



**ANNUAL FINANCIAL REPORT  
2022/23  
including  
THE STATEMENT OF ACCOUNTS**

**(Subject to Audit)**

DRAFT

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## APPROVAL OF THE ACCOUNTS

This Statement of Accounts was approved and adopted by Harborough District Council's Audit and Standards Committee at its meeting on XXX.

**Councillor XXX**  
**Chairman, Audit and Standards Committee**  
**XXX**

## NARRATIVE REPORT



### Introduction by the Chief Finance Officer

Welcome to the Council's Statement of Accounts for the year ended 31 March 2023 which details the financial position of the Council. The Narrative Report outlines the main issues impacting on the Council in 2022/23 and also provides a summary of the financial position at 31 March 2023.

The Department for Levelling Up, Housing and Communities (DLUHC) put in place revised regulations to extend statutory audit deadlines for 2020/21 and 2021/22. For 2022/23 the deadline reverts to the original requirement in the regulations, and the Council's draft accounts are required to be published by 31 May 2023.

The statement of accounts has been prepared in accordance with the code of practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code). It aims to provide relevant information to ensure that the financial position of the Council is presented as a true and fair view and to assure the reader of the accounts that the financial position of the Council is sound and secure. The requirements of the Code require significant disclosure notes with the consequence that the accounts are lengthy and complex. The narrative report seeks to highlight the key issues in 2022/23 for the reader who can then seek more detailed explanations in the key financial statements and disclosure notes.

The narrative report aims to provide context to the accounts in respect of the 2022/23 financial outturn, the overall financial position of the Council and to place the Council's finances in the context of its Corporate Plan, priorities, and achievements. The Council has, through continued strong financial management, contained spend within budget and retains a strong Balance Sheet to meet future challenges.

If you have further queries on the 2022/23 Accounts, please contact the Council's Finance Team at [hdcfinance@harborough.gov.uk](mailto:hdcfinance@harborough.gov.uk)

I wish to thank all members, the Corporate Management Team, the wider officer cohort for their support and contributions and the finance team for producing the accounts.

**Clive Mason**  
**Interim Deputy Chief Executive (& s.151 Officer)**  
**(Responsible Financial Officer)**

## **District Context**

Harborough District spans an area of 59,178 hectares (228 square miles). The District shares boundaries with Melton, Rutland, Corby, Kettering, Daventry, Rugby, Blaby, Oadby & Wigston, Leicester and Charnwood Districts. The main urban centres are Market Harborough and Lutterworth.

There are several main 'A' roads that link the main urban settlements within and outside the District. The A4303/A4304 serves between Harborough and Lutterworth. The A6 links Market Harborough directly to Leicester and the A14 links to Kettering and the South. The main urban areas of the District are close to the intersection of the M1, M6 and A14. The District has major logistics hubs to the west of the District at Magna Park which due to its proximity to the major road network and the fact that 95% of all places in England are within four hours travelling distance of the District make it an ideal location for inward investment.

Harborough's rural nature, and its proximity to London by rail, makes it an increasingly attractive place for commuters to live. It is likely that alongside this, an increasing number of businesses setting up in Harborough have either links to, or clients in London.

The current population of the District is 97,600 (Census 2021). The District is expecting a significant increase in the population by 2033 and has a buoyant demand for supply of housing estates. A particular challenge is the increase in the elderly population. The Council works in partnership with others through the Better Care Fund and Lightbulb Project to plan for services to meet the needs of older people.

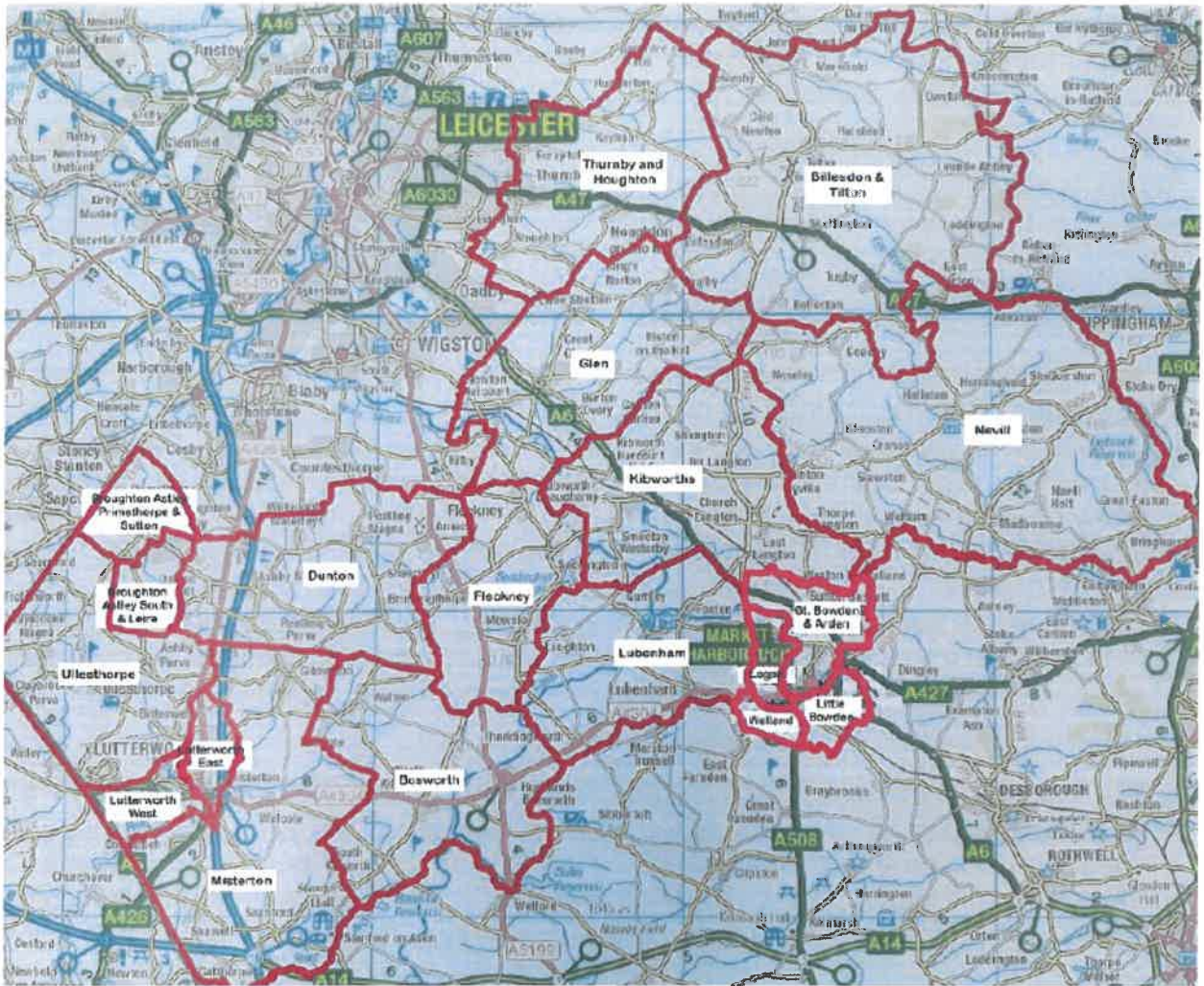
There are approximately 5,350 businesses within Harborough District. These are largely micro businesses, 90% employing 0-9 people. 8% are small employing 10-49 people and only 2% employ over 50 people. The major employers are the national logistics operators at Magna Park referred to above.

Levels of people claiming benefits are lower than the National and Leicestershire averages but higher than before the pandemic began although they have been decreasing since the start of 2021.

## **Political Structure**

The Council operates a Strong Leader Cabinet Model. During 2022/23 the Council comprised of 34 Members in a mixture of single and multi-member wards.





The political make-up of the Council as at 31 March 2023 was:

| Political Party   | Number of Councillors |
|-------------------|-----------------------|
| Conservative      | 22                    |
| Liberal Democrats | 11                    |
| Labour            | 1                     |
| <b>Total</b>      | <b>34</b>             |

The leader of the Council during 2022/23 was Councillor Phillip King and the Portfolio holder for Finance was Councillor James Hallam.

At the local elections held on 9 May 2023 the political make-up of the council changed:

| Political Party   | Number of Councillors |
|-------------------|-----------------------|
| Conservative      | 15                    |
| Liberal Democrats | 13                    |
| Labour            | 3                     |
| Green             | 3                     |
| <b>Total</b>      | <b>34</b>             |

A coalition has been formed by the Liberal Democrats, Labour and Green parties. The leader for 2023/24 will be Councillor Phil Knowles and the Portfolio Holder for Finance will be Councillor Mark Graves.

Harborough District is represented by three MPs, Neil O'Brien, Alicia Kearns, and Alberto Costa.

### **Council Workforce and Management Structure**

The Council had 185 employees at 31 March 2023 who are primarily based at the Symington Building, Market Harborough, and also some at the Harborough Innovation Centre, Harborough Market, and Leicestershire Revenues and Benefits Partnership based in Hinckley. The Council also provide parking enforcement services to other Councils. Many employees continue to work from home. An Agile working policy was implemented in August 2021 to recognise the increased flexibility in working arrangements.

Every year we ask our staff to complete a voluntary equality monitoring questionnaire and then produce a report comparing the results with information relating to the community we serve. Find the latest workforce comparison report on our website. <https://www.harborough.gov.uk/equality>

The Council is managed by the Corporate Management Team, comprising of a Chief Executive, a Deputy Chief Executive and four Directors. The Chief Executive position is vacant and is currently being covered by the Deputy Chief Executive on an interim basis. The Director: Finance, ICT and Assets is currently acting as Deputy Chief Executive and the Director: Law and Governance post is currently be covered by an agency Monitoring Officer.

### **Effectiveness of Control and Governance Framework**

The Council will produce its Annual Governance Statement alongside the Statement of Accounts. This demonstrates the internal control and Governance frameworks that operated during 2022/23. Overall, the Council's self-assessment and annual Head of Internal Audit report will evidence through audit, testing and assurance frameworks that the Council operated as intended in 2022/23 to deliver the Council's priorities.

### **Council Vision and Priorities**

The Council developed a new vision for 2022/23 onwards. New Key Activities are detailed in the Corporate Delivery Plan:





Working with our communities, we will build a future for the people of Harborough district that gives them the best life chances and opportunities.



**PLACE & COMMUNITY**

Community leadership to create a sense of pride in our place



**HEALTHY LIVES**

Promoting health and wellbeing and encouraging healthy life choices



**ENVIRONMENT & SUSTAINABILITY**

Creating a sustainable environment to protect future generations



**ECONOMY**

Supporting businesses and residents to deliver a prosperous local economy

**Performance of the Council**

The Council has continued to deliver its stated priorities within budget and on time. 32 Key Activities were set for 2022/23 with 27 (84%) complete or progressing in line with agreed milestones.

Council Performance will be reported quarterly to Cabinet with the Quarter 4 position being due to be considered by the Council's Cabinet in July 2023.

Key Achievements in 2022/23 against the Council priorities, were:

**Against community leadership to create a sense of pride in our place**

- New contact centre project successfully implemented, including new chatbot.
- Promotion of national campaigns including Holocaust Memorial Day, Internet Safety Day and County Lines Intensification Week.
- Local campaigns around Domestic Abuse, Rural Crime and livestock worrying, and Lighter Nights Antisocial Behaviour.
- Refurbishment of the toilets in Welland Park.

**Against promoting health and wellbeing and encouraging healthy life choices**

- Development and approval of Wellbeing Strategy 2022-27, focusing on
- Quality homes for all
- Community infrastructure
- Skills, jobs and income
- Stronger communities
- Mental health
- Physical health.

**Against creating a sustainable environment to protect future generations**

- Continue to reduce fly tipping.

- Working to reduce dog fouling, littering and graffiti.
- Continued monitoring of air quality withing the district.
- Installation of 10 EV charging points in Market Harborough car parks.

**Against supporting businesses and residents to deliver a prosperous local economy**

- Submitted bid to Governments Levelling Up Fund for Market Harborough Town Centre.
- Distributed funding received from the Government through the UK Shared Prosperity Fund.
- Supported a comprehensive shop front enhancement scheme for businesses in the district.
- Continued to hold job fairs in Market Harborough and Lutterworth.

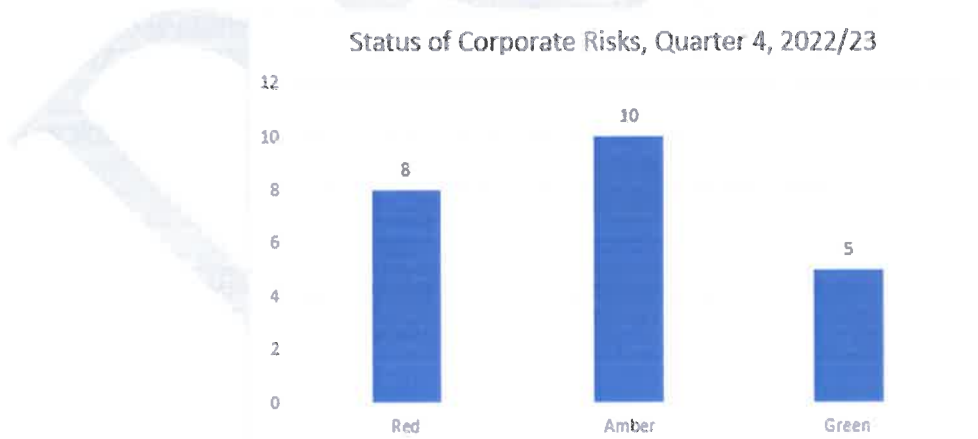
**Further Grants**

The Council implemented 3 new Government grant schemes during the year, Council Tax Rebate for Energy Bill, Covid-19 Additional Relief Fund and Energy Bills Support Scheme making payments to both individuals and businesses.

For most of the grants, we were acting as a distribution point for the Government and the grant payments were made in accordance with set conditions.

**Risk and Opportunity Management**

The Council actively managed its risks and opportunities during 2022/23 including the effectiveness of controls and other mitigation actions. 8 risks were identified as Red (High Risk) at 31 March 2023.



The Risks and opportunities are reported quarterly.

## Revenue Budget

During 2022/23 the Council continued to deliver its priorities and desired outcomes within the approved budget.

The total Direct Cost of Services by Director is:

| <b>2022/23 Revenue Budget</b>      | <b>Revised Budget</b> | <b>Service Outturn</b> | <b>Variance</b> |
|------------------------------------|-----------------------|------------------------|-----------------|
|                                    | <b>£000's</b>         | <b>£000's</b>          | <b>£000's</b>   |
| <b>Directorate</b>                 |                       |                        |                 |
| Chief Executive                    | 2,329                 | 2,212                  | (117)           |
| Deputy Chief Executive             | 2,585                 | 2,435                  | (150)           |
| Communities & Wellbeing            | 5,915                 | 6,236                  | 321             |
| Planning & Regeneration            | 695                   | 730                    | 35              |
| <b>Net Direct Cost of Services</b> | <b>11,524</b>         | <b>11,613</b>          | <b>89</b>       |
| Capital Financing                  | 506                   | 413                    | (93)            |
| <b>Net Expenditure</b>             | <b>12,030</b>         | <b>12,026</b>          | <b>(4)</b>      |

This shows a net overspend of £89k on services before capital financing.

Budget variances have been reported quarterly to Cabinet with the final outturn due to be considered by the Council's Cabinet in July 2023.

## **Revenue Reserves**

The appropriations to/from reserves made during 2022/23 are:

| <b>Revenue Reserve Movements<br/>22/23</b> | <b>General Fund<br/>£000's</b> | <b>Earmarked Reserves<br/>£000's</b> |
|--|--------------------------------|--------------------------------------|
| <b>Opening Balance</b>                     | <b>2,361</b>                   | <b>13,328</b>                        |
| Contribution to/(from) Reserves            | 44                             | (4,843)                              |
| <b>Closing Balance</b>                     | <b>2,405</b>                   | <b>8,485</b>                         |

The Council's policy for reserves is that the general fund unallocated balance is maintained at 20% of the Council's net expenditure with the balance transferred to the budget surplus reserve and reallocated against other earmarked reserves. Details of this and a breakdown of earmarked reserves are shown in Note 8 of the Accounts.

## **Technical Adjustments**

The Council monitors its budget on the basis of Net Direct Expenditure (per the table above) whilst the Accounts incorporate charges for Capital Charges and Pension Costs

and other adjustments. The movements between Total Net Expenditure on Services and the Net Costs of Services in the accounts are detailed below:

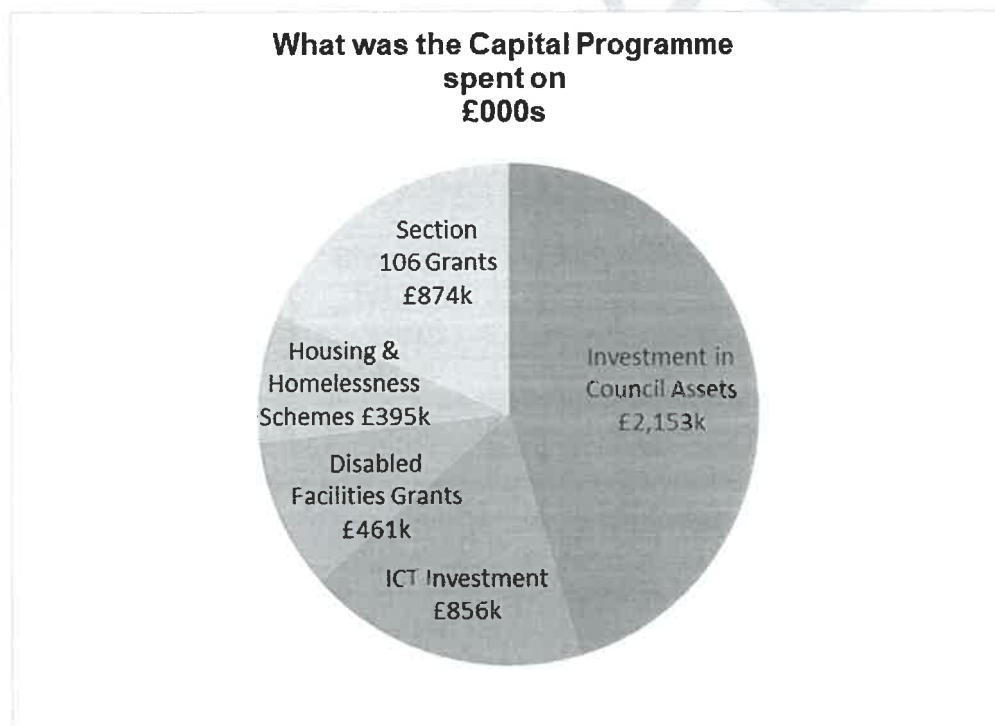
|  | <b>£000s</b>  |
|--|---------------|
| <b>Total Net Expenditure on Services (Management Accounts)</b> | <b>12,206</b> |
| Capital Charges  | 1,653         |
| Pension Costs  | 659           |
| Investment Income  | 1,172         |
| Other Movements  | (323)         |
| <b>Net Cost of Services (Statutory Accounts)</b>               | <b>15,367</b> |

Overall, the financial performance of the Council remains strong with a healthy and stable balance sheet. There remains significant uncertainty nationally over future funding streams (detailed later in the narrative report) for which the Council's overall financial position will allow a planned response when national funding levels are announced.

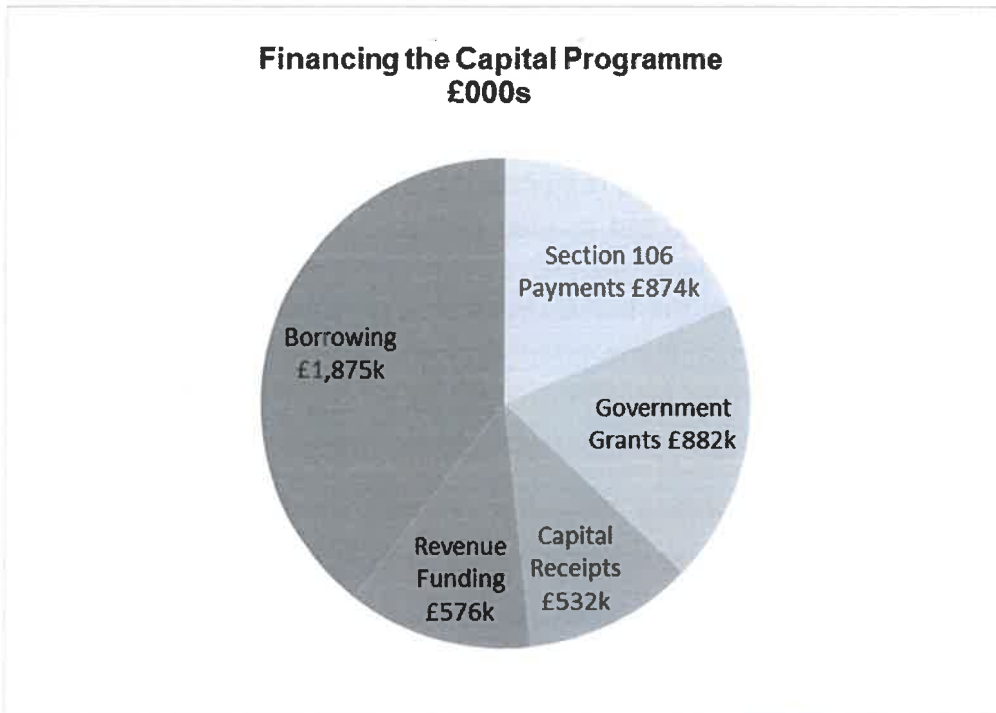
### Capital Investment

The Council approved the Capital Programme in February 2022.

The Council spent £4.739m on Capital Schemes in 2022/23 as follows:



The Capital Programme was funded as below:



### **Financial Strategy**

In February 2022, the Council approved a Medium-Term Financial Strategy (MTFS) to 2026/27, and in February 2023 updated to 2027/28. The Council aims to deliver cost-effective and sustainable services over the medium-term in line with its corporate priorities. The current national and local economic environment has been challenged by the legacy of the Coronavirus Pandemic, and now with the implications of the current cost of living crisis and high inflationary environment; however local government itself has been financially challenged since the financial crisis of 2008 to 2010. The Council has met these challenges well; it has embraced continuous improvements that has encompassed two service reviews and transformation; the aim of which is to ensure that the Council can deliver its essential services within an environment that has embedded financial resilience and sustainability at its core. Further, the MTFS achieved a balanced budget. The MTFS provides the resourcing roadmap to help the Council deliver its priorities and has achieved a balanced budget for each year of the MTFS, although the use of Earmarked Reserves was needed in the last three years.

The aim of the MTFS is to support longer term planning with the aim of delivering a stable and sustainable financial environment to support the achievement of the Council's vision and strategic objectives. The MTFS is a key element of the Council's corporate governance arrangements and an integral element of the Council's corporate planning process.

The MTFS provides a framework that will assist the Council in effectively applying its limited financial resources in a manner which achieves the strategic priorities set out in the Corporate Delivery Plan. By striving to ensure the costs of delivering its service objectives



over the term of the strategy are commensurate with the overall forecast financial resources available, the Council can seek to maintain the financial health of the authority in a manner which does not place an unreasonable burden on local taxpayers.

The financial strategy also recognises the requirement to maintain a balance between the desire to continue to deliver services but to also deliver services in a way that is both affordable and sustainable. It acknowledges the need to manage any reliance on balances and reserves utilised to bring about the introduction of service transformation. It provides a framework for the detailed financial plans over the period. The MTFS is not a static “once and for all” document; it is meant to provide a roadmap to deliver efficient and effective services over the medium-term.

Through this robust financial planning, financial management and a strategic set of Corporate Priorities and outcomes the Council is confident that it will continue to operate as a Going Concern in the future.

### **Financial Statements**

- **The Comprehensive Income and Expenditure Statement** – reports the net cost for the year of all the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers. The Cost of Services analysis is by director and is based on the director structure used for setting the 2022/23 budget and does not reflect the current responsibilities of the post holders. The profit on the provision of services totalled £1.241m (£3.806m 2021/22).
- **The Movement in Reserves Statement** – shows the movement during the year between the Council’s “usable reserves” (i.e., those that can be used to fund expenditure or reduce Council Tax) and “unusable reserves”. The surplus/deficit on the Provision of Services line shows the true economic cost of providing the Council’s services. Also included are adjustments to ensure the General Fund balance is only charged with statutory expenditure plus contributions to/from earmarked reserves. The Council’s reserves total £63.000m (£36.100m 2021/22), with the movement between years mainly accounted for by the decrease in the pension fund liability due to changes in actuarial financial assumptions. Further information on pensions can be found in Note 38 of the Statement of Accounts.
- **The Balance Sheet** – shows the Council’s overall financial position at the financial year end. It shows assets and liabilities at the top and the Council’s reserves (net worth) to match them. Our Net Worth is £63.000m (£36.100 2021/22) with the movement between years mainly due to the movement in reserves referred to above.

- **The Cash Flow Statement** – a summary of the cash movements during the year, demonstrating how the Council has moved to the financial position reflected on the Balance Sheet. This shows a decrease in cash and cash equivalents of £852k.
- **The Collection Fund** – shows the transactions of the Council in relation to non-domestic rates and council tax. It illustrates the way in which these have been distributed to precepting authorities and the Council’s General Fund.
- **Group Accounts** - This shows the consolidation of Harborough District Commercial Services Limited.

The Accounts are prepared on the basis of an internal materiality level of £662k.

### **True and Fair View Override**

As required by the Accounts and Audit Regulations 2015, paragraph 8.2, it is noted that the Responsible Financial Officer has not had to use the “true and fair view override”.

### **Summary**

This Narrative Report aims to provide an overview of the Council’s financial and non-financial performance for 2022/23, alongside priorities for the future that are inextricably linked to the MTFs and the need to respond to changes in financing and the delivery of Council priorities.

The Statement of Accounts for 2022/23 present a true and fair financial position of Harborough District Council for the financial year ended 31st March 2023. Up to date and proper accounting records have been maintained in accordance with the accounting policies detailed.



**Clive Mason FCPFA**  
**Interim Deputy Chief Executive (& s.151 Officer)**  
**Responsible Financial Officer**  
**31 May 2023**

# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## The Authority's Responsibilities

The authority is required:

- to make arrangements for the proper administration of its financial affairs and for one of its officers to be responsible for the administration of those affairs. In Harborough District Council, this is the Interim Deputy Chief Executive (& s.151 Officer).
- to manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets; and
- approve the statement of accounts.

## Interim Deputy Chief Executive (& s.151 Officer) Responsibilities

The Interim Deputy Chief Executive (& s.151 Officer) is responsible for preparing Harborough District Council's Statement of Accounts in accordance with proper accounting practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the Statement of Accounts the Interim Deputy Chief Executive (& s.151 Officer) has:

- selected suitable accounting policies and applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the local authority Code.

The Interim Deputy Chief Executive (& s.151 Officer) has also:

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of Harborough District Council as at 31 March 2023 and its income and expenditure for the year then ended. Signed by the Interim Deputy Chief Executive (& s.151 Officer) on 31 May 2023.



**Clive Mason**  
**Interim Deputy Chief Executive (& s.151 Officer)**  
**Responsible Financial Officer**  
**31 May 2023**

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

| <b>Restated<br/>31 March 2022</b> |                         |                      | <b>Note</b> | <b>31 March 2023</b> |                         |                      |
|-----------------------------------|-------------------------|----------------------|-------------|----------------------|-------------------------|----------------------|
| <b>Exp<br/>£'000</b>              | <b>Income<br/>£'000</b> | <b>Net<br/>£'000</b> |             | <b>Exp<br/>£'000</b> | <b>Income<br/>£'000</b> | <b>Net<br/>£'000</b> |
| 3,759                             | (937)                   | 2,822                |             | 3,656                | (1,186)                 | 2,470                |
| 15,565                            | (10,576)                | 4,989                |             | 14,315               | (9,756)                 | 4,559                |
| 12,609                            | (5,882)                 | 6,727                |             | 14,270               | (6,794)                 | 7,476                |
| 2,519                             | (2,259)                 | 260                  |             | 2,151                | (1,289)                 | 862                  |
| <b>34,452</b>                     | <b>(19,654)</b>         | <b>14,798</b>        |             | <b>34,392</b>        | <b>(19,025)</b>         | <b>15,367</b>        |
|                                   |                         |                      |             |                      |                         |                      |
| 2,039                             | (5,206)                 | (3,167)              | 11          | 2,114                | (261)                   | 1,853                |
| 1,349                             | (720)                   | 629                  | 12          | 1,429                | (1,633)                 | (204)                |
| 3,574                             | (19,640)                | (16,066)             | 13          | 3,824                | (22,081)                | (18,257)             |
|                                   |                         | <b>(3,806)</b>       |             |                      |                         | <b>(1,241)</b>       |
|                                   |                         | (127)                | 23          |                      |                         | 101                  |
|                                   |                         | (12,365)             | 26          |                      |                         | (25,760)             |
|                                   |                         | <b>(12,492)</b>      |             |                      |                         | <b>(25,659)</b>      |
|                                   |                         | <b>(16,298)</b>      |             |                      |                         | <b>(26,900)</b>      |

## MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the authority, 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 service' line shows the true accounting cost of providing the authority'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 charges to the General Fund (GF) Balance for Council Tax setting purposes.

The 'net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund (GF) Balance before any discretionary transfers to or from earmarked reserves are undertaken by the Council.

Reserves are reported in two categories. The first category are usable reserves, i.e., those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves cannot be used to provide services, such as reserves that hold unrecognised gains and losses (revaluation reserve), where amounts only become available if assets are sold. Also reserves that hold timing differences shown in the Movement in Reserves Statement "Adjustments between accounting basis and funding basis under regulations."



|  | Usable Reserves (£'000)   |                    |                          |  | Unusable Reserves (£'000)     |                     |                 |                         | Total Authority Reserves (£'000) |                 |                              |                         |
|--|---------------------------|--------------------|--------------------------|--|-------------------------------|---------------------|-----------------|-------------------------|----------------------------------|-----------------|------------------------------|-------------------------|
|  | General Fund (GF) Balance | Earmarked Reserves | Capital Receipts Reserve | Receipts in Advance Unapplied Reserves | Financial Instruments Account | Revaluation Reserve | Capital Account | Collection Fund Account |                                  | Pension Reserve | Accumulated Absences Account | Total Unusable Reserves |
| <b>Balance at 31 March 2022 carried forward</b>                          | <b>2,361</b>              | <b>13,328</b>      | <b>9,846</b>             | <b>1,237</b>                           | <b>49</b>                     | <b>22,537</b>       | <b>18,321</b>   | <b>(4,305)</b>          | <b>(27,195)</b>                  | <b>(79)</b>     | <b>9,328</b>                 | <b>36,100</b>           |
| <b>Movement in reserves during 2022/23</b>                               |                           |                    |                          |  |                               |                     |                 |                         |                                  |                 |                              |                         |
| Surplus or (deficit) on provision of services (accounting basis)         | 1,241                     | 0                  | 0                        | 0                                      | 0                             | 0                   | 0               | 0                       | 0                                | 0               | 0                            | 1,241                   |
| Other Comprehensive Income and Expenditure                               | 0                         | 0                  | 0                        | 0                                      | 0                             | (101)               | 0               | 0                       | 25,760                           | 0               | 0                            | 25,659                  |
| <b>Total Comprehensive Income and Expenditure</b>                        | <b>1,241</b>              | <b>0</b>           | <b>0</b>                 | <b>0</b>                               | <b>0</b>                      | <b>(101)</b>        | <b>0</b>        | <b>0</b>                | <b>25,760</b>                    | <b>0</b>        | <b>0</b>                     | <b>25,659</b>           |
| Adjustments between accounting basis and funding basis under regulations | (6,040)                   | 0                  | 587                      | 0                                      | (256)                         | (381)               | 958             | 6,535                   | (1,403)                          | 0               | 0                            | 5,453                   |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>      | <b>(4,799)</b>            | <b>0</b>           | <b>587</b>               | <b>0</b>                               | <b>(256)</b>                  | <b>(482)</b>        | <b>958</b>      | <b>6,535</b>            | <b>24,357</b>                    | <b>0</b>        | <b>31,112</b>                | <b>26,900</b>           |
| Transfers to/from Earmarked Reserves                                     | 4,843                     | (4,843)            | 0                        | 0                                      | 0                             | 0                   | 0               | 0                       | 0                                | 0               | 0                            | 0                       |
| <b>Increase/Decrease in year</b>   | <b>44</b>                 | <b>(4,843)</b>     | <b>587</b>               | <b>0</b>                               | <b>(256)</b>                  | <b>(482)</b>        | <b>958</b>      | <b>6,535</b>            | <b>24,357</b>                    | <b>0</b>        | <b>31,112</b>                | <b>26,900</b>           |
| <b>Balance at 31 March 2023 carried forward</b>                          | <b>2,405</b>              | <b>8,485</b>       | <b>10,433</b>            | <b>1,237</b>                           | <b>(207)</b>                  | <b>22,055</b>       | <b>19,279</b>   | <b>2,230</b>            | <b>(2,838)</b>                   | <b>(79)</b>     | <b>40,440</b>                | <b>63,000</b>           |

|  | Usable Reserves (£'000)   |                       |                          |                         |                    | Unusable Reserves (£'000) |                     |                 |                         |                 | Total Authority Reserves (£'000) |                              |                         |               |
|--|---------------------------|-----------------------|--------------------------|-------------------------|--------------------|---------------------------|---------------------|-----------------|-------------------------|-----------------|----------------------------------|------------------------------|-------------------------|---------------|
|  | General Fund (GF) Balance | Earmarked GF Reserves | Capital Receipts Reserve | Capital Advance Reserve | Receipts Unapplied | Financial Instruments     |                     | Collection      |                         |                 |                                  |                              |                         |               |
|  |                           |                       |                          |                         |                    | Adjustment Account        | Revaluation Reserve | Capital Account | Fund Adjustment Account | Pension Reserve |                                  | Accumulated Absences Account | Total Unusable Reserves |               |
| <b>Balance at 31 March 2021 carried forward</b>                          | 6,578                     | 9,597                 | 4,586                    | 1,237                   | 21,998             | (182)                     | 22,819              | 18,758          | (5,871)                 | (37,609)        | (111)                            | (2,196)                      | 19,802                  |               |
| <b>Movement in reserves during 2021/22</b>                               |                           |                       |                          |                         |                    |                           |                     |                 |                         |                 |                                  |                              |                         |               |
| Surplus or (deficit) on provision of services (accounting basis)         | 3,806                     |                       |                          |                         |                    | 0                         | 0                   | 0               | 0                       | 0               | 0                                | 0                            | 0                       | 3,806         |
| Other Comprehensive Income and Expenditure                               | 0                         |                       |                          |                         |                    | 0                         | 127                 | 0               | 0                       | 12,365          | 0                                | 0                            | 0                       | 12,492        |
| <b>Total Comprehensive Income and Expenditure</b>                        | <b>3,806</b>              | <b>0</b>              | <b>0</b>                 | <b>0</b>                | <b>0</b>           | <b>0</b>                  | <b>127</b>          | <b>0</b>        | <b>0</b>                | <b>12,365</b>   | <b>0</b>                         | <b>0</b>                     | <b>0</b>                | <b>16,298</b> |
| Adjustments between accounting basis and funding basis under regulations | (4,292)                   |                       |                          |                         |                    | 231                       | (409)               | (437)           | 1,566                   | (1,951)         | 32                               |                              |                         | 0             |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>      | <b>(486)</b>              | <b>0</b>              | <b>5,260</b>             | <b>0</b>                | <b>4,774</b>       | <b>231</b>                | <b>(282)</b>        | <b>(437)</b>    | <b>1,566</b>            | <b>10,414</b>   | <b>32</b>                        | <b>11,524</b>                | <b>16,298</b>           |               |
| Transfers to/from Earmarked Reserves                                     | (3,731)                   |                       |                          |                         |                    | 0                         | 0                   | 0               | 0                       | 0               | 0                                | 0                            | 0                       | 0             |
| <b>Increase/Decrease in year</b>   | <b>(4,217)</b>            | <b>3,731</b>          | <b>5,260</b>             | <b>0</b>                | <b>4,774</b>       | <b>231</b>                | <b>(282)</b>        | <b>(437)</b>    | <b>1,566</b>            | <b>10,414</b>   | <b>32</b>                        | <b>11,524</b>                | <b>16,298</b>           |               |
| <b>Balance at 31 March 2022 carried forward</b>                          | <b>2,361</b>              | <b>13,328</b>         | <b>9,846</b>             | <b>1,237</b>            | <b>26,772</b>      | <b>49</b>                 | <b>22,537</b>       | <b>18,321</b>   | <b>(4,305)</b>          | <b>(27,196)</b> | <b>(79)</b>                      | <b>9,328</b>                 | <b>36,100</b>           |               |

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority.

| 31 March 2022<br>£'000 |                                      | Note | 31 March 2023<br>£'000 |
|------------------------|--------------------------------------|------|------------------------|
| 49,272                 | Property, Plant & Equipment          | 14   | 50,252                 |
| 24                     | Heritage Assets                      |      | 24                     |
| 239                    | Investment Property                  | 15   | 237                    |
| 46                     | Intangible Assets                    |      | 22                     |
| 1,408                  | Assets held for Sale                 | 16   | 0                      |
| 3,700                  | Long Term Investments                |      | 3,445                  |
| 1,832                  | Long Term Debtors                    | 18   | 1,832                  |
| <b>56,521</b>          | <b>Long Term Assets</b>              |      | <b>55,812</b>          |
| 37,514                 | Short Term Investments               |      | 45,697                 |
| 126                    | Inventories                          |      | 136                    |
| 3,169                  | Short Term Debtors                   | 18   | 4,256                  |
| 2,505                  | Cash and Cash Equivalents            | 19   | 1,653                  |
| <b>43,314</b>          | <b>Current Assets</b>                |      | <b>51,742</b>          |
| (15)                   | Short Term Borrowing                 |      | (37)                   |
| (20,851)               | Short Term Creditors                 | 20   | (25,390)               |
| (2,813)                | Provisions                           | 21   | (2,688)                |
| (2,049)                | Grants Receipts in Advance - Revenue | 34   | (308)                  |
| <b>(25,728)</b>        | <b>Current Liabilities</b>           |      | <b>(28,423)</b>        |
| (1,490)                | Long Term Borrowing                  |      | (1,468)                |
| (27,195)               | Pension Liability Account            | 38   | (2,838)                |
| (9,322)                | Grants Receipts in Advance - Capital | 34   | (11,825)               |
| <b>(38,007)</b>        | <b>Long Term Liabilities</b>         |      | <b>(16,131)</b>        |
| <b>36,100</b>          | <b>Net Assets</b>                    |      | <b>63,000</b>          |
| 26,772                 | Usable Reserves                      | MiRS | 22,560                 |
| 9,328                  | Unusable Reserves                    | 22   | 40,440                 |
| <b>36,100</b>          | <b>Total Reserves</b>                |      | <b>63,000</b>          |

  
**Clive Mason**  
**Interim Deputy Chief Executive (& s.151 Officer)**  
**31 May 2023**

## CASH FLOW STATEMENT

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

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

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

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

| 2021/22<br>£'000 |   | 2022/23<br>£'000 | Note |
|------------------|---|------------------|------|
| (3,806)          | <b>Net (surplus) / deficit on the provision of Services</b>   | (1,241)          |      |
| 14,132           | Adjustments to net deficit on the provision of services for non - cash movements  | (1,823)          |      |
| 787              | Adjustments for items included in the net deficit on the provision of services that are investing or financing activities | 1,102            |      |
| <b>11,113</b>    | <b>Net Cash flows from operating activities</b>   | <b>(1,962)</b>   |      |
| (12,185)         | Investing activities  | (8,713)          | 28   |
| 2,530            | Financing activities  | 9,823            | 29   |
| <b>1,458</b>     | <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>(852)</b>     |      |
| 1,047            | Cash and Cash equivalents at the beginning of the reporting period  | 2,505            |      |
| <b>2,505</b>     | <b>Cash and Cash equivalents at the end of the reporting period</b>   | <b>1,653</b>     | 19   |

## NOTES TO THE FINANCIAL STATEMENTS

### 1) Summary of Significant Accounting Policies

#### a) General Principles

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year-end 31 March 2023. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the statement of accounts is principally historical cost, modified by re-valuation of certain categories of non-current assets and financial instruments.

#### b) Changes in accounting treatment

There are no substantial changes this year.

#### c) Accruals of Income and Expenditure

The revenue and capital accounts of the Council are maintained on an accrual's basis in accordance with the Code. That is, activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

- **Revenue from contracts with service recipients** – whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations of the contract.
- **Employee Costs** – the full cost of employees has been included for the period 1 April 2022 to 31 March 2023. The exception to this is that the reimbursement of travel expenses is made one month in arrears, so that the amount included in the accounts covers the period 1 March 2022 to 28 February 2023. This policy has been applied consistently between years and does not have a material effect on the accounts.
- **Interest** – interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- **Supplies and Services** – the costs of supplies and services have been accrued and included in the accounts for the period to which they relate. All material sums unpaid at the year-end for goods and services received or works completed, have been accrued. The exception to this policy relates to quarterly utility payments (e.g. gas, electricity and water), which are charged at the date of the meter reading and are not apportioned between financial years. Again, this policy has been applied consistently between years and does not have a material effect on the accounts.



#### **d) Cash and Cash Equivalents**

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

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

#### **e) Contingent Assets and Liabilities**

Contingent assets and liabilities arise when an event has taken place that gives the Council a possible asset or 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 assets and liabilities are not recognised in the accounts but are instead disclosed by means of a note to the balance sheet, where the inflow of a receipt or economic benefit is probable.

#### **f) Employee Benefits**

##### **• Termination Benefits**

Termination benefits are amounts payable as a result of the council's decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Net Cost of Services line in the Comprehensive Income & Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

##### **• Pension Benefits**

The Council participates in the Local Government Pension Scheme administered by Leicestershire County Council, which is accounted for as a defined benefits scheme.

The attributable assets of the scheme are measured at fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value

The attributable liabilities of the scheme are measured on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions

about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

- **Discretionary Benefits**

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any members of staff are accrued in the year of the decision to make the

award and accounted for using the same policies applied to the Local Government Pension Scheme.

g) **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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

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

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

h) **Events after the Balance Sheet Date**

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

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

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

i) **Financial Instruments**

• **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provision of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income & Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for that particular financial instrument.

For the Council this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income & Expenditure Statement is the amount payable for the year in the loan agreement.

Gains or losses on the repurchase or early settlement of borrowing are credited and debited to Financing and Investment Income and Expenditure in the Comprehensive Income & Expenditure Statement in the year of repurchase/settlement.

Where premiums and discounts have been charged to the Comprehensive Income & Expenditure Statement, regulations allow the impact on balances to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, unless the premium or discount is not material in amount. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against balances is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

- **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest.

- **Financial Assets Measured at Amortised Cost**

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

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

- **Expected Credit Loss Model**

The Authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss



model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

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

- **Financial Assets Measured at Fair Value through Other Comprehensive Income**

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in Other Comprehensive Income.

- **Financial Assets Measured at Fair Value through Profit and Loss**

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

- **Fair Value Measurements of Financial Assets**

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

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

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

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

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – observable inputs for the asset.

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



## j) Government Grants and Other 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 or 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 or Taxation and Non-Specific Grant line 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 Grant Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grant Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## k) Overheads

The costs of overheads and support services are not charged to service segments in accordance with the Authority's arrangements for accountability and financial performance.

## l) Property, Plant, and Equipment

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

### • **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis provided that it is probable that the future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred. The Council has a de minimis level for recognition as an asset, an item or a related group of items must have a minimum expenditure value of £5,000 excluding VAT.

- **Measurement**

Assets are initially measured at cost, comprising

- a) the purchase price
- b) any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

- Infrastructure assets, community assets and assets under construction are carried at historic cost, net of depreciation where appropriate.
- All other assets are carried at fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives and/or low values, depreciated historical cost basis is used as proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued to a five-year rolling programme, although material changes to valuations are adjusted in the interim period. To ensure all such assets have been revalued according to this policy a full revaluation as at 31 March 2019 was completed. Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for:

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

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

- **Impairment**

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are

estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

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

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

- **Depreciation**

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

Where depreciation is provided for, assets are being depreciated using the straight-line method over their useful lives as advised by the valuer/suitably qualified officer.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

- **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation,

amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision to sell.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposal are credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to old housing disposals are payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

#### **m) Provisions**

Provisions are required for any losses or liabilities which are likely or certain to be incurred, where the amounts or dates upon which they will arise are uncertain. Where applicable, these provisions are detailed in the notes to the Core Financial Statements. Provisions are charged to the appropriate service revenue account in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When expenditure is incurred, it is charged to the provision set up in the balance sheet.

#### **n) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement. The equivalent proportion of the reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement, and employee benefits and do not represent useable resources for the council; these are explained in the relevant policies.



The usable capital receipts reserve is a reserve established for specific statutory purposes.

**o) Revenue Expenditure Funded from Capital Under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset is charged to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so that there is no impact on the level of council tax.

**p) Value Added Tax**

VAT is included in income and expenditure accounts, whether of a revenue or capital nature, only to the extent that it is irrecoverable.

**q) Charges to Revenue for Non-current Assets**

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

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance.

Depreciation, revaluation, impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

**r) Investment Property**

Investment Properties are those that are used solely to earn rentals and /or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment Properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date, unless the Authority can demonstrate that the carrying value is not materially different from the fair value.



Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

If a reliable fair value cannot be determined because comparable market transactions are infrequent and alternative reliable estimates of fair value are not available, then the asset should be accounted on a cost basis and depreciation continues to be charged.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

s) **Interests in Companies and Other Entities**

The Council has a material interest in an external entity that is classified as a subsidiary and therefore group accounts have been prepared. In the Council's single entity accounts the Council's interest is recorded as a financial asset at cost less any provision for losses.

t) **Council Tax and Non-domestic Rates**

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

Accounting for Council Tax and NDR:

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

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

u) **Fair Value Measurement of Non-Financial Assets**

The Authority's accounting policy for the fair value measurement of financial assets is set out in section i) of this note. The Authority measures some of its non-financial assets

such as surplus assets and investments at fair value at each reporting date. Fair value is 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability 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 Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Authority 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.

## **2) Impact of accounting standards that have been issued but not yet adopted**

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2022/23 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2023/24 Code are as follows.

- Definition of Accounting Estimates (Amendments to IAS 8) issued February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 14 and IRFS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 2) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IRFS 3) issued May 2020.

These changes are not expected to have a material impact on the Council's single entity statements or group statements.

### 3) Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty 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.

### 4) Assumptions made about the Future and other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the Council's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result the balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| <u>Item</u>                          | <u>Uncertainties</u>  | <u>Effect if Actual Results Differ from Assumptions</u>   |
|--------------------------------------|---|---|
| <b>Pensions Liability</b>            | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, change in retirement ages, mortality rates and expected returns on pension fund assets. The Council participates in the Local Government Pension Scheme administered by Leicestershire County Council, and they engage a firm of consulting actuaries to provide the member authorities with expert advice about the assumptions applied. | The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £5.380m. However, the assumptions interact in complex ways. During 2022/23 the actuaries advised that the net pensions liability decreased by £32.810m attributable to updating of the assumptions and increased by £5.860m as a result of estimates being corrected as a result of experience. |
| <b>Property, Plant and Equipment</b> | Assets are valued on a five-year rolling basis. Building Indices are not applied to approximate for the assets that are not subject to the revaluation process in the year.   | Based on the assets that were valued in the year as part of the five-year rolling revaluation programme, the average increase in value of assets was 0.71%. If this percentage increase was also applied to the assets that were not revalued in the year, this would increase the Balance Sheet value by £302k, which is not considered material enough to warrant a full valuation of all properties.   |

|                |   |   |
|----------------|---|---|
| <b>Arrears</b> | At 31st March 2023, Harborough District Council had a balance for sundry debtors of £2.067m. A review of significant balances resulted in a provision of £857k (41%). | If collection rates were to deteriorate, an increase in the amount of the impairment of doubtful debts of 5% would result in an additional £103k needing to be set aside as an allowance. |
|----------------|---|---|

## **5) Events after the Reporting Period**

The Statement of Accounts was authorised for issue by the Interim Deputy Chief Executive (& s.151 Officer) on 31 May 2023, after due consideration of any post balance sheet events. 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 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## **6) Expenditure and Funding Analysis**

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

## EXPENDITURE AND FUNDING ANALYSIS

| 31 March 2022   | 31 March 2023   | Note   |
|---|---|--|
| Net Expenditure Chargeable to the General Fund<br>£'000 | Adjustments between the Funding and Accounting Basis<br>£'000 | Net Expenditure in the Comprehensive Income and Expenditure Statement<br>£'000 |
| 2,411   | 411   | 2,822  |
| 3,606   | 1,383   | 4,989  |
| 5,374   | 1,353   | 6,727  |
| 17  | 243   | 260  |
| <b>11,408</b>   | <b>3,390</b>  | <b>14,798</b>  |
|   |   | <b>Net Cost of Services</b>  |
| 3,049   | (6,216)   | (3,167)  |
| 250   | 379   | 629  |
| (14,221)  | (1,845)   | (16,066)   |
| <b>486</b>  | <b>(4,292)</b>  | <b>(3,806)</b>   |
|   |   | <b>Deficit on Provision of Services</b>  |
| (16,175)  |   | (15,689)   |
| 486   |   | 4,799  |
| <b>(15,689)</b>   |   | <b>(10,890)</b>  |
|   |   | <b>Opening General Fund Balance (restated)</b>                                 |
|   |   | <b>Less Deficit/(Surplus) on General Fund</b>                                  |
|   |   | <b>Closing General Fund Balance</b>  |
|   |   | <b>2,470</b>   |
|   |   | <b>4,559</b>   |
|   |   | <b>7,476</b>   |
|   |   | <b>862</b>   |
|   |   | <b>15,367</b>  |
|   |   | <b>2,247</b>   |
|   |   | <b>(2,666)</b>   |
|   |   | <b>999</b>   |
|   |   | <b>(6,620)</b>   |
|   |   | <b>(1,241)</b>   |
|   |   | <b>(18,257)</b>  |
|   |   | <b>(6,040)</b>   |
|   |   | <b>(15,689)</b>  |
|   |   | <b>4,799</b>   |
|   |   | <b>(10,890)</b>  |
|   |   | <b>(15,689)</b>  |
|   |   | <b>(10,890)</b>  |
|   |   | <b>(10,890)</b>  |



## 7) Notes to Movement In Reserves Statement

This note shows the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

### **General Fund Balance**

The general fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the general fund balance, which is not necessarily in accordance with proper accounting practice. The general fund balance therefore summarises the resources that the council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the council is required to recover) at the end of the financial year.

### **Capital Receipts Reserve**

The capital receipts reserve holds the proceeds from the disposal of land and other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure or revenue expenditure where statutory flexibility is allowed. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

### **Capital Grants Unapplied**

The capital grants unapplied account (reserve) holds the grants and contributions received towards capital projects for which the council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

| 2022/23   | Usable Reserves (£'000) |                          |                          |              | Unusable Reserves (£'000)        |                     |                            |                                    |                 |                              |                |
|---|-------------------------|--------------------------|--------------------------|--------------|----------------------------------|---------------------|----------------------------|------------------------------------|-----------------|------------------------------|----------------|
|   | General Fund Balance    | Capital Receipts Reserve | Capital Grants Unapplied | Total        | Financial Instruments Adjustment | Revaluation Reserve | Capital Adjustment Account | Collection Fund Adjustment Account | Pension Reserve | Accumulated Absences Account | Total          |
| <b>Adjustments involving the Capital Adjustment Account</b>   |                         |                          |                          |              |                                  |                     |                            |                                    |                 |                              |                |
| <b>Reversal of Items DR/CR to the CIES</b>  |                         |                          |                          |              |                                  |                     |                            |                                    |                 |                              |                |
| Charges for Depreciation and impairment of non-current assets   | (1,349)                 | 0                        | 0                        | (1,349)      | 0                                | 381                 | 968                        | 0                                  | 0               | 0                            | 1,349          |
| Amortisation of intangible assets   | (23)                    | 0                        | 0                        | (23)         | 0                                | 0                   | 23                         | 0                                  | 0               | 0                            | 23             |
| Capital grants and contributions applied  | 1,756                   | 0                        | 0                        | 1,756        | 0                                | 0                   | (1,756)                    | 0                                  | 0               | 0                            | (1,756)        |
| Revenue expenditure funded from capital under statute   | (1,886)                 | 0                        | 0                        | (1,886)      | 0                                | 0                   | 1,886                      | 0                                  | 0               | 0                            | 1,886          |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES  | (1,268)                 | 0                        | 0                        | (1,268)      | 0                                | 0                   | 1,268                      | 0                                  | 0               | 0                            | 1,268          |
| <b>Insertion of items not DR/CR to the CIES</b>   |                         |                          |                          |              |                                  |                     |                            |                                    |                 |                              |                |
| Statutory provision for the financing of capital investment   | 363                     | 0                        | 0                        | 363          | 0                                | 0                   | (363)                      | 0                                  | 0               | 0                            | (363)          |
| Capital expenditure charged against the GF  | 1,901                   | 0                        | 0                        | 1,901        | 0                                | 0                   | (1,901)                    | 0                                  | 0               | 0                            | (1,901)        |
| <b>Adjustments primarily involving the Capital Grants Unapplied Account</b>   |                         |                          |                          |              |                                  |                     |                            |                                    |                 |                              |                |
| Capital grant and contributions unapplied credited to the CIES  | 0                       | 0                        | 0                        | 0            | 0                                | 0                   | 0                          | 0                                  | 0               | 0                            | 0              |
| Application of grants to capital financing  | 0                       | 0                        | 0                        | 0            | 0                                | 0                   | 0                          | 0                                  | 0               | 0                            | 0              |
| <b>Adjustments primarily involving the Capital Receipts Reserve</b>   |                         |                          |                          |              |                                  |                     |                            |                                    |                 |                              |                |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal / unattached receipts to the CIES  | 1,670                   | (1,670)                  | 0                        | 0            | 0                                | 0                   | 0                          | 0                                  | 0               | 0                            | 0              |
| Use of the Capital Receipts Reserve to finance new capital expenditure  | 0                       | 1,083                    | 0                        | 1,083        | 0                                | 0                   | (1,083)                    | 0                                  | 0               | 0                            | (1,083)        |
| Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals  | 0                       | 0                        | 0                        | 0            | 0                                | 0                   | 0                          | 0                                  | 0               | 0                            | 0              |
| Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool  | 0                       | 0                        | 0                        | 0            | 0                                | 0                   | 0                          | 0                                  | 0               | 0                            | 0              |
| <b>Adjustments primarily involving the deferred Capital Receipts Reserve</b>  |                         |                          |                          |              |                                  |                     |                            |                                    |                 |                              |                |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES  | 0                       | 0                        | 0                        | 0            | 0                                | 0                   | 0                          | 0                                  | 0               | 0                            | 0              |
| <b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>   |                         |                          |                          |              |                                  |                     |                            |                                    |                 |                              |                |
| Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements   | (256)                   | 0                        | 0                        | (256)        | 256                              | 0                   | 0                          | 0                                  | 0               | 0                            | 256            |
| <b>Adjustments primarily involving the Pension Reserve</b>  |                         |                          |                          |              |                                  |                     |                            |                                    |                 |                              |                |
| Reversal of items relating to retirement benefits DR/CR to CIES   | (3,261)                 | 0                        | 0                        | (3,261)      | 0                                | 0                   | 0                          | 0                                  | 3,261           | 0                            | 3,261          |
| Employers pension contributions and direct payments to pensioners payable in the year   | 1,858                   | 0                        | 0                        | 1,858        | 0                                | 0                   | 0                          | 0                                  | (1,858)         | 0                            | (1,858)        |
| <b>Adjustments primarily involving the Collection Fund Adjustments Account</b>  |                         |                          |                          |              |                                  |                     |                            |                                    |                 |                              |                |
| Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated in the year in accordance with statutory requirements | 6,535                   | 0                        | 0                        | 6,535        | 0                                | 0                   | 0                          | (6,535)                            | 0               | 0                            | (6,535)        |
| <b>Adjustment primarily involving Accumulated Absences Account</b>  |                         |                          |                          |              |                                  |                     |                            |                                    |                 |                              |                |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements                                 | 0                       | 0                        | 0                        | 0            | 0                                | 0                   | 0                          | 0                                  | 0               | 0                            | 0              |
| <b>Total Adjustments</b>  | <b>6,040</b>            | <b>(587)</b>             | <b>0</b>                 | <b>5,453</b> | <b>256</b>                       | <b>381</b>          | <b>(956)</b>               | <b>(6,535)</b>                     | <b>1,403</b>    | <b>0</b>                     | <b>(5,453)</b> |

2022/23

|   | Usable Reserves (£'000) |                          |                          |              | Unusable Reserves (£'000)        |                     |                            |                                   |                 | Total       |
|---|-------------------------|--------------------------|--------------------------|--------------|----------------------------------|---------------------|----------------------------|-----------------------------------|-----------------|-------------|
|   | General Fund Balance    | Capital Receipts Reserve | Capital Grants Unapplied | Total        | Financial Instruments Adjustment | Revaluation Reserve | Capital Adjustment Account | Collecton Fund Adjustment Account | Pension Reserve |             |
| <b>Adjustments Involving the Capital Adjustment Account</b>   |                         |                          |                          |              |                                  |                     |                            |                                   |                 |             |
| Reversal of Items DR/CR to the CIES   | (1,396)                 | 0                        | 0                        | (1,396)      | 0                                | 409                 | 987                        | 0                                 | 0               | 0           |
| Charges for Depreciation and Impairment of non-current assets   | (28)                    | 0                        | 0                        | (28)         | 0                                | 0                   | 28                         | 0                                 | 0               | 0           |
| Amortisation of intangible assets   | 1,224                   | 0                        | 0                        | 1,224        | 0                                | 0                   | (1,224)                    | 0                                 | 0               | 0           |
| Capital grants and contributions applied  | (1,602)                 | 0                        | 0                        | (1,602)      | 0                                | 0                   | 1,602                      | 0                                 | 0               | 0           |
| Revenue expenditure funded from capital under statute   | (532)                   | 0                        | 0                        | (532)        | 0                                | 0                   | 532                        | 0                                 | 0               | 0           |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES  |                         |                          |                          |              |                                  |                     |                            |                                   |                 |             |
| <b>Insertion of Items not DR/CR to the CIES</b>   |                         |                          |                          |              |                                  |                     |                            |                                   |                 |             |
| Statutory provision for the financing of capital investment   | 377                     | 0                        | 0                        | 377          | 0                                | 0                   | (377)                      | 0                                 | 0               | 0           |
| Capital expenditure charged against the GF  | 632                     | 0                        | 0                        | 632          | 0                                | 0                   | (632)                      | 0                                 | 0               | 0           |
| <b>Adjustments primarily involving the Capital Grants Unapplied Account</b>   |                         |                          |                          |              |                                  |                     |                            |                                   |                 |             |
| Capital grant and contributions unapplied credited to the CIES  | 0                       | 0                        | 0                        | 0            | 0                                | 0                   | 0                          | 0                                 | 0               | 0           |
| Application of grants to capital financing  | 0                       | 0                        | 0                        | 0            | 0                                | 0                   | 0                          | 0                                 | 0               | 0           |
| <b>Adjustments primarily involving the Capital Receipts Reserve</b>   |                         |                          |                          |              |                                  |                     |                            |                                   |                 |             |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal / unattached receipts to the CIES  | 5,739                   | (5,739)                  | 0                        | 0            | 0                                | 0                   | 0                          | 0                                 | 0               | 0           |
| Use of the Capital Receipts Reserve to finance new capital expenditure  | 0                       | 479                      | 0                        | 479          | 0                                | 0                   | (479)                      | 0                                 | 0               | 0           |
| Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals  | 0                       | 0                        | 0                        | 0            | 0                                | 0                   | 0                          | 0                                 | 0               | 0           |
| Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool  | 0                       | 0                        | 0                        | 0            | 0                                | 0                   | 0                          | 0                                 | 0               | 0           |
| <b>Adjustments primarily involving the deferred Capital Receipts Reserve</b>  |                         |                          |                          |              |                                  |                     |                            |                                   |                 |             |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES  | 0                       | 0                        | 0                        | 0            | 0                                | 0                   | 0                          | 0                                 | 0               | 0           |
| <b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>   |                         |                          |                          |              |                                  |                     |                            |                                   |                 |             |
| Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements   | 231                     | 0                        | 0                        | 231          | (231)                            | 0                   | 0                          | 0                                 | 0               | 0           |
| <b>Adjustments primarily involving the Pension Reserve</b>  |                         |                          |                          |              |                                  |                     |                            |                                   |                 |             |
| Reversal of items relating to retirement benefits DR/CR to CIES   | (4,051)                 | 0                        | 0                        | (4,051)      | 0                                | 0                   | 0                          | 0                                 | 4,051           | 0           |
| Employers pension contributions and direct payments to pensioners payable in the year   | 2,100                   | 0                        | 0                        | 2,100        | 0                                | 0                   | 0                          | 0                                 | (2,100)         | 0           |
| <b>Adjustments primarily involving the Collecton Fund Adjustments Account</b>   |                         |                          |                          |              |                                  |                     |                            |                                   |                 |             |
| Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated in the year in accordance with statutory requirements | 1,566                   | 0                        | 0                        | 1,566        | 0                                | 0                   | 0                          | (1,566)                           | 0               | 0           |
| <b>Adjustment primarily involving Accumulated Absences Account</b>  |                         |                          |                          |              |                                  |                     |                            |                                   |                 |             |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements                                 | 32                      | 0                        | 0                        | 32           | 0                                | 0                   | 0                          | 0                                 | 0               | (32)        |
| <b>Total Adjustments</b>  | <b>4,292</b>            | <b>(5,260)</b>           | <b>0</b>                 | <b>(968)</b> | <b>(231)</b>                     | <b>409</b>          | <b>437</b>                 | <b>(1,566)</b>                    | <b>1,951</b>    | <b>(32)</b> |
| <b>Total Adjustments</b>  |                         |                          |                          |              |                                  |                     |                            |                                   |                 | <b>968</b>  |

### 8) Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the general fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts transferred back from earmarked reserves to meet general fund expenditure in 2022/23.

The Council's policy is that the general fund unallocated balance is maintained at 20% of the Council's net expenditure with the balance transferred to the budget surplus reserve and reallocated against other earmarked reserves.

| Reserve                                      | Balance<br>1 April<br>2021<br>£'000 | Transfers<br>Out<br>£'000 | Transfers<br>In<br>£'000 | Balance 31<br>March<br>2022<br>£'000 | Transfers<br>Out<br>£'000 | Transfers<br>In<br>£'000 | Balance 31<br>March<br>2023<br>£'000 |
|--|-------------------------------------|---------------------------|--------------------------|--------------------------------------|---------------------------|--------------------------|--------------------------------------|
| Budget Surplus Reserve                       | 0                                   | 1,274                     | (1,274)                  | 0                                    | 1,824                     | (1,824)                  | 0                                    |
| Covid-19 Internal Recovery Reserve           | (7,637)                             | 4,718                     | (1,252)                  | (4,171)                              | 2,372                     | 0                        | (1,799)                              |
| Projects, Risks & Smoothing Reserve          | (316)                               | 0                         | (735)                    | (1,051)                              | 1,948                     | (3,135)                  | (2,238)                              |
| Capital & Contracts Reserve                  | (1,081)                             | 519                       | (1,326)                  | (1,888)                              | 636                       | (349)                    | (1,601)                              |
| Transformation Reserve                       | (1,753)                             | 0                         | (84)                     | (1,837)                              | 1,000                     | 0                        | (837)                                |
| Community, Economic & Infrastructure Reserve | (2,411)                             | 1,271                     | (307)                    | (1,447)                              | 947                       | (500)                    | (1,000)                              |
| Commercial Investment Reserve                | (1,890)                             | 281                       | (1,325)                  | (2,934)                              | 2,424                     | (500)                    | (1,010)                              |
|  | (15,088)                            | 8,063                     | (6,303)                  | (13,328)                             | 11,151                    | (6,308)                  | (8,485)                              |

## 9) Expenditure and Income analysed by Nature

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

| 2021/22<br>£'000 |   | 2022/23<br>£'000 |
|------------------|---|------------------|
|                  | <b>Expenditure/Income</b>                               |                  |
|                  | <b>Expenditure</b>                                      |                  |
| 11,394           | Employee benefits expenses                              | 10,687           |
| 24,266           | Other services expenses                                 | 23,503           |
| 1,192            | Depreciation, amortisation, impairment                  | 1,398            |
| 75               | Interest payments                                       | 75               |
| 2,039            | Precepts and levies                                     | 2,114            |
| (5,206)          | Gain on the disposal of assets                          | (261)            |
| <b>33,760</b>    | <b>Total expenditure</b>                                | <b>37,516</b>    |
|                  | <b>Income</b>   |                  |
| (6,484)          | Fees, charges, and other service income                 | (6,351)          |
| (199)            | Interest and investment income                          | (1,172)          |
| (12,631)         | Income from council tax and non-domestic rates          | (15,373)         |
| (18,252)         | Government grants and contributions                     | (15,861)         |
| <b>(37,566)</b>  | <b>Total income</b>                                     | <b>(38,757)</b>  |
| <b>(3,806)</b>   | <b>(Surplus) / Deficit on the Provision of Services</b> | <b>(1,241)</b>   |



## 10) Expenditure and Funding Note

2022/23

| Adjustments from<br>General Fund to arrive<br>at the Comprehensive<br>Income and Expenditure<br>Statement amounts  | Adjustment for<br>Capital Purposes<br>(Note a)<br>£'000 | Net change for the<br>Pensions Adjustments<br>(Note b)<br>£'000 | Other Differences<br>(Note c)<br>£'000 | Total Adjustments<br>£'000 |
|--|---|---|--|----------------------------|
| Interim Chief Executive  | 160   | 148   | 0                                      | 308                        |
| Interim Deputy Chief Executive   | 1,042   | 124   | 0                                      | 1,166                      |
| Communities & Wellbeing  | 385   | 257   | 0                                      | 642                        |
| Planning & Regeneration  | 0   | 131   | 0                                      | 131                        |
| <b>Net Cost of Services</b>  | <b>1,587</b>  | <b>660</b>  | <b>0</b>                               | <b>2,247</b>               |
| Other Operating Expenditure  | (2,666)   | 0   | 0                                      | (2,666)                    |
| Financing and Investment<br>Income and Expenditure   | 256   | 743   | 0                                      | 999                        |
| Taxation and Non-specific Grant<br>Income  | (85)  | 0   | (6,535)                                | (6,620)                    |
| Difference between General<br>Fund Surplus or deficit and<br>Comprehensive Income and<br>Expenditure Statement Surplus<br>or Deficit on the Provision of<br>Services | (908)   | 1,403   | (6,535)                                | (6,040)                    |

| Adjustments from<br>General Fund to arrive<br>at the Comprehensive<br>Income and Expenditure<br>Statement amounts  | Adjustment for<br>Capital Purposes<br>(Note a)<br>£'000 | Net change for the<br>Pensions Adjustments<br>(Note b)<br>£'000 | Other Differences<br>(Note c)<br>£'000 | Total Adjustments<br>£'000 |
|--|---|---|--|----------------------------|
| Chief Executive  | 0   | 22  | (1)                                    | 21                         |
| Deputy Chief Executive   | 123   | 170   | (5)                                    | 288                        |
| Communities & Wellbeing  | 826   | 140   | (7)                                    | 959                        |
| Finance & Assets   | 923   | 498   | (5)                                    | 1,416                      |
| Law & Governance   | 175   | 295   | (7)                                    | 463                        |
| Planning & Regeneration  | 0   | 249   | (6)                                    | 243                        |
| <b>Net Cost of Services</b>  | <b>2,047</b>  | <b>1,374</b>  | <b>(31)</b>                            | <b>3,390</b>               |
| Other Operating Expenditure  | (6,216)   | 0   | 0                                      | (6,216)                    |
| Financing and Investment<br>Income and Expenditure   | (197)   | 577   | (1)                                    | 379                        |
| Taxation and Non-specific Grant<br>Income  | (279)   | 0   | (1,566)                                | (1,845)                    |
| Difference between General<br>Fund Surplus or deficit and<br>Comprehensive Income and<br>Expenditure Statement Surplus<br>or Deficit on the Provision of<br>Services | (4,645)   | 1,951   | (1,598)                                | (4,292)                    |

### Note a) Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services lines, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for these assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable without conditions or for which conditions are satisfied throughout the year. The Taxation and Non-

Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

#### **Note b) Net change for the Pensions Adjustments**

Net change for the removal of pension contributions and the addition of the IAS 19 *Employee Benefits* pension related expenditure and income:

- **For services** – this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

#### **Note c) Other Differences**

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and the amounts payable/receivable to be recognised under statute:

- **For financing and investment income and expenditure** – the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that is projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

### 11) Other Operating Expenditure

| Exp<br>£'000 | Income<br>£'000 | 2021/22<br>£'000 |   | Exp<br>£'000 | Income<br>£'000 | 2022/23<br>£'000 |
|--------------|-----------------|------------------|---|--------------|-----------------|------------------|
| 2,039        | 0               | 2,039            | Precepts paid to Parish Councils        | 2,114        | 0               | 2,114            |
| 0            | (5,206)         | (5,206)          | Gains on Disposal of Non-Current Assets | 0            | (261)           | (261)            |
| <b>2,039</b> | <b>(5,206)</b>  | <b>(3,167)</b>   | <b>Other Operating Expenditure</b>      | <b>2,114</b> | <b>(261)</b>    | <b>1,853</b>     |

### 12) Financing and Investment Income and Expenditure

| Exp<br>£'000 | Income<br>£'000 | 2021/22<br>£'000 |   | Exp<br>£'000 | Income<br>£'000 | 2022/23<br>£'000 |
|--------------|-----------------|------------------|---|--------------|-----------------|------------------|
| 75           | 0               | 75               | Interest Payable and Similar Charges  | 75           | 0               | 75               |
| 0            | (143)           | (143)            | Interest Receivable and Similar Income  | 0            | (1,019)         | (1,019)          |
| 0            | (1)             | (1)              | Income and Expenditure in relation to Investment Properties and changes in their Fair Value | 2            | 0               | 2                |
| 0            | (231)           | (231)            | Gain/Loss on Financial Assets at Fair Value through Profit and Loss                         | 256          | 0               | 256              |
| 203          | 0               | 203              | Impairment Allowance  | 0            | (159)           | (159)            |
| 763          | 0               | 763              | Net Interest on the Net Defined Benefit Liability/Asset                                     | 743          | 0               | 743              |
| 0            | (56)            | (56)             | Other Investment Income   | 0            | (153)           | (153)            |
| 308          | (289)           | 19               | Total net deficit from Market Hall Trading Operation  | 353          | (302)           | 51               |
| <b>1,349</b> | <b>(720)</b>    | <b>629</b>       | <b>Financing and Investment Income and Expenditure</b>                                      | <b>1,429</b> | <b>(1,633)</b>  | <b>(204)</b>     |

### 13) Taxation and Non-specific Grant Income and Expenditure

| Exp<br>£'000 | Income<br>£'000 | 2021/22<br>£'000 |   | Exp<br>£'000 | Income<br>£'000 | 2022/23<br>£'000 |
|--------------|-----------------|------------------|---|--------------|-----------------|------------------|
| 0            | (3,155)         | (3,155)          | Non-ringfenced Government Grants                              | 0            | (2,799)         | (2,799)          |
| 1,357        | (1,357)         | 0                | Government Covid-19 Grants                                    | 0            | 0               | 0                |
| 0            | (279)           | (279)            | Capital Grants & Contributions                                | 0            | (85)            | (85)             |
| 2,217        | (6,261)         | (4,044)          | Non-Domestic Rates Income and Expenditure                     | 3,824        | (10,212)        | (6,388)          |
| 0            | (8,588)         | (8,588)          | Council Tax Income  | 0            | (8,985)         | (8,985)          |
| <b>3,574</b> | <b>(19,640)</b> | <b>(16,066)</b>  | <b>Taxation and Non-specific Grant Income and Expenditure</b> | <b>3,824</b> | <b>(22,081)</b> | <b>(18,257)</b>  |

## 14)Property, Plant and Equipment

|   | Other Land and Buildings<br>£'000 | Vehicles, Plant, Furniture & Equipment<br>£'000 | Infrastructure Assets<br>£'000 | Community Assets<br>£'000 | Assets under construction<br>£'000 | Total Property, Plant & Equipment<br>£'000 |
|---|-----------------------------------|---|--------------------------------|---------------------------|------------------------------------|--|
| <b>Cost or Valuation</b>  |                                   |   |                                |                           |                                    |  |
| <b>At 31st March 2022</b>   | 48,493                            | 3,650   | 430                            | 1,814                     | 512                                | 54,899                                     |
| Additions   | 148                               | 61  | 0                              | 1858                      | 131                                | 2,198                                      |
| Revaluation Increases/ (Decreases) recognised in Revaluation reserve                      | (55)                              | 0   | 0                              | 0                         | 0                                  | (55)                                       |
| Revaluation Increases/ (Decreases) recognised in Surplus/Deficit on provision of services | 0                                 | 0   | 0                              | 0                         | 0                                  | 0  |
| Derecognition - Other   | 0                                 | 0   | 0                              | 0                         | 0                                  | 0  |
| Reclassifications:<br>- to Held for Sale<br>- Other Assets                                | 0                                 | 0   | 0                              | 0                         | 0                                  | 0  |
| <b>At 31st March 2023</b>   | 48,586                            | 3,711   | 430                            | 3,672                     | 643                                | 57,042                                     |
| <b>Accumulated Depreciation and Impairment</b>  |                                   |   |                                |                           |                                    |  |
| <b>At 31st March 2022</b>   | (2,567)                           | (2,664)   | (104)                          | (292)                     | 0                                  | (5,627)                                    |
| Depreciation  | (839)                             | (292)   | (9)                            | (23)                      | 0                                  | (1,163)                                    |
| Depreciation written out to Revaluation reserve   | 0                                 | 0   | 0                              | 0                         | 0                                  | 0  |
| <b>At 31st March 2023</b>   | (3,406)                           | (2,956)   | (113)                          | (315)                     | 0                                  | (6,790)                                    |
| <b>Net Book Value</b>   |                                   |   |                                |                           |                                    |  |
| <b>At 31st March 2023</b>   | 45,180                            | 755   | 317                            | 3,357                     | 643                                | 50,252                                     |
| <b>At 31st March 2022</b>   | 45,926                            | 986   | 326                            | 1,522                     | 512                                | 49,272                                     |



Comparative movements in 2021/22

|  | Other Land and Buildings<br>£'000 | Vehicles, Plant, Furniture & Equipment<br>£'000 | Infrastructure Assets<br>£'000 | Community Assets<br>£'000 | Assets under construction<br>£'000 | Total Property, Plant & Equipment<br>£'000 |
|--|-----------------------------------|---|--------------------------------|---------------------------|------------------------------------|--|
| <b>Cost or Valuation</b>   |                                   |   |                                |                           |                                    |  |
| <b>At 31st March 2021</b>  | 48,148                            | 3,490   | 430                            | 1,800                     | 430                                | 54,298                                     |
| Additions  | 376                               | 160   | 0                              | 14                        | 284                                | 834  |
| Revaluation Increases/<br>(Decreases) recognised in<br>Revaluation reserve                         | (155)                             | 0   | 0                              | 0                         | 0                                  | (155)                                      |
| Revaluation Increases/<br>(Decreases) recognised in<br>Surplus/Deficit on provision of<br>services | 114                               | 0   | 0                              | 0                         | 0                                  | 114  |
| Derecognition - Other  | 0                                 | 0   | 0                              | 0                         | 178                                | 178  |
| Reclassifications:<br>- to Held for Sale<br>- Other Assets   | 10                                | 0   | 0                              | 0                         | (380)                              | (370)                                      |
| <b>At 31st March 2022</b>  | 48,493                            | 3,650   | 430                            | 1,814                     | 512                                | 54,899                                     |
| <b>Accumulated Depreciation<br/>and Impairment</b>   |                                   |   |                                |                           |                                    |  |
| <b>At 31st March 2021</b>  | (1,793)                           | (2,350)   | (95)                           | (269)                     | 0                                  | (4,507)                                    |
| Depreciation   | (828)                             | (314)   | (9)                            | (23)                      | 0                                  | (1,174)                                    |
| Depreciation written out to<br>Revaluation reserve   | 54                                | 0   | 0                              | 0                         | 0                                  | 54   |
| <b>At 31st March 2022</b>  | (2,567)                           | (2,664)   | (104)                          | (292)                     | 0                                  | (5,627)                                    |
| <b>Net Book Value</b>  |                                   |   |                                |                           |                                    |  |
| <b>At 31st March 2022</b>  | 45,926                            | 986   | 326                            | 1,522                     | 512                                | 49,272                                     |
| <b>At 31st March 2021</b>  | 46,355                            | 1,140   | 335                            | 1,531                     | 430                                | 49,791                                     |

a) **Depreciation**

All assets which attract a charge for depreciation are depreciated using the straight-line method, assuming no residual value. The valuers have assessed the remaining useful life of each asset as part of the valuation exercise. The Council has taken these estimated useful lives into account when calculating depreciation. For each category of asset, the useful lives used are as follows:

- Land and buildings – Buildings: minimum 10 years, maximum 50 years; Land is not depreciated (in line with the Code and standard practice);
- Vehicles, plant, and equipment – minimum 5 years, maximum 10 years;
- Infrastructure assets – Buildings 25 years.

Certain assets have not been depreciated for the following reasons:

- Community assets – mainly freehold land which is not depreciable.

b) **Capital Commitments**

At 31 March 2023, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2022/23 and future years budgeted to cost £2.044m. Similar commitments at 31 March 2022 were £1.514m. The major commitments are:

| <b>Scheme</b>           | <b>Contracted Work</b> | <b>£'000</b> |
|-------------------------|------------------------|--------------|
| S106 Grant Panel Awards | Various                | 2,044        |
|                         |                        | 2,044        |

c) **Valuation of Plant, Property and Equipment**

The Council's policy with regard to the valuation of tangible fixed assets is that assets held in the balance sheet at fair value are formally revalued to a five-year rolling programme, although any material changes to valuations are adjusted in the interim period. During 2018/19 all fixed assets were revalued to provide a baseline for the continuation of the rolling programme from 2019/20 onwards. Assets were revalued at 31 January 2023 with a valuation date of 31 March 2023.

Where not explicitly stated otherwise, revaluations have been completed by Mr G Harbord MA MRICS IRRV (Hons) a qualified valuer and a partner of Wilks Head & Eve LLP.

The significant assumptions applied in estimating fair values are:

- that good title can be shown, and all valid planning permissions and statutory approvals are in place
- that the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted
- that an inspection of those parts not inspected would not reveal defects that would affect valuation

- that the testing of electrical or other services would not reveal defects that would cause the valuation to alter
- that there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation

Land and Buildings / Asset Held for Sale – valued in accordance with International Financial Reporting Standards as applied to the United Kingdom public sector interpreted by the current CIPFA Code of Practice for Local Authority Accounting. The valuations are made in accordance with the Red Book Valuation, in so far as they are consistent with the IFRS standards and CIPFA interpretation, (RICS UKVS 1.12).

Any departure from these standards is listed below:

- the instant building approach has been adopted. For assets valued at depreciated replacement cost, no building periods, nor consequential finance costs have been reflected in their valuations, this has been valued in accordance with UKVS 1.15 in addition to UKGN2 of the red book.

**Vehicles, Plant, etc. Infrastructure, Community & AUC Assets – based on Historic Cost.**

|                          | Other Land and Buildings | VPE, Infrastructure, Community, Surplus & AUC | Assets Held for Sale | Total  |
|--------------------------|--------------------------|---|----------------------|--------|
|                          | £'000                    | £'000   | £'000                | £'000  |
| Valued at Historic Cost: |                          |   |                      |        |
| 31 March 2022            | 0                        | 3,300   | 0                    | 3,300  |
| 31 March 2023            | 0                        | 5,073   | 0                    | 5,073  |
| Valued at Fair Value:    |                          |   |                      |        |
| 31 March 2022            | 45,925                   | 0   | 1,408                | 47,333 |
| 31 March 2023            | 45,180                   | 0   | 0                    | 45,180 |

## 15) Investment Properties

### Land at the former Cattle Market site

The Council, as lessor, maintains an operating lease with Sainsbury's Supermarkets Ltd for land at the former cattle market site, now used as a retail park, with integrated car parking. The freehold remains an asset of the Authority.

The lease of the land is for a period of 80 years expiring on 22 December 2071. Annual rental is the sum of one peppercorn (if demanded).

Initial cost of the asset predates 1992. Fair value, should the Council determine to sell the asset to the lessee, is £1.00, according to the terms of the lease.

The lease has been determined as an operating lease with reference to IAS17 – Classification of leases and IAS40 – Recognition.

#### Welland Park Cafe

The Council, as lessor, maintains an operating lease for the café premises at Welland Park. The freehold remains an asset of the authority.

The lease of the premise is for a period of 5 years which expired on 31 July 2020. Annual rental has been set at a level consistent with current market rates. Under the Landlord and Tenant Act the lease has continued under the same terms while talks are ongoing around a new lease.

The lease has been determined as an operating lease with reference to IAS17 – Classification of leases and IAS40 – Recognition.

#### Doddridge Road Office (Jubilee Memorial Hall)

The Council, as lessor, maintains an operating lease for the office premises at Doddridge Road to HF Trust Ltd. The freehold remains an asset of the authority.

A new lease for these premises was signed in 2022 for a period of six years expiring on 8 May 2028. Annual rental has been set at a level consistent with current market rates.

At the end of the lease period, vacant possession of the premises is given back to the Council.

The lease has been determined as an operating lease with reference to IAS17 – Classification of leases and IAS40 – Recognition.

#### Land at Symingtons Recreation Ground

The Council, as lessor, maintains an operating lease for a parcel of land (the former Symington Recreation Bowling Club) at the Symington Recreation Ground to Harborough Youth and Community Trust, including a building constructed under a licence to alter, which will revert to the Council on expiry of the lease. The freehold remains an asset of the authority.

The lease of the land is for a period of 28 years expiring on 8 August 2040. Annual rental is the sum of one peppercorn (if demanded).

At the end of the lease period, vacant possession of the land (and premises) is given back to the Council.

The lease has been determined as an operating lease with reference to IAS17 – Classification of leases and IAS40 – Recognition.

|   | 2021/22<br>£'000 | 2022/23<br>£'000 |
|---|------------------|------------------|
| <b>Balance at 1 April</b>                     | 238              | 239              |
| Net Gain / (Loss) from Fair Value Adjustments | 1                | (2)              |
| <b>Balance at 31 March</b>                    | <b>239</b>       | <b>237</b>       |
|   |                  |                  |

## 16) Assets held for Sale

|   | Non-current      |                  |
|---|------------------|------------------|
|   | 2021/22<br>£'000 | 2022/23<br>£'000 |
| <b>Balance at 1 April</b>                 | <b>1,985</b>     | <b>1,408</b>     |
| Assets newly classified as held for sale: |                  |                  |
| - Property, Plant & Equipment             | 0                | 0                |
| Impairment Losses                         | (108)            | 0                |
| Assets Sold                               | (532)            | (1,408)          |
| Other Movements:                          |                  |                  |
| - Disposal Costs                          | 63               | 0                |
| <b>Balance at 31 March</b>                | <b>1,408</b>     | <b>0</b>         |

## 17) Financial Instruments Balances

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability (or equity instrument) of another entity.

- **Financial Assets and Liabilities**

The following categories of financial instrument are carried in the balance sheet:

### Financial Assets

|                                    | Non-Current      |                  |                  |                  | Current          |                  |                  |                  | Total<br>31/3/23<br>£'000 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------------|
|                                    | Investments      |                  | Debtors          |                  | Investments      |                  | Debtors          |                  |                           |
|                                    | 31/3/22<br>£'000 | 31/3/23<br>£'000 | 31/3/22<br>£'000 | 31/3/23<br>£'000 | 31/3/22<br>£'000 | 31/3/23<br>£'000 | 31/3/22<br>£'000 | 31/3/23<br>£'000 |                           |
| Fair Value through Profit and Loss | 1,550            | 1,295            | 0                | 0                | 0                | 0                | 50               | 228              | 1,523                     |
| Amortised Cost                     | 2,150            | 2,150            | 1,832            | 1,832            | 40,019           | 47,350           | 0                | 0                | 51,332                    |
| <b>Total Financial Assets</b>      | <b>3,700</b>     | <b>3,445</b>     | <b>1,832</b>     | <b>1,832</b>     | <b>40,019</b>    | <b>47,350</b>    | <b>50</b>        | <b>228</b>       | <b>52,855</b>             |
| Non-Financial Assets               | 0                | 0                | 0                | 0                | 0                | 0                | 3,119            | 4,028            | 4,028                     |
| <b>Total</b>                       | <b>3,700</b>     | <b>3,445</b>     | <b>1,832</b>     | <b>1,832</b>     | <b>40,019</b>    | <b>47,350</b>    | <b>3,169</b>     | <b>4,256</b>     | <b>56,883</b>             |



## Financial Liabilities

|                                    | Non-Current      |                  |                  |                  | Current          |                  |                  |                  | Total<br>31/3/23<br>£'000 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------------|
|                                    | Borrowings       |                  | Creditors        |                  | Borrowings       |                  | Creditors        |                  |                           |
|                                    | 31/3/22<br>£'000 | 31/3/23<br>£'000 | 31/3/22<br>£'000 | 31/3/23<br>£'000 | 31/3/22<br>£'000 | 31/3/23<br>£'000 | 31/3/22<br>£'000 | 31/3/23<br>£'000 |                           |
| Fair Value through Profit and Loss | 0                | 0                | 0                | 0                | 0                | 0                | (91)             | (75)             | (75)                      |
| Amortised Cost                     | (1,490)          | (1,468)          | 0                | 0                | (15)             | (37)             | 0                | 0                | (1,505)                   |
| <b>Total Financial Liabilities</b> | <b>(1,490)</b>   | <b>(1,468)</b>   | <b>0</b>         | <b>0</b>         | <b>(15)</b>      | <b>(37)</b>      | <b>(91)</b>      | <b>(75)</b>      | <b>(1,580)</b>            |
| Non-Financial Liabilities          | 0                | 0                | 0                | 0                | 0                | 0                | (20,760)         | (25,315)         | (25,315)                  |
| <b>Total</b>                       | <b>(1,490)</b>   | <b>(1,468)</b>   | <b>0</b>         | <b>0</b>         | <b>(15)</b>      | <b>(37)</b>      | <b>(20,851)</b>  | <b>(25,390)</b>  | <b>(26,895)</b>           |

- **Income, Expense, Gains and Losses**

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

|  | 2021/22  | 2022/23  |
|--|--|--|
|  | Surplus or Deficit on the Provision of Services<br>£'000 | Surplus or Deficit on the Provision of Services<br>£'000 |
| Net gains/losses on:   |  |  |
| Financial assets measured at fair value through profit or loss       | (231)  | 256  |
| <b>Total net gains/losses</b>  | <b>(231)</b>   | <b>256</b>   |
| Interest revenue:  |  |  |
| Financial assets measured at amortised cost                          | (143)  | (1,019)  |
| Other financial assets measured at fair value through profit or loss | (56)   | (153)  |
| <b>Total interest revenue</b>  | <b>(199)</b>   | <b>(1,172)</b>   |
| <b>Interest expense</b>  | <b>75</b>  | <b>75</b>  |

- **Fair Value of Financial Assets**

Some of the Council's financial assets are measured in the Balance Sheet at fair value on a recurring basis and are described in the following table, included the valuation techniques used to measure them.

| Recurring fair value measurements         | Input level in fair value hierarchy | Valuation technique used to measure fair value                 | 31 March 2022 Fair Value | 31 March 2023 Fair Value |
|---|-------------------------------------|--|--------------------------|--------------------------|
|   |                                     |  | £'000                    | £'000                    |
| <b>Fair Value through Profit and Loss</b> |                                     |  |                          |                          |
| CCLA Property Fund                        | Level 1                             | Unadjusted quoted price in active markets for identical shares | 1,550                    | 1,295                    |

The Council holds 456,149 units in the CCLA Property Fund, the fair value has been calculated using the bid price which has been supplied by the fund manager. The other long-term investment is shares in the Council's wholly owned subsidiary Harborough District Commercial Services Ltd which are carried at historic cost as group accounts are prepared.

Except for the financial assets above, all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) payable, new loan rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation.
- No early repayment of impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

|                          | 31-Mar-22                |                     | 31-Mar-23                |                     |
|--------------------------|--------------------------|---------------------|--------------------------|---------------------|
|                          | Carrying amount<br>£'000 | Fair value<br>£'000 | Carrying amount<br>£'000 | Fair value<br>£'000 |
| PWLB debt                | (1,490)                  | (2,356)             | (1,490)                  | (1,607)             |
| Short term creditors     | (91)                     | (91)                | (75)                     | (75)                |
| <b>Total Liabilities</b> | <b>(1,581)</b>           | <b>(2,447)</b>      | <b>(1,565)</b>           | <b>(1,682)</b>      |

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders above current market rates.

The council has used the new loan rate to calculate the fair value of the PWLB debt above. The fair value based on the premature repayment rate is £1.588m. These measure the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

|                        | 31-Mar-22                |                     | 31-Mar-23                |                     |
|------------------------|--------------------------|---------------------|--------------------------|---------------------|
|                        | Carrying amount<br>£'000 | Fair value<br>£'000 | Carrying amount<br>£'000 | Fair value<br>£'000 |
| Short term investments | 39,514                   | 39,514              | 45,697                   | 45,697              |
| Long term investments  | 3,700                    | 3,700               | 3,445                    | 3,445               |
| Short term debtors     | 50                       | 50                  | 228                      | 228                 |
| Long term debtors      | 1,832                    | 1,832               | 1,832                    | 1,832               |
| <b>Total Assets</b>    | <b>45,096</b>            | <b>45,096</b>       | <b>51,202</b>            | <b>51,202</b>       |

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

## 18) Debtors

### Short Term

|                          | 2021/22<br>£'000 | 2022/23<br>£'000 |
|--------------------------|------------------|------------------|
| Trade Receivables        | 846              | 1,283            |
| Accrued Income           | 1,087            | 941              |
| Collection Fund Debtors  | 534              | 562              |
| Other Receivable Amounts | 702              | 1,470            |
| <b>Total</b>             | <b>3,169</b>     | <b>4,256</b>     |

## Long Term

|                            | 2021/22<br>£'000 | 2022/23<br>£'000 |
|----------------------------|------------------|------------------|
| Loan to Subsidiary Company | 1,832            | 1,832            |
| <b>Total</b>               | <b>1,832</b>     | <b>1,832</b>     |

## 19)Cash and Cash Equivalents

|   | 2021/22<br>£'000 | 2022/23<br>£'000 |
|---|------------------|------------------|
| Bank Current Accounts                       | 505              | 1,653            |
| Short-term Deposits with Building Societies | 2,000            | 0                |
| <b>Total</b>                                | <b>2,505</b>     | <b>1,653</b>     |

## 20)Creditors

|                           | 2021/22<br>£'000 | 2022/23<br>£'000 |
|---------------------------|------------------|------------------|
| Trade Payables            | (134)            | (161)            |
| Accrued Expenditure       | (1,775)          | (2,356)          |
| Collection Fund Creditors | (8,262)          | (19,049)         |
| Other Payables            | (10,680)         | (3,824)          |
| <b>Total</b>              | <b>(20,851)</b>  | <b>(25,390)</b>  |

## 21)Provisions

Due to the localisation of Business Rates, which became effective from 1 April 2013, the Council has set aside a provision for any potential liabilities as a result of Business Rate payers' appeals against rateable valuations. The Council is responsible for a 40% share of this liability.

During 2022/23 a thorough review of the provision was undertaken reflecting settlement of a number of appeals by the Valuation Office and an assessment of potential liabilities in the future.

|                                   | <b>Business Rates Appeals Provision<br/>£'000</b> | <b>Outstanding Legal Cases<br/>£'000</b> | <b>Total<br/>£'000</b> |
|-----------------------------------|---|--|------------------------|
| <b>Balance at 1 April</b>         | (2,731)   | (82)                                     | (2,813)                |
| Additional provision made in year | 0   | 0  | 0                      |
| Amounts used in year              | 22  | 63                                       | 85                     |
| Unused amounts reversed in year   | 40  | 0  | 40                     |
| <b>Balance at 31 March</b>        | <b>(2,669)</b>                                    | <b>(19)</b>                              | <b>(2,688)</b>         |

## **22) Unusable reserves**

|  | <b>Note</b> | <b>31 March<br/>2022<br/>£'000</b> | <b>31 March<br/>2023<br/>£'000</b> |
|--|-------------|------------------------------------|------------------------------------|
| Financial Instruments Adjustment Account |             | (49)                               | 207                                |
| Revaluation Reserve                      | <b>23</b>   | (22,537)                           | (22,055)                           |
| Capital Adjustment Account               | <b>24</b>   | (18,321)                           | (19,279)                           |
| Collection Fund Adjustment Account       | <b>25</b>   | 4,305                              | (2,230)                            |
| Pensions Reserve                         | <b>26</b>   | 27,195                             | 2,838                              |
| Accumulated Absences Account             |             | 79                                 | 79                                 |
| <b>Total Unusable Reserves</b>           |             | <b>(9,328)</b>                     | <b>(40,440)</b>                    |

## **23) Revaluation reserve**

|   | <b>2021/22<br/>£'000</b> | <b>2022/23<br/>£'000</b> |
|---|--------------------------|--------------------------|
| <b>Balance at 1st April</b>   | <b>(22,819)</b>          | <b>(22,537)</b>          |
| Upward revaluation of assets  | (186)                    | (221)                    |
| Downward revaluation of assets  | 59                       | 322                      |
|   | (127)                    | 101                      |
| Impairment losses not charged to the surplus/deficit on the provision of services | 192                      | 0                        |
| Accumulated gains on assets sold or scrapped                                      | 0                        | 140                      |
| Difference between fair value depreciation & historical cost depreciation         | 217                      | 241                      |
| <b>Balance at 31st March</b>  | <b>(22,537)</b>          | <b>(22,055)</b>          |



## 24)Capital Adjustment Account

|  | 2021/22<br>£'000 | 2022/23<br>£'000 |
|--|------------------|------------------|
| <b>Balance as at 1st April</b>   | <b>(18,758)</b>  | <b>(18,321)</b>  |
| <b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>              |                  |                  |
| Charges for depreciation & impairment of non-current assets  | 1,174            | 1,161            |
| Revaluation losses on property, plant, and equipment   | 223              | 46               |
| Amortisation of Intangible assets  | 28               | 23               |
| Revenue expenditure funded from Capital under Statute  | 1,602            | 1,886            |
| Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 532              | 1,408            |
|  | <b>3,559</b>     | <b>4,524</b>     |
| <b>Adjusting amounts written out of the Revaluation Reserve</b>  | <b>(409)</b>     | <b>(381)</b>     |
| <b>Net written off amount on the cost of non-current assets consumed in the year</b>   | <b>3,150</b>     | <b>4,143</b>     |
| <b>Capital financing applied in the year:</b>  |                  |                  |
| Use of the Capital Receipts Reserve to finance new capital expenditure   | (479)            | (1,083)          |
| Capital expenditure charged against the General Fund balances  | (632)            | (1,901)          |
| Capital grants and contributions credited to the Comprehensive Income and Expenditure statement that have been applied to capital financing      | (1,224)          | (1,756)          |
| Statutory provision for the financing of capital investment charged against the General Fund balances  | (377)            | (363)            |
|  | <b>(2,712)</b>   | <b>(5,103)</b>   |
| Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement                 | (1)              | 2                |
| <b>Balance as at 31st March</b>  | <b>(18,321)</b>  | <b>(19,279)</b>  |

## **25)Collection Fund Adjustment Account**

|  | <b>2021/22<br/>£'000</b> | <b>2022/23<br/>£'000</b> |
|--|--------------------------|--------------------------|
| <b>Balance at 1 April</b>  | <b>5,871</b>             | <b>4,305</b>             |
| Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements | (1,566)                  | (6,535)                  |
| <b>Balance at 31 March</b>   | <b>4,305</b>             | <b>(2,230)</b>           |

## **26)Pension Reserve**

|   | <b>2021/22<br/>£'000</b> | <b>2022/23<br/>£'000</b> |
|---|--------------------------|--------------------------|
| <b>Balance at 1 April</b>   | <b>37,609</b>            | <b>27,195</b>            |
| Remeasurements of the net defined benefit liability/(asset)   | (12,365)                 | (25,760)                 |
| Reversal of items relating to retirement benefits credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement | 4,051                    | 3,261                    |
| Employer's pensions contributions and direct payments to pensioners payable in the year   | (2,100)                  | (1,858)                  |
| <b>Balance at 31 March</b>  | <b>27,195</b>            | <b>2,838</b>             |

## **27)Cash Flow Statement – Operating Activities**

|                    | <b>2021/22<br/>£'000</b> | <b>2022/23<br/>£'000</b> |
|--------------------|--------------------------|--------------------------|
| Interest received  | 143                      | 1,019                    |
| Interest paid      | (75)                     | (75)                     |
| Dividends received | 56                       | 153                      |
|                    | <b>124</b>               | <b>1,097</b>             |

## 28) Cash Flow Statement – Investing Activities

|  | 2021/22<br>£'000 | 2022/23<br>£'000 |
|--|------------------|------------------|
| Purchase of property, plant and equipment, investment property and intangible assets               | (910)            | (2,199)          |
| Purchase of short-term and long-term investments   | (17,013)         | (8,183)          |
| Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 5,738            | 1,669            |
| <b>Net cash flows from investing activities</b>  | <b>(12,185)</b>  | <b>(8,713)</b>   |

## 29) Cash Flow Statement – Financing Activities

|   | 2021/22<br>£'000 | 2022/23<br>£'000 |
|---|------------------|------------------|
| Other receipts from financing activities        | 2,530            | 9,954            |
| Other payments for financing activities         | 0                | (131)            |
| <b>Net cash flows from financing activities</b> | <b>2,530</b>     | <b>9,823</b>     |

## 30) Cash Flow Statement – Reconciliation of Liabilities arising from Financing Activities

|  | 01 April<br>2022<br>£'000 | Financing<br>Cashflows<br>£'000 | Non-Cash<br>Changes<br>£'000 | 31 March<br>2023<br>£'000 |
|--|---------------------------|---------------------------------|------------------------------|---------------------------|
| Long Term Borrowing                                    | (1,490)                   | 0                               | 22                           | (1,468)                   |
| Short Term Borrowing                                   | (15)                      | 0                               | (22)                         | (37)                      |
| <b>Total Liabilities from<br/>Financing Activities</b> | <b>(1,505)</b>            | <b>0</b>                        | <b>0</b>                     | <b>(1,505)</b>            |

|  | 01 April<br>2021<br>£'000 | Financing<br>Cashflows<br>£'000 | Non-Cash<br>Changes<br>£'000 | 31 March<br>2022<br>£'000 |
|--|---------------------------|---------------------------------|------------------------------|---------------------------|
| Long Term Borrowing                                    | (1,490)                   | 0                               | 0                            | (1,490)                   |
| Short Term Borrowing                                   | (15)                      | 0                               | 0                            | (15)                      |
| <b>Total Liabilities from<br/>Financing Activities</b> | <b>(1,505)</b>            | <b>0</b>                        | <b>0</b>                     | <b>(1,505)</b>            |

### **31)Members Allowances**

The Council paid the following amounts to members of the Council during the year.

|              | 2021/22<br>£'000 | 2022/23<br>£'000 |
|--------------|------------------|------------------|
| Allowances   | 281              | 296              |
| Expenses     | 17               | 19               |
| <b>Total</b> | <b>298</b>       | <b>315</b>       |

### **32)Officers' Remuneration**

The Council is required to disclose the number of officers whose remuneration in the year amounted to £50,000 or more, starting at that level and rising in bands of £5,000. For this purpose, remuneration is deemed to be the total of all sums paid to or receivable by an officer, sums due by way of expense allowances, and the monetary value of benefits received other than in cash. Pension contributions payable by either the employee or the Council are excluded. The following tables both include senior officers of the Council.

| Remuneration Band    | 2021/22<br>No. | 2022/23<br>No |
|----------------------|----------------|---------------|
| £50,000 to £54,999   | 6              | 5             |
| £55,000 to £59,999   | 6              | 12            |
| £60,000 to £64,999   | 1              | 0             |
| £65,000 to £69,999   | 1              | 0             |
| £70,000 to £74,999   | 0              | 0             |
| £75,000 to £79,999   | 2              | 0             |
| £80,000 to £85,999   | 0              | 2             |
| £85,000 to £89,999   | 0              | 0             |
| £90,000 to £94,999   | 0              | 0             |
| £95,000 to £99,999   | 0              | 0             |
| £100,000 to £104,999 | 1              | 0             |
| £105,000 to £109,999 | 0              | 0             |
| £110,000 to £114,999 | 1              | 1             |
| £115,000 to £119,999 | 0              | 0             |
| £120,000 to £124,999 | 0              | 0             |
| £125,000 to £129,999 | 1              | 0             |

The remuneration of Senior Officers whose salary was more than £50,000 in 2022/23 is as follows:

| Post Holder  |         | Salary, Fees<br>and<br>Allowances | Expense<br>Allowances | Pension<br>Contributions | Total   |
|--|---------|-----------------------------------|-----------------------|--------------------------|---------|
| Interim Chief Executive<br>(Deputy Chief Executive – see note a)   | 2022/23 | 112,700                           | 674                   | 37,350                   | 150,724 |
|  | 2021/22 | 88,364                            | 240                   | 27,173                   | 115,777 |
| Interim Deputy Chief Executive<br>(Director Finance, ICT & Assets – see note b)  | 2022/23 | 83,009                            | 280                   | 27,562                   | 110,851 |
|  | 2021/22 | 77,663                            | 290                   | 23,903                   | 101,856 |
| Director Communities and Wellbeing (note c)<br>(Interim started October 2022)<br>(Interim left October 2022)<br>(Interim started December 2021)<br>(Left October 2021) | 2022/23 | 34,017                            | 66                    | 11,302                   | 45,385  |
|  | 2022/23 | 46,373                            | 140                   | 15,538                   | 62,051  |
|  | 2021/22 | 24,844                            | 80                    | 32,554                   | 57,478  |
|  | 2021/22 | 43,651                            | 328                   | 13,437                   | 57,416  |
| Director Planning & Regeneration   | 2022/23 | 79,588                            | 523                   | 26,450                   | 106,561 |
|  | 2021/22 | 76,141                            | 315                   | 23,434                   | 99,890  |
| Total  | 2022/23 | 355,687                           | 1,683                 | 118,202                  | 475,572 |
| Total  | 2021/22 | 310,663                           | 1,253                 | 120,501                  | 432,417 |



No amounts included in the above table are outside the Council's policies in respect of Salary, Benefits, Expenses, Redundancy or Pensions.

Notes

a) The Deputy Chief Executive has been acting as Interim Chief Executive since February 2022.

b) The Director Finance, ICT & Assets has been acting as Interim Deputy Chief Executive since July 2022.

c) The Director Communities and Wellbeing, the original post holder left in October 2021 and was replaced by an interim who left in October 22, who has been replaced by another interim.

d) The Director Law and Governance post is currently covered by an interim Monitoring Officer who is paid through an agency and is not included in the table above.

**33) External Audit Cost**

Harborough District Council incurred the following costs in relation to the audit of the statement of accounts:

|  | 2021/22<br>£'000 | 2022/23<br>£'000 |
|--|------------------|------------------|
| Fees payable with regard to external audit services carried out by the appointed auditor | 92               | 38               |
|  | <b>92</b>        | <b>38</b>        |

**34) Grant Income and Other Contributions**

a) In 2022/23, Harborough District Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

|   | 2021/22<br>£'000 | 2022/23<br>£'000 |
|---|------------------|------------------|
| <b>Credited to Taxation and Non-Specific Grant Income and Expenditure</b> |                  |                  |
| Small Business Rate Relief Section 31 Grant                               | (3,092)          | (3,730)          |
| New Home Bonus  | (2,057)          | (2,331)          |
| Other DLUHC   | (1,098)          | (468)            |
| Capital Grant and Contributions   | (279)            | (85)             |
| Government Covid-19 Grants  | (1,357)          | 0                |
|   | <b>(7,883)</b>   | <b>(6,614)</b>   |
| <b>Credited to Services</b>   |                  |                  |
| Rent Allowance Subsidy  | (7,657)          | (7,530)          |
| Housing Benefit Admin Grant   | (169)            | (170)            |
| NNDR Cost of Collection   | (129)            | (129)            |
| Other DLUHC   | (817)            | (219)            |
| DWP   | (98)             | (84)             |
| Leicestershire County Council   | (315)            | (104)            |
| Other Specific grants   | (46)             | (35)             |
| Disabled Facilities / Lightbulb Project                                   | (401)            | (475)            |
| Other REFCUS  | (544)            | (1,185)          |
| Government Covid-19 Grants  | (337)            | (96)             |
|   | <b>(10,513)</b>  | <b>(10,027)</b>  |

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

| Revenue Grants Receipts in Advance     | 31/03/2022<br>£'000 | 31/03/2023<br>£'000 |
|--|---------------------|---------------------|
| Covid 19 Additional Relief Fund (CARF) | (1,844)             | 0                   |
| Other Specific Grants                  | (205)               | (308)               |
|  | <b>(2,049)</b>      | <b>(308)</b>        |

| Capital Grants Receipts in Advance | 31/03/2022<br>£'000 | 31/03/2023<br>£'000 |
|------------------------------------|---------------------|---------------------|
| S.106 Developer Contributions      | (8,988)             | (9,850)             |
| Other Capital Grant                | (334)               | (1,975)             |
|                                    | <b>(9,322)</b>      | <b>(11,825)</b>     |

### 35) Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

a) **Central Government** has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g., council tax bills, housing benefits). See note 34 Grant Income for further information.

b) **Other public bodies** Leicestershire County Council, the Combined Fire Authority, the Police & Crime Commissioner for Leicestershire, and Parish Councils all issue precepts on the Council which are included in the Collection Fund.

Blaby District Council provides a building control service as part of a partnership comprising of five Councils. They also provide the Light Bulb Project, a service which helps older and vulnerable Leicestershire residents stay safe and well in their own homes.

Hinckley & Bosworth Borough Council provide a Revenues and Benefits service as part of a partnership comprising of three Councils.

Charnwood Borough Council provided a contact centre service until October 2022.

c) **Members of the Council** have direct control over the Council's financial and operating policies. All contracts were entered into in full compliance with the Council's Standing Orders. All transactions are recorded in the Register of Members' Interests which is open to public inspection. See note 31 for Member Allowance details. During 2022/23 there were no significant payments to or receipts from parties in which Members had an interest.

d) **Officers of the Council** reported no related party transactions apart from that noted in e) below.

e) **Entities controlled by the Council**

The Council controls Harborough District Commercial Services Ltd through its ownership of 100% of the shares of the company (2,150,000 ordinary shares of £1 each). 2018/19 was the first year of operation. The Council has provided a loan facility to the company of up to £2,522,500 and up to £100,000 solely for working capital purposes. On 15 March 2019, a long term (40 years) loan of £1,832,141 was made towards the acquisition of property. Interest is charged at 6%.

The Councils Interim Chief Executive, Elizabeth Elliot is a director of the company.

Harborough District Commercial Services Ltd has been consolidated into the Council's Group Accounts.

### **36)Capital Expenditure and Sources of Finance**

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 by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

|   | 2021/22<br>£'000 | 2022/23<br>£'000 |
|---|------------------|------------------|
| Opening Capital Financing Requirement   | 14,490           | 14,113           |
| <u>Capital Investment:</u>  |                  |                  |
| Property, Plant and Equipment   | 911              | 2,199            |
| Revenue Expenditure Funded from Capital Under Statute   | 1,424            | 1,975            |
| <u>Sources of Finance:</u>  |                  |                  |
| Capital Receipts  | (479)            | (1,083)          |
| Direct Revenue Funding  | (632)            | (1,901)          |
| Government Grants & Other Contributions   | (1,224)          | (1,756)          |
| Sums set aside from Revenue (including MRP)   | (377)            | (363)            |
| Closing Capital Financing Requirement   | 14,113           | 13,184           |
| Movement in Year  | (377)            | (929)            |
| <u>Explanation of Movements in Year:</u>  |                  |                  |
| Increase/(Decrease) in underlying need to borrow (unsupported by Government financial assistance) | (377)            | (929)            |
| Increase/(Decrease) in Capital Financing Requirement  | (377)            | (929)            |

### **37)Termination Benefits**

| Termination Benefits Band | Number of Compulsory Redundancies |         | Number of Other Departures |         | Total number of Exit packages |         | Total cost of exit packages £000's |         |
|---------------------------|-----------------------------------|---------|----------------------------|---------|-------------------------------|---------|------------------------------------|---------|
|                           | 2021/22                           | 2022/23 | 2021/22                    | 2022/23 | 2021/22                       | 2022/23 | 2021/22                            | 2022/23 |
|                           | £0 to £20,000                     | 3       | 2                          | 6       | 2                             | 9       | 4                                  | 71      |
| £20,001 to £40,000        | 0                                 | 0       | 0                          | 2       | 0                             | 2       | 0                                  | 68      |
|                           | 3                                 | 2       | 6                          | 4       | 9                             | 6       | 71                                 | 102     |

### **38)Defined Benefit Pension Scheme**

#### **a) Participation in the Pension Scheme**

Harborough District Council offers retirement benefits to its staff as part of their terms and conditions of employment. Though these benefits are not payable until employees reach retirement, the Council is committed to making the payments which need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme administered by Leicestershire County Council. This is a defined benefit pension scheme, which means that the Council and employees pay contributions into a fund, calculated at a level estimated to balance the pension liabilities with investment assets. In addition, the Council has made arrangements for the payment of added years to certain retired employees outside the provisions of the scheme, the estimated outstanding liability for which was £718k at 31 March 2023 (£891k at 31 March 2022).

b) Transactions Relating to Post-employment Benefits

The cost of retirement benefits is accounted for in the reported cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the general fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the general fund balance via the Movement in Reserves Statement during the year.



|  | Local Government Pension Scheme |               | Discretionary Benefits (Unfunded) |            |
|--|---------------------------------|---------------|-----------------------------------|------------|
|  | 2021/22                         | 2022/23       | 2021/22                           | 2022/23    |
|  | £'000                           | £'000         | £'000                             | £'000      |
| <b>Service Cost</b>  |                                 |               |                                   |            |
| Current Service Cost   | 3,033                           | 2,518         |                                   |            |
| Past Service Cost (including curtailments)   | 255                             | 0             | 0                                 | 0          |
| <b>Total Service Cost</b>  | <b>3,288</b>                    | <b>2,518</b>  | <b>0</b>                          | <b>0</b>   |
| <b>Financing &amp; Investment</b>  |                                 |               |                                   |            |
| Interest income on scheme assets   | (1,140)                         | (1,718)       |                                   |            |
| Interest cost on defined benefit obligation  | 1,881                           | 2,433         | 22                                | 28         |
| <b>Total net interest</b>  | <b>741</b>                      | <b>715</b>    | <b>22</b>                         | <b>28</b>  |
| <b>Total Post-Employment Benefits charged to the surplus or deficit on the provision of services Remeasurements of the Net Defined Liability comprising:</b> | <b>4,029</b>                    | <b>3,233</b>  | <b>22</b>                         | <b>28</b>  |
| Return on plan assets excluding amounts included in net interest   | 5,488                           | (3,340)       | 0                                 | 0          |
| Actuarial (gains)/ losses arising from changes in demographic assumptions  | 505                             | 558           | 0                                 | 0          |
| Actuarial (gains)/losses arising from changes in financial assumptions   | 6,291                           | 32,112        | 139                               | 133        |
| Other  | (58)                            | (3,703)       | 0                                 | 0          |
| <b>Total remeasurements recognised in other comprehensive income</b>   | <b>12,226</b>                   | <b>25,627</b> | <b>139</b>                        | <b>133</b> |
| <b>Total Post-Employment benefits charged to the Comprehensive Income &amp; Expenditure Statement.</b>   | <b>16,255</b>                   | <b>28,860</b> | <b>161</b>                        | <b>161</b> |
| <b>Movement in Reserves Statement:</b>   |                                 |               |                                   |            |
| Reversal of net charges made to the surplus on provision of services   | (4,029)                         | (3,233)       | (22)                              | (28)       |
| <b>Actual amount charged against the General Fund Balance for pensions in the year:</b>  |                                 |               |                                   |            |
| Employers' contributions payable to the scheme   | 2,033                           | 1,790         |                                   |            |
| Retirement benefits payable to pensioners  |                                 |               | 67                                | 68         |

The Actuary has projected the total Pension Expense for the year to 31 March 2024 at £1.257m.

c) **Pensions Assets and Liabilities recognised in the Balance Sheet**

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

|  | <b>31 March<br/>2022<br/>£'000</b> | <b>31 March<br/>2023<br/>£'000</b> |
|--|------------------------------------|------------------------------------|
| Fair value of plan assets                                    | 63,799                             | 61,930                             |
| Present value of funded liabilities                          | (90,103)                           | (64,050)                           |
| Present value of unfunded liabilities                        | (891)                              | (718)                              |
| <b>Net Liability arising from defined benefit obligation</b> | <b>(27,195)</b>                    | <b>(2,838)</b>                     |

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The net pension liability of £2.838m has an impact on the net worth of the authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit will be made good by increased contributions to the scheme over the remaining working life of employees, in the light of the performance of the fund as assessed by the scheme actuary.

A reconciliation of present of scheme liabilities (defined benefit obligation) is calculated as follows:

|  | <b>Local Government<br/>Pension Scheme</b> |                          | <b>Discretionary<br/>Benefits (Unfunded)</b> |                          |
|--|--|--------------------------|--|--------------------------|
|  | <b>2021/22<br/>£'000</b>                   | <b>2022/23<br/>£'000</b> | <b>2021/22<br/>£'000</b>                     | <b>2022/23<br/>£'000</b> |
| <b>Opening balance at 1 April</b>  | <b>93,430</b>                              | <b>90,103</b>            | <b>1,075</b>                                 | <b>891</b>               |
| Current Service Cost   | 3,033                                      | 2,518                    |  |                          |
| Interest Cost  | 1,881                                      | 2,461                    | 22   | 28                       |
| Contributions by Members   | 398  | 372                      |  |                          |
| <b>Remeasurement gain</b>  |  |                          |  |                          |
| Actuarial (gains)/losses arising from changes in demographic assumptions | (505)                                      | (558)                    |  |                          |
| Actuarial (gains)/losses arising from changes in financial assumptions   | (6,291)                                    | (32,140)                 | (139)  | (133)                    |
| Other  | 58   | 3,703                    |  |                          |
| Past Service Costs   | 255  | 0                        |  |                          |
| Estimated Unfunded benefits Paid   |  |                          | (67)   | (68)                     |
| Benefits Paid  | (2,156)                                    | (2,409)                  |  |                          |
| <b>Closing Balance at 31 March</b>                                       | <b>90,103</b>                              | <b>64,050</b>            | <b>891</b>                                   | <b>718</b>               |

The reconciliation of the movements in fair value of scheme (plan) assets is shown below.

|   | 2021/22<br>£'000 | 2022/23<br>£'000 |
|---|------------------|------------------|
| <b>Opening fair value of scheme assets at 1 April</b>       | <b>56,896</b>    | <b>63,799</b>    |
| Interest income on plan assets                              | 1,140            | 1,718            |
| Contributions from employees into the scheme                | 398              | 372              |
| Contributions by the Employer                               | 2,033            | 1,790            |
| <b>Remeasurement gain:</b>                                  |                  |                  |
| Return on assets excluding amounts included in net interest | 5,488            | (3,340)          |
| Benefits Paid   | (2,156)          | (2,409)          |
| <b>Closing fair value of scheme assets at 31 March</b>      | <b>63,799</b>    | <b>61,930</b>    |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy.

Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date and returns on equities reflect long term real rates of return in the respective markets.

Pension Scheme assets are comprised of:

| Asset category                           | Period ended 31 March 2022               |  |                |                                  | Period ended 31 March 2023               |  |                |                                  |
|--|--|--|----------------|----------------------------------|--|--|----------------|----------------------------------|
|  | Quoted prices in active markets<br>£'000 | Quoted prices not in active markets<br>£'000 | Total<br>£'000 | Percent age of Total Assets<br>% | Quoted prices in active markets<br>£'000 | Quoted prices not in active markets<br>£'000 | Total<br>£'000 | Percent age of Total Assets<br>% |
| <b>Equity Securities:</b>                |  |  |                |                                  |  |  |                |                                  |
| Consumer                                 | 74.2                                     |  | 74.2           | 0%                               | 72.0                                     |  | 72.0           | 0%                               |
| Manufacturing                            | 9.3                                      |  | 9.3            | 0%                               | 9.0                                      |  | 9.0            | 0%                               |
| Energy & Utilities                       | 91.8                                     |  | 91.8           | 0%                               | 89.1                                     |  | 89.1           | 0%                               |
| Financial Institutions                   | 128.9                                    |  | 128.9          | 0%                               | 125.1                                    |  | 125.1          | 0%                               |
| Health & Care                            | 51.8                                     |  | 51.8           | 0%                               | 50.3                                     |  | 50.3           | 0%                               |
| Information Technology                   | 26.6                                     |  | 26.6           | 0%                               | 25.8                                     |  | 25.8           | 0%                               |
| Other                                    | 149.5                                    |  | 149.5          | 0%                               | 145.2                                    |  | 145.2          | 0%                               |
| <b>Debt Securities:</b>                  |  |  |                |                                  |  |  |                |                                  |
| UK Government                            | 3,195.2                                  | 7.5  | 3,202.7        | 5%                               | 3,101.6                                  | 7.3  | 3,108.9        | 5%                               |
| Other                                    | 119.7                                    |  | 119.7          | 0%                               | 116.2                                    |  | 116.2          | 0%                               |
| <b>Private Equity:</b>                   |  |  |                |                                  |  |  |                |                                  |
| All                                      |  | 4,266.6                                      | 4,266.6        | 7%                               |  | 4,141.6                                      | 4,141.6        | 7%                               |
| <b>Real Estate:</b>                      |  |  |                |                                  |  |  |                |                                  |
| UK Property                              |  | 4,908.6                                      | 4,908.6        | 8%                               |  | 4,764.8                                      | 4,764.8        | 8%                               |
| <b>Investment Funds and Unit Trusts:</b> |  |  |                |                                  |  |  |                |                                  |
| Equities                                 | 18,282.5                                 | 11,091.8                                     | 29,374.3       | 46%                              | 17,746.9                                 | 10,766.9                                     | 28,513.8       | 46%                              |
| Bonds                                    |  |  |                | 0%                               |  |  |                | 0%                               |
| Hedge Funds                              |  |  |                | 0%                               |  |  |                | 0%                               |
| Commodities                              |  | 1,601.0                                      | 1601           | 3%                               |  | 1,554.1                                      | 1,554.1        | 3%                               |
| Infrastructure                           |  | 3,335.6                                      | 3,335.6        | 5%                               |  | 3,237.9                                      | 3,237.9        | 5%                               |
| Other                                    | 5,424.3                                  | 7,680.2                                      | 13,104.5       | 21%                              | 5,265.4                                  | 7,455.2                                      | 12,720.6       | 21%                              |
| <b>Derivatives</b>                       |  |  |                |                                  |  |  |                |                                  |
| Interest Rate                            |  |  |                | 0%                               |  |  |                | 0%                               |
| Foreign Exchange                         | 132.4                                    |  | 132.4          | 0%                               | 128.5                                    |  | 128.5          | 0%                               |
| <b>Cash and Cash Equivalents:</b>        |  |  |                |                                  |  |  |                |                                  |
| All                                      | 3,221.5                                  |  | 3,221.5        | 5%                               | 3,127.1                                  |  | 3,127.1        | 5%                               |
|  | <b>30,908</b>                            | <b>32,891</b>                                | <b>63,799</b>  | <b>100%</b>                      | <b>30,002</b>                            | <b>31,928</b>                                | <b>61,930</b>  | <b>100%</b>                      |

d) **Basis for Estimating Assets & Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. This assessment has been undertaken by Hymans Robertson, an independent firm of actuaries, estimates being based on the latest full actuarial valuation of the scheme as at 31 March 2023.

The main assumptions used in their calculations are:

|   | Local Government Pension Scheme |         |
|---|---------------------------------|---------|
|   | 2021/22                         | 2022/23 |
| <b>Mortality assumptions</b>                                      |                                 |         |
| Longevity at 65 for current pensioners                            |                                 |         |
| Men   | 21.5                            | 21.8    |
| Women   | 24.0                            | 24.6    |
| Longevity at 65 for future pensioners                             |                                 |         |
| Men   | 22.4                            | 22.7    |
| Women   | 25.7                            | 26.1    |
| <b>Economic assumptions</b>                                       |                                 |         |
| Rate of inflation   | 3.20%                           | 2.95%   |
| Rate of increase in salaries                                      | 3.70%                           | 3.45%   |
| Rate of increase in pensions                                      | 3.20%                           | 2.95%   |
| Rate for discounting scheme liabilities                           | 2.70%                           | 4.75%   |
| Take-up of option to convert annual pension into retirement grant | 50.00%                          | 55.00%  |

Under the projected unit method current service costs will increase for any scheme where the age profile of the active membership is significantly rising, as the members of the scheme approach retirement age. This is not currently the case in this Authority.

| Change in assumptions at 31 March 2023:    | Approximate % increase to Employer Liability | Approximate monetary amount (£000) |
|--|--|------------------------------------|
| 0.1% decrease in Real Discount rate        | 2%   | 1,076                              |
| 1 year increase in member life expectancy  | 4%   | 2,591                              |
| 0.1% increase in the Salary Increase Rate  | 0%   | 128                                |
| 0.1% increase in the Pension Increase Rate | 1%   | 963                                |

Further information can be found in Leicestershire County Council's Pension Fund Annual Report, which is available on request from Leicestershire County Council, Glenfield, Leicester.

### **39) Contingent Assets and Liabilities**

There is the following contingent asset:

#### **Platform Housing Group**

In 2007 the Council's housing stock was transferred to Seven Locks Housing Association (now Platform Housing Group (PHG)), as part of a large-scale voluntary transfer. The Council has an agreement with PHG to receive a share of any Right to Buy and asset disposals the housing association makes of these former council assets. PHG have retained receipts from a number of assets sales that may be required to be paid across



to the Council under this agreement. The value of these is currently being assessed along with assessing whether PHG is obliged to pay these receipts to the Council.

There is the following contingent liability:

#### **Municipal Mutual Insurance Limited (MMI)**

Municipal Mutual Insurance (MMI) is an insurance company limited by guarantee and not having a share capital, which was established by a group of local authorities and incorporated under the Companies Acts 1862 to 1900 on 13 March 1903. The Company suffered substantial losses between 1990 and 1992. These losses reduced MMI's net assets to a level below the minimum regulatory solvency requirement.

In September 1992 MMI ceased to write new, or to renew, general insurance business. The Company is subject to a contingent Scheme of Arrangement under section 425 of the Companies Act 1985 which became effective on 21 January 1994. On 13 November 2012, the directors of the Company concluded that the terms of the Scheme of Arrangement should be triggered.

A levy notice was issued based on 25% of the value of total claims carried forward exceeding £50,000 to 31 March 2023. This was a total of £8,799, which has all been paid in previous years.

The Scheme Administrators will continue to review on an annual basis and may incur costs in the future.

#### **40) The Nature and Extent of Risk Arising from Financial Instruments**

##### **a) Key Risks**

The Council's activities expose it to a variety of financial risks, the key risks are:

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

##### **b) Overall Procedures for Managing Risk**

The Council's overall risk management procedures focus 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 under procedures approved by the council. Overall, these procedures require the Council to manage risk in the following ways:

- by approving annually in advance prudential indicators for the following three years limiting:
  - The Council's overall borrowing
  - Its maximum and minimum exposures to fixed and variable rates
  - Its maximum and minimum exposures the maturity structure of its debt
  - Its maximum annual exposures to investments maturing beyond a year.

- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with government guidance;
- these are required to be reported and approved at or before the Council's annual Council Tax setting budget. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented by the Finance Services team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs).

#### c) **Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The following significant inputs, assumptions and estimation techniques have been used in calculating impairment loss allowances:

- a simplified approach using a credit matrix has been applied to trade receivables and lease receivables, and repayment reviewed at 30 April 2023.
- an expected credit loss model using historic default rate data from the three main credit agencies was applied to short term investments and repayment reviewed at 30 April 2023.
- an assessment of the loan to the wholly owned subsidiary company concluded there was 0% chance of default.

#### d) **Liquidity risk**

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the Money Markets and the Public Works Loans Board. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters.

The maturity analysis of financial liabilities is as follows:

|                           | 2021/22<br>£'000 | 2022/23<br>£'000 |
|---------------------------|------------------|------------------|
| Less than one year        | 0                | 22               |
| Between one and two years | 22               | 0                |
| More than twenty years    | 1,468            | 1,468            |
|                           | <b>1,490</b>     | <b>1,490</b>     |

All trade and other payables are due to be paid in less than one year.

#### e) Market risk

- **Interest rate risk** - The Council has limited exposure to interest rate movements on its borrowings and investments. But movements on interest rates have a complex impact. For instance, a rise in interest rates would have the following effects:
  - Borrowings at variable rates – the interest debited to the Surplus or Deficit on the Provision of Services will rise
  - Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
  - Investments at variable rates – the interest credited to the Surplus or Deficit on the Provision of Services will rise
  - Investments at fixed rates – the fair value of assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Finance team will monitor market and forecast interest rates within the year to adjust exposures appropriately.

If all interest rates had been 1% higher with all other variables held constant the financial effect would be:

|  |                       |
|--|-----------------------|
| Increase in interest receivable on variable rate investments | <b>£000s</b><br>(464) |
| Impact on Surplus or Deficit on the Provision of Services    | (464)                 |

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

- **Price risk** - The Council, excluding the pension fund, does not generally invest in instruments with this type of risk. It does have an investment in a property fund which is classified as fair value through profit or loss meaning that all the movements in price will impact on gains and losses recognised in the Surplus or Deficit on the Provision of Services subject to a statutory override given by the Ministry of Housing, Communities and Local Government for the years to 31 March 2023 and extended by the Department for Levelling Up, Housing and Communities for 2 years to 31 March 2025.
- **Foreign exchange risk** - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

#### **41) Material Items of Income and Expense**

Where items are not disclosed on the face of the Comprehensive Income and Expenditure statement the code requires a separate note to provide information.

| <b>Expenditure</b>                 | <b>2021/22</b><br>£'000s | <b>2022/23</b><br>£'000s |
|------------------------------------|--------------------------|--------------------------|
| Housing Services - Rent Allowances | 7,917                    | 7,782                    |

#### **42) Date of Authorisation**

The Statement of Accounts was authorised for issue by C Mason, Interim Deputy Chief Executive (& s.151 Officer) on 31 May 2023.

## COLLECTION FUND

| 2021/22<br>£'000<br>Council<br>Tax | 2021/22<br>£'000<br>NNDR | 2021/22<br>£'000<br>Total |  | 2022/23<br>£'000<br>Council<br>Tax | 2022/23<br>£'000<br>NNDR | 2022/23<br>£'000<br>Total | Note |
|------------------------------------|--------------------------|---------------------------|--|------------------------------------|--------------------------|---------------------------|------|
| (73,668)                           | 0                        | (73,668)                  | <b>Income</b>  | (77,708)                           | 0                        | (77,708)                  | 2    |
| 0                                  | (39,295)                 | (39,295)                  | Income from Council Taxpayers  | 0                                  | (50,878)                 | (50,878)                  | 3    |
| <b>(73,668)</b>                    | <b>(39,295)</b>          | <b>(112,963)</b>          | <b>Total Income</b>  | <b>(77,708)</b>                    | <b>(50,878)</b>          | <b>(128,586)</b>          |      |
|                                    |                          |                           | <b>Expenditure</b>   |                                    |                          |                           |      |
|                                    |                          |                           | Precepts and Demands from County and District                        | 75,526                             | 0                        | 75,526                    | 4    |
| 71,162                             | 0                        | 71,162                    | Business Rates   |                                    |                          |                           |      |
| 0                                  | 23,542                   | 23,542                    | - Payment to Government for Central Share                            | 0                                  | 23,499                   | 23,499                    |      |
| 0                                  | 4,238                    | 4,238                     | - Payment to Leicestershire County Council                           | 0                                  | 4,230                    | 4,230                     |      |
| 0                                  | 471                      | 471                       | - Payment to Fire Authority  | 0                                  | 470                      | 470                       |      |
| 0                                  | 18,911                   | 18,911                    | - Payment to Harborough District Council                             | 0                                  | 18,839                   | 18,839                    |      |
| 0                                  | 129                      | 129                       | - Costs of Collection  | 0                                  | 129                      | 129                       |      |
|                                    |                          |                           | Bad and Doubtful Debts/Appeals                                       |                                    |                          |                           |      |
| 145                                | (369)                    | (224)                     | - Provisions   | 163                                | 520                      | 683                       |      |
| 137                                | 260                      | 397                       | - Write offs   | 158                                | 63                       | 221                       |      |
| 0                                  | (2,558)                  | (2,558)                   | - Provision for Appeals  | 0                                  | (154)                    | (154)                     |      |
| 137                                | (8,382)                  | (8,245)                   | Distribution of previous year's estimated<br>Collection Fund Surplus | 2,129                              | (13,250)                 | (11,121)                  | 5    |
| <b>71,581</b>                      | <b>36,242</b>            | <b>107,823</b>            | <b>Total Expenditure</b>   | <b>77,976</b>                      | <b>34,346</b>            | <b>112,322</b>            |      |
| <b>(183)</b>                       | <b>14,596</b>            | <b>14,413</b>             | <b>Collection Fund Balance at 1 April</b>                            | <b>(2,270)</b>                     | <b>11,543</b>            | <b>9,273</b>              |      |
| <b>(2,087)</b>                     | <b>(3,053)</b>           | <b>(5,140)</b>            | <b>(Surplus)/Deficit for the year</b>                                | <b>268</b>                         | <b>(16,532)</b>          | <b>(16,264)</b>           |      |
| <b>(2,270)</b>                     | <b>11,543</b>            | <b>9,273</b>              | <b>Collection Fund Balance at 31 March</b>                           | <b>(2,002)</b>                     | <b>(4,989)</b>           | <b>(6,991)</b>            |      |



## NOTES TO THE COLLECTION FUND

### 1. General

The Collection Fund is an agent's statement that reflects the Council's transactions, as a billing authority, in relation to the collection of Council Tax and Business Rates from taxpayers, and its distribution to local government bodies and the Government. Billing authorities have a statutory obligation to maintain a Collection Fund as a separate account to the General Fund. The administrative costs associated with the collection of Council Tax and Business Rates are, however, charged to the General Fund.

The surplus or deficit on the Collection Fund in relation to Council Tax is credited or charged to the relevant precepting bodies in the subsequent finance year, in proportion to the precepts levied by those organisations. The precepting bodies are Leicestershire County Council (LCC), The Office of the Police and Crime Commissioner for Leicester, Leicestershire and Rutland (OPCC) and the Leicestershire, Leicester and Rutland Combined Fire Authority (CFA).

The Local Government Finance Act 2012 introduced the current business rates retention system from 1 April 2013. The main aim of the scheme is to give local authorities a greater incentive to encourage business growth. The scheme allows the Council to retain 40% of the total rates received, and the preceptors; Central Government (50%), LCC (9%) and CFA (1%). The surplus or deficit is credited or charged to the relevant precepting bodies in the subsequent financial year in line with their respective proportions.

Leicestershire County Council along with Leicester City Council, the CFA and all Leicestershire District Councils agreed to operate a pooling agreement for business rates levies and safety net payments for 2022/23, the Leicester and Leicestershire Pool (LLP). Leicestershire County Council was the lead authority for the LLP.

### 2. Council Tax Income and the Council Tax Base

Council Tax income is derived from charges according to the value of residential properties that have been classified into 8 valuation bands. Individual charges are determined by dividing the demands and precepts of the Council, the County Council, the Police and Crime Commissioner and the Fire Authority by the Council Tax base. The Council Tax base is the total number of properties in each valuation band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts. The Band D Council Tax for 2022/23 was £2,020.00 (£1,957.36 in 2021/22). The charge for all other bands is calculated by multiplying the Band D charge by the appropriate ratio for each band.

Income from Council Taxpayers in 2022/23 was £77.7m.

The Council Tax Base used for setting the 2022/23 Council Tax was calculated as follows:

|  | Dwellings in Banding List | Net effect of premiums and discounts | Adjusted Amount for Council Tax Band | Proportion of Band D Tax | Equivalent Band D Dwellings<br>(to one decimal place) |
|--|---------------------------|--------------------------------------|--------------------------------------|--------------------------|---|
| AR   | 0                         | 3.3                                  | 3.3                                  | 5/9                      | 3.3   |
| A  | 4,584                     | (2,572.5)                            | 2,011.5                              | 6/9                      | 2,011.5   |
| B  | 9,161                     | (3,438.5)                            | 5,722.5                              | 7/9                      | 5,722.5   |
| C  | 8,204                     | (1,874.7)                            | 6,329.3                              | 8/9                      | 6,329.3   |
| D  | 6,592                     | (271.1)                              | 6,320.9                              | 1                        | 6,320.9   |
| E  | 6,794                     | 1,044.8                              | 7,838.8                              | 11/9                     | 7,838.8   |
| F  | 3,792                     | 1,469.0                              | 5,261.0                              | 13/9                     | 5,261.0   |
| G  | 2,648                     | 1,578.5                              | 4,226.5                              | 15/9                     | 4,226.5   |
| H  | 240                       | 198.6                                | 438.6                                | 18/9                     | 438.6   |
| Irrecoverable allowance                            |                           |                                      |                                      |                          | (763.0)   |
| <b>Tax Base for the Calculation of Council Tax</b> |                           |                                      |                                      |                          | <b>37,389.4</b>                                       |

\* - adjustments include Disabled Persons Exemptions, Exempt Properties and Discounts.

### 3. Business Rate Income

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NNDR pool) administered by Central Government, which, in turn, paid to Local Authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

The business rates shares payable for 2022/23 were estimated before the start of the financial year as £23.499m to Central Government, £4.700m to the Preceptors and £18.799m (plus £40k Renewable Energy Disregard) to Harborough District Council. These sums have been paid in 2022/23 and charged to the collection fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Harborough District Council pays a tariff to the value of £13.645m via the Pool. The total income from business rate payers collected in 2022/23 was £50.9m (£39.3m in 2021/22).

The rate multiplier set by the Government for 2022/23 was 51.2p or 49.9p for small businesses (no change from 2021/22).

The total rateable value as at 31 March 2023 was £117,561,186 the equivalent at 31 March 2022 being £108,722,597.

#### 4. Precepts and Demands on the Collection Fund – Council Tax

|                               | 2021/22<br>£'000 | 2022/23<br>£'000 |
|-------------------------------|------------------|------------------|
| Harborough District Council   | 8,328            | 8,768            |
| Leicestershire County Council | 51,290           | 54,325           |
| OPCC                          | 9,025            | 9,655            |
| CFA                           | 2,519            | 2,778            |
|                               | <b>71,162</b>    | <b>75,526</b>    |

#### 5. Collection Fund Surpluses – Council Tax

The precepts above are shown net of the contribution towards previous years estimated surpluses, which comprise the following:

|                               | 2021/22<br>£'000 | 2022/23<br>£'000 |
|-------------------------------|------------------|------------------|
| Harborough District Council   | 16               | 249              |
| Leicestershire County Council | 99               | 1,535            |
| OPCC                          | 17               | 270              |
| CFA                           | 5                | 75               |
|                               | <b>137</b>       | <b>2,129</b>     |

#### 6. Collection Fund Balances

The balance carried forward on the Collection Fund at 31 March 2023 comprises a Council Tax surplus of £2,002k (£2,270k surplus at 31 March 2022). Any surplus or deficit relating to Council Tax must be shared between the Council and the major precepting authorities in proportion to the value of the precepts or demands which they each levy.

The share owed to major precepting authorities at 31 March 2023 is £1,770k and this appears as a creditor on the balance sheet (£2,004k as at 31 March 2022). The Council's own share of the Council Tax surplus, £232k is shown in the net worth section of the balance sheet (£266k surplus at 31 March 2022).

Also included in the Collection Fund for 2022/23 is an amount of £154k related to a decrease in the provision for appeals for NNDR (£2.558m decrease in 2021/22). The council has accounted for our share of this provision, which cumulatively amounts to £2.669m (£2.731m 2021/22). The remainder relates to preceptors' shares.

## GROUP ACCOUNTS

The CIPFA Code of Practice requires that where the Council has material financial interests and a significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

The following statements consolidate the financial transactions of Harborough District Commercial Services Ltd, incorporated on 2 January 2019, with the Council.

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## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

| Restated<br><b>31 March 2022</b> |                 |                 |  | <b>31 March 2023</b> |                 |                 |
|----------------------------------|-----------------|-----------------|--|----------------------|-----------------|-----------------|
| Exp<br>£'000                     | Income<br>£'000 | Net<br>£'000    |  | Exp<br>£'000         | Income<br>£'000 | Net<br>£'000    |
| 3,811                            | (1,123)         | 2,688           | Interim Chief Executive  | 3,715                | (1,455)         | 2,260           |
| 15,565                           | (10,576)        | 4,989           | Interim Deputy Chief Executive   | 14,315               | (9,756)         | 4,559           |
| 12,609                           | (5,882)         | 6,727           | Communities & Wellbeing  | 14,270               | (6,794)         | 7,476           |
| 2,519                            | (2,259)         | 260             | Planning & Regeneration  | 2,151                | (1,289)         | 862             |
| <b>34,504</b>                    | <b>(19,840)</b> | <b>14,664</b>   | <b>Cost of Services</b>  | <b>34,451</b>        | <b>(19,294)</b> | <b>15,157</b>   |
| 2,039                            | (5,206)         | (3,167)         | Other Operating Expenditure  | 2,114                | (261)           | 1,853           |
| 1,392                            | (610)           | 782             | Financing and Investment<br>Income and Expenditure                             | 1,564                | (1,523)         | 41              |
| 3,574                            | (19,645)        | (16,071)        | Taxation and Non-specific Grant<br>Income and Expenditure                      | 3,824                | (22,081)        | (18,257)        |
|                                  |                 | <b>(3,792)</b>  | <b>(Surplus)/Deficit on Provision<br/>of Services</b>                          |                      |                 | <b>(1,206)</b>  |
|                                  |                 | (127)           | (Surplus)/Deficit on Revaluation<br>of Property, Plant and<br>Equipment Assets |                      |                 | 101             |
|                                  |                 | (12,365)        | Remeasurement of Net Defined<br>Benefit Liability/(Asset)                      |                      |                 | (25,760)        |
|                                  |                 | <b>(12,492)</b> | <b>Other Comprehensive<br/>(Income) and Expenditure</b>                        |                      |                 | <b>(25,659)</b> |
|                                  |                 | <b>(16,284)</b> | <b>Total Comprehensive (Income)<br/>and Expenditure</b>                        |                      |                 | <b>(26,865)</b> |



## GROUP MOVEMENT IN RESERVES STATEMENT

|  | Usable Reserves (£'000)   |                       |                          |  | Unusable Reserves (£'000)                |                             |                         |                         | Total Authority Reserves (£'000) |                            |                         |               |
|--|---------------------------|-----------------------|--------------------------|--|--|-----------------------------|-------------------------|-------------------------|----------------------------------|----------------------------|-------------------------|---------------|
|  | General Fund (GF) Balance | Earmarked GF Reserves | Capital Receipts Reserve | Receipts in Advance Unapplied Reserves | Financial Instruments Adjustment Account | Capital Revaluation Reserve | Collection Fund Account | Pension Reserve Account |                                  | Accumul'd Absences Account | Total Unusable Reserves |               |
| <b>Balance at 31 March 2022 carried forward</b>                          | 2,508                     | 13,328                | 9,846                    | 1,237                                  | 49                                       | 22,537                      | 18,321                  | (4,305)                 | (27,195)                         | (79)                       | 9,328                   | 36,247        |
| <b>Movement in reserves during 2022/23</b>                               |                           |                       |                          |  |  |                             |                         |                         |                                  |                            |                         |               |
| Surplus or (deficit) on provision of services (accounting basis)         | 1,206                     | 0                     | 0                        | 0                                      | 0  | 0                           | 0                       | 0                       | 0                                | 0                          | 0                       | 1,206         |
| Other Comprehensive Income and Expenditure                               | 0                         | 0                     | 0                        | 0                                      | 0  | (101)                       | 0                       | 0                       | 25,760                           | 0                          | 0                       | 25,659        |
| <b>Total Comprehensive Income and Expenditure</b>                        | <b>1,206</b>              | <b>0</b>              | <b>0</b>                 | <b>0</b>                               | <b>0</b>                                 | <b>(101)</b>                | <b>0</b>                | <b>0</b>                | <b>25,760</b>                    | <b>0</b>                   | <b>0</b>                | <b>25,659</b> |
| Adjustments between accounting basis and funding basis under regulations | (6,040)                   | 0                     | 587                      | 0                                      | (256)                                    | (381)                       | 958                     | 6,535                   | (1,403)                          | 0                          | 0                       | 5,453         |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>      | <b>(4,834)</b>            | <b>0</b>              | <b>587</b>               | <b>0</b>                               | <b>(256)</b>                             | <b>(482)</b>                | <b>958</b>              | <b>6,535</b>            | <b>24,357</b>                    | <b>0</b>                   | <b>0</b>                | <b>26,865</b> |
| Transfers to/from Earmarked Reserves                                     | 4,843                     | (4,843)               | 0                        | 0                                      | 0  | 0                           | 0                       | 0                       | 0                                | 0                          | 0                       | 0             |
| <b>Increase/Decrease in year</b>   | <b>9</b>                  | <b>(4,843)</b>        | <b>587</b>               | <b>0</b>                               | <b>(256)</b>                             | <b>(482)</b>                | <b>958</b>              | <b>6,535</b>            | <b>24,357</b>                    | <b>0</b>                   | <b>0</b>                | <b>26,865</b> |
| <b>Balance at 31 March 2023 carried forward</b>                          | <b>2,517</b>              | <b>8,485</b>          | <b>10,433</b>            | <b>1,237</b>                           | <b>(207)</b>                             | <b>22,055</b>               | <b>19,279</b>           | <b>2,230</b>            | <b>(2,838)</b>                   | <b>(79)</b>                | <b>40,440</b>           | <b>63,112</b> |

|  | Usable Reserves (£'000)   |                    |                          |                                     | Unusable Reserves (£'000)     |                     |                 |                         |                 |                            | Total Authority Reserves (£'000) |
|--|---------------------------|--------------------|--------------------------|-------------------------------------|-------------------------------|---------------------|-----------------|-------------------------|-----------------|----------------------------|----------------------------------|
|  | General Fund (GF) Balance | Earmarked Reserves | Capital Receipts Reserve | Receipts Advance Unapplied Reserves | Financial Instruments Account | Revaluation Reserve | Capital Account | Collection Fund Account | Pension Reserve | Accumul'd Absences Account |                                  |
| <b>Balance at 31 March 2021 carried forward</b>                          | 6,739                     | 9,597              | 4,586                    | 1,237                               | 22,819                        | 18,758              | (5,871)         | (37,609)                | (111)           | (2,196)                    | 19,963                           |
| <b>Movement in reserves during 2021/22</b>                               |                           |                    |                          |                                     |                               |                     |                 |                         |                 |                            |                                  |
| Surplus or (deficit) on provision of services (accounting basis)         | 3,792                     |                    | 0                        | 0                                   | 0                             | 0                   | 0               | 0                       | 0               | 0                          | 3,792                            |
| Other Comprehensive Income and Expenditure                               | 0                         |                    | 0                        | 0                                   | 0                             | 0                   | 0               | 12,365                  | 0               | 0                          | 12,492                           |
| <b>Total Comprehensive Income and Expenditure</b>                        | <b>3,792</b>              | <b>0</b>           | <b>0</b>                 | <b>0</b>                            | <b>0</b>                      | <b>0</b>            | <b>0</b>        | <b>12,365</b>           | <b>0</b>        | <b>0</b>                   | <b>16,284</b>                    |
| Adjustments between accounting basis and funding basis under regulations | (4,292)                   | 0                  | 5,260                    | 0                                   | 231                           | (409)               | (437)           | 1,566                   | (1,951)         | 32                         | (968)                            |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>      | <b>(500)</b>              | <b>0</b>           | <b>5,260</b>             | <b>0</b>                            | <b>231</b>                    | <b>(282)</b>        | <b>(437)</b>    | <b>1,566</b>            | <b>10,414</b>   | <b>32</b>                  | <b>16,284</b>                    |
| Transfers to/from Earmarked Reserves                                     | (3,731)                   | 3,731              | 0                        | 0                                   | 0                             | 0                   | 0               | 0                       | 0               | 0                          | 0                                |
| <b>Increase/Decrease in year</b>   | <b>(4,231)</b>            | <b>3,731</b>       | <b>5,260</b>             | <b>0</b>                            | <b>231</b>                    | <b>(282)</b>        | <b>(437)</b>    | <b>1,566</b>            | <b>10,414</b>   | <b>32</b>                  | <b>16,284</b>                    |
| <b>Balance at 31 March 2022 carried forward</b>                          | <b>2,508</b>              | <b>13,328</b>      | <b>9,846</b>             | <b>1,237</b>                        | <b>22,537</b>                 | <b>18,321</b>       | <b>(4,305)</b>  | <b>(27,195)</b>         | <b>(79)</b>     | <b>9,328</b>               | <b>36,247</b>                    |

**GROUP BALANCE SHEET**

| Restated<br>31 March 2022<br>£'000 |                                      | 31 March 2023<br>£'000 |
|------------------------------------|--------------------------------------|------------------------|
| 49,272                             | Property, Plant & Equipment          | 50,252                 |
| 24                                 | Heritage Assets                      | 24                     |
| 4,385                              | Investment Property                  | 4,248                  |
| 46                                 | Intangible Assets                    | 22                     |
| 1,408                              | Assets held for Sale                 | 0                      |
| 1,550                              | Long Term Investments                | 1,295                  |
| 0                                  | Long Term Debtors                    | 0                      |
| <b>56,685</b>                      | <b>Long Term Assets</b>              | <b>55,841</b>          |
| 37,514                             | Short Term Investments               | 45,697                 |
| 126                                | Inventories                          | 136                    |
| 3,258                              | Short Term Debtors                   | 4,408                  |
| 2,505                              | Cash and Cash Equivalents            | 1,653                  |
| <b>43,403</b>                      | <b>Current Assets</b>                | <b>51,894</b>          |
| (15)                               | Short Term Borrowings                | (37)                   |
| (20,916)                           | Short Term Creditors                 | (25,418)               |
| (2,813)                            | Short Term Provisions                | (2,688)                |
| (2,049)                            | Grants Receipts in Advance - Revenue | (308)                  |
| <b>(25,793)</b>                    | <b>Current Liabilities</b>           | <b>(28,451)</b>        |
| (1,490)                            | Long Term Borrowing                  | (1,468)                |
| (27,236)                           | Other Long-Term Liabilities          | (2,879)                |
| (9,322)                            | Grants Receipts in Advance - Capital | (11,825)               |
| <b>(38,048)</b>                    | <b>Long Term Liabilities</b>         | <b>(16,172)</b>        |
| <b>36,247</b>                      | <b>Net Assets</b>                    | <b>63,112</b>          |
| 26,919                             | Usable Reserves                      | 22,672                 |
| 9,328                              | Unusable Reserves                    | 40,440                 |
| <b>36,247</b>                      | <b>Total Reserves</b>                | <b>63,112</b>          |

  
**Clive Mason**  
**Interim Deputy Chief Executive (& s.151 Officer)**  
**31 May 2023**

## GROUP CASH FLOW STATEMENT

| Restated<br>2021/22<br>£'000 |   | 2022/23<br>£'000 |
|------------------------------|---|------------------|
| (3,792)                      | <b>Net (surplus)/deficit on the provision of Services</b>   | (1,206)          |
| 14,118                       | Adjustments to net deficit on the provision of services for non - cash movements  | (1,858)          |
| 787                          | Adjustments for items included in the net deficit on the provision of services that are investing or financing activities | 1,102            |
| <b>11,113</b>                | <b>Net Cash flows from operating activities</b>   | <b>(1,962)</b>   |
| (12,185)                     | Investing activities  | (8,713)          |
| 2,530                        | Financing activities  | 9,823            |
| <b>1,458</b>                 | <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>(852)</b>     |
| 1,047                        | Cash and Cash equivalents at the beginning of the reporting period  | 2,505            |
| <b>2,505</b>                 | <b>Cash and Cash equivalents at the end of the reporting period</b>   | <b>1,653</b>     |

## NOTES TO THE GROUP ACCOUNTS

### 1) General

Where figures in the group accounts differ materially from the Council's single entity accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the Council's wholly owned subsidiary company Harborough District Commercial Services Ltd (HDCCS) into the Council's accounts.

### 2) Group Accounting Policies

The accounting policies of HDCCS have been aligned with the Council's accounting policies contained in note 1. Any statutory adjustments between accounting basis and funding basis included in the Council's accounting policies do not apply to the subsidiary company.

### 3) Inclusion within the Group Accounts

The relation the Council has with an entity over which it has varying degrees of control or influence is classified into the categories of subsidiary, associate, or joint venture. The meaning of these terms is outlined below:

Subsidiary – A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent. HDCCS is classified as a subsidiary of Harborough District Council and has therefore been consolidated.

Associate – An associate is an entity over which an investor (the Council) has significant influence.

Joint Venture – A joint venture is a joint arrangement whereby the parties have joint control over the arrangement have rights to the net assets of the arrangement.

The Council does not have any material associate or joint venture arrangements with any other entities.

### 4) External Audit Fee

As well as the £38k incurred by Harborough District Council in relation to the audit of the statement of accounts, an additional £10k was payable to the appointed auditor regarding the audit of HDCCS.

### 5) Consolidation of HDCCS

HDCCS has been consolidated on a line-by-line basis with all intra-group transactions and balances removed.



HDCS prepares its year end accounts to the same reporting date, 31 March 2023 as the Council.

The impact of the Companies activities upon the reserves of the Group are as follows:

|   | <b>31 March<br/>2022<br/>£'000</b> | <b>In year<br/>movement<br/>2022/23<br/>£'000</b> | <b>31 March<br/>2023<br/>£'000</b> |
|---|------------------------------------|---|------------------------------------|
| Harborough District Council Profit and Loss Reserve | (147)                              | 35  | (112)                              |
| <b>Total</b>  | <b>(147)</b>                       | <b>35</b>   | <b>(112)</b>                       |

In light of the above it is considered unnecessary to produce an Expenditure and Funding Statement for the Group.

The Assets and Liabilities of the Company at the Balance Sheet Date are as follows:

| <b>2022/23</b>                           | <b>HDCS<br/>Limited<br/>£'000</b> | <b>Inter<br/>Company<br/>£'000</b> | <b>Group<br/>Adjustments<br/>£'000</b> |
|--|-----------------------------------|------------------------------------|--|
| Investment Property                      | 4,011                             | 0                                  | 4,011                                  |
| Company Share Capital/Council Investment | (2,150)                           | 2,150                              | 0                                      |
| Long term loan debtor/creditor           | (1,832)                           | 1,832                              | 0                                      |
| Debtors                                  | 152                               | 0                                  | 152                                    |
| Intercompany Account                     | (15)                              | 9                                  | (6)                                    |
| Creditors                                | (13)                              | 0                                  | (13)                                   |
| Deferred Tax Liability                   | (41)                              | 0                                  | (41)                                   |
| <b>Total</b>                             | <b>112</b>                        | <b>3,991</b>                       | <b>4,103</b>                           |

| 2021/22 (restated)                       | <b>HDCS<br/>Limited<br/>£'000</b> | <b>Inter<br/>Company<br/>£'000</b> | <b>Group<br/>Adjustments<br/>£'000</b> |
|--|-----------------------------------|------------------------------------|--|
| Investment Property                      | 4,146                             | 0                                  | 4,146                                  |
| Company Share Capital/Council Investment | (2,150)                           | 2,150                              | 0                                      |
| Long term loan debtor/creditor           | (1,832)                           | 1,832                              | 0                                      |
| Debtors                                  | 89                                | 0                                  | 89                                     |
| Intercompany Account                     | (50)                              | 44                                 | (6)                                    |
| Creditors                                | (15)                              | 0                                  | (15)                                   |
| Deferred Tax Liability                   | (41)                              | 0                                  | (41)                                   |
| <b>Total</b>                             | <b>147</b>                        | <b>4,026</b>                       | <b>4,173</b>                           |

## GLOSSARY OF TERMS

### **ACCRUALS**

The concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.

### **ACQUIRED OPERATIONS**

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. Acquired operations are those operations of the local authority that are acquired in the period.

### **ACTUARIAL GAINS AND LOSSES**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or;
- the actuarial assumptions have changed.

### **ASSETS UNDER CONSTRUCTION**

These are assets that are not yet available for use, for example a building that is in the process of being built and not yet able to be occupied.

### **CAPITAL EXPENDITURE**

Expenditure on the acquisition of a fixed asset or expenditure, which adds to and not merely maintains the value of an existing fixed asset.

### **CASH EQUIVALENTS**

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **COMMUNITY ASSETS**

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

### **CONSISTENCY**

The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

### **CONTINGENCY**

A condition that exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

### **CORPORATE AND DEMOCRATIC CORE**

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same activities. There is therefore no logical basis for apportioning these costs to services.

### **CURRENT SERVICE COSTS (PENSIONS)**

The increase in the present value of a defined benefit scheme's liabilities, expected to arise from employee service in the current period.

### **CURTAILMENT**

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- termination of an employees' services earlier than expected, for example as the result of closing a factory or discontinuing a segment of a business, and;
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all of the future service by current employees will no longer qualify for benefits or will only qualify for reduced benefits.

### **DEFINED BENEFIT SCHEME**

A pension or retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investment of the scheme. The scheme may be funded or unfunded (including notionally funded).

### **DEFINED CONTRIBUTION SCHEME**

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or a percentage of pay. The employer will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

### **DEPRECIATION**

The measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset, whether arising from use, passing of time, or obsolescence through technological or other changes.

### **DISCONTINUED OPERATIONS**

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all of the following statements are approved:

- the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period date on which the financial statements are approved.
- the activities related to the operation have ceased permanently.
- the termination of the operation has a material effect on the nature and focus of the local authority's operations and represents a material reduction in its provision of services resulting from either its withdrawal from a particular activity (whether a service or division of service or its provision in a specific geographical area) or from a material reduction in net expenditure in the local authority's continuing operations.
- the assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes.

Operations not satisfying all of the above conditions are classified as continuing.

### **DISCRETIONARY BENEFITS**

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996; the Local Government (Discretionary Payments and Injury Benefits) Regulations (Scotland) 1998; or the Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

### **EVENTS AFTER THE BALANCE SHEET DATE**

Those events, whether favourable or unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is authorized for issue.

### **EXCEPTIONAL ITEMS**

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

### **EXPECTED RATE OF RETURN ON PENSIONS ASSETS**

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

### **FAIR VALUE**

The fair value of a fixed asset is the price at which an asset could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

### **FINANCE LEASE**

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. It should be presumed that such a transfer of risks and rewards occurs if at the start of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

### **GOING CONCERN**

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and the balance sheet assume no intention to curtail significantly the scale of operations.

### **GOVERNMENT GRANTS**

Assistance by the Government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

### **IMPAIRMENT**

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

### **INFRASTRUCTURE ASSETS**

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

### **INTEREST COST (PENSIONS)**

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

### **INVENTORIES**

The amount of unused or unconsumed stock held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises, Inventories comprise the following categories:-

- Goods or assets purchased for resale;
- Consumable stores;
- Raw materials and components purchased for incorporation into products for sale;
- Products and services in intermediate stages of completion;
- Long-term contract balances; and
- Finished goods.

### **INVESTED RIGHTS**

In relation to a defined benefit scheme, these are:

- For active members, benefits to which they would be unconditionally entitled to on leaving the scheme;
- For deferred pensioners, their preserved benefits;
- For pensioners, pensions to which they are entitled.

Vested rights include where appropriate, the related benefits for spouses or other dependants.

### **INVESTMENTS (NON-PENSIONS FUND)**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments other than those relating to the pensions fund, which do not meet the above criteria should be classified as current assets.

### **INVESTMENTS (PENSIONS FUND)**

The investments of the pensions fund will be accounted for in the statements of that Fund. However, authorities (other than town parish councils, community councils and district councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

### **INVESTMENT PROPERTIES**

Interest in land and/or buildings:-

- in respect of which construction work and development have been completed; and



- which is held for its investment potential, any rental income being negotiated at arm's length.

### **LIQUID RESOURCES**

Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

### **LONG-TERM CONTRACT**

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

### **NET BOOK VALUE**

The amount at which fixed assets are included within the balance sheet, i.e. their historical cost or current value less cumulative amounts provided for depreciation.

### **NET CURRENT REPLACEMENT COST**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

### **NON-DISTRIBUTED COSTS**

These are overheads for which no user now benefits, and should not be apportioned to services.

### **NON-OPERATIONAL ASSETS**

Fixed assets held by a local authority but not used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

### **OPERATING LEASES**

A lease other than a finance lease.

### **OPERATIONAL ASSETS**

Fixed assets that are held and occupied, used or consumed by the local authority in the direct delivery of services for which it has either a statutory or discretionary responsibility.

### **PAST SERVICE COST**

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of or improvement to retirement benefits.

### **PRIOR YEAR ADJUSTMENTS**

Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

### **PROJECTED UNIT METHOD**

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. the individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and
  - the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

### **PROPERTY, PLANT & EQUIPMENT (PPE)**

Property, Plant and Equipment (used to be Tangible Fixed Assets) that yield benefits to the local authority and the services it provides for a period of more than one year.

### **PRUDENCE**

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

### **RESEARCH AND DEVELOPMENT**

Expenditure falling into one or more of the following broad categories:

- Pure (or Basic) Research:- experimental or theoretical work undertaken primarily to acquire new scientific or technical knowledge for its own sake rather than directed towards any specific aim or applications;
- Applied research:- original or critical investigations undertaken in order to gain new scientific or technical knowledge directed towards a specific practical aim or objective;
- Development:- use of scientific or technical knowledge in order to produce new or substantially improved materials, devices, products or services, to install new processes or systems prior to the commencement of commercial production or commercial applications, or to improve substantially those already produced or installed.

### **RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

- An employer's decision to terminate an employee's employment before the normal retirement date; or
- An employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

### **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Revenue Expenditure Funded from Capital under Statute (REFCUS) represents expenditure that may be capitalised under statutory provisions, but does not result in the creation of tangible assets.

### **SCHEME LIABILITIES**

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

### **SETTLEMENT**

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- A lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- The purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- The transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

### **USEFUL LIFE**

The period over which the local authority will derive benefits from the use of a fixed asset.

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