



# Annual Statement of Accounts 2016 - 2017

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# NARRATIVE REPORT

## 1 INTRODUCTION

North West Leicestershire benefits from being part of the Golden Triangle area and is experiencing significant economic growth due to the development of the logistics and distribution sectors. We enjoy a central location in the UK with excellent transport links by road, rail and air; and we are already home to a number of major international businesses. East Midlands Airport is also based in the district and provides international passenger transport and worldwide commercial freight as well as providing world class hotel and conferencing facilities.

The local population has grown by 10% since 2000 to 97,200 (2015) with 62.2% being of working age. Almost half of the population live in the District's two main towns, Ashby-de-la-Zouch and Coalville.

We have an excellent natural environment, market towns and attractive villages which provide a great quality of life and provide a draw for tourism and recreation. Over half of the district is covered by the National Forest, a strategically important environmental project transforming 200 square miles.

Since the closure of the pits Coalville and the wider area has undergone significant regeneration. The sites formerly used for mineral extraction are now home to a diverse array of business parks and industrial estates providing local employment and drawing from a wide regional labour market. As of December 2016 the unemployment count stands at 0.7% comparing favourably with the regional (1.4%) and national figures (1.8%). Eight three percent of the working age population are economically active.

We have around 750 directly employed staff. A significant proportion of services are directly provided by in-house teams with the majority of service areas tested for efficiency through a robust service transformation programme. We have a shared Revenues and Benefits service with Hinckley and Bosworth Borough and Harborough District councils.

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

This report sets out how we have served our communities during the 2016/17 financial year, with its emphasis being on our financial performance but relating this where possible to our service delivery. In June we published our End of Year Report that provides more detail on what we've achieved and how we've performed during 2016/17.

As a Council we face many challenges, with more demands on our services at a time of dwindling resources. However we also pride ourselves in being efficient and effective and our continuing sound financial management should ensure that in the future we are able to become a self-sufficient Council able to stand on its own two feet when central government funding has been removed.

## 2 FINANCIAL SUMMARY 2016/17

### a) Revenue – General Fund

The General Fund summarises expenditure on the Council's main services which are paid for, in part by Council Tax. A summary of General Fund spending is set out on the next page.

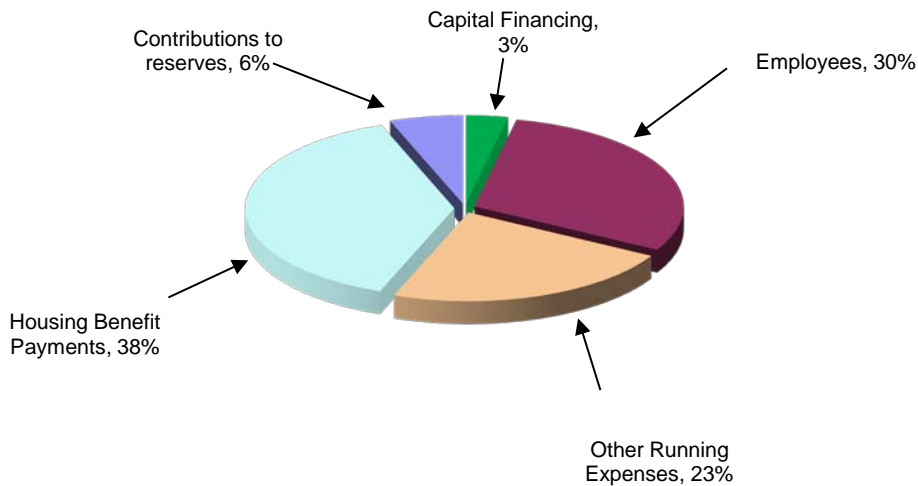
The under spending for the year was achieved as a result of a determined policy of reducing costs wherever possible combined with significant increases in income, particularly additional planning fees £316k and additional business rates collected of £342k. In addition the Council did not need to utilise its Revenue Budget contingencies. As a result, a number of 'earmarked reserves' have been created to carry unspent money forward. These 'earmarked reserves' are shown in the Balance Sheet (see note 5, page 36). Working balances of £2.444m (District) and £0.064m (Special Expenses) were also carried forward.

## NARRATIVES - continued

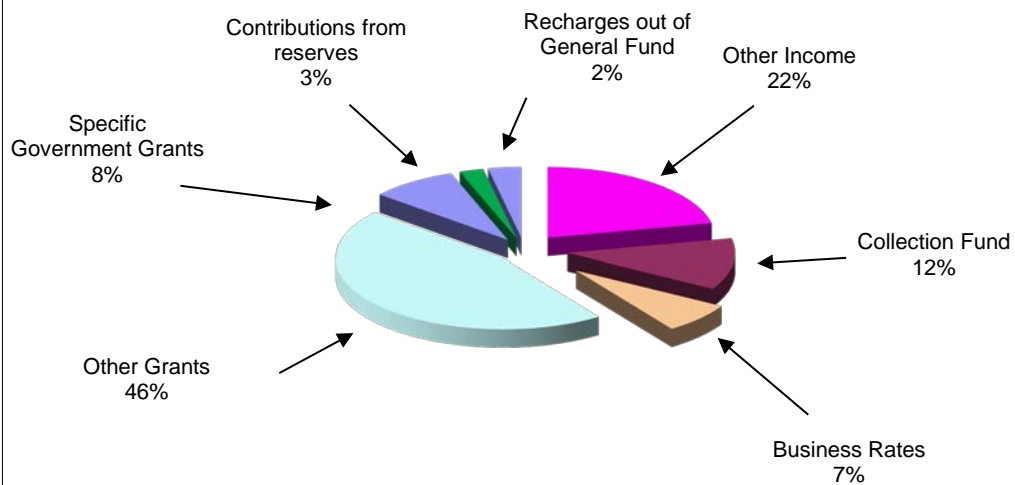
	Original Budget	Actual	Variance
<b>District</b>	£000's	£000's	£000's
Chief Executive and Other Services	1,013	1,027	14
Legal & Support Services	2,411	2,087	(324)
Service Transformation/Finance	1,985	2,165	180
Community Services (Including Director of Services)	4,785	4,756	(29)
Strategic Housing	468	437	(31)
Regeneration & Planning	437	149	(288)
Corporate & Democratic Core	45	40	(5)
Non Distributed Costs	87	86	(1)
Net Cost of Services	11,231	10,747	(484)
Net Recharges from General Fund	(1,418)	(1,368)	50
Net Cost of Services After Recharges	9,813	9,379	(434)
<b>Corporate Income and Expenditure</b>			
Net Financing Costs	1,054	1,002	(52)
Investment Income	(116)	(187)	(71)
RCCO	0	139	139
Corporate Contingency	100	0	(100)
Localisation of Council Tax Support Grant - Parish	168	101	(67)
Other Expenditure	0	59	59
Transfer to Earmarked Reserves	0	1,825	1,825
<b>Net Expenditure on Services</b>	<b>11,019</b>	<b>12,318</b>	<b>1,299</b>
<b>Funded by:-</b>			
Collection Fund Precept	5,153	5,153	0
Government Grants: RSG	1,120	1,054	(66)
NNDR	2,956	3,298	342
New Homes Bonus	2,773	2,778	5
Council Tax Transition Grant	0	26	26
Other Grants	0	9	9
	<b>12,002</b>	<b>12,318</b>	<b>316</b>
Amount added to/(taken from) General Fund Balance	983	0	(983)
General Fund balance transferred to earmarked reserves	0	(281)	(281)
General Fund balance brought forward	2,725	2,725	0
<b>Balance carried forward</b>	<b>3,708</b>	<b>2,444</b>	<b>(1,264)</b>
<b>Specials</b>			
Net Expenditure on Services	<b>487</b>	<b>514</b>	<b>27</b>
<b>Funded by:-</b>			
Special Expenses Precept	424	424	0
Localisation of Council Tax support grant	68	68	0
	<b>492</b>	<b>492</b>	<b>0</b>
Balance for year - added to/(taken from) Special Expenses Reserves	5	(22)	(27)
Balance brought forward	86	86	0
<b>Balance carried forward</b>	<b>91</b>	<b>64</b>	<b>(27)</b>

The money is spent on employees (30%), housing & council tax benefit payments (38%), other running expenses (23%), capital financing (3%) and contributions to reserves (6%). It is paid for by specific government grants (8%), other grants (46%), income from the Collection Fund – business rates and council tax (19%), income from fees and charges and other contributions (22%), recharges out of General Fund (2%) and contributions from reserves (3%). The services provided are Chief Executive & Other Services (5%), Legal & Support (7%), Service Transformation/Finance (7%), Community Services (51%), Strategic Housing (3%), Regeneration & Planning (20%), Corporate & Democratic Core (6%), and Non-Distributed (1%). The diagrams on the next page summarise this:

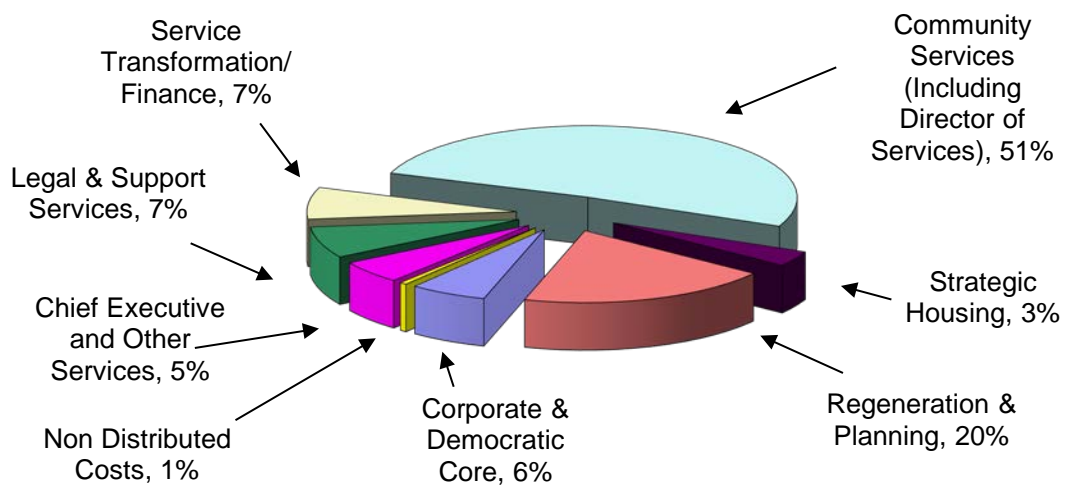
### WHERE THE MONEY IS SPENT GENERAL FUND 2016/17



### WHERE THE MONEY COMES FROM GENERAL FUND 2016/17



### THE SERVICES PROVIDED GENERAL FUND 2016/17



## NARRATIVES - continued

### b) Revenue – Housing Revenue Account (HRA)

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation provided by the Council. The HRA had an operating surplus of £3.234m. This is summarised below:

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance</b>
	£000's	£000's	£000's
Net Expenditure on Services	12,410	11,810	<b>(600)</b>
Capital Financing - Self Financing Loans	3,257	3,257	<b>0</b>
Total Expenditure	<b>15,667</b>	<b>15,067</b>	<b>(600)</b>
<u>Funded by:-</u>			
Rent Income	17,368	17,586	<b>(218)</b>
Other	694	715	<b>(21)</b>
	<b>18,062</b>	<b>18,301</b>	<b>(239)</b>
Net Operating Expenditure	<b>(2,395)</b>	<b>(3,234)</b>	<b>(839)</b>
Balance b/f	5,678	5,678	0
Funding of net operating expenditure	2,395	3,234	839
<b>Balance carried forward</b>	<b>8,073</b>	<b>8,912</b>	<b>839</b>

## c) **Assets and Liabilities**

### **Pensions Liability**

Under International Accounting Standard 19 (IAS 19), the Council is required to show the total future costs of pension liabilities for the Local Government Pension Scheme. This is a notional figure, as the Council's budget is constructed on the basis of actual contributions payable. The Council made a contribution of £2.445m to the pension scheme.

In addition, actuarial loss on the scheme was £7.177m contributing towards a decrease in the total liability held by the Council to £47.228m. The liability is offset by a matching notional pension reserve ensuring there is no impact on the level of Council Tax.

Contribution rates are set at triennial formal valuations of the Fund. The last formal valuation of the Fund was as at 31 March 2016. The next formal valuation is due on 31 March 2019.

### **Provisions**

The Council holds a provision of £3.532m on its Balance Sheet. This sum is made up of two specific provisions.

One is to cover the possible repayment of litigants and other costs relating to personal search fees £112k. A group of Property Search Companies sought to claim refunds of fees paid to the Council to access land charges data. This was part of a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. The claim has been settled but costs are still outstanding, to be settled from this provision.

The second is for NNDR appeals £3.420m Business Ratepayers who have appealed against their assessment are still required to pay the rates demanded but should their appeal be successful then any sums overpaid will be refunded.

### **Borrowing**

As at 31st March 2017 the Council had total external borrowing of £83.539m which consisted of long-term borrowing. Of this, £75.072m relates to loans from the Public Loans and Works Board (PWLb) which were taken out in 2012 in order to fund HRA self financing. This is within our Prudential Borrowing limit of £97.3m.

### **Cash flow**

The Council's cash flow shows a reduction of £0.348m in its cash and cash equivalents from the previous year.

Interest payable and receivable were generally similar compared to 2015/16.

## NARRATIVES - continued

### d) Capital

The Council spent £7.659m on capital schemes in 2016/17. The main area of spending relates to improvements to Council houses. A summary is set out below:

	£'000	%
<b>HOUSING</b>		
Improvements & Modernisations	5,915	77.3%
Housing Improvement Grants	283	3.7%
<b>OTHER SERVICES</b>		
Parks & Recreation Grounds	80	1.0%
Waste Recycling	0	0.0%
IT & Software	284	3.7%
Transport Account Vehicles	766	10.0%
Leisure Services	10	0.1%
Car Parks	295	3.9%
Other Capital Expenditure	26	0.3%
	<b>7,659</b>	<b>100.0%</b>

The capital spending was paid for as follows:

<b>CAPITAL EXPENDITURE</b>	£'000	%
<b>FINANCED:</b>		
Unsupported Borrowing	927	12.1%
Revenue	152	2.0%
Contribution/Reserves/Others	382	5.0%
Grants	283	3.7%
Capital Receipts	715	9.3%
Major Repairs Allowance (Housing)	5,200	67.9%
	<b>7,659</b>	<b>100.0%</b>

The Council's capital programme for 2017/18 shows an estimated spend of £13.22m. This is further broken down into HRA capital programme of £10.15m and General fund £3.07m.

The Council's assets, which were valued at £202,950,058 as at 31 March 2016, were valued at £248,205,817 as at 31 March 2017.



## **NARRATIVES - continued**

### **3 COUNCIL'S PRIORITIES - OVERVIEW OF WORK, ACHIEVEMENTS AND PERFORMANCE**

This section gives an overview of our work, achievements and performance during 2016/17.  
The Council as always, works according to its priorities:

- **Building Confidence in Coalville**
- **Value for Money**
- **Homes and Communities**
- **Business and jobs**
- **Green Footprints**

#### **Building Confidence in Coalville**

- In September 2016 the first Coalville Colour Run was held in and around the Coalville town centre with 500 members of the public taking part and many more enjoying the free family fun day in Coalville park. More than £10,000 was raised for the charity Living without Abuse.
- The Council supported the Century Theatre to bring a ballet performance of Cinderella by the Vienne Festival Ballet to Coalville with a grant of £2,000.
- £120,000 was provided to 10 businesses in Coalville as part of the frontage grants scheme.
- The Council gave advice to 82 businesses who are locating or expanding in Coalville during 2016/17.

#### **Value for Money**

- Leisure Centres Membership income did not meet its annual target, with memberships down from 3202 to 2925. However, Leisure facility usage levels comfortably exceeded target at 985,000 visits against a target of 865,000 and as a result generating higher levels of usage income.
- Housing reduced the time it takes to re-let empty properties from 76 days to 37 days, increasing rent income generated by £123,000.
- A reduction in Garden waste collection crews from 4 to 3 during the winter months to maximise efficiency resulted in a saving of £3,000.
- £1,200,000 was received in planning fees against an original target of £1,000,000. This money helps us invest in services across the district.
- An additional £270,000 was received in recycling income as a result of improving commodity prices and more recycling material from more houses across the district.

#### **Homes and Communities**

- During the year, 98% (£18,000,000) of rent owed was collected which is invested straight back into the Housing service.
- 527 Council homes received improvement work such as new heating systems, new kitchens and bathrooms and electrical wiring.
- More than 200 households were prevented from becoming homeless by the Council's work in helping them to stay in their home or move to a new home.
- We achieved good performance in relation to all planning applications, outperforming targets set by Government.

#### **Business and Jobs**

- 13 small and medium sized enterprises were awarded £199,000 through our Enterprising North West Leicestershire grant scheme.
- Parking charges were frozen for the 8th consecutive year and free parking after 3pm was introduced in Coalville in January 2017.

#### **Green Footprints**

- 46.5% all waste was recycled from each household in the district, compared to 46.3% last year.
- 13,500 free trees were given to the public in 2016/17 taking the total number of trees given out since the scheme started in 2008 to 57,867.
- We bought a new CCTV van to help reduce roadside litter, which caught 18 offences on film all of which have had fines issued.

## NARRATIVES - continued

### KEY PERFORMANCE INDICATORS

The table below shows our performance indicators across key services

PERFORMANCE INDICATORS	TARGET	ACTUAL	COMMENT
<b>LEISURE SERVICES</b>			
Leisure Centre Membership Income	£994k	£954k	Membership levels reduced from 3202 to 2925 members, mainly due to rival gyms opening nearby. Number of visits target was exceeded.
Leisure Centre Usage Levels	865k visits	985k visits	
<b>HOUSING SERVICES</b>			
% Rent arrears of current tenants	2.13%	1.93%	The Council has performed well in its collection of rent arrears Average re-let times have generated additional rental income for the Housing Revenue Account.
Average re- let times in days	40 days	37	
<b>REVENUE &amp; BENEFITS</b>			
Council Tax in year collection rate	97.60%	97.80%	Council tax collection target was exceeded. NNDR collection targets were exceeded.
NNDR in year collection rate	99%	99%	
<b>REFUSE AND RECYCLING</b>			
% of waste recycled	46%	46.50%	Percentage of waste recycled was slightly higher than the target.  Less waste sent to Landfill which means more was separated and recycled, thus increasing recycling income.
Tonnes of waste sent to Landfill	519	517	
<b>DEVELOPMENT CONTROL</b>			
% of minor planning applications processed	80%	81.00%	Percentage exceeded internal target and Government target of 65% increasing future council tax income. Percentage exceeded internal target and Government target of 60% increasing future business rates income.
% of major planning applications processed	85%	90.00%	
<b>ENVIRONMENTAL HEALTH</b>			
No of remaining non-compliant food establishments	8	1	Of 10 non-compliant establishments only 1 remaining.
<b>OTHER COUNCIL DELIVERY PLAN PRIORITIES</b>			
% of calls answered in Customer Services	79.00%	64.89%	A quality improvement plan implemented to enable better future performance.

## NARRATIVES - continued

### 4 The future

Following the closure of the 2016/17 accounts the Council will update its Medium Term Financial Strategy. Whilst the Council has sound financial plans it continues to be exposed to external economic influences and the impact of the action of its funders and partners.

On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Whilst exit negotiations are underway, the UK will remain a full member of the European Union with all the rights and obligations of EU membership remaining in force. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future, once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

The Council continues to be mindful of planned reductions in Revenue Support Grant and the uncertainty around the finer details of the 100% retention of Business Rates. The Business Rates Retention Scheme, originally planned by Government to be implemented by 2019/20, presents significant risks and opportunities and will require flexible financial planning in the future. However, following the snap election on 8 June and the subsequent speech delivered by the Queen to parliament on 21 June 2017, there remains uncertainty regarding the implementation and timing of the Local Government Finance Bill.

Details surrounding the proposals contained within the Housing and Planning Bill Act 2016 in respect of the sale of high value council housing remain uncertain. Local Authorities managing a Housing Revenue Account will be under a duty and must consider selling its interest in any high value housing that becomes vacant, giving power to the Secretary of State to require payment in respect of a financial year.

Local Authorities must continue with the four year rent reduction regime until 2019/20. The Welfare Reform and Work Act 2016 requires registered providers of social housing in England to reduce social housing rents by 1% a year for 4 years from a frozen 2015 to 2016 baseline.

Leicester and Leicestershire Combined Authority – the seven districts, City and County have worked closely on the arrangements for the LLCA via the project team, S151 and Monitoring Officer groups. The Council has agreed a constitution for the LLCA and the operating agreement to which all councils will be party. The operating agreement sets out practical arrangements for the running of the LLCA such as the provision of statutory officers, provision of support services to the LLCA, dealing with costs and budgeting, dispute resolution provisions and change control mechanism. It is understood that each council has taken these documents through the necessary internal governance processes and has the approvals to proceed when necessary. Work on the LLCA has been held in abeyance during recent months as the government indicated that it wished to progress mayoral combined authorities first. Also, other national events such as the recent parliamentary election have taken precedence. No estimate of the financial effect on the Authority has yet been made.

### 5 Preparation of Accounts

I would like to thank all staff who have been involved in the preparation of these accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting. The skill and forbearance they have shown is greatly appreciated.

*Tracy Ashe*  
Financial Planning Manager and Acting S151 Officer

## **THE STATEMENT OF RESPONSIBILITIES** **FOR THE STATEMENT OF ACCOUNTS**

### **The Council's Responsibilities**

The Council is required: -

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

### **The Responsibilities of the Acting S151 Officer**

The Acting Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this Statement of Accounts, the Acting S151 Officer has: -

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Acting S151 Officer has also: -

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2017.



27 September 2017

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Tracy Ashe

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Date

Financial Planning Manager & Acting Section 151 Officer

# STATEMENT OF ACCOUNTING POLICIES

## 1 GENERAL

The Statement of Accounts summarises the Authority's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require to be prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003.

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

## 2 ACCRUALS OF INCOME AND EXPENDITURE

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

Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

## 3 CASH AND CASH EQUIVALENTS

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

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

## 4 EXCEPTIONAL ITEMS

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

In line with this policy, the revaluation of Housing Revenue Account property has triggered an entry within the Comprehensive Income and Expenditure Statement for 2016/17 this is because the EUVSH percentage, the adjustment factor used nationally to value HRA properties was amended for the 2016/17 year from 34% to 42%, resulting in an impairment adjustment of 18.8m.

## STATEMENT OF ACCOUNTING POLICIES - continued

### 5 PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES & ESTIMATES & 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.

### 6 EMPLOYEE BENEFITS

#### Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

#### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority 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 appropriate service segment in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

#### Post Employment Benefits

Most employees of the Authority are members of the Local Government Scheme administered by Leicestershire County Council. This Scheme is accounted for as a defined benefits scheme:

The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

## STATEMENT OF ACCOUNTING POLICIES - continued

### Post Employment Benefits - continued

The assets of Leicestershire County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value -

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

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

- 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 arising from current year decisions 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;
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return; credited to the Financing and investment Income and Expenditure line in the Comprehensive Income and Expenditure statement;
- Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- 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 – debited to the Pensions Reserve;
- Contributions paid to the Leicestershire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense. In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the 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 appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

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

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

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

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

## STATEMENT OF ACCOUNTING POLICIES - continued

### 8 FINANCIAL INSTRUMENTS

#### Financial Liabilities

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

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

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

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

#### Financial Assets

Financial assets are classified into two types -

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

#### Loans and Receivables

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

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

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



## STATEMENT OF ACCOUNTING POLICIES - continued

### Available-for-Sale Assets

Recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (dividends for example) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles -

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/ loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the year.

### Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

## **9 GOVERNMENT GRANTS AND CONTRIBUTIONS**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that -

- the Authority will comply with the conditions attached to the payments
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## STATEMENT OF ACCOUNTING POLICIES - continued

### 10 INTANGIBLE ASSETS

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movements in reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### 11 INVENTORIES AND LONG TERM CONTRACTS

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

### 12 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, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### 13 LEASES

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

## STATEMENT OF ACCOUNTING POLICIES - continued

### 13 LEASES CONTINUED

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### The Authority as Lessee

##### Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

##### Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (for example, there is a rent-free period at the commencement of the lease).

### 14 OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2016/17 (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SERCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

### 15 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.

## STATEMENT OF ACCOUNTING POLICIES - continued

### PROPERTY PLANT AND EQUIPMENT CONTINUED

#### 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 Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

#### Measurement

Assets are initially measured at cost, comprising:

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

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). 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 Authority.

We have assumed in arriving at our Fair Values:

- Whilst the Valuer has not inspected all Title Deeds or any Planning Consents, Statutory Notices, licences or other documents relating to the properties (except where indicated) we understand that the information provided to us is correct and as described.
- We have assumed that the assets at a suitable level of condition for service provision and that all internal and external repairs and maintenance have been carried out.
- We have assumed that such investigation would not disclose the presence of any Hazardous or Deleterious Materials in any adverse condition.
- We have assumed that no contaminative or potentially contaminative uses have ever been carried out on the property.

#### Assets under Construction

Recognised only when it is probable that the future economic benefits will flow to the Council and the cost can be measured reliably. Assets under Construction are capitalised at cost which includes labour and overhead costs arising directly from the construction of the asset. Assets under construction are not depreciated until they are brought into use under the relevant sections of property, plant and equipment.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost;
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);
- all other assets – 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 or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

## STATEMENT OF ACCOUNTING POLICIES - continued

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

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

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

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

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

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

### Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a 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.

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

## STATEMENT OF ACCOUNTING POLICIES - continued

### Depreciation - continued

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (net of statutory deductions and allowances) is payable to the Government. The proportion payable to the Government for Right to Buy dwelling disposals is calculated on an individual property basis in accordance with the enhanced Right to Buy scheme introduced in April 2012. Receipts for land and other assets are normally repayable at a rate of 50%, but can be reduced as a result of a Capital Allowance approved at Council Cabinet in September 2012 to finance a supplementary capital programme for affordable housing and regeneration purposes. 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.

## **16 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

### Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

### Contingent Liabilities

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

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

## STATEMENT OF ACCOUNTING POLICIES - continued

### Contingent Assets

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

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

### **17 RESERVES**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated 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 usable resources for the Authority – these reserves are explained in the relevant policies.

### **18 REVENUE EXPENDITURE FUNDED UNDER STATUTE**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the 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 then reverses out the amounts charged so that there is no impact on the level of council tax.

### **19 VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

### **20 HERITAGE ASSETS**

The Authority's Heritage Assets should be shown in the Balance Sheet and are normally classified in four main categories -

- Ceramics, Porcelain Work and Figurines;
- Art Collection;
- Machinery, Equipment and Other Artefacts from the Pottery Industry;
- Archaeology.

The Authority does have some Civic Regalia but it falls under the de-minimus level to be classified as Heritage assets, the Authority also considers that reliable cost or valuation information cannot be obtained for Moira Furnace, this is due to the diverse nature of the Asset held and lack of comparable market values. Consequently the Authority does not recognise this asset on its Balance Sheet.

### **21 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 sector,
- 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 on amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance.

## **STATEMENT OF ACCOUNTING POLICIES - continued**

Depreciation, revaluation and 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.

### **22 COMPONENTISATION AND MATERIALITY POLICY**

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The council has established a threshold of £1 million for determining whether an asset needs to be componentised, and an individual asset cost of more than 20% to determine whether an asset is considered as a component.

### **23 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED**

The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code. This applies to the adoption of the following new or amended standards within the 2017/18 Code.

- Amendment to the reporting of pension fund scheme transaction costs. This will be a presentational change to the notes of the pension fund.
- Amendment to the reporting of investment concentration. This will be a presentational change to the notes of the pension fund.

It is not anticipated that the above amendments will have a material impact on the information provided in the Council's financial statements.



# CORE STATEMENTS

## 1 Introduction

The following pages summarise the financial activities of North West Leicestershire District Council for 2016/17.

The Council's Accounts have been produced in accordance with the Code of Practice on Local Authority Accounting 2016/17 and the service reporting code of practice 2016/17, supported by the International Financial Reporting Standards (IFRS). Explanatory notes to the accounts have been included to give further information where appropriate. The layout of the accounts follows the recommendations of the Code.

For 2016/17 the accounts consist of these 'core' Financial Statements:

- The Expenditure and Funding Analysis (EFA) – This shows how annual expenditure is used and funded from resources by the Council in comparison with how those resources are consumed or earned by the Council. It also shows how this expenditure is allocated for decision making purposes between the council's portfolio holders.
- Comprehensive Income & Expenditure Account which shows income and expenditure of all main services. This also includes the Statement of Total Recognised Gains & Losses which shows all gains and losses of the Council for the year and the aggregate change in its net worth.
- Movement In Reserves Statement which shows the movement in the year on the different reserves held by the Council analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves (i.e. those that cannot be used to fund expenditure).
- The Balance Sheet which sets out the overall financial position of the council at 31 March 2017 showing its assets, liabilities and reserves.
- Cash Flow Statement which summarises the movements of cash and cash equivalents into and out of the Council arising from transactions with third parties.
- Notes to the Core Financial statements which provide explanations of key figures within the statement.

Other financial statements:

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

## 2 Changes to the Statement of Accounts introduced in the 2016 Code

The 2016/17 Code of Practice on Local Authority Accounting has introduced some changes, including new formats and reporting requirements for the Comprehensive Income and Expenditure Statement (CIES), the Movement in Reserves Statement (MIRS) and the introduction of Expenditure and Funding Analysis.

The key changes are:

- The cost of services in the CIES is to be reported on the basis of the local authority's organisational structure rather than the Service Reporting Code of Practice (SERCOP) headings. This is aimed at matching the way the accounts disclose income and expenditure of the Council more closely with how it is internally reported during the year to officers and members, so users of the accounts have a better understanding of the information used to make decisions in year.
- An 'Expenditure & Funding Analysis' note to the financial statements provides a reconciliation between the way local authorities are funded and the accounting measures of financial performance in the CIES. It also shows how the expenditure is allocated for decision making purposes between directorates/services. This change has enabled the previous segmental reporting requirements to be streamlined. The changes will remove some of the complexities of the current segmental note.
- Streamlining the Movement in Reserves Statement (MIRS) providing options to report Total Comprehensive Income and Expenditure (previously shown as Surplus and Deficit on the Provision of Services and Other Comprehensive Income and Expenditure lines) and removal of earmarked reserves columns.

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2015/16 Re-stated				NOTES	2016/17		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
257	(68)	189	Chief Executive and Other Services		948	(176)	772
1,644	(627)	1,017	Legal & Support Services		1,809	(752)	1,057
21,621	(20,687)	934	Service Transformation/Finance		20,824	(19,750)	1,074
12,641	(5,743)	6,898	Community Services (Including Director of Services)		13,483	(5,814)	7,669
1,717	(122)	1,595	Strategic Housing		658	(134)	524
2,772	(2,037)	735	Regeneration & Planning		4,670	(1,754)	2,916
9,122	(18,238)	(9,116)	Housing Services - HRA		(10,775)	(18,161)	(28,936)
834	(2)	832	Corporate & Democratic Core		891	(1)	890
204	(6)	198	Non Distributed Costs		80	0	80
<b>50,812</b>	<b>(47,530)</b>	<b>3,282</b>	<b>Cost of Services</b>		<b>32,588</b>	<b>(46,542)</b>	<b>(13,954)</b>
		2,994	Other Operating Expenditure	6			1,814
		4,003	Financing and Investment Income and Expenditure	7			3,541
		(14,609)	Taxation and Non-Specific Grant Income	8			(17,139)
		<b>(4,330)</b>	<b>(Surplus)/Deficit on Provision of Services</b>				<b>(25,738)</b>
		(4,734)	(Surplus)/Deficit on revaluation of non current assets				(23,640)
		(18,983)	(Surplus)/Deficit on revaluation of available for sale financial assets				7,177
		<b>(23,717)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(16,463)</b>
		<b>(28,047)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(42,201)</b>

## Prior period restatement of Comprehensive Income & Expenditure Statement

	Central Services to the Public £'000	Cultural & Related Services £'000	Environment & Regulatory £'000	Planning Services £'000	Highways Roads & Transport £'000	Housing General Fund £'000	Housing Revenue Account £'000	Corporate & Democratic Core £'000	Non Distributed Costs £'000	Total £'000
Net Cost of Services as reported in 15/16 CIES	1,084	2,405	5,047	892	(92)	1,786	(9,116)	1,061	215	3,282
<b><u>Directorates</u></b>										
Chief Executive & Other	44	0	0	137	0	0	0	0	8	189
Legal & Support	317	0	462	9	0	0	0	229	0	1,017
Service Transformation/Finance	734	0	0	0	0	191	0	0	9	934
Community Services including Director of Services	0	2,405	4,585	0	(92)	0	0	0	0	6,898
Strategic Housing	0	0	0	0	0	1,595	0	0	0	1,595
Regeneration & Planning	(11)	0	0	746	0	0	0	0	0	735
Housing Revenue Account	0	0	0	0	0	0	(9,116)	0	0	(9,116)
Corporate & Democratic Core	0	0	0	0	0	0	0	832	0	832
Non-Distributed Costs	0	0	0	0	0	0	0	0	198	198
	<b>1,084</b>	<b>2,405</b>	<b>5,047</b>	<b>892</b>	<b>(92)</b>	<b>1,786</b>	<b>(9,116)</b>	<b>1,061</b>	<b>215</b>	<b>3,282</b>

## MOVEMENT IN RESERVES STATEMENT

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

	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major repairs reserve	Capital Grants unapplied	Total Usable reserves	Unusable reserves	Total Authority reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 April 2015</b>	<b>12,353</b>	<b>5,786</b>	<b>3,703</b>	<b>644</b>	<b>931</b>	<b>23,416</b>	<b>46,304</b>	<b>69,720</b>
Total Comprehensive Income & Expenditure	(1,668)	5,997	0	0	0	<b>4,329</b>	<b>23,717</b>	<b>28,046</b>
Adjustments between accounting basis & funding basis under regulations	1,191	(5,574)	334	1,153	187	<b>(2,709)</b>	<b>2,709</b>	<b>0</b>
<b>Increase/(Decrease) in Year</b>	<b>(477)</b>	<b>423</b>	<b>334</b>	<b>1,153</b>	<b>187</b>	<b>1,620</b>	<b>26,426</b>	<b>28,046</b>
<b>Balance as at 31st March 2016 carried forward</b>	<b>11,876</b>	<b>6,209</b>	<b>4,037</b>	<b>1,797</b>	<b>1,118</b>	<b>25,037</b>	<b>72,730</b>	<b>97,767</b>
<b>Balance as at 1 April 2016</b>	<b>11,876</b>	<b>6,209</b>	<b>4,037</b>	<b>1,797</b>	<b>1,118</b>	<b>25,037</b>	<b>72,730</b>	<b>97,767</b>
Total Comprehensive Income & Expenditure	(1,316)	27,054	0	0	0	<b>25,738</b>	<b>16,463</b>	<b>42,201</b>
Adjustments between accounting basis & funding basis under regulations	1,449	(23,710)	1,666	(1,205)	(69)	<b>(21,869)</b>	<b>21,869</b>	<b>0</b>
Transfers between reserves	498	0	(498)	0	0	<b>0</b>	<b>10</b>	<b>10</b>
<b>Increase/(Decrease) in Year</b>	<b>631</b>	<b>3,344</b>	<b>1,168</b>	<b>(1,205)</b>	<b>(69)</b>	<b>3,869</b>	<b>38,342</b>	<b>42,211</b>
<b>Balance at 31 March 2017 carried forward</b>	<b>12,507</b>	<b>9,553</b>	<b>5,205</b>	<b>592</b>	<b>1,049</b>	<b>28,906</b>	<b>111,072</b>	<b>139,978</b>

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2016		NOTES	31 March 2017	
£'000			£'000	£'000
187,445	Property Plant & Equipment	9	232,719	257,207
13,554	Investment Property	10	13,554	
492	Intangible Assets	11	454	
0	Assets Held For Sale	12	0	
1,459	Surplus Assets	9	1,475	
8,000	Long Term Investments		9,000	
10	Long Term Debtors		5	
210,960	Long Term Assets			
16,995	Short Term Investments		24,496	32,803
144	Inventories	13	142	
2,533	Short Term Debtors	14	2,125	
6,388	Cash and Cash Equivalents	15	6,040	
26,060	Current Assets			
(1,055)	Short Term Borrowing		(1,079)	(17,224)
(10,118)	Short Term Creditors	16	(12,613)	
(2,986)	Provisions	33	(3,532)	
(14,159)	Current Liabilities			
(84,087)	Long Term Borrowing		(82,942)	(132,808)
(38,467)	Other Long Term Liabilities		(47,228)	
(121)	Revenue Grants Receipt In Advance		(179)	
(2,420)	Capital Grants Receipt In Advance		(2,459)	
(125,095)	Long Term Liabilities			
97,766	Net Assets			139,978
25,036	Usable Reserves	18	28,906	
72,730	Unusable Reserves		111,072	
97,766				139,978

## CASH FLOW STATEMENT

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

2015/16 £'000	Indirect Method	NOTES	2016/17 £'000
(4,330)	Net (surplus) or deficit on the provision of services		(25,738)
	<b>Noncash Movements</b>		
(2,787)	Depreciation		(2,995)
861	Impairment & downward valuations		19,938
(193)	Amortisations		(187)
(30)	Increase in impairment for provision for bad debts		(387)
(544)	(Increase)/decrease in creditors		302
(2,095)	Increase/(decrease) in debtors		(68)
(12)	(Increase)/decrease in stock		2
(2,623)	Pension liability		(1,584)
(2,607)	Carrying amount of non-current assets sold		(2,428)
808	Other non cash items charged to the net Surplus or Deficit on the Provision of Services		413
(9,222)	Adjust net surplus or deficit on the provision of services for noncash movements		13,006
1,952	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		3,039
(11,600)	Net Cash Flows from Operating Activities		(9,693)
21,481	Investing Activities	20	12,949
(4,974)	Financing Activities	21	(2,908)
4,907	Net increase or decrease in cash and cash equivalents		348
11,295	Cash and cash equivalents at the beginning of the reporting period		6,388
<b>6,388</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	15	<b>6,040</b>

## EXPENDITURE AND FUNDING ANALYSIS

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

### 2016/17

	Net Expenditure chargeable to the General Fund and Housing Revenue a/c	Recharges	Contributions to/from Reserves	Investment Properties	Revised Net Expenditure chargeable to the General Fund and Housing Revenue a/c	Adjustments between funding basis and accounting basis	Net expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive and Other	1,074	(706)	400	0	768	4	772
Legal & Support	2,140	(1,119)	31	0	1,052	5	1,057
Service Transformation/Finance	2,069	(1,633)	74	359	869	205	1,074
Community Services including Director of Services	4,817	1,051	636	(64)	6,440	1,229	7,669
Strategic Housing	402	104	23	0	529	(5)	524
Regeneration & Planning	2,180	416	320	0	2,916	0	2,916
Housing Revenue Account	(11,661)	(260)	149	0	(11,772)	(17,164)	(28,936)
Corporate & Democratic Core	36	846	8	0	890	0	890
Non-Distributed Costs	42	30	8	0	80	0	80
Recharges	(1,272)	1,272	0	0	0	0	0
<b>Net Cost of Services</b>	<b>(173)</b>	<b>1</b>	<b>1,649</b>	<b>295</b>	<b>1,772</b>	<b>(15,726)</b>	<b>(13,954)</b>
Other Income and Expenditure	(9,260)	0	(2,686)	(295)	(12,241)	457	(11,784)
<b>Surplus/Deficit on Provision of Services</b>	<b>(9,433)</b>	<b>1</b>	<b>(1,037)</b>	<b>0</b>	<b>(10,469)</b>	<b>(15,269)</b>	<b>(25,738)</b>

	Net Expenditure chargeable to the General Fund and Housing Revenue a/c	Recharges	Contributions to/from Reserves	Investment Properties	Revised Net Expenditure chargeable to the General Fund and Housing Revenue a/c	Adjustments between funding basis and accounting basis	Net expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive and Other	773	(613)	29	0	189	0	189
Legal & Support	2,177	(1,267)	102	0	1,012	5	1,017
Service Transformation/Finance	1,758	(1,459)	141	425	865	69	934
Community Services including Director of Services	4,900	787	442	(82)	6,047	851	6,898
Strategic Housing	405	95	929	0	1,429	166	1,595
Regeneration & Planning	(245)	475	503	0	733	2	735
Housing Revenue Account	(11,182)	(236)	203	0	(11,215)	2,099	(9,116)
Corporate & Democratic Core	36	778	18	0	832	0	832
Non-Distributed Costs	133	19	46	0	198	0	198
Recharges	(1,421)	1,421	0	0	0	0	0
<b>Net Cost of Services</b>	<b>(2,666)</b>	<b>0</b>	<b>2,413</b>	<b>343</b>	<b>90</b>	<b>3,192</b>	<b>3,282</b>
Other Income and Expenditure	(6,180)		(3,961)	(343)	(10,484)	2,872	(7,612)
<b>Surplus/Deficit on Provision of Services</b>	<b>(8,846)</b>	<b>0</b>	<b>(1,548)</b>	<b>0</b>	<b>(10,394)</b>	<b>6,064</b>	<b>(4,330)</b>



## NOTES TO CORE FINANCIAL STATEMENT

### 1 Critical Judgements In Applying Accounting Policies

In applying the accounting policies set out on pages 11 to 22, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. No such critical judgements are have been deemed to be necessary for 2016/17.

### 2 Assumptions Made About The Future and Other Major Sources of Estimation Uncertainty.

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

	<b>£'000</b>
Pension Liability/Reserve Account	47,228

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. The Council's actuaries provide an annual statement of the pension liabilities and assets.  However, the assumptions interact in complex ways. During 2016/17, the Council's actuaries advised that the net pensions liability had increased by £8.761m as a result of revisions to estimates and judgements.
Asset Life/Maintenance	Assets are depreciated over their useful lives as determined by the Council's valuer. Property, plant and equipment are reviewed for both economic and price impairment on an annual basis. Any movement in either the assets useful life or the market value of the property will have an impact on the Councils Valuation.	If the useful life of assets is reduced, the depreciation increases and they carrying amount of assets falls. The depreciation charge for buildings would increase by an estimated £12k for every year useful life is reduced. If an asset is impaired the carrying amount of asset is reduced.

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

### 3 Events after the Balance Sheet Date

The reporting date for the 2016/2017 Statement of Accounts was 27 September 2017, the date on which the Council's Acting Section 151 Officer (the Financial Planning Team Manager) signed the Accounts for issue. Any events occurring after this date which have had a material impact on the figure contained within the Statement of Accounts will be added an issued with the audited accounts as appropriate.

Following the recent catastrophe at Grenfell Tower, the Council has considered its position in relation to Council owned housing stock. The Council, having checked records, has confirmed that there are no high rise blocks within the Council's ownership or buildings with cladding or external wall insulation that do not meet fire safety regulations.

**NOTES TO CORE FINANCIAL STATEMENT - continued**

**4 Adjustments between Accounting Basis and Funding Basis under Regulations.**

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

2016/17	Usable Reserves					
	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs reserves	Capital Grants Unapplied	Movement in Unusable reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Charges for depreciation and impairment of non current assets	1,019	10		1,967		(2,996)
Revaluation losses on Property Plant and Equipment	201	(20,139)				19,938
Movements in the market value of Investment Properties	31					(31)
Amortisation of intangible assets	187					(187)
Capital grants and contributions applied		0				0
Movement in the Donated Assets Account						
Revenue expenditure funded from capital under statute						0
Principal Repaid on Self Financing Loans		(1,055)				1,055
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4	2,424				(2,428)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Statutory provision for the financing of capital investment	(536)					536
Capital expenditure charged against the General Fund and HRA balances	(473)	0				473
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	69				(69)	
Application of grants to capital financing transferred to the Capital Adjustment Account						
	502	(18,760)	0	1,967	(69)	16,360

**NOTES TO CORE FINANCIAL STATEMENT - continued**

2016/17 - continued	Usable Reserves					
	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs reserves	Capital Grants Unapplied	Movement in Unusable reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(14)	(3,025)	3,039			
Use of the Capital Receipts Reserve to finance new capital expenditure			(715)			715
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	59	(59)			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	599		(599)			
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		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 Comprehensive Income and Expenditure Statement						0
<b>Adjustment involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA		(2,028)		2,028		
Use of the Major Repairs Reserve to finance new capital expenditure				(5,200)		5,200
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(22)	(14)				36
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,625	515				(4,140)
	4,690	(23,253)	1,666	(1,205)	(69)	18,171

**NOTES TO CORE FINANCIAL STATEMENT - continued**

2016/17 - continued	Usable Reserves					
	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs reserves	Capital Grants Unapplied	Movement in Unusable reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,099)	(457)				2,556
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,142)					1,142
<b>Adjustments involving the Unequal Pay Back Pay Adjustment Account:</b>						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements						
<b>Adjustments involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	0				0
<b>Total Adjustments</b>	<b>1,449</b>	<b>(23,710)</b>	<b>1,666</b>	<b>(1,205)</b>	<b>(69)</b>	<b>21,869</b>

2015/16 comparative figures	Usable Reserves					
	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs reserves	Capital Grants Unapplied	Movement in Unusable reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Charges for depreciation and impairment of non current assets	877	11		1,899		(2,787)
Revaluation losses on Property Plant and Equipment	31	(823)				792
Movements in the market value of Investment Properties	(9)					9
Amortisation of intangible assets	193					(193)
	<b>1,092</b>	<b>(812)</b>	<b>0</b>	<b>1,899</b>	<b>0</b>	<b>(2,179)</b>

**NOTES TO CORE FINANCIAL STATEMENT - continued**

2015/16 comparative figures cont'd	Usable Reserves					
	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs reserves	Capital Grants Unapplied	Movement in Unusable reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Capital grants and contributions applied						0
Movement in the Donated Assets Account						
Revenue expenditure funded from capital under statute						0
Principal Repaid on Self Financing Loans		(1,032)				1,032
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	202	2,407				(2,609)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Statutory provision for the financing of capital investment	(558)					558
Capital expenditure charged against the General Fund and HRA balances	(246)	(2,457)				2,703
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(187)				187	0
Application of grants to capital financing transferred to the Capital Adjustment Account						
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(154)	(1,798)	1,952			0
Use of the Capital Receipts Reserve to finance new capital expenditure			(995)			995
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	2	43	(45)			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	604		(604)			0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(26)	26			0
	755	(3,675)	334	1,899	187	500

**NOTES TO CORE FINANCIAL STATEMENT - continued**

2015/16 comparative figures cont'd	Usable Reserves					
	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs reserves	Capital Grants Unapplied	Movement in Unusable reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<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 Comprehensive Income and Expenditure Statement						0
<b>Adjustment involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA		(2,140)		2,140		
Use of the Major Repairs Reserve to finance new capital expenditure				(2,886)		2,886
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(29)	(7)				36
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	4,417	686				(5,103)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,022)	(458)				2,480
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,948)					1,948
<b>Adjustments involving the Unequal Pay Back Pay Adjustment Account:</b>						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements						0
<b>Adjustments involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	27	13				(40)
<b>Total Adjustments</b>	<b>1,200</b>	<b>(5,581)</b>	<b>334</b>	<b>1,153</b>	<b>187</b>	<b>2,707</b>

## 5 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans into the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2016/17.

	Balance at 31/3/2015 £'000	Transfers Out 2015/16 £'000	Transfers In 2015/16 £'000	Balance at 31/3/2016 £'000	Transfers Out 2016/17 £'000	Transfers In 2016/17 £'000	Balance at 31/3/2017 £'000
<b>General Fund:</b>							
General reserves	6,162	(3,524)	3,964	<b>6,602</b>	(1,807)	3,726	<b>8,521</b>
Value for Money reserve *	1,921	(347)	77	<b>1,651</b>	(792)	0	<b>859</b>
Housing & Planning Delivery Grants	11	0	0	<b>11</b>	0	0	<b>11</b>
Leisure Strategy/Project Grants	95	(3)	34	<b>126</b>	(37)	0	<b>89</b>
Ivanhoe Sink Fund	129	0	13	<b>142</b>	(13)	9	<b>138</b>
Hermitage Rec Grd Mtce Fund	21	0	0	<b>21</b>	0	0	<b>21</b>
Asset Protection Fund	246	(86)	44	<b>204</b>	(75)	36	<b>165</b>
Industrial Units Maint Fund	11	(21)	30	<b>20</b>	(40)	40	<b>20</b>
Whitwick Business Centre	54	(5)	(1)	<b>48</b>	(34)	26	<b>40</b>
Capital Reserve	195	0	0	<b>195</b>	(195)	0	<b>0</b>
Transport Appropriation	38	0	28	<b>66</b>	0	63	<b>129</b>
Other	5	0	0	<b>5</b>	0	0	<b>5</b>
<b>Total</b>	<b>8,888</b>	<b>(3,986)</b>	<b>4,189</b>	<b>9,091</b>	<b>(2,993)</b>	<b>3,900</b>	<b>9,998</b>
<b>HRA:</b>							
HRA Shops Sinking Fund	22	(15)	0	<b>7</b>	(2)	1	<b>6</b>
General Earmarked reserves	473	(188)	239	<b>524</b>	(148)	259	<b>635</b>
<b>Total</b>	<b>495</b>	<b>(203)</b>	<b>239</b>	<b>531</b>	<b>(150)</b>	<b>260</b>	<b>641</b>

\* The Value for Money reserve is to support infrastructure investment in assets such as the Council Offices, Leisure Centres and ICT infrastructure and to fund future savings.

## 6 Other Operating Expenditure

2015/16 £'000		2016/17 £'000
1,732	Parish Council Precepts	1,826
604	Payments to the Government Housing Capital Receipts Pool	599
658	Gains/losses on the disposal of non current assets	(611)
<b>2,994</b>	<b>Total</b>	<b>1,814</b>

## 7 Financing and Investment Income and Expenditure

2015/16 £'000		2016/17 £'000
2,826	Interest payable and similar charges	2,770
1,768	Pensions interest cost and expected return on pensions assets	1,349
(248)	Interest receivable and similar income	(283)
(343)	Income and expenditure in relation to investment properties	(295)
<b>4,003</b>	<b>Total</b>	<b>3,541</b>

## 8 Taxation and Non Specific Grant Income

2015/16 £'000		2016/17 £'000
(6,965)	Council tax income	(7,257)
(3,228)	Non domestic rates	(3,685)
(3,948)	Non-ring fenced government grants	(3,934)
(468)	Capital grants and contributions	(2,263)
<b>(14,609)</b>	<b>Total</b>	<b>(17,139)</b>

## 9 Movements on Assets

Movements in 2016/17	Council dwelling	Other Land & Buildings	Vehicle, Plant, Furniture & Equip	Infra-structure Assets	Community Assets	Surplus Assets	Assets under construction	Total Property Plant & Equip
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>								
At 1 April 2016	161,714	23,704	5,909	0	76	1,459	0	192,862
Additions	5,915	313	912	0	0	0	0	7,140
Donations	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	22,741	(223)	0	0	0	1	0	22,519
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	19,101	(358)	0	0	0	15	0	18,758
Derecognition - Disposals	(1,958)	(75)	(13)	0	0	0	0	<b>(2,046)</b>
Derecognition - Other	(396)	0	0	0	0	0	0	(396)
Assets reclassified	0	0	0	0	0	0	0	0
Other movements in Cost or Valuation	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2017</b>	<b>207,117</b>	<b>23,361</b>	<b>6,808</b>	<b>0</b>	<b>76</b>	<b>1,475</b>	<b>0</b>	<b>238,837</b>



**NOTES TO CORE FINANCIAL STATEMENT - continued**

<b>Accumulated Depreciation and Impairment</b>	<b>Council dwelling £'000</b>	<b>Other Land &amp; Buildings £'000</b>	<b>Vehicle, Plant, Furniture &amp; Equip £'000</b>	<b>Infra-structure Assets £'000</b>	<b>Community Assets £'000</b>	<b>Surplus Assets £'000</b>	<b>Assets under construction £'000</b>	<b>Total Property Plant &amp; Equip £'000</b>
At 1 April 2016	0	0	3,957	0	0	0	0	3,957
Depreciation charge	1,864	420	695	0	0	17	0	2,996
Depreciation written out to the Revaluation Reserve	(892)	(229)	0	0	0	0	0	(1,121)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(972)	(191)	0	0	0	(17)	0	(1,180)
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	(10)	0	0	0	0	(10)
Derecognition - Other	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	0
<b>At 31 March 2017</b>	<b>0</b>	<b>0</b>	<b>4,642</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,642</b>
<b>Net Book Value</b>								
<b>At 31 March 2017</b>	207,117	23,361	2,166	0	76	1,475	0	234,195
<b>At 31 March 2016</b>	161,714	23,704	1,952	0	76	1,459	0	188,905

**NOTES TO CORE FINANCIAL STATEMENT - continued**

Comparative Movements

<b>Movements in 2015/16</b>	<b>Council dwelling</b>	<b>Other Land &amp; Buildings</b>	<b>Vehicle, Plant, Furniture &amp; Equip</b>	<b>Infra-structure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets under construction</b>	<b>Total Property Plant &amp; Equip</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>								
At 1 April 2015	157,277	21,247	5,388	0	69	853	0	184,834
Additions	6,268	235	568	0	0	0	0	7,071
Donations	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,665	2,584	0	0	0	(100)	0	4,149
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(642)	(110)	0	0	0	48	0	(704)
Derecognition - Disposals	(1,337)	(32)	(48)	0	0	0	0	(1,417)
Derecognition - Other	(988)	0	0	0	0	0	0	(988)
Assets reclassified (to)/from Held for Sale	(524)	(144)	0	0	0	668	0	0
Other movements in Cost or Valuation	(5)	(76)	1	0	7	(10)	0	(83)
At 31 March 2016	161,714	23,704	5,909	0	76	1,459	0	192,862

**NOTES TO CORE FINANCIAL STATEMENT - continued**

Comparative Movements

<b>Accumulated Depreciation and Impairment</b>	<b>Council dwelling £'000</b>	<b>Other Land &amp; Buildings £'000</b>	<b>Vehicle, Plant, Furniture &amp; Equip £'000</b>	<b>Infra-structure Assets £'000</b>	<b>Community Assets £'000</b>	<b>Surplus Assets £'000</b>	<b>Assets under construction £'000</b>	<b>Total Property Plant &amp; Equip £'000</b>
At 1 April 2015	0	0	3,355	0	0	0	0	3,355
Depreciation charge	1,743	320	638	0	0	16	0	2,717
Depreciation written out to the Revaluation Reserve	(414)	(171)	0	0	0	0	0	(585)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(1,329)	(147)	0	0	0	(18)	0	(1,494)
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	(36)	0	0	0	0	(36)
Derecognition - Other	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	(2)	0	0	0	2	0	0
<b>At 31 March 2016</b>	<b>0</b>	<b>0</b>	<b>3,957</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,957</b>

## NOTES TO CORE FINANCIAL STATEMENT - continued

### Fixed Assets Valuation

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

- (i) Operational assets are included in the balance sheet at open market value in existing use or depreciated replacement cost where the asset is of a specialist nature, i.e. there is no market for such an asset.
- (ii) Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at open market value.
- (iii) Infrastructure and community assets are included in the balance sheet at historic cost, net of any depreciation.
- (iv) Council dwellings have been valued using the beacon principal, where a typical property is valued as being representative of a particular house type and location. The valuation for each of the beacon properties selected was on the basis of existing use value – Social Housing.

Category	Date of Last Valuation	Basis of Valuation	Details of Valuers
Council Dwellings	31.03.17	The valuations have been made in accordance with the RICS Appraisal and Valuation manual as published by the Royal Institute of Chartered Surveyors. In the case of housing stock this is based upon Existing Use Value for Social Housing.	Mr G Harbord (MA,MRICS,IRRV) Wilks Head and Eve
Other Land & Building	31.03.17	The valuations have been made in accordance with the RICS Appraisal and Valuation manual as published by the Royal Institute of Chartered Surveyors.	Mr G Harbord (MA,MRICS,IRRV) Wilks Head and Eve

Major fixed assets held at 31st March 2017, are:-

2015/16 No		2016/17 No
	<b>LEISURE SERVICES</b>	
2	Leisure Centres with Pools	2
1	Markets	1
4	Cemeteries	4
	<b>COUNCIL DWELLINGS</b>	
2,553	Houses	2,510
994	Flats & Maisonettes	992
811	Bungalows	810
	<b>LAND</b>	
91	Parks & Open Spaces (acres)	91
	<b>OTHER</b>	
1	Office Properties	1
2	Depots	2
19	Off Street Car Parks	18
9	Public Conveniences	5
9	Industrial Estates/Business Units	12

## NOTES TO CORE FINANCIAL STATEMENT - continued

### 10 Investment Properties

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

2015/16 £'000		2016/17 £'000
871	Rental income from investment property	865
(528)	Direct operating expenses arising from investment property	(570)
343	Net gain/(loss)	295

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

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

2015/16 £'000		2016/17 £'000
13,475	Balance at the start of the year	13,554
	Additions:	
	Purchases	
	Construction	
70	Subsequent expenditure	31
0	Disposals	
9	Net gains/(losses) from fair value adjustments	(31)
	Transfers:	
	To/from Inventories	
0	To/from Property, Plant and Equipment	
	Other changes	
13,554	Balance at the end of the year	13,554

### 11 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful life assigned to the major software suites used by the Council are:

#### Other Asset

6 years      Revenue System

# NOTES TO CORE FINANCIAL STATEMENT - continued

## Intangible Assets - continued

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £187k was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2016/17			2015/16		
	Internally Generated Assets £'000	Other Assets £'000	Total £'000	Internally Generated Assets £'000	Other Assets £'000	Total £'000
Balance at start of year						
- Gross carrying amounts		1,675	1,675		1,482	1,482
- Accumulated amortisation		(1,183)	(1,183)		(990)	(990)
Net carrying amount at start of year		492	492		492	492
Additions:						
- Internal development						
- Purchases		149	149		193	193
- Acquired through business combinations						
Assets reclassified as held for sale						
Other disposals						
Revaluations increases or decreases						
Impairment losses recognised or reversed directly in the Revaluation Reserve						
Impairment losses recognised in the Surplus/Deficit on the Provision of Services						
Reversals of past impairment losses written back to the Surplus/Deficit on the Provision of Services						
Amortisation for the period		(187)	(187)		(193)	(193)
Other changes			0			0
Net carrying amount at end of year		454	454		492	492
Comprising:						
- Gross carrying amounts		1,824	1,824		1,675	1,675
- Accumulated amortisation		(1,370)	(1,370)		(1,183)	(1,183)
		454	454		492	492

## NOTES TO CORE FINANCIAL STATEMENT - continued

### 12 Assets Held for Sale

The council held the following assets for sale at 31st March 2017.

	Current	
	2016/17 £'000	2015/16 £'000
<b>Balance outstanding at start of year</b>	0	150
Assets newly classified as held for sale:		
- Property, Plant and Equipment		
- Intangible Assets		
- Other assets/liabilities in disposal groups		
Revaluation losses		
Revaluation gains		
Impairment losses		
Assets declassified as held for sale:		
- Property, Plant and Equipment		
- Intangible Assets		
- Other assets/liabilities in disposal groups		
Assets sold		(150)
Transfers from non current to current		
Other movements		
<b>Balance outstanding at year end</b>	0	0

### 13 Inventories

	Consumable Stores		Maintenance Materials		Total	
	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000
Balance outstanding at start of year	49	49	83	95	132	144
Purchases	598	643	32	16	630	659
Recognised as an expense in the year	(598)	(646)	(20)	(15)	(618)	(661)
Written off balances	0	0	0	0	0	0
Reversals of write-offs in previous	0	0	0	0	0	0
<b>Balance outstanding at year end</b>	<b>49</b>	<b>46</b>	<b>95</b>	<b>96</b>	<b>144</b>	<b>142</b>

**NOTES TO CORE FINANCIAL STATEMENT - continued**

**14 Short-Term Debtors**

<b>31 March 2016 £'000</b>		<b>31 March 2017 £'000</b>
435	Central Government bodies	366
618	Other local authorities	529
0	NHS bodies	11
11	Public Corporations and trading funds	38
1,469	Other entities and individuals	1,181
<b>2,533</b>		<b>2,125</b>

**15 Cash and Cash Equivalents.**

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

<b>31 March 2016 £'000</b>		<b>31 March 2017 £'000</b>
4	Cash held by the Council	4
(401)	Bank current accounts	686
6,785	Short-term deposits with building societies	5,350
<b>6,388</b>	<b>Total Cash and Cash Equivalents</b>	<b>6,040</b>

**16 Short-Term Creditors**

<b>31 March 2016 £'000</b>		<b>31 March 2017 £'000</b>
3,273	Central Government bodies	5,472
3,765	Other local authorities	4,203
0	NHS bodies	22
525	Public Corporations and trading funds	523
2,555	Other entities and individuals	2,393
<b>10,118</b>		<b>12,613</b>



**NOTES TO CORE FINANCIAL STATEMENT - continued**

**18 Unusable Reserves.**

<b>31 March 2016</b>		<b>31 March 2017</b>
<b>£'000</b>		<b>£'000</b>
19,669	Revaluation Reserve	43,047
93,780	Capital Adjustment Account	116,327
(1,368)	Financial Instruments Adjustment Account	(1,332)
(38,467)	Pensions Reserve	(47,228)
(616)	Collection Fund Adjustment Account	526
(268)	Accumulated Absences Account	(268)
<b>72,730</b>	<b>Total Unusable Reserves</b>	<b>111,072</b>

Revaluation Reserve

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

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

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

<b>2015/16</b>		<b>2016/17</b>
<b>£'000</b>		<b>£'000</b>
15,249	<b>Balance at 1 April</b>	19,669
4,734	Upward revaluation of assets	23,640
0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0
4,734	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	23,640
(171)	Difference between fair value depreciation and historical cost depreciation	(229)
(143)	Accumulated gains on assets sold or scrapped	(33)
(314)	Amount written off to the Capital Adjustment Account	(262)
<b>19,669</b>	<b>Balance at 31 March</b>	<b>43,047</b>

## NOTES TO CORE FINANCIAL STATEMENT - continued

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling posting from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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

2015/16 £'000		2016/17 £'000
90,076	<b>Balance at 1 April</b>	93,789
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(2,787)	• Charges for depreciation and impairment of non-current assets	(2,996)
792	• Revaluation (losses)/gain on Property, Plant and Equipment	19,938
(193)	• Amortisation of Intangible assets	(187)
0	• Revenue expenditure funded from capital under statute	0
(2,607)	• Amounts of non current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,428)
(4,795)		14,327
314	Adjusting amounts written out of Revaluation Reserve	262
314	Net written out amount of the cost of non current assets consumed in the year	262
	Capital financing applied in the year:	
1,006	• Use of Capital Receipts Reserve to finance new capital expenditure	715
2,886	• Use of the Major Repairs Reserve to finance new capital expenditure	5,200
0	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0
1,032	• Repayment of Debt	1,055
0	• Application of grants to capital financing from the Capital Grants Unapplied Account	0
558	• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	536
2,703	• Capital expenditure charged against the General Fund and HRA balances	473
8,185		7,979
9	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(31)
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0
93,789	<b>Balance at 31 March</b>	116,327

## NOTES TO CORE FINANCIAL STATEMENT - continued

### Financial Instruments Adjustment Account

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

2015/16 £'000		2016/17 £'000
(1,403)	<b>Balance at 1 April</b>	(1,368)
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
29	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	29
6	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	7
(1,368)	<b>Balance at 31 March</b>	(1,332)

### Pensions Reserve

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

2015/16 £'000		2016/17 £'000
(54,827)	<b>Balance at 1 April</b>	(38,467)
18,983	Actuarial gains or losses on pensions assets and liabilities	(7,177)
(5,103)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(4,140)
2,480	Employer's pensions contributions and direct payments to pensioners payable in the year	2,556
(38,467)	<b>Balance at 31 March</b>	(47,228)

### Deferred Capital Receipts Reserve

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

## NOTES TO CORE FINANCIAL STATEMENT - continued

### Collection Fund Adjustment Account

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

### Council Tax

2015/16 £'000		2016/17 £'000
172	<b>Balance at 1 April</b>	358
186	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(46)
358	<b>Balance at 31 March</b>	312

### Non-Domestic Rates

2015/16 £'000		2016/17 £'000
(2,735)	<b>Balance at 1 April</b>	(974)
1,761	Amount by which Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,188
(974)	<b>Balance at 31 March</b>	214

### Accumulated Absences Account

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

2015/16 £'000		2016/17 £'000
(228)	<b>Balance at 1 April</b>	(268)
228	Settlement or cancellation of accrual made at the end of the preceding year	0
(268)	Amounts accrued at the end of the current year	0
(40)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0
(268)	<b>Balance at 31 March</b>	(268)

## NOTES TO CORE FINANCIAL STATEMENT - continued

### 19 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2015/16 £'000		2016/17 £'000
(311)	Interest received	(295)
2,815	Interest paid	2,794
0	Dividends received	0
2,504		2,499

### 20 Cash Flow Statement - Investing Activities

2015/16 £'000		2016/17 £'000
8,438	Purchase of property, plant and equipment, investment property and intangible assets	7,488
19,995	Purchase of short-term and long-term investments	24,000
0	Other payments for investing activities	0
(1,952)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,039)
(5,000)	Proceeds from short-term and long-term investments	(15,500)
0	Other receipts from investing activities	0
21,481	<b>Net cash flows from investing activities</b>	12,949

### 21 Cash Flow Statement - Financing Activities

2015/16 £000		2016/17 £000
0	Cash receipts of short and long-term borrowing	0
(6,039)	Other receipts from financing activities	(4,153)
0	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0
1,065	Repayments of short and long-term borrowing	1,079
0	Other payments for financing activities	166
(4,974)	<b>Net cash flows from financing activities</b>	(2,908)

**NOTES TO CORE FINANCIAL STATEMENT - continued**

**22 Expenditure and Income Analysed by Nature**

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

<b>2015/16 £'000</b>	<b>Expenditure/Income</b>	<b>2016/17 £'000</b>
	<b><u>Expenditure</u></b>	
18,349	Employee expenses	18,222
31,107	Other services expenses	31,967
9,311	Support service recharges	9,283
2,566	Depreciation, amortisation, impairment	(16,379)
1,768	Net pension interest	1,349
2,826	Interest payments	2,770
1,731	Precepts and levies	1,826
605	Payments to Housing Capital Receipts Pool	599
658	Gain on the disposal of assets	(611)
<b>68,921</b>	<b>Total Expenditure</b>	<b>49,026</b>
	<b><u>Income</u></b>	
(29,487)	Fees, charges and other service income	(31,292)
(9,365)	Income recharges	(9,330)
(249)	Interest and investment income	(284)
(10,193)	Income from Council Tax and Non-Domestic Rates	(10,942)
(23,957)	Government Grants and Contributions	(22,916)
<b>(73,251)</b>	<b>Total Income</b>	<b>(74,764)</b>
<b>(4,330)</b>	<b>Surplus or deficit on the Provision of Services</b>	<b>(25,738)</b>

**External income received by service**

<b>2015/16 £'000</b>		<b>2016/17 £'000</b>
(68)	Chief Executive and Other Services	(176)
(603)	Legal & Support Services	(737)
(1,847)	Service Transformation/Finance	(1,870)
(5,544)	Community Services (Including Director of Services)	(5,638)
(111)	Strategic Housing	(127)
(1,966)	Regeneration & Planning	(1,715)
(18,872)	Housing Services - HRA	(18,766)
(2)	Corporate & Democratic Core	0
(6)	Non Distributed Costs	0
<b>(29,019)</b>		<b>(29,029)</b>
(468)	Other income and Expenditure	(2,263)
<b>(29,487)</b>		<b>(31,292)</b>

## NOTES TO CORE FINANCIAL STATEMENT - continued

### 23 Agency Services

The Council, in partnership with Leicestershire County Council carries out the Decriminalised Parking Enforcement throughout North West Leicestershire which cost £98,287 in 2016/17 (£98,059 2015/16).

### 24 Members' Allowances

The total value of Members Allowances paid during the year was £223,792 in 2016/17 (£221,884 2015/16).

### 25 Officers' Remuneration

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

2015/16	Remuneration Band	2016/17
No of employees		No of employees
0	£50,000 - £54,999	1
2	£55,000 - £59,999	1
3	£60,000 - £64,999	4
1	£65,000 - £69,999	2
0	£70,000 - £74,999	0
1	£75,000 - £79,999	2
0	£80,000 - £84,999	0
1	£85,000 - £89,999	1
0	£90,000 - £94,999	0
0	£95,000 - £99,999	0
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
1	£125,000 - £129,999	1

**NOTES TO CORE FINANCIAL STATEMENT - continued**

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

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

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

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

**2015/16 Senior Officers emoluments - salary is between £50,000 and £150,000 per year**

Post information (Post title)	Note	Salary	Bonus	Compensation (loss of emp)	Other	Total ex pension	Employers Pension	Total inc pension
		£	£	£	£	£	£	£
Chief Executive		120,651	0	0	5,569	126,220	21,717	147,937
Director of Services		81,487	0	0	6,246	87,733	14,691	102,424
Director of Housing		74,493	0	0	1,892	76,385	13,409	89,793
Director of Resources	1	12,415	0	0	321	12,736	2,235	14,971
Director of Resources	2	13,494	0	5,714	476	19,685	2,198	21,882
Head of Finance		64,787	0	0	244	65,031	11,662	76,693
Head of Legal & Support Services		62,586	0	0	0	62,586	11,265	73,852
Head of Community Services		59,526	0	0	4,772	64,298	10,715	75,013
Head of Housing		59,526	0	0	2,562	62,088	10,715	72,803
Head of Regeneration & Planning		56,127	0	0	244	56,371	10,103	66,474
Head of Economic Development	3	27,012	0	0	912	27,924	4,862	32,786
Head of Joint Strategic Planning	4	47,390	0	0	0	47,390	8,530	55,920
		679,494	0	5,714	23,239	708,447	122,101	830,548

**Note 1:** The Director of Resources started on 01/02/16. The annual salary is £75,237.57.

**Note 2:** The Director of Resources started on 02/11/15 and finished on 31/12/15. The annual salary was £74,492.64. Compensation was pay in lieu of notice.

**Note 3:** The Head of Economic Development started on 01/10/15. The annual salary was £54,023.28.

**Note 4:** The Head of Joint Strategic Planning started on 09/06/15. The annual salary was £58,425.60.

**26 External Audit Costs**

In 2016/17 North West Leicestershire District Council incurred the following fees relating to external audit and inspection.

2015/16 £'000		2016/17 £'000
51	Fees payable with regard to external audit services:- KPMG LLP	51
9	Fees payable for the certification of grant claims and returns:- KPMG LLP	15
8	Fees payable for other assurance work completed in respect of Pooling of Housing capital receipts return KPMG LLP	3
<b>68</b>		<b>69</b>
0	Fees paid for work on 14/15 Housing Benefits	4



**NOTES TO CORE FINANCIAL STATEMENT - continued**

**27 Grant Income**

The Council credited the following grants, contributions and donations to the Comprehensive Income & Expenditure Statement in 2016/17:

<b>2015/16 £000</b>		<b>2016/17 £000</b>
	<b>Credited to Taxation and Non Specific Grant Income</b>	
6,965	Council Tax Income	7,257
3,228	Non Domestic Rates	3,685
1,750	Revenue Support Grant	1,122
60	Council Tax Freeze Grant	0
0	Council Tax Transition Grant	26
2,130	New Homes Bonus	2,778
8	Other grants	8
468	Capital Grants and Contributions	2,263
14,609	<b>Total</b>	17,139
	<b>Credited to Services</b>	
18,981	Housing Benefit Subsidy	18,061
395	Housing Benefit Admin Grant	350
147	Cost of Collection	146
298	Private Sector Grants	283
153	Supporting People Grant	0
188	Other Grants under £100k each	142
114	Section 106	68
178	Active Together	119
105	Other Contributions under £100k each	68
20,559	<b>Total</b>	19,237

## NOTES TO CORE FINANCIAL STATEMENT - continued

### Grant Income - continued

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

31 March 2016 £'000		31 March 2017 £'000
	<b>Capital Grant Receipts in Advance</b>	
431	Affordable Housing	644
607	Recreation/Playground	622
1,286	Healthcare	1,097
5	CCTV	5
91	Police	91
2,420	<b>Total</b>	2,459

## 28 Related Parties

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

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and re-distribution of non-domestic rates, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with the government are shown below.

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

During 2016/17, a voluntary grant of £9,675.72 in respect of shop improvements was paid to a Bitter and Twisted micro pub in which 1 Member, Councillor M Wyatt holds an interest.

During the year transactions with related parties arose as follows:

2015/16 (Receipts)/ Payments £'000		2016/17 (Receipts)/ Payments £'000
(23,315)	Central Government Revenue Grants (Benefits/RSG/other grants)	(22,345)
32,160	Leicestershire County Council - Precept	34,182
1,793	Leicestershire Fire and Rescue	1,868
5,339	Leicestershire Police - Precept	5,566

29 Capital Financing Requirement

2015/16 £'000		2016/17 £'000
90,889	<b>Opening Capital Financing Requirement</b>	90,119
	Capital Investment:	
0	Housing Capital Finance (REFCUS)	0
7,334	Operational assets	7,315
0	Non-operational assets	0
400	Revenue Expenditure Funded from Capital Under Statute	344
	Sources of Finance:	
0	Capital Receipts	(715)
(1,529)	Government grants and other contributions	(667)
(6,975)	Revenue provision (including major repairs allowance)	(6,942)
90,119	<b>Closing Capital Financing Requirement</b>	89,456
	Explanation of movements in the year	
(770)	Increase / (Decrease) in underlying need to borrow (unsupported by Government financial assistance)	(663)
(770)	<b>Increase/(decrease) in Capital Financing Requirement</b>	(663)

### 30 Leases

#### Council as Lessee

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

Operating Leases:

The Council has acquired its fleet of refuse collection vehicles by entering into operating leases, with typical lives of seven years.

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

31-Mar-16 £'000		31-Mar-17 £'000
26	Not later than one year	1
1	Later than one year and not later than five years	0
0	Later than five years	0
27		1

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

2015/16 £'000		2016/17 £'000
51	Minimum lease payments	30
0	Contingent rents	0
51		30

#### Council as Lessor

The Council is not a lessor.

### 31 Termination Benefits

The Council terminated the contracts of a number of employees in 2016/17, incurring liabilities of £117,778.77 (£209,972.54 in 2015/16).

	No. of compulsory redundancies		No. of other agreed departures		Total no. of exit packages by band		Total cost of exit packages by band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0 - £20,000	10	1	1	10	11	11	£94,669	£34,830
£20,001 - £40,000	3	0	1	3	4	3	£115,303	£82,949
£40,001 - £60,000	0	0	0	0	0	0	£0	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
£80,001 - £100,000	0	0	0	0	0	0	£0	£0
	13	1	2	13	15	14	£209,972	£117,779

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

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS) for employees, which is administered by Leicestershire County Council - this is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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

2015/16 £'000		2016/17 £'000
	<b>Net Cost of Services</b>	
3,249	■ current service cost	2,758
86	■ Past service costs	33
0	■ curtailments	0
3,335		2,791
	<b>Net Operating Expenditure</b>	
3,964	■ interest cost	3,772
(2,196)	■ expected return on assets in the scheme	(2,423)
1,768		1,349
5,103	<b>Amount charged to Income and Expenditure Account</b>	4,140
	<b>Amounts to be met from Government Grants and Local</b>	
(73)	■ movement on pension reserve	(69)
	<b>Actual amount charged against General Fund &amp; HRA for pensions in the year</b>	
2,407	■ employers' contributions payable to the scheme	2,487
73	■ unfunded discretionary benefit payments	69

The Annual Report of the Leicestershire County Council Superannuation Fund is available from Leicestershire County Council, County Hall, Glenfield, Leicestershire.

Income & Expenditure Account contains details of the Council's participation in the Local Government Pension Scheme (LGPS), administered by Leicestershire County Council. The following information was supplied by Hymans Robertson LLP on 26th April 2017.

## NOTES TO CORE FINANCIAL STATEMENT - continued

### Employers Membership Statistics

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

### PAYROLL

	2016/17 £'000	2015/16 £'000
Assumed total pensionable payroll based on contribution information	10,858	10,865

### INVESTMENT RETURNS

The return on the fund in market value terms for the year to 31 March 2017 is estimated based on actual fund returns as provided by the Administering Authority and index returns where necessary.

Actual Return for Period 1 April 2016 to 31 March 2017	22.7%
Total Return for Period from 1 April 2016 to 31 March 2017	22.7%

### UNFUNDED BENEFITS

A summary of the membership data in respect of Unfunded Benefits is shown below.

LGPS Unfunded Pensions	Number at 31 March 2017	Annual Unfunded Pensions (£'000)
Male	25	54
Female	4	3
Dependants	13	12
TOTAL	42	69

### PROJECTED PENSION EXPENSE FOR YEAR 31/3/2018

Analysis of Projected Amount to be charged to operating profit for the year to 31 March 2018.

Year Ended	31/03/2018 £'000	% of pay
Projected Current service cost	4,290	39.5%
Interest on Obligation	3,449	31.8%
Expected Return on Plan Assets	(2,199)	(20.30%)
Losses /(Gains) on Curtailment and Settlements	0	0.0%
<b>TOTAL</b>	<b>5,540</b>	<b>51.0%</b>

## NOTES TO CORE FINANCIAL STATEMENT - continued

### PROJECTED PENSION EXPENSE FOR YEAR 31/3/2018 - continued

The liabilities show the underlying commitments that the Council has in the long-run to pay retirement benefits. The total liability of £47,228,000 has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Pension Fund will be made good by increased contributions as assessed by the Actuary.

### BASIS FOR ESTIMATING ASSETS AND LIABILITIES

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The LGPS Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31st March 2017.

The main assumptions used in their calculations have been:

2015/16	Assumptions	2016/17
2.2%	Inflation/Pension Increase Rate	2.4%
3.2%	Salary Increase Rate	3.4%
3.5%	Discount Rate	2.6%

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

Assets Category	2015/16		2016/17	
	Value £'000	Asset Distribution %	Value £'000	Asset Distribution %
Equity Securities	1,891	2.73%	2,184	2.58%
Debt Securities	6,504	9.40%	8,209	9.71%
Private Equity	2,657	3.84%	3,193	3.78%
Real Estate	7,049	10.18%	6,794	8.03%
Investment Funds	49,759	71.89%	58,814	69.56%
Cash & Cash Equivalents	1,358	1.96%	5,361	6.34%
<b>TOTAL</b>	<b>69,218</b>	<b>100.00%</b>	<b>84,555</b>	<b>100.00%</b>

### Mortality

Life Expectancy is based on the Fund's Vitacurves with improvements from CMI2010 in line with the Medium Cohort and a 1.25% p.a. underpin. Based on these assumptions, the future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.1	24.3
Future pensioners	23.8	26.2

### Reconciliation of Present Value of the Scheme Liabilities

2015/16 £'000		2016/17 £'000
<b>123,395</b>	<b>Opening Defined Benefit Obligation</b>	<b>107,685</b>
3,249	Current Service cost	2,758
3,964	Interest cost	3,772
702	Contributions by Members	709
(20,671)	Actuarial losses/(Gains)	19,974
86	Past service costs/(Gains)	33
0	Losses/(Gains) on Curtailments	0
(73)	Estimated Unfunded Benefits Paid	(69)
(2,967)	Estimated Benefits Paid	(3,079)
<b>107,685</b>		<b>131,783</b>

## NOTES TO CORE FINANCIAL STATEMENT - continued

### Reconciliation of fair value of employer assets

2015/16 £'000	YEAR ENDED	2016/17 £'000
<b>68,568</b>	<b>Opening Fair Value of Employer Assets</b>	<b>69,218</b>
2,196	Expected Return on Assets	2,423
702	Contributions by Members	709
2,407	Contributions by the Employer	2,487
73	Contributions in respect of Unfunded Benefits	69
(1,688)	Actuarial gains/(losses)	12,797
(73)	Estimated Unfunded Benefits Paid	(69)
(2,967)	Estimated Benefits Paid	(3,079)
<b>69,218</b>		<b>84,555</b>

### Scheme History

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

The return on the fund in market value terms for the year to 31 March 2016 is estimated based on actual fund returns as provided by the Administering Authority and index returns where necessary. Details are given below.	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
Fair Value of Employer Assets	58,478	59,309	68,568	69,218	84,555
Present Value of Defined Benefit Obligation	(93,224)	(102,690)	(123,395)	(107,685)	(131,783)
Surplus/(Deficit)	(34,746)	(43,381)	(54,827)	(38,467)	(47,228)
Experience Gains/(Losses) on Assets	4,540	(1,547)	6,885	(1,688)	12,797
Experience Gains/(Losses) on Liabilities	132	(632)	837	1,437	3,246
Actuarial Gains/ (Losses) on Employer Assets	4,540	(1,547)	6,885	(1,688)	12,797
Actuarial Gains/ (Losses) on Obligations	(10,508)	(5,189)	(16,171)	20,671	(19,974)
Actuarial Gains/ (Losses) recognised in SRIE	(5,968)	(6,736)	(9,286)	18,983	(7,177)

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

YEAR ENDED	2015/16 £'000	2016/17 £'000
Actuarial Gains/(Losses) on Plan Assets	(1,688)	12,797
Actuarial Gains/ (Losses) on Obligations	20,671	(19,974)
<b>Actuarial Gain/(Loss) Recognised in SRIE</b>	<b>18,983</b>	<b>(7,177)</b>
<b>Cumulative Actuarial Gains and Losses</b>	<b>(22,027)</b>	<b>(29,204)</b>

### Balance Sheet

2015/16 £'000	YEAR ENDED	2016/17 £'000
69,218	Fair Value of Employer Assets	84,555
(106,558)	Present Value of Funded Liabilities	(130,640)
(37,340)	Net (Under)/ Overfunding in Funded Plans	(46,085)
(1,127)	Present value of unfunded liabilities	(1,143)
0	Unrecognised Past Service Cost	0
(38,467)	<b>Net Asset/(Liability)</b>	<b>(47,228)</b>
	Amount in the Balance Sheet	
38,467	Liabilities	47,228
0	Assets	0
38,467	<b>Net Asset/(Liability)</b>	<b>47,228</b>



### 33 Provisions

NWLDC holds two specific provisions. One is to cover the possible repayment of litigants and other costs relating to personal search fees £112k. A group of Property Search Companies sought to claim refunds of fees paid to the Council to access land charges data. This was part of a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. The claim has been settled but costs are still outstanding, to be settled from this provision.

The second is for NNDR appeals £3.420m. Business Ratepayers who have appealed against their assessment are still required to pay the rates demanded but should their appeal be successful then any sums overpaid will be refunded.

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

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

2015/16 £'000		2016/17 £'000
	<b><u>FINANCIAL LIABILITIES</u></b>	
87,356	Financial Liabilities at Amortised Cost	86,716
	<b><u>FINANCIAL ASSETS</u></b>	
32,986	Loans and Receivables	40,788

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

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

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

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

2015/16 £000's	Period of Maturity	2016/17 £000's
1,055	Maturity in 1 year	1,079
1,079	Maturity in 1 - 2 years	1,103
3,385	Maturity in 2 - 5 years	16,462
21,672	Maturity in 5 - 10 years	8,811
57,291	Maturity in over 10 years	55,972
<b>84,482</b>		<b>83,427</b>

## NOTES TO CORE FINANCIAL STATEMENT - continued

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

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

The Fair Values for Financial Liabilities are calculated as follows:

	Fair Value Level	Balance Sheet 2016/17 £'000	Fair Value 2016/17 £'000	Balance Sheet 2015/16 £'000	Fair Value 2015/16 £'000
Financial Liabilities held at Fair Value					
Long Term Loans From PWLB	2	74,987	88,804	76,042	81,875
Long Term LOBO/Other Loans	2	8,919	14,145	8,925	13,070
<b>Sub-Total</b>		<b>83,906</b>	<b>102,949</b>	<b>84,967</b>	<b>94,945</b>
Liabilities for which Fair Value is not disclosed					
Creditors		2,695	2,695	2,249	2,249
Other Long Term Liabilities		115	115	140	140
<b>TOTAL</b>		<b>86,716</b>	<b>105,759</b>	<b>87,356</b>	<b>97,334</b>

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

The Fair Values for Financial Assets are calculated as follows:

	Fair Value Level	Balance Sheet 2016/17 £'000	Fair Value 2016/17 £'000	Balance Sheet 2015/16 £'000	Fair Value 2015/16 £'000
Financial Assets held at Fair Value					
Investments	2	38,845	39,576	31,781	31,940
Assets for which Fair Value is not disclosed					
Debtors / Cash and Cash Equivalents		1,943	1,943	1,205	1,205
<b>TOTAL</b>		<b>40,788</b>	<b>41,519</b>	<b>32,986</b>	<b>33,145</b>

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

## NOTES TO CORE FINANCIAL STATEMENT - continued

### Financial Instruments Gains/Losses

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

### Financial Instruments - Nature and Extent of Risk

#### Credit Risk.

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

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

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

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

The Council has £4,818,649 of Debtors, for which a provision for doubtful debts of £2,693,998 has been made.

#### Liquidity Risk.

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

## NOTES TO CORE FINANCIAL STATEMENT - continued

### Market Risk.

### Interest Rate Risk.

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

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

### Price Risk.

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

## 35 Building Control Charges

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

2015/16 £'000		2016/17 £'000
	<b>Chargeable Work</b>	
160	Expenditure	163
(156)	Income	(183)
4	(Surplus) / Deficit	(20)
	<b>Non-Chargeable Work</b>	
118	Expenditure	137
(2)	Income	(3)
116	(Surplus) / Deficit	134

## 36 Jointly Controlled Partnerships

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

All partners contribute towards the operation of the partnership which is classified as a Jointly Controlled Operation. On this basis, each partner accounts for their share of contributions within their Statement of Accounts. The funding provided by North West Leicestershire District Council in 2016/17 was £1.1 million.

### 37 Notes to Expenditure & Funding Analysis

Analysis of adjustments between funding basis and accounting basis

#### 2016/17

	Adjustment for capital purposes £'000	Net change for the pensions adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive and Other	4	0	0	4
Legal & Support	5	0	0	5
Service Transformation/Finance	205	0	0	205
Community Services including Director of Services	1,229	0	0	1,229
Strategic Housing	(5)	0	0	(5)
Regeneration & Planning	0	0	0	0
Housing Revenue Account	(18,162)	(58)	1,056	(17,164)
Corporate & Democratic Core	0	0	0	0
Non-Distributed Costs	0	0	0	0
Recharges	0	0	0	0
<b>Net Cost of Services</b>	<b>(16,724)</b>	<b>(58)</b>	<b>1,056</b>	<b>(15,726)</b>
Other Income and Expenditure	(704)	1,525	(364)	457
<b>Surplus/Deficit on Provision of Services</b>	<b>(17,428)</b>	<b>1,467</b>	<b>692</b>	<b>(15,269)</b>

#### 2015/16

	Adjustment for capital purposes £'000	Net change for the pensions adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive and Other	0	0	0	0
Legal & Support	5	0	0	5
Service Transformation/Finance	69	0	0	69
Community Services including Director of Services	851	0	0	851
Strategic Housing	166	0	0	166
Regeneration & Planning	2	0	0	2
Housing Revenue Account	1,017	(228)	1,310	2,099
Corporate & Democratic Core	0	0	0	0
Non-Distributed Costs	0	0	0	0
Recharges	0	0	0	0
<b>Net Cost of Services</b>	<b>2,110</b>	<b>(228)</b>	<b>1,310</b>	<b>3,192</b>
Other Income and Expenditure	658	2,403	(189)	2,872
<b>Surplus/Deficit on Provision of Services</b>	<b>2,768</b>	<b>2,175</b>	<b>1,121</b>	<b>6,064</b>

## HOUSING REVENUE ACCOUNT (HRA)

### HOUSING INCOME AND EXPENDITURE ACCOUNT

2015/16		INCOME	NOTES	2016/17	
£'000	£'000			£'000	£'000
(77)	(17,503)	Rents - Dwellings	H4	(74)	(17,478)
(11)		Rents - Garages / Sites		(16)	
(5)		Rents - Shops		(18)	
		Rents - Other			
	(93)	Charges for Services and Facilities	H8 H9		(108)
	(462)	Supporting People Grant			(561)
	(153)	Other Income			0
	(27)				0
	(18,238)	<b>TOTAL INCOME</b>			(18,147)
		<b>EXPENDITURE</b>			
	5,184	Repairs & Maintenance			4,667
		Supervision & Management			
		- General		2,194	
		- Special		539	
2,269	2,924	Capital Charges			2,733
655	1,839	- Depreciation of Fixed Assets			1,890
	(890)	- Impairment of Fixed Assets			(20,138)
	63	Increase in provision for Bad or Doubtful Debts			58
	2	Debt Management Expenses			1
	9,122	<b>TOTAL EXPENDITURE</b>			(10,789)
		<b>NET COST OF HRA SERVICES INCLUDED IN INCOME &amp; EXPENDITURE ACCOUNT</b>			(28,936)
	(9,116)				
	244	Housing Share of Corporate & Democratic Costs			258
		Housing Share of other amounts included in the whole authority cost of services but not allocated to specific services			3
	(8)				
	(8,880)	<b>NET COST OF HRA SERVICES</b>			(28,675)
	610	(Gain) or Loss on Sale of HRA Fixed Assets			(601)
	2,349	Interest Payable & Similar Items			2,325
	(83)	Interest on Balances			(96)
	7	Amortisation of Premiums & Discounts			7
	0	Interest on Sale of Council Houses			0
	(5,997)	<b>(SURPLUS)/DEFICIT ON HRA SERVICES</b>			(27,040)

STATEMENT OF MOVEMENT ON THE HRA BALANCE		
2015/16 £'000		2016/17 £'000
(5,997)	Deficit on Housing Income and Expenditure Account	(27,040)
5,609	Amounts Required by Statute to be Taken into Account (detailed below)	23,806
(388)		(3,234)
(5,290)	HRA Balance Brought Forward	(5,678)
(5,678)	HRA Balance Carried Forward	(8,912)

ANALYSIS OF THE MOVEMENT IN THE HRA BALANCE		
2015/16 £'000	Amounts Required to be Taken Into Account	2016/17 £'000
	Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year	
(610)	Gain or (Loss) on Sale of HRA Fixed Assets	601
26	RTB Discounts repaid	0
(13)	Employee Benefits adjustment	0
(686)	Net charges for retirement benefits in accordance with IAS 19	(516)
812	Impairment/Revaluation of Fixed Assets	20,129
(471)		20,214
	Items not included in the HRA Income and Expenditure Account but included in the movement on HRA balance for the year	
2,140	Transfer To/(From) Major Repairs Reserve	2,028
(43)	Right to Buy Admin Contribution	(59)
458	Employer's contributions payable to Leicestershire County Council Pension Fund	457
1,032	Principal Repaid on Self Financing Loans	1,055
2,457	Capital Expenditure funded by the HRA	1,205
36	Transfer To/(From) Reserves	(1,094)
6,080		3,592
5,609	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	23,806

## NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)

### H1 MOVEMENT IN DWELLING STOCK

The Council was responsible for managing an average of 4,252 dwellings during 2016/17. The movement in the stock was as follows:-

2015/16		2016/17
4,273	Stock at 1st April	4,267
(33)	Less: Right to buy Sales	(45)
0	Less: Other Sales	(1)
0	Less: Demolitions	0
(14)	Less: Transfers out of stock	(3)
0	Add: Buy back	1
41	Add: Transfers back into stock	17
<b>4,267</b>		<b>4,236</b>

### H2 PROPERTY TYPES IN DWELLING STOCK

The properties owned by the Council at 31st March 2017 comprise the following:-

	Flats/Maisonettes	Bungalows	Houses	Total
<b>In stock</b>				
Bed sits	58	4	0	62
1 Bedroom	515	325	0	840
2 Bedroom	336	474	394	1,204
3 Bedroom	8	7	1,971	1,986
4 Bedroom	0	0	140	140
5 Bedroom	0	0	4	4
	<b>917</b>	<b>810</b>	<b>2,509</b>	<b>4,236</b>
<b>Transferred out of stock</b>				
Bed sits	30	0	0	30
1 Bedroom	37	0	0	37
2 Bedroom	6	0	0	6
3 Bedroom	2	0	1	3
4 Bedroom	0	0	0	0
5 Bedroom	0	0	0	0
	<b>75</b>	<b>0</b>	<b>1</b>	<b>76</b>
<b>Total</b>	<b>992</b>	<b>810</b>	<b>2,510</b>	<b>4,312</b>

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

### H3 BALANCE SHEET VALUE OF Council'S HOUSING REVENUE ACCOUNT STOCK

2015/16 Balance £'000		2016/17 Balance £'000
161,714	Dwellings (inc garages)	207,117
1,769	Other Land and Buildings	1,724
<b>163,483</b>	<b>OPERATIONAL ASSETS</b>	<b>208,841</b>
1,459	Surplus Assets	1,474
<b>1,459</b>	<b>NON-OPERATIONAL ASSETS</b>	<b>1,474</b>
<b>164,942</b>	<b>TOTAL ASSETS</b>	<b>210,315</b>

The vacant possession value of dwellings within the Council's HRA and Garages as at 31st March 2017 was £ 497,931,933 (31st March 2016 £481,152,512). The vacant possession value of the dwellings within the HRA show the economic cost to Government of providing Council Housing at less than open market rents.



## NOTES TO THE HOUSING REVENUE ACCOUNT (HRA) - continued

### H4 RENT INCOME

This is the total rent income due for the year after an allowance is made for empty properties/voids etc. Average rents were £79.97 per week in 2016/17 (£80.68 2015/16) there being an average decrease of 0.88% (6.14% increase in 2015/16) over the previous year. During the year 1.14% ( 2.28% 2015/16) of rentable properties were vacant.

Rent income can be analysed as follows:-

2015/16 £'000		2016/17 £'000
9,286	Collectable from Tenants	9,635
8,217	Rent Rebates	7,843
17,503		17,478
93	Non - Dwelling Rents	108
<b>17,596</b>		<b>17,586</b>

### H5 RENT ARREARS

During the year total rent arrears, as a proportion of gross rent income were 2.26% (1.94% 2015/16). The arrears figures are as follows:-

2015/16 £'000		2016/17 £'000
602	Total Current and Former Tenant Arrears	546
(247)	Less: Accounts in credit	(136)
355	Net Arrears	410

Amounts written off during the year were £21,107 (£111,527 - 2015/16). At 31st March the Provision for doubtful debts stood at £489,624 (£426,776 - 2015/16).

### H6 MAJOR REPAIRS RESERVE

2015/16 £'000		2016/17 £'000
(644)	Balance at 1st April	(1,797)
(1,829)	Amounts transferred to Reserve during year	(1,967)
	Amounts transferred from Reserve to finance Capital	
	Expenditure:	
2,816	Dwellings	5,200
0	Other Property	0
(2,140)	Depreciation in excess of / (less than) MRA	(2,028)
<b>(1,797)</b>	<b>Balance at 31st March</b>	<b>(592)</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT (HRA) - continued

### H7 CAPITAL EXPENDITURE & RECEIPTS

Total Capital Expenditure within the Council's HRA during the financial year was £5,914,906. The sources of funding are shown below:

2015/16 £'000		2016/17 £'000
2,816	Major Repairs Reserve	5,200
0	Decent Homes Backlog Grant 2014/15	0
2,457	Revenue Contribution	0
995	Other Contributions	0
0	Capital Receipts	715
<b>6,268</b>		<b>5,915</b>

Total Capital Receipts from disposals of Council Dwellings within the Council's HRA. stock during the financial year were £ 3,012,250.

### H8 DEPRECIATION OF HRA FIXED ASSETS

2015/16 £'000		2016/17 £'000
1,829	Dwellings (excl. garages)	1,880
10	Other Land and Buildings	10
1,839	<b>OPERATIONAL ASSETS</b>	1,890

### H9 REVALUATION/IMPAIRMENT (REVERSAL) OF HRA FIXED ASSETS

2015/16 £'000		2016/17 £'000
(890)	Dwellings (excl. garages)	(20,104)
0	Other Land and Buildings	(34)
(890)	<b>OPERATIONAL ASSETS</b>	(20,138)

## COLLECTION FUND

### COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

2015/16 £'000		2016/17	
		£'000	£'000
	<b>INCOME</b>		
(47,879)	Council Tax (Net of benefits, discounts for prompt payment and transitional relief)		(50,860)
	Transfers from General Fund:-		
9	- Council Tax Benefit		12
(28)	- CTLS Discretionary		(24)
(52,158)	Business Ratepayers		(53,859)
(100,056)			(104,731)
	<b>EXPENDITURE</b>		
	Council Tax Precepts and Demands:-		
32,160	Leicestershire County Council	34,182	
5,339	Leicestershire Police	5,566	
1,793	Leicestershire Fire and Rescue	1,868	
6,753	N.W.L.D.C. (including Parish and Special Expenses)	6,958	
170	Contribution towards previous year's surplus	2,355	
49	Provision for bad/doubtful debts:- Write Offs	86	
357	Provision for bad/doubtful debts:- Provision	118	
46,621			51,133
	Non-Domestic Rates (NDR):		
25,106	Share of NDR - Government	25,490	
4,519	Payment to Leicestershire County Council	4,588	
502	Payment to Leicestershire Fire and Rescue Service	510	
20,085	Share of NDR - N.W.L.D.C.	20,392	
(3,510)	Contribution towards previous year's deficit	(1,228)	
174	Provision for bad/doubtful debts:- Write Offs	369	
(285)	Provision for bad/doubtful debts:- Provision	(58)	
1,018	Provision for appeals	1,396	
146	Costs of Collection	146	
47,756			51,605
94,377			102,738
(1,277)	Movement on fund - (Surplus)/Deficit for the year - Council Tax		261
(4,402)	Movement on fund - (Surplus)/Deficit for the year - NDR		(2,254)
(1,169)	Collection Fund Balance at 1st April 2016 - Council Tax		(2,446)
6,838	Collection Fund Balance at 1st April 2016 - NDR		2,436
(2,446)	<b>Collection Fund Balance at 31st March 2017 - Council Tax</b>		(2,185)
2,436	<b>Collection Fund Balance at 31st March 2017 - NDR</b>		182

## NOTES TO THE COLLECTION FUND

### C1 GENERAL

This Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

### C2 COUNCIL TAX

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

Band	Estimated number of taxable properties after effect of discount	Ratio	Band 'D' Equivalent dwellings
A	6,761	6/9	4,507
B	10,296	7/9	8,008
C	6,154	8/9	5,470
D	5,282	9/9	5,282
E	3,491	11/9	4,267
F	1,367	13/9	1,974
G	810	15/9	1,350
H	40	18/9	80
	34,201		30,938
<b>Less: 2% Allowance for Valuation Appeals &amp; irrecoverables</b>			619
<b>COUNCIL TAX BASE for 2016/17</b>			<b>30,319</b>

### C3 INCOME FROM BUSINESS RATEPAYERS

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

The total Non-Domestic Rateable Value at the 31st March 2017 was £123,528,733 (£117,665,759 - 31st March 2016).

The National Non-Domestic multiplier for the year was 49.7p ( 49.3p - 2015/16).

The Small Business Rate Multiplier was 48.4p (48p - 2015/16).

### C4 PROVISIONS

The provision for the Council's share of potential cost of settling outstanding business rates appeals, was created as a result of the introduction of the Business Rates Retention scheme. As part of this scheme, billing authorities acting as agents on behalf of major preceptors (10%), Central Government (50%) and themselves are required to make a provision for refunding ratepayers who have appealed against the rateable value of their properties. Although under the scheme, the Council is able to retain a larger share of the business rates locally, it also now bears the risks and uncertainties linked to the level of rateable value appeals. The Council has made a provision of £3.4m in its accounts (£2.9m - 31 March 2016).

## SPECIAL EXPENSES ACCOUNT

2015/16 £		2016/17	
		£	£
	<b>COALVILLE URBAN DISTRICT AREA</b>		
96,895	Balance brought forward	83,336	514,395
363,327	Collection Fund Precept	368,982	
62,020	Localisation Grant	62,077	
522,242			
	<b>EXPENDITURE</b>		
351,534	Parks, Rec Grds, Open Spaces & Verge Mtce	341,105	445,464
33,791	Burial Grounds	26,397	
65,363	Events & Grants	81,849	
0	Other Expenses	257	
0	R.C.C.O.	12,000	
(26,367)	Asset Management Revaluation Account	(26,627)	
3,699	Impairment	2,460	
(7,114)	Other Adjustments	(1,725)	
18,000	Contribution to Ear-Marked Reserves	9,748	
438,906			
<b>83,336</b>	Balance carried forward		<b>68,931</b>
	<b>HUGGLESCOTE</b>		
19,930	Balance brought forward	1,412	26,287
22,446	Collection Fund Precept	22,662	
2,210	Localisation Grant	2,213	
44,586			
	<b>EXPENDITURE</b>		
452	Parks, Rec Grds, Open Spaces & Verge Mtce	1,121	33,496
22,789	Burial Grounds	29,569	
750	Other Expenses	0	
18,060	Transfer to Parish Council	0	
(647)	Other Adjustments	(144)	
1,770	Contribution to Ear-Marked Reserves	2,950	
43,174			
<b>1,412</b>	Balance carried forward		<b>(7,209)</b>
	<b>WHITWICK</b>		
20,997	Balance brought forward	(1,059)	20,500
19,688	Collection Fund Precept	19,763	
1,795	Localisation Grant	1,796	
42,480			
	<b>EXPENDITURE</b>		
641	Parks, Rec Grds, Open Spaces & Verge Mtce	621	19,548
23,357	Burial Grounds	14,138	
20,037	Transfer to Parish Council	0	
(646)	Other Adjustments	(146)	
150	Contribution to Ear-Marked Reserves	4,935	
43,539			
<b>(1,059)</b>	Balance carried forward		<b>952</b>
	<b>COLEORTON PARISH AREA</b>		
61	Balance brought forward	69	3,365
2,809	Collection Fund Precept	2,857	
438	Localisation Grant	439	
3,308			
	<b>EXPENDITURE</b>		
1,158	Parks & Open Spaces	1,181	3,304
2,081	Burial Grounds	2,123	
<b>69</b>	Balance carried forward		<b>61</b>
	<b>MEASHAM PARISH AREA</b>		
98	Balance brought forward	98	1,984
1,606	Collection Fund Precept	1,647	
239	Localisation Grant	239	
1,943			
	<b>EXPENDITURE</b>		
1,845	Burial Grounds		1,882
<b>98</b>	Balance carried forward		<b>102</b>

## SPECIAL EXPENSES ACCOUNT CONT'D

2015/16 £		2016/17	
		£	£
	<b>STRETTON-EN-LE-FIELD</b>		
35	Balance brought forward	13	
1,084	Collection Fund Precept	1,141	
217	Localisation Grant	217	
1,336			1,371
	<b>EXPENDITURE</b>		
1,323	Burial Grounds		1,349
<b>13</b>	Balance carried forward		<b>22</b>
	<b>OSGATHORPE</b>		
322	Balance brought forward	318	
320	Collection Fund Precept	328	
24	Localisation Grant	24	
666			670
	<b>EXPENDITURE</b>		
348	Parks & Open Spaces		355
<b>318</b>	Balance carried forward		<b>315</b>
	<b>LOCKINGTON / HEMINGTON</b>		
321	Balance brought forward	120	
1,683	Collection Fund Precept	1,704	
116	Localisation Grant	116	
2,120			1,940
	<b>EXPENDITURE</b>		
2,000	Burial Grounds		1,851
<b>120</b>	Balance carried forward		<b>89</b>
	<b>KEGWORTH</b>		
638	Balance brought forward	638	
0	Collection Fund Precept		
0	Localisation Grant		
638			638
	<b>EXPENDITURE</b>		
0	Parks & Open Spaces		0
<b>638</b>	Balance carried forward		<b>638</b>
	<b>RAVENSTONE</b>		
244	Balance brought forward	247	
313	Collection Fund Precept	313	
38	Localisation Grant	38	
595			598
	<b>EXPENDITURE</b>		
348	Parks & Open Spaces		355
<b>247</b>	Balance carried forward		<b>243</b>
	<b>OAKTHORPE &amp; DONISTHORPE</b>		
450	Balance brought forward	223	
3,258	Collection Fund Precept	3,304	
478	Localisation Grant	478	
4,186			4,005
	<b>EXPENDITURE</b>		
3,963	Parks & Open Spaces		3,838
<b>223</b>	Balance carried forward		<b>167</b>
	<b>APPLEBY MAGNA</b>		
14	Balance brought forward	3	
1,470	Collection Fund Precept	1,491	
108	Localisation Grant	108	
1,592			1,602
	<b>EXPENDITURE</b>		
1,589	Parks & Open Spaces		1,621
<b>3</b>	Balance carried forward		<b>(19)</b>

## GLOSSARY OF MAIN FINANCIAL TERMS

**AMORTISATION** – a reduction in the value of an intangible asset over time, due to wear and tear.

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

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

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

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

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

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

**CONTINGENT LIABILITY** – Money that may be owed, but the exact amount is unclear.

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

**COUNCIL TAX BENEFIT** - assistance provided by billing authorities to adults on low incomes to help them pay their council tax bill. The cost to authorities of council tax benefit is largely met by government grant.

**CURRENT EXPENDITURE** - running costs, including employee costs, premises costs and supplies and services, but not including debt charges.

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

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

**EARMARKED RESERVE** – Money set aside for a specific purpose.

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

**original estimate** - the estimates for a financial year approved by the council before the start of the financial year.

**revised estimate** - an updated revision of the estimates for a financial year.

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

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

**FEES AND CHARGES** - income raised by charging users of services for the facilities. For example, local authorities usually make charges for the use of leisure facilities, the collection of trade refuse, etc.

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

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

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

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

**HOUSING REVENUE ACCOUNT (HRA)** - local authorities are required to maintain a separate account - the HRA - which sets out the expenditure and income arising from the provision of housing. Other services are charged to the General Fund.

**HRA SUBSIDY** - a government grant paid to some housing authorities towards the cost of providing, managing and maintaining dwellings and paying housing benefits to tenants.

**IAS 19** – A statement of recommended practice to account for the cost of pensions.

**IFRS** – International Financial Reporting Standards

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

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

**MINIMUM REVENUE PROVISION (MRP)** - the minimum amount which must be charged to an authority's revenue account each year and set aside as provision for credit liabilities, as required by the *Local Government and Housing Act 1989*.

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

**NET EXPENDITURE** - gross expenditure less specific service income, but before deduction of Revenue Support Grant.



**NON-RECURRING** - items that are in a budget for one year only.

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

**OUTTURN** - actual income and expenditure in a financial year.

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

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

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

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

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

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

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

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

**SPECIFIED CAPITAL GRANT (SCG)** - certain government grants towards capital spending, for example house renovation grants. Local authorities must apply a special accounting treatment to these grants, i.e. reduce their credit approvals by the amount of the grant received. SCGs all relate to housing.

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

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

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

## **COUNCIL'S VISION**

North West Leicestershire will be a place where people and businesses feel they belong and are proud to call home

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