Properties are valued at April 1991 prices and included within eight bands. The standard Council Tax is calculated at Band D and all bands are expressed as a Band D equivalent to ascertain a total tax base for the Council. The 2022/23 base is shown below. Note that there is now a reduced 'Band A' for properties in 'A' that are reduced for those with approved Disabled Adaptations.

Valuation Band	Range of Values	Relationship to Band D	Number of Properties	Band D Equivalent
X	Reductions on Band A Up to and including	5/9	22.50	12.5
A	£40,000	6/9	10,352.75	6,901.8
B	£40,001 - £52,000	7/9	18,792.25	14,616.2
C	£52,001 - £68,000	8/9	17,046.50	15,152.4
D	£68,001 - £88,000	1	10,031.5	10,031.5
E	£88,001 - £120,000	11/9	6,820.75	8,336.5
F	£120,001 - £160,000	13/9	3,153.50	4,555.1
G	£160,001 - £320,000	15/9	1,899.25	3,165.4
H	More than £320,000	18/9	176.75	353.5
	Contributions in lieu			23.5
	Estimated growth in Band D equivalents			425.4
	<b>Total (Tax Base)</b>			<b>63,575.6</b>

The gross tax base, 63,575.6 as per the council tax resolution is adjusted for the Band D equivalent of dwellings receiving Council Tax Support to give an adjusted tax base of 59,174.4. Finally, an estimated collection rate of 98.5% for 2021/22 is then applied to the adjusted Band D figure producing a Council Tax Base of 58,286.9 which equates to £1,951.39 for a Band D property. This provides a total requirement of £113.7m.

The actual position is as follows:

<b>2020/21 £'000</b>		<b>2021/22 £'000</b>
121,824	Gross Council Tax due	129,969
(14,835)	Relief, Exemptions and Transitional Relief Granted	(16,092)
<b>106,989</b>	<b>Council Tax</b>	<b>113,877</b>

### Note 3 National Non-Domestic Rates (NNDR)

NNDR is organised on a local basis. The Council is responsible for collecting rates due from ratepayers within the Borough and the total amounts billed to business ratepayers are included within the Collection Fund, less the various relief and exemptions granted. This amount is paid, during the year, to the other precepting authorities and to central government based on their proportionate shares. The amounts paid over form part of the financing of the billing and precepting authorities General Fund.

<b>2020/21 £'000</b>		<b>2021/22 £'000</b>
62,584	Gross Non-Domestic Rates due	63,920
(34,264)	Reliefs and Exemptions	(22,034)
87	Transitional Protection Payment due to/(from) the Council	101
<b>28,407</b>	<b>Net Business Rates Receivable</b>	<b>41,987</b>

The Government specifies an amount (51.2 p in 2021/22 and same in 2020/21) and, subject to the effects of transition arrangements and rate relief schemes, local businesses pay rates calculated by multiplying their rateable value by that amount. The Rateable Value for the Council's area at 31st March 2022 was £133.77m (130.68m at 31st March 2021).

### Note 4 Charnwood Borough Council Tax Precept

<b>2020/21 £'000</b>		<b>2021/22 £'000</b>
17,771	Charnwood Precept	17,919
3,821	Parish Precepts	4,052
(143)	Collection Fund Deficit/(Surplus)	(2)
21,449		21,969
(9,069)	RSG and NNDR Redistributed Pool	(8,966)
<b>12,380</b>		<b>13,003</b>

## Note 5 Provision for Non-Payment

### Council Tax

There is a cumulative provision held as at 31<sup>st</sup> March 2022 amounting to £1,268k for doubtful debts, including costs. (£1,281k as at 31<sup>st</sup> March 2021)

### NNDR

There is a cumulative provision held as at 31<sup>st</sup> March 2022 amounting to £1,127k for doubtful debts, including costs. (£987k as at 31<sup>st</sup> March 2021)

## Note 6 Contributions to Provision for Bad and Doubtful Debts

<b>2020/21 £'000</b>		<b>2021/22 £'000</b>
(55)	Council Tax	16
657	NNDR	141
<b>602</b>		<b>157</b>

## Note 7 Write-off of Bad Debts

<b>2020/21 £'000</b>		<b>2021/22 £'000</b>
227	Council Tax	264
59	NNDR	230
<b>286</b>		<b>494</b>

## Note 8 Council Tax (Surplus)/Deficit on the Collection Fund

There was a Surplus balance on the Collection Fund at 31<sup>st</sup> March 2022 of £874k (£676k Surplus at 31<sup>st</sup> March 2021). This will be carried forward to 2022/23 and taken into account in the future calculation of charges to be met by Council Taxpayers. Further analysis is provided in Note 10 below.

The net contributions paid out of £18k together with the Surplus brought forward of £676k and an increase in Bad Debt Provision of £16k - increase the in-year surplus of £232k to a surplus of £874k which is carried forward.

## Note 9 Council Tax Collection Fund Balance

The Collection Fund is a statutory fund in which the Council records transactions for Council Tax. The balance on the fund has to be taken into account by the major precepting authorities in determining their respective requirements to be raised through Council Tax in future financial years. The surplus on the Collection Fund is apportioned as follows:

	<b>Amounts accounted for in 2022/23 £'000</b>	<b>Amounts to account for in 2023/24 £'000</b>	<b>Total £'000</b>
Leicestershire County Council	(774)	141	(633)
Leicestershire Police and Crime Commissioner	(136)	25	(111)
Charnwood Borough Council	(122)	22	(100)
Combined Fire Authority	(38)	8	(30)
<b>Total Net Surplus</b>	<b>(1,070)</b>	<b>196</b>	<b>(874)</b>

## Note 10 Council Tax Accounting for the Collection Fund Balance

On the basis that surpluses and deficits on the Collection Fund are shared with Leicestershire County Council, Leicestershire Police and Crime Commissioner, Leicestershire Combined Fire Authority and the Borough Council pro-rata to the precepts levied, the Council accounted for the Collection Fund Balance in the 2021/22 accounts as follows:

In the Balance Sheet at 31<sup>st</sup> March 2022, the Council included an overall surplus of £875k (£676k surplus at 31<sup>st</sup> March 2021) of which £775k relates to Preceptors Share of surplus (£599k at 31<sup>st</sup> March 2021 Preceptors share of Surplus) in the proportions shown below and the balance of £100k (£77k at 31<sup>st</sup> March 2021) related to Charnwood Borough Council's share of the Collection Fund Surplus.

<b>2020/21 £'000</b>		<b>2021/22 £'000</b>
(77)	Charnwood Borough Council	(100)
(489)	Leicestershire County Council	(633)
(86)	Leicestershire Police and Crime Commissioner	(111)
(24)	Leicestershire Combined Fire Authority	(30)
<b>(676)</b>	<b>Deficit/(Surplus) – Balance as at 31<sup>st</sup> March</b>	<b>(874)</b>

**Note 11 Business Rates (Surplus)/Deficit on the Collection Fund**

Shares of non-domestic rating income to major preceptors and billing authorities are paid out of the collection fund and credited to the Comprehensive Income and Expenditure Statements of precepting and billing authorities. However the transactions presented in the collection fund statement are limited to the cash flows permitted by statute for the financial year, whereas each authority will recognise income on a full accruals basis, i.e. sharing out in full the (surplus) or deficit on the Collection Fund at the end of the year, even though it will be distributed to or recovered by the authorities in subsequent financial years.

<b>2020/21 £'000</b>		<b>2021/22 £'000</b>
6,798	Charnwood Borough Council	1,838
803	Leicestershire County Council	413
168	Leicestershire Combined Fire Authority	46
9,064	Central Government	2,298
<b>16,833</b>	<b>Deficit/(Surplus) - Balance as at 31st March</b>	<b>4,595</b>

## Glossary of Terms

**Accounting Period** - The period of time covered by the accounts is normally 12 months commencing on 1st April for local authorities.

**Accruals** - Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

**Capital Charges** - Charges made to service revenue accounts based on the value of the assets they use and comprising depreciation.

**Capital Expenditure** - Expenditure on new assets such as land and buildings, or on enhancements to existing assets which significantly prolong their useful life or increase their value.

**Capital Financing Costs** - The annual cost of borrowing (principal repayments and interest charges), leasing charges and other costs of funding capital expenditure.

**Capital Receipt** - Income from the sale of capital assets such as council houses, land or other buildings.

**Creditors** - Amounts owed by the Council at 31st March for goods received or services rendered but not yet paid for.

**Current Assets** - Assets which can be expected to be consumed or realised during the next accounting period.

**Current Liabilities** - Amounts which will become due or could be called upon during the next accounting period.

**Debtors** - Amounts owed to the Council, which are collectable or outstanding at 31st March.

**Depreciation** - The estimated losses in value of an asset, owing to age, wear and tear, deterioration, or obsolescence.

**Fair Value** - The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

**Finance Lease** – These are lease payments to acquire an asset, these are classified as assets on the Balance Sheet.

**Government Grants** - Payments by central government towards local Council expenditure. They may be specific or general.

**Net Non-Controllable Costs** – are those amounts charged to the CIES as required by Statute and reversed out as part of the Movement in Reserves Statement so that they are not charged to the taxpayer. These are items such as Depreciation, Revaluation of Fixed Assets, Pension valuation costs, Accumulated absences.

**Non-Current Asset** - Assets which can be expected to be of use or benefit to the Council in providing its services for more than one accounting period.

**Operating Lease** - A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

**Precepts** - The amount which local authorities cannot charge a council tax directly to the public (for example a County Council) and requires Charnwood Borough Council to collect on its behalf.

**Reserves** - Amounts set aside in the accounts for the purpose of meeting particular future expenditure. A distinction is drawn between reserves and provisions, which are set up to meet known liabilities.

**Revenue Expenditure** - Spending on day-to-day items including employees' pay, premises costs and supplies and services.

**Revenue Expenditure Funded from Capital Under Statute (REFCUS)** - Expenditure of a capital nature but for which there is no tangible asset, for example renovation grants.

**Revenue Support Grant** - The main grant paid by central government to a local Council towards the costs of its services.

### Abbreviations used in the accounts:

CIPFA - Chartered Institute of Public Finance and Accountancy	EUV-SH – Existing Use Value for Social Housing
FMS – Financial Management system	HRA - Housing Revenue Account
PWLB – Public Works Loan Board	MRA - Major Repairs Allowance
IFRS – International Financial Reporting Standard	NNDR - National Non-domestic Rates
PSM – Price Sensitivity Measurement	CFR – Capital Financing Requirement
DWP – Department of Works and Pensions	BID – Business Improvement District
MRP - Minimum Revenue Provision	VAT – Value Added Tax



**Independent auditor’s report to the members of Charnwood Borough Council**  
**Report on the audit of the financial statements ( Mazars Report to be added Post Audit)**