



STATEMENT OF ACCOUNTS

2022/23

Statement of Accounts 2022/23

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Narrative Statement

1. Context

The financial year 2022/23 can be considered as the year where life returned to normal following the COVID-19 pandemic. Unfortunately, the economic shocks created by the war in Ukraine, combined with political turmoil in the UK resulted in an unhappy economic picture which is characterised by high inflation, increasing interest rates, and experienced by individuals in rising food, utility, and mortgage costs. This scenario looks set to continue into 2024. The economic background had a mixed effect on the Council's finances with rapidly rising costs offset by significantly higher investment income arising from the increase in interest rates.

The General Fund budget for 2022/23 assumed a £1.8m use of reserves. In practice a combination of unbudgeted ad-hoc government grants, stronger income streams in some areas (such as planning fees) and higher levels of interest receivable resulted in the General Fund Working Balance increasing by £0.2m to £6.8m by the year end. The underlying structural issues with the Council's budget – uncertain and declining real-term government funding, increasing costs and potential regulatory challenges – remain, but the increase in reserves provides a welcome boost to the Council in its objective of being financially sustainable in the medium term.

Operationally, the Council's Landlord Services function has faced challenges associated with the backlog of work arising from the COVID-19 pandemic, the availability of contractors, and significant cost inflation within the construction industry. However, the associated Housing Revenue Account is in a robust position with reserves totaling £16.7m to cover future debt repayment and capital investment in the housing stock.

The current 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.

Significant items within the Financial Statements

Details of such items are included in Section 5, Major Items included in the accounts 2022/23.

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 2022/23.
- 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 2023 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 2023 and this amounted to a £9m deficit. This is a decrease of £51.3m on the position at 31st March 2022. 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 2022/23

Restated Actual 2021/22 £000	GENERAL FUND OUTTURN 2022/23	Original Budget 2022/23 £000	Actual 2022/23 £000	Variance 2022/23 £000
17,078	Net Service Expenditure	17,911	18,829	(918)
645	Revenue Contribution to Capital	0	85	(85)
877	EZ LLEP Contribution	0	1,302	(1,302)
(387)	NDR LCC Pilot Gain/NDR Net additional Income	0	0	0
230	Interest Paid	240	280	(40)
(281)	Less: Interest on Balances	(300)	(1,076)	776
18,162	Total Borough Expenditure	17,851	19,420	(1,569)
(96)	Contribution to (from) Reinvestment Reserve	0	5	(5)
749	Contribution to/(from) Working Balance	(311)	77	(388)
2	Contribution to/(from) Working Balance (Collection Fund)	122	122	0
543	Contribution to/(from) Commercial Reserve	200	200	0
242	Contribution to/(from) Other Revenue Reserves	0	(142)	142
(524)	Contribution to/(from) Capital Plan Reserve	0	(35)	35
19,079	Precept Requirement	17,862	19,647	(1,785)
5,424	NNDR	5,200	6,603	(1,403)
0	RSG	174	174	0
7,640	Council Tax Receipts	7,981	7,981	0
1,311	Loughborough Special Levy	1,346	1,346	0
2	Collection Fund Surplus/(Deficit)	122	122	0
3,000	New Homes Bonus	1,631	1,631	0
275	DCLG Covid Income Loss Claim	0	0	0
1,418	Services Grants	1,408	1,322	86
8	Other Government Grants	0	468	(468)
19,079	Precept Income	17,862	19,647	(1,785)
	Revenue Reserves Balances			
5,816	Working Balance 1st April	4,969	6,567	(1,598)
751	Transfer from General Fund	(189)	199	(388)
0	Transfer to Reinvestment Reserve	(167)	0	(167)
6,567	Balance at 31 March	4,613	6,766	(2,153)
591	Reinvestment Reserve 1st April	333	495	(162)
0	Reinvestment Expenditure	0	(628)	628
(96)	Transfers From/(to) General Fund	167	633	(466)
495	Balance at 31 March	500	500	0
2,433	Capital Plan Reserve 1st April	2,233	1,909	324
(524)	Funding of Capital Expenditure	0	(35)	35
1,909	Balance at 31 March	2,233	1,874	359
7,346	NDR Deficit Reserve 1st April	7,346	3,050	4,296
(3,052)	Repayment S31 Grants	(7,346)	(1,574)	(5,772)
4,294	Balance at 31 March	0	1,476	(1,476)
2,015	Other Revenue Reserves 1st April	2,015	3,343	(1,328)
1,328	Transferred From/(to) General Fund	200	59	141
3,343	Balance at 31 March	2,215	3,402	(1,187)
16,608	TOTAL BALANCES	9,561	14,018	(4,457)

The main purpose of the General Fund Revenue Outturn Summary shown above is to compare the General Fund actual figures to the Original Budget set for 2022/23. 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 outturn position was a surplus balance of £199k to be added to the working balance, compared to an Original deficit budget set at £189k, a favourable variance of £388k. The £199k surplus added to the working balance to give a working balance reserve of £6.8m at 31st March 2023. Overall the General Fund reserves including Earmarked Reserves which are held for specific purpose total balance of £14m. Further details of the Outturn Cabinet report for 2022/23 can be found on the Council's website.

5. Major Items in the 2022/23 Statement of Accounts

There are no major changes to the way the accounts have been compiled in 2022/23, a Senior Leadership restructure was carried out in September 2022 and the Comprehensive Income and Expenditure Account has been restated to include these changes. The General Fund net controllable service expenditure is £20.6m in 2022/23 compared to £18m in 2021/22 an increase of £2.6m, 14.4%, the major differences in the Comprehensive Income and Expenditure Statement being: -

The General Fund Gross Expenditure is £1.7m higher in 2022/23 than 2021/22, due to

- Increase in salary costs relating to payaward and restructure costs total £700k.
- Contractor inflation £328k higher due to increased inflation and Bed and Breakfast costs £250k higher post Covid.
- Refcus (Revenue Expenditure Funded by Capital) increased £1m due to large value of Capital Scheme expenditure.

The General Fund Gross Income is £0.95m lower in 2022/23 than 2021/22, relating to less Housing Benefit Subsidy received £310k, this is due to transfer of claimants to universal credit, this is offset by reduction in Housing Benefit Allowance claims. Town Deal Grant in received in 2021/22 was £0.97m compared to £28k received in 2022/23.

- The HRA net cost of service is £452k higher in 2022/23 than 2021/22, Gross expenditure has increased by £1,015k. This primarily includes increases of £213k on council tax on empty homes, £312k on general repairs and £409k on repairs to void properties. Gross income has increased by £563k primarily due to a rent increase of 4.1%, however there are higher void rentals of 6.46% in 2022/23 compared with 4.90% in 2021/22 by £386k have reduced the additional gross income levied.
- The Council holds two Property Funds being valued at 31st March 2023 of £4.35m (£5.398m in 2021/22). Lothbury Property Trust £2.067m (£2.677m in 2021/22) and Hermes Property Funds £2.287m (£2.721m in 2021/22). These are accounted for as a long-term investment on the Balance Sheet as a Financial Instrument Reserve and the revaluation loss £1.043m (£734k gain in 2021/22) on the property funds has been accounted for under financing and Investment Income in the Comprehensive Income and Expenditure Statement.
- Interest Received has had a major favourable impact for both General Fund and HRA of £1.5m, this being an increase in the interest rates and the impact on Treasury Management Investments for 2022/23.
- Net gains on Revaluation of Fixed Assets were £26.174m in 2021/22 compared to a £30.168m 2022/23, being £3.994m higher, this relates to a desktop revaluation of assets held by the Council at 31st March 2023. 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 £60.3m to £9m, primarily due to an actuarial gain in the pension fund of £54.3m, and additional pension costs of £3m.

6. Capital Expenditure

The Council's Capital spend for 2022/23 totalled £7,794k compared against the budget of £22,974k, an underspend of £15,180k, with carry forward budgets of £9,755k into 2023/24.

	Actual 2022/23 £'000	%
Capital Expenditure	7,794	100
Financed by:-		
Major Repairs Reserve	3,764	48
Revenue Contributions - General Fund	85	1
Capital Receipts – General Fund	1,187	15
Capital Receipts – HRA	226	3
Capital Grants and Contributions – General Fund	2,532	33
	7,794	100

7. Provisions

The NDR Provision for bad debt as at 31st March 2023 is £1,543k (£1,127k at 31st March 2022) , an increase of £416k using the same basis of 2021/22 and Council Tax Provision for bad debt 31st March 2023 is £1,240k (£1,268k at 31st March 2022), an increase of £28k.

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 £1.3m 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 2024/25 MTFS covering the 3 year period will be reported to Cabinet in February 2024 and Council.

9. Prior Period Adjustments

There was a prior year adjustment of £2m relating to reclassification of Infrastructure Asset relating to Bedford Square 2021/22, the accounts have been restated in 2021/22.

10. 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 economic impacts of Brexit, Global inflation issues 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 be reviewed again as part of the budget setting process for 2024/25 and a revised MTFS for 2024/25 once we have notification of the government settlement in the autumn of 2023.

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 has adequate levels of reserves for the next 3 years (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.

11. Statement of Authorisation

The Statement of Accounts were authorised for presentation on 13th July 2023 by Simon Jackson, Director Finance, Governance and Contracts and S.151 Officer. All financial events up to and including 13th July 2023, have been considered in these accounts.

12. Preparation of Accounts

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

13. Further Information

Further information regarding the accounts may be obtained from:

The Head of Finance
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 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 2023.

Certified by the S151 Officer:



SIMON JACKSON
Director Finance, Governance and Contracts

Date 13th July 2023

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.

Restated Gross Controllable Expenditure	Restated Gross Controllable Income	Restated Net Controllable Costs		Gross Controllable Expenditure	Gross Controllable Income	Net Controllable Costs
2021/22 £'000	2021/22 £'000	2021/22 £'000		2022/23 £'000	2022/23 £'000	2022/23 £'000
261	0	261	Chief Executives Team	287	0	287
499	0	499	Head of Transformation and Strategy	665	(76)	589
760	0	760	Chief Executive	952	(76)	876
1,674	(1,190)	484	Head of Strategic Housing	2,035	(1,174)	861
692	(165)	527	Housing and Wellbeing	870	(209)	661
122	0	122	Director of Housing and Wellbeing	99	0	99
87	0	87	Head of Neighbourhood Services	53	0	53
2,575	(1,355)	1,220	Housing and Wellbeing	3,057	(1,383)	1,674
572	(1,742)	(1,170)	Director of Commercial and Economic Development	265	(1,566)	(1,302)
1,386	(1,468)	(82)	Head of Assets and Property Services	1,466	(1,250)	216
993	(1,346)	(353)	Head of Economic Development and Regeneration	1,026	(613)	414
87	0	87	Head of Leisure and Culture	77	0	77
3,038	(4,556)	(1,518)	Commercial and Economic Development	2,834	(3,429)	(595)
10,105	(3,876)	6,229	Head of Contracts, Leisure, Waste and Environment	10,698	(4,373)	6,325
122	0	122	Director of Finance, Governance and Contracts	126	0	126
1,991	(359)	1,632	Head of Governance and Human Resources	2,100	(227)	1,873
1,285	(1)	1,284	Head of Finance	1,498	(10)	1,488
13,503	(4,236)	9,267	Finance, Governance and Contracts	14,422	(4,610)	9,812
113	(26)	87	Director of Customer Experience	100	0	100
28,903	(23,471)	5,432	Customer Experience	28,460	(22,936)	5,524
3,082	(1,339)	1,743	Head of Regulatory and Community Safety	3,274	(1,513)	1,761
3,091	(2,042)	1,050	Head of Planning and Growth	3,666	(2,119)	1,547
35,189	(26,877)	8,312	Customer Experience	35,500	(26,568)	8,932
55,065	(37,024)	18,039	Total General Fund	56,764	(36,065)	20,699
11,007	(21,851)	(10,844)	Housing Revenue Account	12,022	(22,414)	(10,392)
66,071	(58,875)	7,195	Cost of Service	68,786	(58,479)	10,307
		(1,575)	Net Recharges, REFCUS & Capital charges			8,041
		4,052	Parish Precepts			4,250
		723	Contribution to Housing Pooled Capital Receipts			0
		1,994	(Gains)/Loss on Disposal Fixed Assets			708
		6,768	Other Operating Expenditure			4,958
		2,930	Interest Payable and similar charges			3,017
		1,714	Pensions Interest Costs and Returns on Assets			1,647
		(327)	Interest and Investment Income			(1,576)
		(641)	Investment Properties Change in Fair Value			(93)
		(734)	(Gains)/Losses Financial instruments Revaluation Property Funds			1,043
		2,942	Financing and Investment Income and Expenditure			4,038
		(4,871)	General Government Grant			(3,674)
		(1,868)	Capital Grants and Contributions			(1,154)
		(5,474)	Non Domestic Rates Distribution			(6,669)
		(13,003)	Council Tax Income			(13,577)
		(25)	Collection Fund			(25)
		(25,241)	Taxation and non-specific Grant Income			(25,099)
		(9,911)	(Surplus)/Deficit on provision of services			2,245
		(26,174)	(Gains)/Losses on revaluation of Fixed Assets			(30,168)
		(28,170)	Actuarial (Gains)/Losses on pension assets/liabilities			(54,626)
		(54,344)	Other comprehensive Income and Expenditure			(84,794)
		(64,255)	Total comprehensive Income & Expenditure			(82,549)

Balance Sheet as at 31st March 2023

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'.

Restated 31st March 2022 £'000		Note	31st March 2023 £'000	31st March 2023 £'000
337,173	Council Dwellings	10	362,191	
58,423	Other Land & Buildings	10	61,184	
5,125	Vehicles, Plant & Equipment	10	4,590	
24	Infrastructure Assets	10	23	
4,009	Community Assets	10	4,141	
1,244	Assets Under Construction	10	0	
757	Surplus Assets Not Held for Sale	10/11	33	
406,755	Property, Plant and Equipment Total			432,162
279	Heritage Assets	13		279
25,638	Investment Property	11		25,731
5,399	Long Term Investments	14		4,356
180	Intangible Assets	12		201
1,808	Long Term Debtors	15		1,274
440,059	Non Current Assets (Sub-total)			464,003
25,050	Short -Term Investments	14		20,000
128	Inventories			81
14,401	Short -Term Debtors	15		17,115
(3,746)	Bad Debt Impairments	15		(3,919)
34,591	Cash and Cash Equivalents	16		24,344
70,424	Current Assets (Sub-Total)			57,621
(1,868)	Bank Overdraft	16		(1,287)
(50,221)	Short-Term Creditors	18		(25,026)
(1,035)	Provisions	19		(919)
(53,124)	Current Liabilities (Sub-Total)			(27,233)
(1,065)	Long-Term Creditors	18		(3,508)
(81,190)	Long-Term Borrowing, over 12 Months	14		(81,190)
(60,370)	Defined Benefit Pension Scheme Asset/(Liability)	33		(9,052)
(4,444)	Capital Grants Receipts in Advance	28		(5,801)
(147,069)	Long term Liabilities Total			(99,551)
310,291	Net Assets Total			394,840

Balance Sheet as at 31st March 2023

Restated 31st March 2022 £'000		Note	31st March 2023 £'000	31st March 2023 £'000
(10,382)	Capital Receipts Reserve	20		(13,385)
(4,248)	HRA Major Repairs Reserve	7		(4,475)
(8,303)	Revenue Reserves	7		(6,752)
(495)	Reinvestment Reserve	7		(500)
(1,081)	Capital Grants Unapplied	20		(2,143)
(6,567)	General Fund Balance			(6,766)
(606)	HRA Fund Balance			(603)
(14,576)	HRA Financing Fund	7		(16,793)
(46,258)	Usable Reserves Total			(51,417)
1,785	Collection Fund Adjustment Account	21		(1,143)
(267,592)	Capital Adjustment Account	21		(264,199)
(601)	Financial Instruments Revaluation Reserve	21		442
60,370	Pension Reserve (Surplus)/Deficit	21		9,052
(58,638)	Revaluation Reserve	21		(88,144)
643	Accumulated Absences Account	21		569
(264,033)	Unusable Reserves Total			(343,423)
(310,291)	Total Reserves			(394,840)

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.

Movement in Reserves Statement 2022/23	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
Opening Balance at the beginning of the period	(6,567)	(8,798)	(606)	(18,823)	(10,382)	(1,081)	(46,258)	(264,033)	(310,290)
Prior year Adjustment - Reclassification Asset								(2,001)	
(Surplus)/Deficit on provision of Services (accounting basis)	4,058	0	(1,813)	0	0	0	2,245	0	2,245
Other comprehensive income and expenditure	0	0	0	0	0	0	0	(84,794)	(84,794)
Total comprehensive income and expenditure	4,058	0	(1,813)	0	0	0	2,245	(84,794)	(82,549)
Adjustments Primarily involving the Capital Receipts Reserve:-									
Use of Capital Receipts Reserve to finance new Capital Expenditure	0	0	0	0	1,413	0	1,413	0	1,413
Cash Proceeds	0	0	0	0	(4,416)	0	(4,416)	0	(4,416)
Sub-Total - Adjustments Primarily involving the Capital Receipts Reserve	0	0	0	0	(3,003)	0	(3,003)	0	(3,003)
Adjustments Primarily involving the Capital grants Unapplied Account:-									
Application of Grants to Capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	459	459	0	459
Application of Grants to Capital financing transferred to the Capital Grants and Contributions Applied	0	0	0	0	0	(1,521)	(1,521)	0	(1,521)
Transfer to General Fund	0	0	0	0	0	0	0	0	0
Sub-Total - Adjustments Primarily involving the Capital grants Unapplied Account	0	0	0	0	0	(1,062)	(1,062)	0	(1,062)
Adjustments Primarily involving the Major Repairs Reserve:-									
Depreciation	0	0	0	(3,991)	0	0	(3,991)	0	(3,991)
Use of the Major Repair Reserve to finance new capital Expenditure	0	0	0	3,764	0	0	3,764	0	3,764
Sub-Total - Adjustments Primarily involving the Major Repairs Reserve	0	0	0	(227)	0	0	(227)	0	(227)
Total Adjustments	0	0	0	(227)	(3,003)	(1,062)	(4,291)	4,291	0
Adjustment between accounting basis and funding basis under regulations:-									
Pension Fund Reserve	(2,703)	0	(605)	0	0	0	(3,308)		
Financial Instrument Reserve	(1,043)						(1,043)		
Minimum Reserve Provision (MRP) Charge	592	0	0	0	0	0	592		
Collection Fund Account	(98)	0	0	0	0	0	(98)		
NNDR Account new & final renewable energy disregard	3,026	0	0	0	0	0	3,026		
Accumulated Absences Account	56	0	18	0	0	0	74		
Capital Adjustment Account									
Upward revaluation	924	0	56	0	0	0	980		
Downward Revaluation	(1,594)	0	275	0	0	0	(1,318)		
GAIN on disposal of fixed assets	(585)	0	(146)	0	0	0	(731)		
REFCUS	(3,087)	0	0	0	0	0	(3,087)		
Depreciation	(1,626)	0	0	0	0	0	(1,626)		
Capital Expenditure charged against general fund and HRA balances	86	0	0	0	0	0	86		
Capital grants and contributions unapplied credits to the I&E	(6)	0	0	0	0	0	(6)		
Application of Grants to Capital Adjustment Account	3,322	0	0	0	0	0	3,322		
Capital Receipts Reserve	23	0	0	0	0	0	23		
Sub Total Adjustments between accounting basis and funding basis under regulations	(2,713)	0	(402)	0	0	0	(3,114)	3,114	0
Net Increase/(Decrease) before transfers to earmarked reserves	1,345	0	(2,214)	(227)	(3,003)	(1,062)	(5,160)	(79,390)	(84,550)
Transfers to/(from) earmarked reserves	(1,545)	1,545	2,217	(2,217)	0	0	0	-	-
Sub Total Increase/(decrease) in the year	(200)	1,545	3	(2,444)	(3,003)	(1,062)	(5,160)	(79,390)	(84,550)
Balance at the end of the period	(6,767)	(7,253)	(603)	(21,267)	(13,385)	(2,143)	(51,417)	(343,423)	(394,840)

Restated Movement in Reserves Statement 2021/22	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
Opening Balance at the beginning of the period	(5,816)	(12,385)	(610)	(14,840)	(9,863)	(219)	(43,733)	(202,303)	(246,036)
(Surplus)/Deficit on provision of Services (accounting basis)	631	0	(10,542)	0	0	0	(9,911)	0	(9,911)
Other comprehensive income and expenditure	0	0	0	0	0	0	0	(54,344)	(54,344)
Total comprehensive income and expenditure	631	0	(10,542)	0	0	0	(9,911)	(54,344)	(64,255)
Adjustments Primarily involving the Capital Receipts Reserve:-									
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)
Sub-Total - Adjustments Primarily involving the Capital Receipts Reserve	0	0	0	0	(519)	0	(519)	0	(519)
Adjustments Primarily involving the Capital grants Unapplied Account:-									
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)
Sub-Total - Adjustments Primarily involving the Capital grants Unapplied Account	0	0	0	0	0	(862)	(862)	0	(862)
Adjustments Primarily involving the Major Repairs Reserve:-									
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
Sub-Total - Adjustments Primarily involving the Major Repairs Reserve	0	0	0	(1,038)	0	0	(1,038)	0	(1,038)
Total Adjustments	0	0	0	(1,038)	(519)	(862)	(2,418)	2,418	0
Adjustment between accounting basis and funding basis under regulations:-									
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		
<i>Capital Adjustment Account</i>							0		
Upward revaluation	1,210	0	8,106	0	0	0	9,316		
Downward Revaluation	(14)	0	0	0	0	0	(14)		
GAIN on disposal of fixed assets	(1,927)	0	(67)	0	0	0	(1,994)		
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)		
Sub Total Adjustments between accounting basis and funding basis under regulations	2,204	0	7,600	0	0	0	9,804	(9,804)	0
Net Increase/(Decrease) before transfers to earmarked reserves	2,834	0	(2,942)	(1,038)	(519)	(862)	(2,525)	(61,730)	(64,255)
Transfers to/(from) earmarked reserves	(3,587)	3,587	2,945	(2,945)	0	0	0	-	-
Sub Total Increase/(decrease) in the year	(753)	3,587	4	(3,983)	(519)	(862)	(2,525)	(61,730)	(64,255)
Balance at the end of the period	(6,568)	(8,798)	(606)	(18,823)	(10,382)	(1,081)	(46,258)	(264,033)	(310,291)

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.

Restated 2021/22 £'000		2022/23 £'000
(9,911)	Net (Surplus)/Deficit on the provision of services	2,245
3,290	Depreciation, Impairment, Amortisation of Non-current Assets	(6,048)
(3,836)	Net Charges made for Retirement Benefit	(3,308)
29	Increase/(Decrease) in Inventories	(47)
25	Increase/(Decrease) in Debtors	6,214
(14,633)	(Increase)/Decrease in Creditors	25,682
(4,456)	Carrying Amount of non-current Assets and non-current Assets held for sale	(5,088)
15,101	Other non-cash items charged to the net Surplus or Deficit on Provision of Services	(5,013)
(4,480)	Adjustments to net Surplus/Deficit for non-cash movements	12,392
	Adjustments for items that are Investing or Financing Activities	
7,306	Other Capital Receipts and (Gains)/Loss on Sale non-current Assets	4,416
(7,085)	SubTotal Net Cash outflows/(inflows) from Operating Activities	19,053
1,751	Net Capital Activities	(195)
(2,123)	Net Change in Investments	(5,690)
(372)	Net Cash outflows/(inflows) from Investing Activities (Note 23)	(5,885)
(6,118)	Net Cash outflows/(inflows) from Financing Activities (Note 24)	(3,501)
(13,575)	Net (Increase)/Decrease in Cash and Cash Equivalents	9,667
19,148	Cash and Cash Equivalents at the beginning of the period	32,723
32,723	Cash and Cash Equivalents at the end of the period (Note 16)	23,056
(13,575)	(Increase)/Decrease in Cash and Cash Equivalents	9,667

Accounting Policies

1. General Principles

This Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at 31st March 2023 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 2022/23 (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 4.75% (2.7% 2021/22) 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 2022/23. 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 2022/23 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 until 1st April 2024.

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, the implications of withdrawal from the EU and the impacts on this Council and Local Government as a sector are still uncertain.

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.

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 2023. 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 31st March 2023 is £432m (£407m 2021/22).

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 31st March 2023 was £10.2m (£11.5m as at 31st March 2022).

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.

Note 4 Exceptional Items of Income and Expenditure

There are no Exceptional Items for 2022/23.

Note 5 Events after the Balance Sheet Date

The Statement of Accounts was authorised for presentation by the S151 Officer on 13th July 2023. 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 2023, 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 2021/22 £'000		2022/23 £'000
	Expenditure	
19,730	Employee Benefits Expenses	21,810
47,759	Other Services Expenses	50,062
1,543	Net Support Service Recharges	1,074
(3,930)	Depreciation, Amortisation, Impairments	5,955
2,930	Interest Payments	3,017
1,714	Net Pension Interest	1,647
4,052	Parish Precepts	4,250
723	Payment to Housing Capital Receipts Pool	0
1,994	Loss on the Disposal of Assets	709
76,515	Total Expenditure	88,524
	Income	
(60,125)	Fees, Charges and Other Income	(60,647)
(327)	Interest and Investment Income	(1,576)
(734)	(Gains)/Losses on Revaluation of Property Funds	1,043
(18,502)	Income from Council Tax and Non Domestic Rates	(20,271)
(4,870)	Government Grants and Contributions	(3,674)
(1,868)	Capital Grants	(1,154)
(86,426)	Total Income	(86,279)
(9,911)	(Surplus) or Deficit on the Provision of Services	2,245

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 2022/23.

Revenue Reserves	Balance at 31st March 2022 £'000	Transfers Out £'000	Transfers in £'000	Balance at 31st March 2023 £'000
Reinvestment Reserve	(495)	628	(633)	(500)
Capital Plan Reserve	(1,909)	35	0	(1,874)
NDR S31 Covid Reserve	(3,052)	1,575	0	(1,477)
Other Reserves	(3,342)	665	(724)	(3,401)
Total General Fund	(8,798)	2,903	(1,358)	(7,252)
HRA Financing Fund	(14,575)	0	(2,218)	(16,793)
HRA Major Repairs Reserve	(4,248)	3,764	(3,991)	(4,475)

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 £126.3k in 2021/22. However, a credit of £0.3k was adjusted in the setting of the special expenses levy for 2023/24, leaving a credit balance of £126k to be adjusted for in future years. The 2022/23 debit balance of £15k will be adjusted in the setting of the special expenses levy for 2024/25.

Budget 2021/22 £'000	Actuals 2021/22 £'000	Credit Balance 2021/22 £'000		Budget 2022/23 £'000	Actuals 2022/23 £'000	Debit Balance 2022/23 £'000
1,335	1,209	126	Total Levy	1,283	1,298	15
0	0	0	Adjustments from Year 2020/21	63	63	0
(24)	(24)	0	Adjustments from Year 2019/20	0	0	0
0	0	0	Council Tax Support Grant	0	0	0
1,311	1,185	126	Amended Total Levy	1,346	1,361	15

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.

2021/22 £'000		2022/23 £'000
125	Chargeable Work	
(432)	Expenditure	386
	Income	(367)
(307)	(Surplus)/Deficit	19
	Non-Chargeable Work	
130	Expenditure	317
(157)	Income	(162)
(27)	(Surplus)/Deficit	155

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 Restated	Adjustments between Funding and Accounting Basis Restated	Net Expenditure in the CIES Restated		Net Expenditure Chargeable to Services	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
2021/22	2021/22	2021/22		2022/23	2022/23	2022/23
£'000	£'000	£'000				
1	(1)	0	Chief Executive's Team	1	(1)	0
1	(1)	0	Head of Transformation, Strategy and Performance	1	(1)	0
2	(2)	0	Chief Executive	2	(2)	0
1,224	158	1,382	Head of Strategic Housing	1,622	75	1,697
0	0	0	Director of Housing & Wellbeing	0	0	0
672	115	787	Housing & Wellbeing	799	89	888
1	(1)	0	Head of Neighbourhood Services	0	0	0
1,897	272	2,169	Housing & Wellbeing	2,421	164	2,585
(1,387)	(646)	(2,033)	Director Commercial and Economic Development	(1,367)	(86)	(1,453)
131	(3)	128	Head of Assets and Property	84	107	191
1	(1)	0	Head of Leisure & Culture	0	0	0
(8)	76	68	Head of Economic Development and Regeneration	680	899	1,579
(1,263)	(574)	(1,837)	Commercial & Economic Development	(603)	920	317
1	(1)	0	Director Finance, Governance and Contracts	1	(1)	0
328	(53)	275	Head of Finance	422	140	562
1,859	158	2,017	Head of Governance and Human Resources	2,152	110	2,262
7,052	1,934	8,986	Head of Contracts: Leisure,Waste and Environment	7,091	2,575	9,666
9,240	2,038	11,278	Finance, Governance and Contracts	9,666	2,824	12,490
(1)	1	0	Director of Customer Experience	0	0	0
2,324	349	2,673	Customer Experience	2,353	233	2,586
1,619	103	1,722	Head of Planning & Growth	2,142	79	2,221
2,448	28	2,476	Head of Regulatory Services & Community Safety	2,348	(3)	2,345
6,390	481	6,871	Customer Experience	6,843	309	7,152
16,266	2,215	18,481	Total General Fund	18,329	4,215	22,544
(9,277)	(3,583)	(12,860)	Housing Revenue Account	(8,441)	4,245	(4,196)
6,989	(1,368)	5,621	Cost of Service	9,888	8,460	18,348
6,053	714	6,767	Other Operating Expenditure	4,250	708	4,958
2,603	339	2,942	Financing & Investment Income & Expenditure	4,038	0	4,038
(23,348)	(1,893)	(25,241)	Taxation and non-specific Grant Income	(23,920)	(1,179)	(25,099)
(7,703)	(2,208)	(9,911)	(Surplus)/Deficit on provision of services	(5,744)	7,989	2,245
		(26,174)	(Gains)/Losses on revaluation of Fixed Assets			(30,168)
		(28,170)	Actuarial (Gains)/Losses on pension assets/liabilities			(54,626)
		(54,344)	Other comprehensive Income and Expenditure			(84,794)
		(64,254)	Total comprehensive Income & Expenditure			(82,549)

Note 10 Property, Plant and Equipment

Movements in 2022/23	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Plant, Property and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1st April 2022	337,183	58,495	10,166	166	4,057	758	1,244	412,069
Additions	3,990	219	271	0	146	0	0	4,626
Revaluation increases/(decreases) recognised in the Revaluation Reserve	23,660	1,947	0	0	0	0	0	25,607
Revaluation increases/(decreases) recognised in the Provision of Services CAA	49	(553)	0	0	0	0	0	(504)
Derecognition – disposals	(2,681)	(26)	(315)	0	0	(724)	0	(3,746)
Asset Reclassification	0	1,244	0	0	0	0	(1,244)	0
At 31st March 2023	362,201	61,326	10,122	166	4,203	34	0	438,052
Accumulated Depreciation and impairment								
At 1st April 2022	(10)	(72)	(5,041)	(142)	(48)	(1)	0	(5,314)
Depreciation charge	(3,944)	(792)	(806)	(1)	(14)	0	0	(5,557)
Depreciation written out to the Revaluation Reserve	3,938	653	0	0	0	0	0	4,591
Depreciation written out to the Surplus/Deficit on the Provision of Services	6	67	0	0	0	0	0	73
Derecognition – disposals	0	2	315	0	0	0	0	317
At 31st March 2023	(10)	(142)	(5,532)	(143)	(62)	(1)	0	(5,890)
Net Book Value at 31st March 2023	362,191	61,184	4,590	23	4,141	33	0	432,162
Restated Net Book Value at 31st March 2022	337,173	58,423	5,125	24	4,009	757	1,244	406,755

Movements in 2021/22	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Restated - Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Restated - Total Plant, Property and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1st April 2021	311,284	57,219	10,036	166	4,044	758	135	383,642
Additions	3,518	392	193	0	13	0	1,182	5,298
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
At 31st March 2022	337,183	58,495	10,166	166	4,057	758	1,244	412,069
Accumulated Depreciation and impairment								
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
At 31st March 2022	(10)	(72)	(5,041)	(142)	(48)	(1)	0	(5,314)
Net Book Value at 31st March 2022	337,173	58,423	5,125	24	4,009	757	1,244	406,755
Restated Net Book Value at 31st March 2021	311,274	57,164	5,788	26	4,010	757	135	379,154

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 2023, 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 2023/24. being £41,213k. The current major commitments are:

	31st March 2023 £'000
Shepshed Public Realm	1,092
Bedford Square Gateway	463
Enterprise Zone	10,000
Town Deal and Regeneration	7,077
Loughborough Town Hall	266
Queens Park - improvements	203
Planned Building Improvements	675
Carbon Neutral Action Fund	909
Private Sector Housing and Disabled Facilities Grants	3,084
HRA Decent Homes and Neighbourhoods	15,369
Other Commitments	2,075
	41,213

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.

2021/22 £'000		2022/23 £'000
(72)	Rental Income from Investment Property	(62)
0	Direct Operating expenses arising from investment property	0
(72)	Total	(62)

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

2021/22 £'000		2022/23 £'000
26,257	Balance at 1st April	25,638
(1,260)	Disposals	0
641	Change in Fair Values	93
25,638	Balance at 31st March	25,731

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31st March 2023 are as follows:

	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2023 £'000
Investment Land	0	15,413	204	15,617
Investment Properties	0	9,934	180	10,114
Surplus Assets Not Held for Sale	0	33	0	33
Total	0	25,380	384	25,764

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 2023	Valuation technique used to measure fair value	Unobservable inputs	Range	Sensitivity
	£'000				
Community Centres	4	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:

2021/22 £'000		2022/23 £'000
	Balance at 1st April:	
2,875	Gross carrying amounts	2,837
(2,719)	Accumulated Amortisation	(2,657)
156	Net carrying amount at 1st April	180
73	Additions: Purchases	80
(49)	Amortisation for the period	(59)
(112)	Derecognition – disposals	(116)
112	Derecognition – depreciation written out	116
180	Net carrying amount at 31st March	201
2,837	Gross carrying amounts	2,802
(2,657)	Accumulated Amortisation	(2,601)
180		201

Note 13 Heritage Assets

2021/22 £'000		2022/23 £'000
279	Balance at 1st April	279
0	Revaluations	0
279	Balance at 31st March	279

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
	Investments	Investments	Debtors	Debtors	Investments	Investments	Debtors	Debtors		
	31st March 2022 £'000	March 2023 £'000	31st March 2022 £'000	31st March 2023 £'000	31st March 2022 £'000	31st March 2023 £'000	March 2022 £'000	March 2023 £'000	31st March 2022 £'000	31st March 2023 £'000
Long Term Investments	5,399	4356							5,399	4,356
Short Term Investments					25,050	20,000			25,050	20,000
Cash and Cash Equivalents					32,723	23,056			32,723	23,056
Trade Debtors							3,391	4,119	3,391	4,119
Long Term Debtor			1,808	1,274					1,808	1,274
Total Financial Assets	5,399	4,356	1,808	1,274	57,773	43,056	3,391	4,119	68,371	52,805
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		
	31st March 2022 £'000	March 2023 £'000	31st March 2022 £'000	31st March 2023 £'000	31st March 2022 £'000	31st March 2023 £'000	March 2022 £'000	March 2023 £'000	31st March 2022 £'000	31st March 2023 £'000
Amortised Cost										
External Borrowings	(81,190)	(81,190)							(81,190)	(81,190)
Trade Creditors							(8,597)	(10,411)	(8,597)	(10,411)
Long Term Creditor			(1,065)	(3,508)					(1,065)	(3,508)
Total Financial Liabilities	(81,190)	(81,190)	(1,065)	(3,508)	-	-	(8,597)	(10,411)	(90,852)	(95,109)

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 £2.194m (new loan rate) at the date of the Balance Sheet (£2.458m in 2021/22) 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 £79.190m is £70.661m (£90.379m in 2021/22) 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/loan interest rates were evaluated at between 2.82% and 3.52% 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 2023 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 31st March 2023 of £4.35m Long Term Investments (£5.394m in 2021/22) in the Lothbury Property Trust and £2.067m (£2.677m in 2021/22) and in Hermes Property Funds £2.287m (£2.722m in 2021/22) as at the Balance Sheet date. These are accounted for as a long-term investment on the Balance Sheet as a Financial Instrument Reserve and the revaluation loss £1.043m (£734k Gain in 2021/22) 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

	2021/22			2022/23		
	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	2,930	2,930	0	3,017	3,017
Total Expense in Surplus or Deficit on the Provision of Services	0	2,930	2,930	0	3,017	3,017
Interest Income	(327)	0	(327)	(1,576)	0	(1,576)
Total Income in Surplus or Deficit on the Provision of Services	(327)	0	(327)	(1,576)	0	(1,576)
Gain on Revaluation	0	0	0	0	0	0
Surplus/deficit arising on revaluation of Financial Assets in Other Comprehensive Income and Expenditure	0	0	0	0	0	0
Net (Gain)/Loss for the Year	(327)	2,930	2,603	(1,576)	3,017	1,441

Note 15 Short-Term & Long-Term Debtors

31st March 2022 £'000		31st March 2023 £'000
	<u>Amounts falling due in one year:</u>	
515	HM Revenue and Customs	538
1,166	Housing Rents	1,091
2,045	Reserved Debtors	2,974
3,926	Sundry Debtors	3,973
792	CBC Net Share of Council Tax Debtors	957
3,542	Council Tax Preceptors Cash Paid in Advance	5,700
1,119	NNDR With Central Government	0
171	Government Departments	978
902	CBC Share of NNDR Arrears	904
201	Leicestershire County Council	0
22	Combined Fire Authority	0
14,401		17,115

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 £3,919k (2021/22 £3,746k).

Long-Term Debtor - has two debtors £200k related to a bond payment for Bedford Square Gateway Deed S278 Agreement, and £1,074k Loughborough Campus Enterprise Zone 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: -

2021/22 £'000		2022/23 £'000
(129)	Bed and Breakfast	(239)
(1,719)	Housing Benefits	(1,749)
(131)	General Fund Other	(160)
(1,306)	Housing Rents	(1,144)
(451)	CBC Share of NNDR Bad/Doubtful Debt	(617)
(10)	General Fund Rent	(10)
(3,746)		(3,919)

Note 16 Cash and Cash Equivalents

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

31st March 2022		31st March 2023
£'000		£'000
76	Cash held by the Council	124
34,515	Short-term deposits with approved institutions	24,220
34,591		24,344
(1,868)	Bank Overdraft	(1,287)
(1,868)		(1,287)
32,723	Total Cash and Cash Equivalents	23,057

Note 17 Surplus Assets Held for Sale

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

Note 18 Short-Term Creditors

31st March 2022		31st March 2023
£'000		£'000
711	HM Revenue and Customs	598
25,042	Government Departments	4,671
333	Leicestershire County Council	755
706	Housing Rents	738
2,943	Other Sundry Creditors	5,160
4,948	Reserved Creditors	4,514
1,525	Section 106 Developers' Contributions	1,681
484	Enterprise Zone	756
229	CBC Share of Overpaid Council Tax	224
643	Accumulated Absences Account	569
353	NNDR Prepayments	296
10,988	NNDR - Central Government	3,797
1,316	NNDR - Leicestershire Pool	1,218
0	Combined Fire Authority	49
50,221		25,026

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 2023.

Long Term Creditor of £3,508k relates to a receipt relating to the Town Deal Funds which will be held and paid over to third parties when they fall due, and the work is complete.

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.

2021/22 £'000		2022/23 £'000
(1,359)	NNDR Provision for Appeals Brought Forward 1st April	(1,035)
324	Changes to NNDR Provision: Decrease/(Increase) in Provision NNDR Appeals	116
(1,035)	Balance at 31st March	(919)

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 £2.5m.

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 31st March 2023 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.

2021/22 £'000		2022/23 £'000
(9,863)	Balance at 1st April	(10,382)
(1,225)	General Fund amounts receivable	(2,990)
(2,545)	HRA amounts receivable – 1-4-1 receipts	(1,426)
3,251	Amounts applied to finance new capital investments	1,413
(10,382)	Balance at 31st March	(13,385)

Usable Capital Grants and Contributions Reserve

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

2021/22 £'000		2022/23 £'000
(219)	Balance at 1st April	(1,081)
(280)	Capital Grants	(1,521)
(582)	Amounts applied to finance new capital investments	459
(1,081)	Balance at 31st March	(2,143)

Note 21 Unusable Reserves

Restated 31st March 2022 £'000		31st March 2023 £'000
1,785	Collection Fund Adjustment Account	(1,143)
(267,592)	Capital Adjustment Account	(264,199)
(601)	Financial Instrument Revaluation Reserve	442
60,370	Pension Reserve Deficit	9,052
(58,638)	Revaluation Reserve	(88,144)
643	Accumulated Absences Account	569
(264,033)		(343,423)

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.

2021/22 £'000		2022/23 £'000	2022/23 £'000
(32,856)	Balance at 1st April		(58,638)
(26,768)	Upward Revaluation of Assets	(33,048)	
492	Downward Revaluation of Assets and Impairment	2,849	
36	Accumulated gains on assets sold or scrapped	31	
(26,240)	Surplus or Deficit on Revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(30,168)
96	Adjusting amounts written to the Capital Adjustment Account	312	
362	Difference between Fair Value Depreciation and Historical Cost Depreciation	350	
458	Amount written off to the Capital Adjustment Account		662
(58,638)	Balance at 31st March		(88,144)

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 gain

Restated 31st March 2022 £'000		31st March 2023	
		£'000	£'000
(261,802)	Balance at 1st April		(267,592)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(3,352)	Charges for Depreciation and Impairment on Non-current Assets	5,001	
14	Revaluation losses on Property, Plant and Equipment	988	
49	Amortisation of Intangible assets	59	
1,420	Revenue Expenditure Funded from Capital under Statute	3,087	
6,457	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	3,087	12,222
4,588			
(362)	Adjusting amounts written out of the Revaluation Reserve		(349)
(257,576)	Net written out amount of the cost of Non-current Assets consumed in the year		(255,719)
	Capital financing applied in the year:		
(3,251)	Use of Capital Receipts to finance new capital expenditure	(1,413)	
(2,642)	Use of Major Repairs Reserve to finance new capital expenditure	(3,764)	
(2,255)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been Applied to capital financing	(2,532)	
(583)	Statutory provision for the financing of capital investment charged against the General Fund balance	(592)	
(644)	Capital expenditure charged against the General Fund and HRA balances	(86)	
(9,375)			(8,387)
(641)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(93)
(267,592)	Balance at 31st March		(264,199)

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.

2021/22 £'000		2022/23 £'000
84,704	Balance at 1st April	60,370
(28,170)	Actuarial (gains) or losses on pension assets and liabilities	(54,626)
8,015	Reversal of items relating to retirement benefits to the Comprehensive Income and Expenditure Statement	7,723
(4,179)	Employers Pension Contributions in the year	(4,415)
60,370	Balance at 31st March	9,052

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 2022 £'000		31st March 2023 £'000
6,816	Balance at 1st April	1,785
	Amounts credited to the Comprehensive Income and Expenditure Statement are different from council tax income calculated for the year in accordance with statutory requirements:	
(23)	Council Tax	97
(5,008)	NDR Business Rates	(3,025)
1,785	Balance at 31st March	(1,143)

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

2021/22 £'000		2022/23 £'000
(327)	Interest Received	(1,578)
2,926	Interest Paid	3,017
2,599	Cash (Inflow)/Outflow	1,439

Note 23 Cash Flow Statement – Investing Activities

Restated 2021/22 £'000		2022/23 £'000
6,244	Purchase of Property, Plant, Equipment, Investment Property and Intangible Assets	4,221
0	Purchase of short-term and long-term activities	1
1,252	Other payments for investing activities	0
(4,493)	Proceeds from the Sale of Property, Plant, Equipment, Investment Property and Intangible Assets	(4,416)
(3,375)	Other Receipts for Investing Activities	(5,691)
(372)	Cash (Inflow)/Outflow	(5,885)

Note 24 Cash Flow Statement – Financing Activities

2021/22 £'000		2022/23 £'000
(6,118)	Net Council Tax/NNDR Debtor and Creditors	(3,501)
(6,118)	Cash (Inflow)/Outflow	(3,501)

Note 25 Trading Operations

The Council's trading operations include Loughborough Market, Shepshed Market, Woodgate Chambers and Museum Cafe. Markets Loughborough increase in expenditure relates to employee, capital and support service charges and additional building and utility costs at Woodgate Chambers 2022/23.

2021/22 £'000		2022/23 £'000
(335)	Income	(339)
382	Expenditure	439
47	(Surplus)/Deficit	100

Note 26 Members Allowances

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

2021/22 £'000		2022/23 £'000
361	Salaries/Allowances	379
1	Expenses	0
362		379

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 2021/22	Remuneration Band	Total Number of Employees 2021/22
2	£50,000 - £54,999	7
0	£55,000 - £59,999	3
7	£60,000 - £64,999	4
3	£65,000 - £69,999	3
1	£70,000 - £74,999	1
1	£75,000 - £79,999	1
2	£80,000 - £84,999	0
0	£85,000 - £89,999	1
0	£115,000 - £119,999	2
1	£140,000 - £144,999	0
0	£145,000 - £149,999	1
0	£155,000 - £159,999	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. The table below reflects all the changes following a senior leadership review that took effect 5th September 2022 and resulted in one senior officer exit package in 2022/23.

Total Remuneration including Pension Contribution 2021/22 £	Post Holder Information (Post Title)	Salary, Fees and Allowances £	Compensation for Loss of Office both Taxable and Non-Taxable £	Total Remuneration excluding Pension Contribution 2022/23 £	Employers Pension Contribution £	Total Remuneration including Pension Contribution 2022/23 £
190,143	Chief Executive	149,087	0	149,087	50,061	199,148
111,607	Director of Finance, Governance and Contracts	86,361	0	86,361	28,556	114,917
101,757	Director of Commercial and Economic Development	78,644	0	78,644	28,834	107,478
0	Director of Housing and Wellbeing (wef 05/09/22)	71,298	0	71,298	23,522	94,820
0	Director of Customer Experience (wef 05/09/22)	68,502	0	68,502	22,672	91,174
111,194	Strategic Director of Community, Planning and Housing (left 27/11/22)	61,531	95,602	157,133	28,557	185,690
514,701		515,423	95,602	611,025	182,202	793,227

Note 28 Grant Income

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

2021/22 £'000	Credited to Taxation and Non-Specific Grant Income	2022/23 £'000
(1,868)	Capital Grants and Contributions	(1,154)
(3,000)	New Homes Bonus	(1,631)
(1,871)	Other Government Grants/(Covid)	(2,043)
(6,739)	Total Credited to Taxation and Non-Specific Grant Income	(4,828)
	Benefit Grants Credited to Services	
(14,183)	Rent Allowance Subsidy	(14,095)
(7,683)	Rent Rebate Subsidy	(7,470)
(342)	Housing Benefit Administration Subsidy	(373)
	Other Grants Credited to Services	
(92)	Crime and Disorder Reduction	(98)
(171)	Localisation of Council Tax	(132)
(97)	Leicestershire County Council Sports and Active Grant	(119)
(38)	Armed Forces Covenant Grant	(7)
(1,248)	Capital Grants and Contributions	(2,168)
(80)	Local Plans	(10)
(70)	Vulnerable Person Resettlement Scheme	(125)
0	Safer Streets Grant	(76)
(540)	Homelessness Prevention Fund	(501)
(979)	Town Fund Deal	(29)
0	UK Share Prosperity Fund	(151)
(185)	Sports Council Grant	0
0	New Burden Tenants Satisfaction Grant	(17)
(300)	DCLG Compliance & Enforcement and Re- open High Streets Safely – Covid19	(4)
(50)	Brexit Preparation Emergency Plan	0
(32)	New Burdens – Statutory Domestic Abuse	0
(72)	Other Government Grants	(38)
(26,162)	Total Grants credited to Services	(25,413)

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:

31st March 2022 £'000	Capital Grants and Contributions - Receipts in Advance	31st March 2023 £'000
(3,882)	Balance Brought Forward	(4,444)
(562)	S106 Developers Contributions and other Capital Grants and Contributions	(1,357)
(4,444)	Balance Carried Forward	(5,801)

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:

31st March 2022 £'000	Revenue Grants and Contributions - Receipts in Advance	31st March 2023 £'000
(219)	S106 Developers' Contributions	(213)
(504)	Other Revenue Grants and Contributions	(510)
(723)		(723)

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.

2021/22 Restated £'000		2022/23 £'000
63	Fees payable with regard to external audit services carried out by the appointed auditor	67
23	Fees payable for the certification of grant claims and returns for the year	23
86		90

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 2022/23 is shown in Note 26. No members of the Council or senior officers undertook any material related party transactions requiring disclosure during 2022/23.

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 31st 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.

2021/22 £'000		2022/23 £'000
107,205	Opening Capital Financing Requirement	106,622
	Capital Investment	
7,299	Property, Plant and Equipment	4,627
73	Intangible Assets	80
1,420	Revenue Expenditure Funded from Capital under Statute	3,087
	Sources of Finance	
(3,251)	Capital Receipts	(1,413)
(2,642)	Major Repairs Reserve	(3,764)
(2,255)	Government Grants and other Contributions	(2,532)
	Sums set aside from revenue:	
(644)	Direct Revenue Contributions	(85)
(583)	Minimum Revenue Provision	(592)
106,622	Closing Capital Financing Requirement	106,030
	Explanation of movements in year	
(583)	Increase/(Decrease) in underlying need to borrowing (unsupported by government financial assistance)	(592)
(583)	Increase/(Decrease) in Capital Financing Requirement	(592)

Note 32 Termination Benefits

The Council had 3 redundancies and one settlement agreement in 2022/23 incurring liabilities totalling £401k (there were 6 redundancies in 2021/22 totalling £190.6k). Of the three redundancies, one was the Strategic Director of Community, Planning and Housing, the other two were, Head of Service for Neighbourhood Services and Head of Service for Leisure and Culture. The officer remuneration note 27 includes these details accordingly. The settlement agreement was for an officer in the Cleansing Services team.

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.

Comprehensive Income and Expenditure Statement	Local Government Pension Scheme 2021/22 £'000	Local Government Pension Scheme 2022/23 £'000
Current Service cost	6,299	5,854
Past Service costs (including curtailments)	2	222
Financing and Investment Income and Expenditure	1,714	1,647
Net Pensions Interest costs and Expected return on scheme assets		
Total Post Employment Benefit charge to the (Surplus)/ Deficit on the Provision of Services	8,015	7,723
Movement in Reserve Statement		
Reversal of net charges made to the (Surplus)/Deficit for the Provision of Services for post-employment benefits in accordance with the code	(3,836)	(3,308)
Actual amount charged against the General fund balance for pension in the year	4,179	4,415
Actuarial Gains and (Losses) in the year	28,198	54,626

There is a £241k actuarial gain reconciling item in 2022/23; this is due to Charnwood Borough Council's lower 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:

	2021/22 £'000	2022/23 £'000
Fair Value of Employer Assets	150,681	143,851
Present Value of Funded Liabilities	(210,005)	(152,082)
Net (Under)/Over funding in Funded Plans	(59,324)	(8,231)
Present Value of Unfunded Liabilities	(1,046)	(821)
Net Asset/(Liability) in Balance Sheet	(60,370)	(9,052)

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 2023 and this amounted to £9,052k. This is a decrease of £51,318k on the position at 31st March 2022. 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 2022		31st March 2023
% Per Annum	Financial Assumptions:	% Per Annum
3.20%	Rate of Inflation/Pension Increase Rate	3.00%
3.70%	Salary Increase Rate	3.50%
2.70%	Discount Rate	4.75%

Mortality Assumptions:	Males	Females
<u>Longevity at 65 for pensioners</u>		
Current Pensioners	21.6 years	24.3 years
Future Pensioners	22.3 years	25.8 years

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

Assets 2021/22 £'000	Obligations 2021/22 £'000	Net(Liability) /Asset 2021/22 £'000		Assets 2022/23 £'000	Obligations 2022/23 £'000	Net(Liability) /Asset 2022/23 £'000
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)
135,706	(220,410)	(84,704)	Opening Position as at 31st March	150,681	(211,051)	(60,370)
	(6,299)	(6,299)	Current Service Cost		(5,854)	(5,854)
	(2)	(2)	Past Service Cost (including Curtailements)		(222)	(222)
0	(6,301)	(6,301)	Total Service Cost	0	(6,076)	(6,076)
2,705		2,705	Interest Income on plan assets	4,067		4,067
	(4,419)	(4,419)	Interest Cost on defined benefit obligation		(5,714)	(5,714)
2,705	(4,419)	(1,714)	Total Net Interest	4,067	(5,714)	(1,647)
2,705	(10,720)	(8,015)	Total Defined Benefit Cost Recognised in Profit or (Loss)	4,067	(11,790)	(7,723)
			<u>Cashflows</u>			
814	(814)	0	Plan Participants Contributions	855	(855)	0
4,065		4,065	Employers Contributions	4,576		4,576
86		86	Contributions in respect of unfunded benefits	80		80
(5,622)	5,622	0	Benefits paid	(5,358)	5,358	0
(86)	86	0	Unfunded Benefits Paid	(80)	80	0
(743)	4,894	4,151	Total Cashflows	73	4,583	4,656
137,668	(226,236)	(88,568)	Expected Closing Position	154,821	(218,258)	(63,437)
			<u>Remeasurements</u>			
	14,374	14,374	Changes in financial assumptions		71,425	71,425
	1,176	1,176	Changes in demographic assumptions		1,364	1,364
	(365)	(365)	Other experience	(5,056)	(7,434)	(12,490)
13,013		13,013	Return on assets excluding amounts included in net interest	(5,914)		(5,914)
13,013	15,185	28,198	Total Measurements recognised in Other Comprehensive Income	(10,970)	65,355	54,385
150,681	(211,051)	(60,370)	Total Expected Closing Position	143,851	(152,903)	(9,052)
150,681		150,681	Fair Value of employer assets	143,851		143,851
	(210,005)	(210,005)	Present value of funded liabilities		(152,082)	(152,082)
	(1,046)	(1,046)	Present value of unfunded liabilities		(821)	(821)
150,681	(211,051)	(60,370)	Closing Position	143,851	(152,903)	(9,052)

Value of Employers Assets	31st March 2022 £'000	% of Total Assets	31st March 2023 £'000	% of Total Assets
Equity Securities:				
Total Equity Securities	1,257	0%	452	0%
Debt Securities:				
UK Government	7,564	5%	6,625	5%
Other	283	0%	608	0%
Private Equity	10,077	7%	9,848	7%
Real Estate – UK Property	11,593	8%	10,195	7%
Investment Funds and Unit Trusts:				
Equities	69,376	46%	62,989	44%
Bonds	0	0%	0	0%
Hedge Funds	0	0%	1	0%
Commodities	3,781	3%	3,695	3%
Infrastructure	7,878	5%	11,768	8%
Other	30,951	21%	34,368	24%
Derivatives – Foreign Exchange	312	0%	66	0%
Cash and Cash Equivalents	7,609	5%	3,236	2%
Closing Balance at 31st March	150,681	100%	143,851	100%

Sensitivity Analysis	Approximate % Increase to Employer Liability	Approximate Monetary Amount £'000
0.1% Decrease in Real Discount Rate	2%	2,473
1 year increase in member life expectancy	4%	6,116
0.1% Increase in the Salary Increase Rate	0%	272
0.1% Increase in the Pension Increase Rate	1%	2,237

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.

Scheme History	2022/23	2021/22	2020/21	2019/20	2018/19
	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	143,851	150,681	135,706	109,203	118,315
Present Value of Defined Benefit Obligation	(152,903)	(211,051)	(220,410)	(172,909)	(195,934)
Surplus/(Deficit)	(9,052)	(60,370)	(84,704)	(63,706)	(77,619)

The liabilities show the underlying commitments that the Council has, in the long run, to pay retirement benefits. The total liability of £9,052k 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 2024 will be approximately £4,471k.

Note 34 Contingent Liabilities and Contingent Assets

The Council does not have any Contingent Liabilities or Contingent Assets.

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 2023 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:

31st March 2022		31st March 2023
£'000		£'000
1,063	Less than three months	1,175
16	Three to six months	257
114	Six months to one year	12
163	More than one year	152
1,356		1,596

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 two long term investments, Lothbury Property Fund with a value of £2.067m (£2.677m in 2021/22) and Hermes £2.287m (£2.721m in 2021/22). Whilst this is intended to be a longer-term investment redemption notices are settled quarterly therefore can be recalled on this basis.

Following the consultation undertaken by the Department of Levelling Up, Housing and Communities [DLUHC] on IFRS 9, the Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2025. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency

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. The £2m borrowing is due to be redeemed in June 2024.

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 £10m, a 1% change in interest rate would equate to £100k 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.

2021/22 £'000		Note	2022/23 £'000
	Expenditure		
6,293	Supervision and Management		6,693
6,169	Repairs and Maintenance		6,507
749	Rents, Rates, Taxes and other charges		947
(4,427)	Depreciation/Revaluation increase/Impairment of non-current assets		3,660
10	Debt management costs		22
96	Movement in the allowance for bad debts (not specified by the code)		13
8,890	Total Expenditure		17,842
	Income		
(20,636)	Dwellings	1	(21,001)
(348)	Non-dwelling rents		(398)
(714)	Charges for Services and Facilities		(711)
(115)	Contributions towards expenditure		(116)
(38)	Other Income		(188)
(21,851)	Total Income		(22,414)
(12,961)	Net cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		(4,572)
100	HRA services' share of Corporate and Democratic Core		378
(12,861)	Net Cost for HRA Services		(4,194)
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(403)	Capital grants and contributions receivable		0
67	Loss on disposal of HRA non-current assets		146
(45)	Interest and investment income		(501)
2,699	Interest Payable		2,737
(10,543)	Net Cost/(Income) of HRA Services		(1,812)

Movement on the HRA Statement

2021/22 £'000		2022/23 £'000
(610)	Balance on the HRA at the end of the previous year	(606)
(10,543)	Surplus for the year on the HRA Income and Expenditure Statement	(1,812)
8,458	Adjustments between accounting basis and funding basis under statute	203
(2,083)	Net increase before transfers to or from reserves	(1,609)
(2,087)	Transfers to reserves	(1,612)
4	Decrease in year on the HRA	3
(606)	Balance on the HRA at the end of the current year	(603)

Reconciling Items for the Statement of Movement on the HRA Balance

2021/22 £'000		Note	2022/23 £'000
	Adjustments between accounting basis and funding basis under statute		
(67)	Loss on sale of HRA non-current assets		(146)
16	Accumulated Absences Account		18
403	Reversal of Capital Grants and Contributions		0
8,106	Reversal of Gain on Revaluation		331
8,458			203
	Transfers (to) or from reserves		
(859)	HRA share of contributions to/(from) the Pension Reserve	7	(605)
2,946	Transfer to/(from) the Housing Financing Fund	8	2,217
2,087			1,612

Notes to the Housing Revenue Account

Note 1 Gross Rents

Gross rent due in the year, after allowance is made for empty properties, was £21,001k compared with £20,636k in 2021/22. The rent loss caused by empty properties was 6.46% for 2022/23 compared with 4.90% in 2021/22. The average rent for 2022/23 on a 52 week basis was £79.28 (£76.05 in 2021/22).

Rent Arrears

2021/22 £'000		2022/23 £'000
681	Arrears at 31st March:	
	Current Tenants	538
381	Former Tenants	445
1	Garages and Shops	1
1,063		984
5.60%	Arrears & court costs as % of gross debit	5.15%
93	Court Costs	97
148	Rent Write-off/irrecoverable	139
33	Rechargeable Repairs Write-off/irrecoverable	36

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 2022 £'000		31st March 2023 £'000
1,156	Rent	1,081
67	Overpaid Rent Rebate	2
46	Landlord Services rechargeable repairs	40
37	Leaseholder Charges	21
1,306		1,144

Note 2 Depreciation Charge and Capital Credit

Total Capital Financing Charges of £22k was debited to the HRA in 2022/23 and £10k in 2021/22 in accordance with the Item 8 determinations for the year. Depreciation Charge is analysed below: -

2021/22 £'000		2022/23 £'000
3,633	Depreciation: Dwellings	3,944
34	Garages and Shops	34
8	Plant, Vehicles and Equipment	8
5	Intangibles	5
3,680		3,991
(8,107)	Net Revaluation increase of non-current assets	(331)
(4,427)		3,660

Note 3 Housing Stock

The Council was responsible for managing 5,482 HRA dwellings as at 31st March 2023. 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 2022		Number of Dwellings 31st March 2023
2,692	Flats/Maisonettes	2,692
2,813	Houses/Bungalows	2,790
5,505		5,482

The change in stock can be summarised as follows :-

Number of Dwellings 31 March 2022		Number of Dwellings 31 March 2023
5,545	Stock at 1st April	5,505
10	Add: New properties, acquisitions and Appropriations	5
(50)	Property Sales	(28)
5,505	Stock at 31st March	5,482

On 31st March 2023 there were 9 void properties withheld from letting (9 at 31st March 2022) for major refurbishment. Two HRA properties are being used as community centres on a temporary basis. The figure of 5,482 represents the actual HRA dwelling stock the Council owns. There were 23 properties earmarked for demolition as at 31 March 2023 but hadn't been at that point, and are included in the stock count.

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 2022/23.

Note 4 Balance Sheet Value of Council's Housing Stock

31st March 2022 £'000		31st March 2023 £'000
337,173	Dwellings	362,191
	Other land and buildings	
4,034	Garages	5,001
1,412	Shops and Store	1,089
342,619	Net carrying amount at 31st March	368,281

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

Vehicles, Plant and Equipment

31st March 2022 £'000		31st March 2023 £'000
28	Balance at 1st April	20
0	Additions: Purchases	0
(8)	Depreciation	(8)
20	Net carrying amount at 31st March	12

Intangibles

31st March 2022 £'000		31st March 2023 £'000
18	Balance at 1st April	14
0	Additions: Purchases	0
(4)	Depreciation	(5)
14	Net carrying amount at 31st March	9

The valuation at 1 April 2022 of £337,173k and at 31 March 2023 of £362,191k is lower than the vacant possession value on the open market of £802,794k and £862,361k respectively.

The difference between the vacant possession value and the opening balance sheet value within the HRA represents the economic cost to government of providing council housing at less than open market rents. The adjustment factor for the economic cost of providing Council Housing for the East Midlands of 42% has been used as noted in the latest Department for Levelling Up, Housing and Communities guidance on Stock Valuation at the time the accounts were closed.

Note 5 Summary Total of Capital Expenditure and Receipts

Housing capital expenditure during the financial year was £3,990k.

Capital expenditure is shown as follows:-

2021/22 £'000		2022/23 £'000
3,518	Capital Expenditure Financed By:	3,990
2,642	Major Repairs Reserve	3,764
14	Other Capital Contributions	0
278	Section 106	0
584	HRA Capital Receipts	226
3,518		3,990

Total capital receipts from the sale of HRA assets were £2,381k as follows:-

2021/22 £'000		2022/23 £'000
3,396	Council House Sales	2,417
(65)	Less: Administration costs	(36)
3,331	Net Council House Sales	2,381
0	Reclaimable Discount from Council House Sales	0
3,331		2,381

Note 6

Major Repairs Reserve

2021/22 £'000		2022/23 £'000
(3,210)	Balance at 1st April	(4,248)
(3,680)	Transfer to Major Repairs Reserve	(3,991)
2,642	Capital Expenditure funded from Major Repairs Reserve	3,764
(4,248)	Balance at 31st March	(4,475)

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 2022/23, this represented an increase of £605k to net cost of service compared to an increase of £859k in 2021/22.

Note 8 HRA Financing Fund

2021/22 £'000		2022/23 £000
(11,630)	Balance as at 1st April	(14,576)
(2,946)	Contribution to Financing Fund	(2,217)
(14,576)	Balance as at 31st March	(16,793)

Collection Fund Statement 2022/23

Business Rates	Council Tax	Total		Note	Business Rates	Council Tax	Total
2021/22	2021/22	2021/22			2022/23	2022/23	2022/23
£'000	£'000	£'000			£'000	£'000	£'000
			Income				
0	(113,877)	(113,877)	Council Tax Receivable	2	0	(119,083)	(119,083)
0	(360)	(360)	Covid 19 Discretionary Grant from General Fund			(25)	(25)
(41,987)	0	(41,987)	Business Rates Receivable	3	(45,927)	0	(45,927)
(41,987)	(114,237)	(156,224)			(45,766)	(119,108)	(164,874)
			Expenditure				
			Apportionment of Previous Year Surplus/(Deficit)				
(8,686)	0	(8,686)	Central Government		(2,753)	0	(2,753)
(6,496)	2	(6,494)	Charnwood Borough Council		(2,202)	122	(2,080)
(735)	13	(722)	Leicestershire County Council		(496)	774	278
0	2	2	Leicestershire Police and Crime Commissioner		0	136	136
(161)	1	(160)	Combined Fire Authority		(55)	38	(17)
(16,078)	18	(16,060)			(5,506)	1,070	(4,436)
			Precept, Demands and Shares				
22,456	0	22,456	Central Government		21,038	0	21,038
17,965	13,003	30,968	Charnwood Borough Council	4	16,830	13,577	30,407
4,042	82,230	86,272	Leicestershire County Council		3,787	85,461	89,248
0	14,469	14,469	Leicestershire Police and Crime Commissioner		0	15,189	15,189
449	4,039	4,488	Combined Fire Authority		421	4,370	4,791
44,912	113,741	158,653			42,236	118,597	160,673
			Charges to the Collection Fund				
230	264	494	Less Write Offs of Non-Collectable Amounts	7	219	294	513
141	16	157	Less Increase/(Decrease) In Bad Debt Provision	6	416	3	419
(810)	0	(810)	Less Increase/(Decrease) In Provision For Appeals		(290)	0	(290)
187	0	187	Less Cost of Collection		186	0	186
1,167	0	1,167	Less Disregarded Amounts		1,490	0	1,490
915	280	1,195			2,021	297	2,318
(12,238)	(198)	(12,436)	(Surplus)/Deficit arising during the year		(7,176)	857	(6,320)
16,833	(676)	16,157	(Surplus)/Deficit brought forward 1st April		4,595	(874)	3,721
4,595	(874)	3,721	(Surplus)/Deficit carried forward 31st March	8/9/11	(2,581)	(18)	(2,599)

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 15th 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	24.75	13.8
A	£40,000	6/9	10,423.00	6,948.7
B	£40,001 - £52,000	7/9	18,953.75	14,741.8
C	£52,001 - £68,000	8/9	17,143.75	15,238.9
D	£68,001 - £88,000	1	10,105.75	10,105.8
E	£88,001 - £120,000	11/9	6,906.00	8,440.7
F	£120,001 - £160,000	13/9	3,178.00	4,590.4
G	£160,001 - £320,000	15/9	1,930.50	3,217.5
H	More than £320,000	18/9	179.25	358.50
	Contributions in lieu			23.5
	Estimated growth in Band D equivalents			322.9
	Total (Tax Base)			64,002.5

The gross tax base, 64,002.5 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 59,714.7. Finally, an estimated collection rate of 98.5% for 2022/23 is then applied to the adjusted Band D figure producing a Council Tax Base of 58,819.0 which equates to £2,016.31 for a Band D property. This provides a total requirement of £118.6m.

The actual position is as follows:

2021/22 £'000		2022/23 £'000
129,969	Gross Council Tax due	136,140
(16,092)	Relief, Exemptions and Transitional Relief Granted	(17,057)
113,877	Council Tax	119,083

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.

2021/22 £'000		2022/23 £'000
63,920	Gross Non-Domestic Rates due	66,054
(22,034)	Reliefs and Exemptions	(20,127)
101	Transitional Protection Payment due to/(from) the Council	(161)
41,987	Net Business Rates Receivable	45,766

The Government specifies an amount (51.2 p in 2022/23 and same in 2021/22) 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 2023 was £133.29m (£133.77m at 31st March 2022).

Note 4 Charnwood Borough Council Tax Precept

2021/22 £'000		2022/23 £'000
17,919	Charnwood Precept	17,862
4,052	Parish Precepts	4,250
(2)	Collection Fund Deficit/(Surplus)	(122)
21,969	RSG and NNDR Redistributed Pool	21,990
(8,966)		(8,413)
13,003		13,577

Note 5 Provision for Non-Payment

Council Tax

There is a cumulative provision held as at 31st March 2023 amounting to £1,240k for doubtful debts, including costs. (£1,268k as at 31st March 2022)

NNDR

There is a cumulative provision held as at 31st March 2023 amounting to £1,543k for doubtful debts, including costs. (£1,127k as at 31st March 2022)

Note 6 Contributions to Provision for Bad and Doubtful Debts

2021/22 £'000		2022/23 £'000
16	Council Tax	3
141	NNDR	416
157		419

Note 7 Write-off of Bad Debts

2021/22 £'000		2022/23 £'000
264	Council Tax	294
230	NNDR	219
494		513

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

There was a Surplus balance on the Collection Fund at 31st March 2023 of £18k (£874k Surplus at 31st March 2022). This will be carried forward to 2023/24 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 £1,070k together with the Surplus brought forward of £874k and an increase in Bad Debt Provision of £3k - increase the in-year surplus of £217k to a surplus of £18k 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:

	Amounts accounted for in 2023/24 £'000	Amounts to account for in 2024/25 £'000	Total £'000
Leicestershire County Council	0	13	13
Leicestershire Police and Crime Commissioner	0	2	2
Charnwood Borough Council	0	2	2
Combined Fire Authority	0	1	1
Total Net Surplus	0	18	18

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 2022/23 accounts as follows:

In the Balance Sheet at 31st March 2023, the Council included an overall surplus of £18k (£874k surplus at 31st March 2022) of which £16k relates to Preceptors Share of surplus (£775k at 31st March 2022 Preceptors share of Surplus) in the proportions shown below and the balance of £2k (£100k at 31st March 2022) related to Charnwood Borough Council's share of the Collection Fund Surplus.

2021/22 £'000		2022/23 £'000
(100)	Charnwood Borough Council	(2)
(633)	Leicestershire County Council	(13)
(111)	Leicestershire Police and Crime Commissioner	(2)
(30)	Leicestershire Combined Fire Authority	(1)
(874)	Deficit/(Surplus) – Balance as at 31st March	(18)

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.

2021/22 £'000		2022/23 £'000
1,838	Charnwood Borough Council	(1,032)
413	Leicestershire County Council	(232)
46	Leicestershire Combined Fire Authority	(26)
2,298	Central Government	(1,291)
4,595	Deficit/(Surplus) - Balance as at 31st March	(2,581)

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
EZ – Enterprise Zone	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)**