



North West Leicestershire

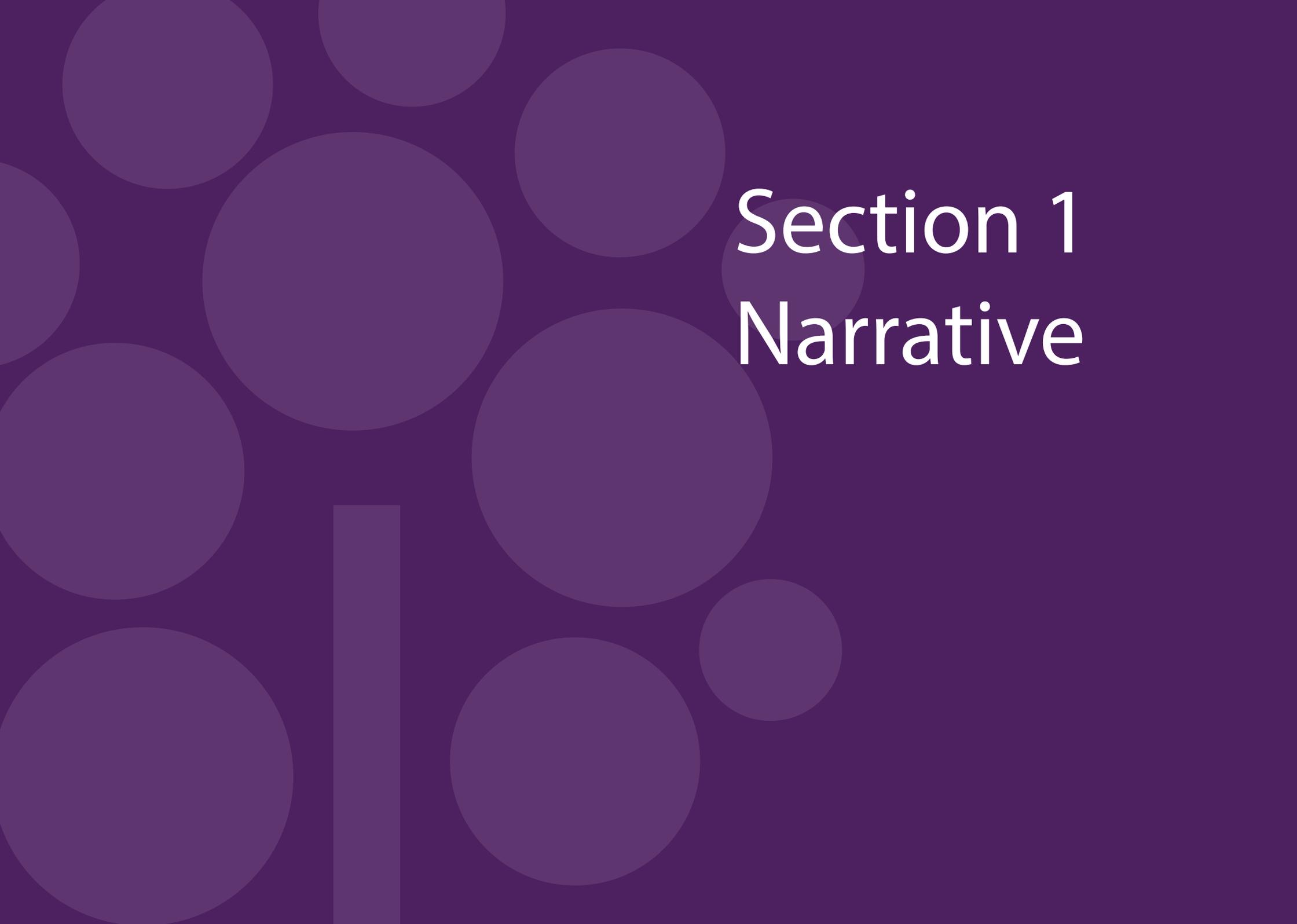
District Council

Annual Statement of Accounts 2019-20



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Section 1 Narrative

1. North West Leicestershire as a place

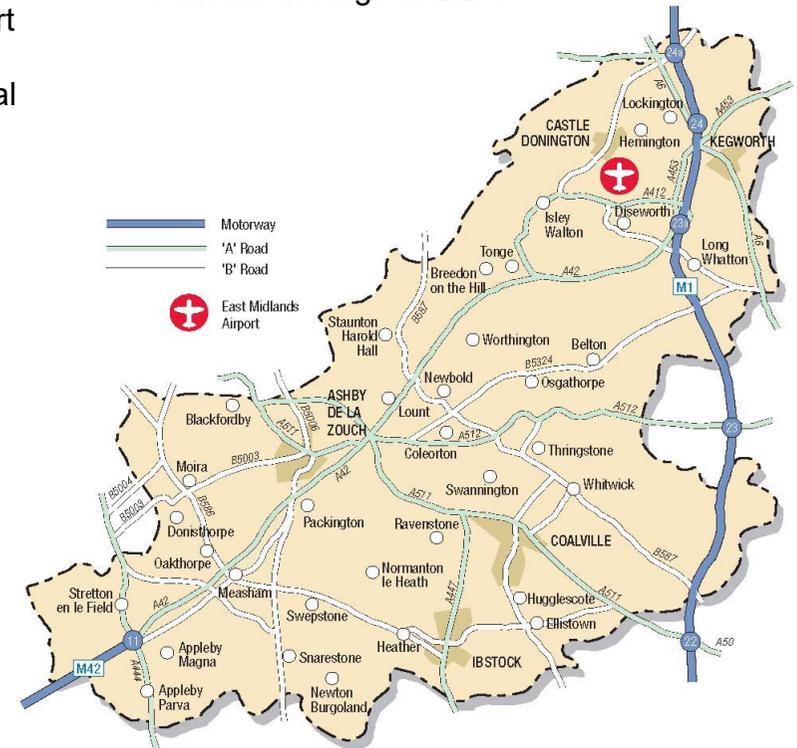
North West Leicestershire is a semi-rural district with a population of approximately 104,000. In the past 10 years we have seen population growth in North West Leicestershire (11.8%) that is higher than average regional (8.1%) and national (7.3%) growth rates. Most people live in the district's two main towns - around 35,000 in Coalville and 12,500 in Ashby de la Zouch. Around the district are a handful of large villages (Castle Donington, Kegworth, Ibstock and Measham) and numerous smaller villages.

In the 1980s and 1990s, Coalville and the wider area underwent significant regeneration and the District's economy has been one of the fastest growth areas in the East Midlands. The coal mining 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. North West Leicestershire sits at the axis of the Midlands, strategically located within

25 miles of Birmingham, Derby, Leicester and Nottingham. It is served by the M1/M42 (A42) and A50 and is also home to East Midlands Airport – the UK's busiest 'pure' cargo airport. Whilst North West Leicestershire has a proud industrial heritage, the District has one of the highest Jobs Density figures in the Region – indicating a very high level of jobs and this is because our location has proved to be a major attraction to inward investors and developers as well as continuing to be a place that indigenous businesses call home. Key employment sectors in the District are wholesale and retail trade, transport and storage, manufacturing and professional, scientific and technical activities.

As of 2018, 52 of the top 200 Leicester and Leicestershire businesses are based in North West Leicestershire representing variety of sectors. In terms of commercial property, the district's industrial estates and business parks have high occupancy rate of 94% average.

Based on the Grant Thornton Vibrant Economy Index 2016, the Council is rated 40th out of 324 English local authorities in terms of prosperity. Our unemployment rate has previously compared well at 1.1% compared to a national average of 2.2%.



As of June 2020, the Claimant Count (a measure of the number of people claiming benefits in relation to unemployment) stood at 4.2% comparing favourably with the regional (5.6%) and national figures (6.3%) but there is universal concern that a fall out from Covid-19 unemployment will increase rapidly going into the Autumn as many furloughed staff are permanently laid off. There were 16,000 employees who were furloughed as at June 2020 – representing 355 employees per 1,000 employed – the highest rate in the East Midlands. The total value of self-employment claims in North West Leicestershire amounted to £10.2m, with 74% of the District's self-employed taking up the scheme.

We are very proud that our district lies at the heart of the National Forest which spans across parts of Derbyshire, Leicestershire and Staffordshire. We are a key partner in an ongoing project that is transforming former mining areas through tree planting and forest activities which has seen the tree coverage of our district go from 4% to 24% and the emergence of forest towns.

The overall picture for North West Leicestershire is one of general good health compared with many other areas of the country. There is however a 10 year difference in the average age of people dying between the highest and lowest super output areas in the district. The ageing demographic will see the number and proportion of over 65s rise to account for over one quarter of the population by 2041.

Our district is safe in comparison with regional and national crime rates, though we do have some issues relating to our accessibility, with the two motorways leaving us open to transient crime, and the airport experiences slightly higher arrest rates. Tackling domestic abuse and sexual offences are a priority for us and our emerging issues are County Lines, modern slavery and cyber-crime.

The council priorities are refreshed annually, taking account of the evidence base collected from a variety of sources. The council agreed the new Council Delivery Plan at its annual meeting in May 2019, building on the previous priorities and setting the direction for the next four years.

The Council Delivery Plan is a strategic document which is underpinned by more detailed service plans and a performance framework that explains what we want to do, how we plan to do it and how we'll measure whether we're on track to achieve it.

Alongside the rest of the nation, North West Leicestershire currently faces a number of challenges in our communities as we tackle the Covid-19 pandemic. This has seen an extension in the support being provided to businesses and communities to safeguard the district's future and ensure a successful recovery from the pandemic.

- North West Leicestershire District Council:
 - Collects over £124 million in council tax and business rates but retains only £12 million of this amount to provide essential services such as waste and recycling collection
 - Generates over £10 million of income
 - Collects nearly £18 million in rent payments in respect of our 4,201 council homes.
 - Holds £281 million of assets for service delivery, council housing provision and investments
- We have a sound financial position, currently hold generous reserves, in a position where redeeming debt can be repaid and have a clear financial plan.
- We recognise the challenges that local government faces with the uncertainty over future funding and we are responding to those through our Journey to Self-Sufficiency Programme.
- We are mindful of further

demographic and business growth in North West Leicestershire and we will continue to monitor and respond to these pressures.

- We know we have a challenging agenda for improvement in putting customers at the heart of what we do and we are at the beginning of our journey in adopting a more commercial approach to delivering services. North West Leicestershire has enormous potential and we have clear aspirations to ensure the benefits of growth are felt in every part of our district, especially Coalville, where there is a real focus on town centre regeneration.
- We recognise the importance of working collaboratively and using our unique position within the region to influence the wider economic landscape, and we have led the work to develop the Strategic Growth Plan for Leicestershire. Our challenge is to manage growth; balancing the needs of the community and enabling the strategic infrastructure required to support the growth.

2. The council

Governance

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

Political structure in 2019/20

The Council's political structure in 2019/20 was:

Conservative Party – 20 councillors
 Labour Party – 7 councillors
 Liberal Democrat Party – 4 councillors
 Labour and Co-operative Party – 3 councillors
 Independent – 3 councillors
 Green Party – 1 councillor

The council's Leader, Councillor Richard Blunt was re-elected in May 2019. Councillor Blunt subsequently appointed six Cabinet Members for various portfolios and the delegation of executive functions.

The Council has a statutory duty to set a balanced budget. The current year's budget underwent scrutiny in November 2019 and January 2020 before being approved in February 2020.

Chief Officer Structure

Councillors are supported by the Corporate Leadership Team (CLT) which is led by the Council's chief Executive Bev Smith. CLT are responsible for the overall management of the Council, for setting and monitoring overall direction and ensuring high performance in the delivery of council services. Including the Chief Executive, CLT is made up of eleven members: two Strategic Directors and eight Heads of Service (which include the Monitoring Officer and Section 151 Officer).

Reviewing our governance

Every year we undertake a review of our governance framework, assessing against the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local

Government' 2016. This review of effectiveness is informed by the work of senior managers and directors within the Council who have responsibility for the development and maintenance of the internal control environment, the Internal Audit Annual Report, the work of the Audit and Governance Committee plus the comments of external auditors and other review agencies and inspectorates. Our Annual Governance Statement summarises our view of the arrangements and can be found on our [website](#).

Our priorities

The Council's vision is that "North West Leicestershire is a place where people and business belong and are proud to call home". Our Council Delivery Plan for 2019/20 sets out our priorities and aims for the coming years. Our priority areas are:

- Supporting Coalville to be a more vibrant, family friendly town.
- Our communities are safe, healthy and connected.

- Local people live in high quality, affordable homes.
- Supporting business and helping people into local jobs.
- Developing a clean and green district.

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

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

- **Customer First** – making sure we put customers at the heart of what we do, driving and improving services and increasing the choice customers have in where, when and how they engage with the council
- **Place** – co-ordinating projects that will develop and shape our environment, both built and natural, ensuring delivery of

quality homes and facilities for our residents and business

- **People** – making sure we develop our staff to have the skills for a 21st century business, valuing our staff and transforming the organisation
- **Journey to Self-sufficiency** – having effective financial management that increases our resilience and adaptability to changing financial pressures.

Who works for the council?

The council employs 547 individuals across a wide range of services, many of whom are part-time and hold multiple roles. Our full time equivalent number of employees is 460 and 14 of these are apprenticeship roles. The majority of the council's services are provided in-house, and our employed positions reflect this, with roles across many job types including manual operatives, skilled tradesmen and accredited service professionals.

During the year the council outsourced its Leisure Centres to Everyone Active. As part of the outsourcing, 210

individuals transferred to the new leisure provider on 1 May 2019.

Our People Plan

Having a motivated, skills and capable workforce are critical to delivering our vision, our Council Delivery Plan and high quality services for our community. That is why we continue to deliver against our People Plan to deliver our ambition of having a sustainable, ambitious, effective and efficient workforce that reflects the local communities we serve. The plan was developed in 2018 is based on five themes:

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

We have made good progress against the plan including gaining Investors In People accreditation in 2019.

Our Values

In 2019 we adopted corporate values with staff which reflect how we want to be as a Council:

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

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

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

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

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

3. The council's non-financial performance

Over the last year we have made significant progress towards our priorities. Overall, we made 46 commitments, achieving 21 of these, with 18 on plan and 7 commitments behind plan. The COVID-19 pandemic did have an impact when it occurred at the end of the year which meant some priorities were refocused and some service activities were suspended. Below is a summary of some of our key achievements for the 2019/20 year under each of the council's five priorities.

Supporting Coalville to be a more vibrant family friendly town

This is a key priority directly led by the Leader of the Council, which builds on the previous four years work to build confidence in Coalville. Whilst Coalville is the principal town in North West Leicestershire, it is also the town most in need of investment, arguably not just in North West Leicestershire, but in Leicestershire as a whole. The Leicestershire Market Towns Research of 2016 noted 'the town has never fully

recovered from the industrial decline in the 1980s and today the economic outlook is one of underperformance, reflected in its town centre.' The study reflected on the building of the Belvoir Shopping Centre in the 1960s being the last major investment project in the town centre. The shopping centre has a vacancy rate of 29% and the town has suffered from the loss of key national retailers over the last ten years. The Leicestershire Market Towns report states that 'there is a great sense of community spirit in the town, albeit mixed with frustration that more has not been achieved towards realising the town's potential.' A significant amount of evidence and external research has been commissioned by the council that has informed our approach and plans for Coalville. We have developed a regeneration framework for Coalville and have a number of key projects underway, including the development of a new market area, and improvements to Marlborough Square and Ashby Road.

Our plans take account of the national picture, where town centres need to redefine what their offer is and where

entertainment, events, public space, independent retailers and leisure work together. We have been successful in securing external funding for key projects and we submitted an expression of interest in the Future High Streets fund to support the programme of work in Coalville.

Our communities are safe, healthy and connected

This priority recognises our drive to improve the health of our communities through the implementation of our Health and Wellbeing Strategy and our investment in leisure provision across the district. The council entered into a partnership with Everyone Active in May 2019; the first partnership of this type for the council. The council has invested £23 million in developing a brand new leisure facility in Coalville. We have also allocated £1.2 million for improvements to Ashby leisure centre and an additional £1 million for improved community leisure facilities across the district, aimed at getting people more active. We are also in the early stages of a digital transformation programme aimed at connecting people across our district through

online service provision. Our investment in CCTV and strong partnership relationships has contributed to this priority.

Local people live in high quality affordable homes

We have good quality retained council housing stock to decent homes standards and have recently developed a Home Improvement Programme worth £7.6 million, bringing contracts back in house in 2018. Recognising the importance of affordable homes we continue our council house-building programme, which has seen the first council homes built in 30 years, and we work in partnership to ensure a steady supply of affordable homes. The council is a leading champion of good design and has developed a design guide and approach recognised nationally. This work will be developed further through active design, working with Sport England.

Support for businesses and helping people into local jobs

Recognising the dominance and

growth of transport and logistics and the wide range of employers within our district, our focus is on ensuring the local workforce has the skills required, and that we work to tackle the connectivity issues in a district where there is an overreliance on cars and public transport is limited.

Whilst retaining a close relationship with our large businesses, the priority work will be around supporting new start-up businesses and growing our apprenticeship programme.

The risks associated with a non-planned EU exit and HS2 will also continue to inform our support to businesses and communities.

Developing a clean and green district

In May 2019, the Council declared a climate emergency.

Our strong relationship with the National Forest continues to shape our tourism offer. Our support to the Free Tree scheme distributes around 33,000 free trees each year and our Forest Town identity is in development. Our 'Recycle More' campaign launched in 2019 aims to increase our

recycling rates by 1% each year for the next five years. Through this campaign, we are the only district in Leicestershire to work in partnership with the county council on waste and we launched a food waste pilot.

We have completed a carbon footprint audit of the district to understand our effect on the environment and are developing an associated action plan to reduce carbon emissions in the years to come.

4. The council's financial performance

Financial context and outlook

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

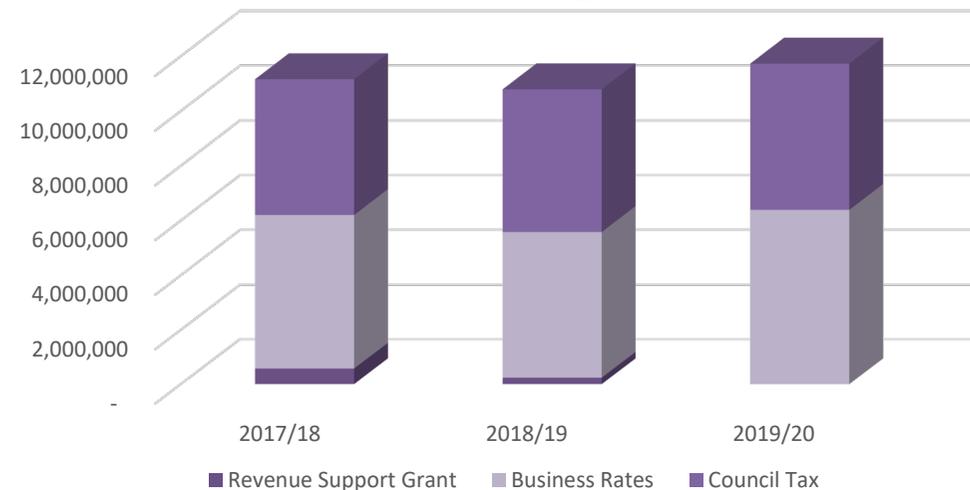
- £298 million relates to the value of our assets, of which £281 million of these are held for providing council services and £15 million are held as investment property. The remaining £2 million of assets are made up of heritage, intangible and surplus assets.
- Over £25 million relates to grants we receive and local income that we raise in the form of fees and charges. We use this funding and income to deliver services and keep council tax down. In addition we collect nearly £18 million in rent for council homes.

- We collect just under £63 million in business rates. For 2019/20, we were part of the Leicestershire 75% Business Rates Retention Pilot along with all other Leicestershire Councils and as a result we retained almost 11% of business rates (after deducting our tariff which is passed on to central government). We passed on approximately 38% to our major preceptors Leicestershire County Council (LCC) and Leicestershire Fire and Rescue Service (LFRS) and contributed 5% to the Leicestershire Business Rates Pool. The

remaining 46% went to central government as part of their share of rates and our tariff payment.

- We collect £62 million in council tax from residents in the District. We retain just 9% of this amount after £2.5 million is passed to Parish and Town Councils, with the remainder passed on to LCC, LFRS and PCC.
- 2019/20 was the first year where we did not receive Revenue Support Grant.

Main Sources of Funding - General Fund



Despite receiving nil Revenue Support Grant in 2019/20, the council has remained financially resilient, maintaining its policy to freeze our share of council tax for the tenth year in 2019/20 at £158.58 for a Band D property. This means that all of our growth in respect of council tax income results from growth in the number of homes in North West Leicestershire.

We received £269,000 more in business rates income than we anticipated to in 2019/20. Of the £6.4 million we budgeted to receive in rates for 2019/20, £550,000 of this related to an increased share through taking part in the 2019 Leicestershire 75% Business Rates Retention Pilot. At the end of the year, an additional £86,000. The remaining increase was mainly because we received more in Section 31 grants (which are additional amounts of funding given to us to ensure that we don't lose out due to central government decisions) were higher than we had originally forecast in our budget.

We continue to report that our ability to collect the £18 million worth of rent payments that are due from tenants

has not been significantly impacted by the introduction of Universal Credit this year, as was the case for the previous year.

At the end of the 2019/20 year, we had a balance of just under £51 million invested which earned us average interest of 0.82% on balances throughout the year, equating to £490,000 in investment income. We do not expect to sustain this level of income into the future. This is not only because of the adverse impact of the pandemic on interest rates, but also because the Council has previously committed to funding the build of a new £22 million leisure centre in Coalville through a mixture of reserves, capital receipts and external borrowing. Construction work has now started on site to build the new facility, which will open in 2022.

At 31 March 2020 our level of borrowing was £80.2 million, which was £1.1 million lower than the previous year due to the repayment of annuity loans taken out in 2012 as part of Housing Revenue Account self-financing. We did not borrow in 2019/20 and our balance sheet

forecast presented to Council in February 2019 shows that the authority does not expect to need to borrow until 2022/23 as a result of utilising internal reserves held to fund our new Coalville Leisure Centre.

We hold a generous £34 million in reserves as a council, with £13 million in place to repay HRA Self-Financing loans due for redemption in 2022 and £6.3 million specifically set aside to protect the Council from projected future deficit years and the risk of being unable to deliver a balanced budget. We also maintain healthy and prudent, member approved minimum levels of reserves of £1.5 million and £1 million for the General Fund and HRA respectively.

We expect to remain financially resilient in managing our cash flows going forward.

Covid-19 Pandemic Financial Impact

The Covid-19 pandemic has had a considerable impact on the council not only in terms of its role in supporting the community and local economy but also and consequentially, on its own

finances.

As the pandemic only started in the last two weeks of March much of the financial impact did not hit us in the 2019/20 year and so the true scale will be felt during 2020/21 and beyond.

For the Council, the biggest financial impacts are expected to be losses in income from grounds maintenance, trade refuse, car parks and investment income alongside increased spending pressures in staffing our waste services and supporting our leisure operator. We also anticipate that we will not be in a position to save the full £795,000 worth of savings we had planned across the General Fund and Housing Revenue Account as part of our Journey to Self-Sufficiency programme.

Despite further recent emergency funding announcements, we anticipate that net impact to remain considerable, however it is difficult to fully quantify at this stage with certainty. Once the full extent of the financial impact is known, it is likely the council will need to consider any organisational changes that may be required to take account of

the additional services needed to support residents and businesses going forward in order to mitigate the financial impact and to ensure critical services continue to be unaffected.

Due to changes in local government funding in the past and with further changes proposed, the council has sought to build its reserves in recent years to ensure the council can remain financially resilient. The council is in a position to draw on its Self-Sufficiency reserve should in year measures to reduce expenditure and maximise income not meet the impact of the pandemic in full, however the Council is keen to manage the impact in year as much as possible to ensure reserves are protected and to safeguard the Council's position in light of changes to funding in the near future.

Looking ahead, the Council will review its Medium Term Financial Plans as part of its bi-annual review cycle ahead of preparing the 2021/22 – 2025/26 budget. A specific part of this review will be to fully assess the impact of the pandemic and what this means for maintaining a balanced budget going

forward.

Other Local Government funding issues

We continue to monitor the Fair Funding Review and Business Rates Reform which have now been delayed from their planned 2021 implementation date. In particular, the treatment of accumulated growth in the business rates system could pose a significant financial risk to the council and an adverse impact to our future funding position. At the time of writing, we understand the government is considering how to deal with accumulated growth in the system from 2021 and we await further details on this.

Our Medium Term Financial Strategy and Journey to Self-Sufficiency Programme

Our Medium Term Financial Strategy (MTFS) was adopted by Cabinet in February 2018. The strategy introduced our approach in assessing the council's rolling five year position and the likely financial resources

required to deliver strategic priorities and essential services.

The strategy also launched our Journey to Self-Sufficiency programme that promotes self-sufficiency and the safeguarding of the council's financial position against anticipated future central government funding changes in the General Fund whilst also maximising the use of government grant and local income. The ethos of the programme is to enhance the cost-effectiveness of the council's activities in spite of, rather than because of a negative financial outlook. As such, the programme reflects a council-wide approach, incorporating the Housing Revenue Account as well as the General Fund so that the Council can manage its self-sufficient HRA even more effectively as well as create a self-sufficient General Fund in the short-term.

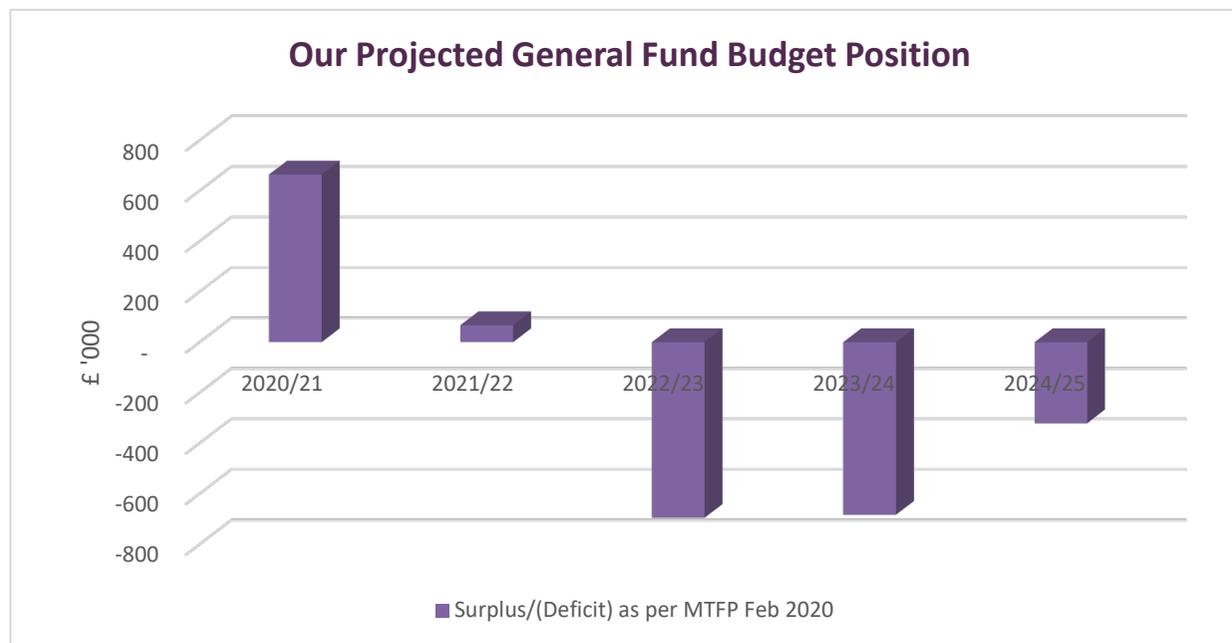
The council's 5 year rolling Medium Term Financial Plans (General Fund and HRA) are looked at on a biannual basis and are rebased in February as part of setting the forthcoming year's budget. The plans are also reviewed the following September to assess the

impact of the previous year's outturn, review the reasonableness of assumptions in light of current information and to also frame the context for setting the forthcoming years annual and 5 year budgetary plans.

Our latest version of the General Fund plan predicted a more favourable outlook compared to previous versions due to the inclusion of £5.1 million of targeted savings as part of the Journey to Self-Sufficiency Programme. Net of surpluses arising in the 2020/21 and

2020/21 financial years, the projected deficit totals £1 million to 2025.

The savings incorporated into our budget and plans are designed to reduce our base budget and manage the impact of increasing cost pressures and, from 2021 and future years, an anticipated significant reduction in retained business rates income and New Homes Bonus funding, pending firmer detail from central government on changes to these critical funding streams.



Our well established self-sufficiency reserve, contributed to each year since 2017/18, remains set aside to fund projects and new initiatives to achieve General Fund savings and, where necessary, will also be used to balance future projected deficit General Fund budgets.

As at 31 March 2020, the self-sufficiency reserve stood at £6.3 million. It was originally planned for the budgeted surpluses forecast to arise in 2020/21 and 2021/22 to be contributed to this reserve, however, we are now reviewing these forecasts in light of the Covid-19 pandemic and the resultant impact to our financial plan which includes our ability to meet our budgeted savings targets in 2020/21 and future years.

Aside from developing a programme of savings, we progressed with a number of improvements as part of the Journey to Self Sufficiency programme in 2019/20, including:

- Developing and implementing a new **Corporate Charging Policy**

which sets out how we will review the cost of services provided and the charges made to customers in



the context of a self-sufficient council.

- Approved a new **Asset Management** approach and undertook a market valuation of our commercial properties.
- Enhanced our **Service and Financial Planning** approach by engaging Scrutiny in the design of the draft budget and undertaking a public consultation with residents and businesses.
- Improved further our approach to **Financial Management** by reviewing ourselves against the new CIPFA Financial Management Code and identifying areas that we needed to work towards. We also continued to challenge service areas to monitor and control spend and income.

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

Memorial Clock Tower, Coalville

General Fund

Our General Fund account summarises the expenditure on the council's main services which are paid for in part by council tax.

We budgeted to contribute £161,000 into our self-sufficiency reserve balances in 2019/20. We achieved an outturn of £1.158 million and this amount was transferred to the self-sufficiency reserve. Along with this contribution and the reallocation of earmarked reserves previously held for other purposes, the balance of the reserve increased to £6.3 million.

General Fund		Original Budget £'000	2019/20 Outturn £'000	Variance £'000
1	Chief Executive	286	246	-40
2	HR & Organisational Development	647	631	-16
3	Legal & Commercial Services	1,340	1,271	-69
4	Strategic Director of Place	399	402	3
5	Community Services	5,945	6,155	210
6	Planning and Infrastructure	491	674	183
7	Economic Development	1,207	1,139	-68
8	Joint Strategic Planning	8	8	0
9	Customer Services	2,462	2,058	-404
10	Finance	907	998	91
11	Property	231	336	105
12	Strategic Housing	533	474	-59
13	Other	-22	0	22
14	Corporate And Democratic Core	36	33	-3
15	Non-Distributed Costs	87	126	39
16	Net Recharges	-1,320	-1,408	-88
17	Net Financing Costs	1,092	1,099	7
18	Investment Income	-188	-332	-144
19	Localisation Of Council Tax Grant	114	114	0
20	Revenue Contribution To Capital	470	519	49
21	Debt Restructuring Premium	0	23	23
22	Transfer to Reserves	161	1,197	1,036
23	Transfer To Section 106	0	1,335	1,335
24	Capital grants & contributions applied	0	851	851
25	Section 106	0	-2,593	-2,593
26	Net cost of service after recharges	14,886	15,356	470
27	New Homes Bonus	3,068	3,068	0
28	Transfer From Collection Fund	90	90	0
29	Other Grants	0	193	193
30	Council Tax	5,341	5,341	0
31	Levy account surplus	0	8	8
32	National Non Domestic Rates Baseline	6,387	6,656	269
	Total Funding	14,886	15,356	470

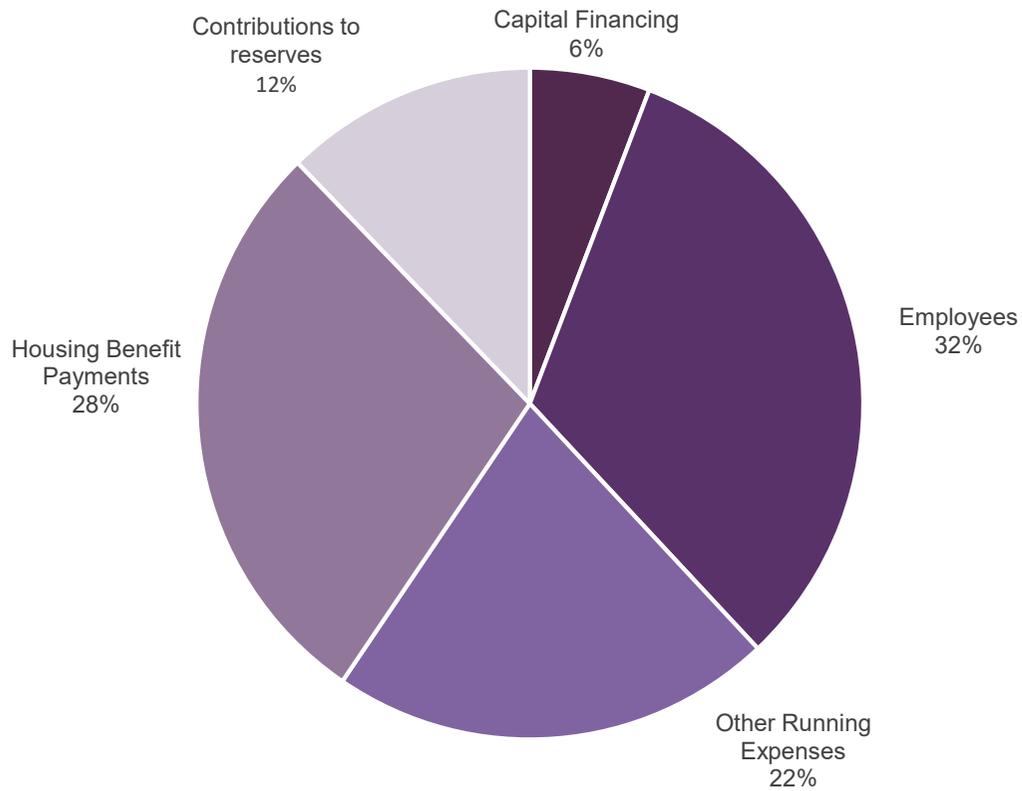
The additional surplus was achieved through a number of favourable variances. We received an additional £278,000 of business rates and £193,000 in grants. We spent £408,000 less on salaries than expected due vacant posts and the effects of a senior management and a number of service restructures undertaken just prior to and during the year that were not built into our budgets. We also benefited from reviewing our Corporate Support Services and delivered £153,000 of savings to meet our commitment to reduce corporate costs and reflect lower usage as leisure centres were outsourced earlier in the year.

Other major variances in 2019/20 include an increase in costs and reduction in income for property services, an underspend in rent allowances and rent rebates as a result of less benefits paid than budgeted for and £120,000 saving in legal and technical fees due to lower number of planning appeals.

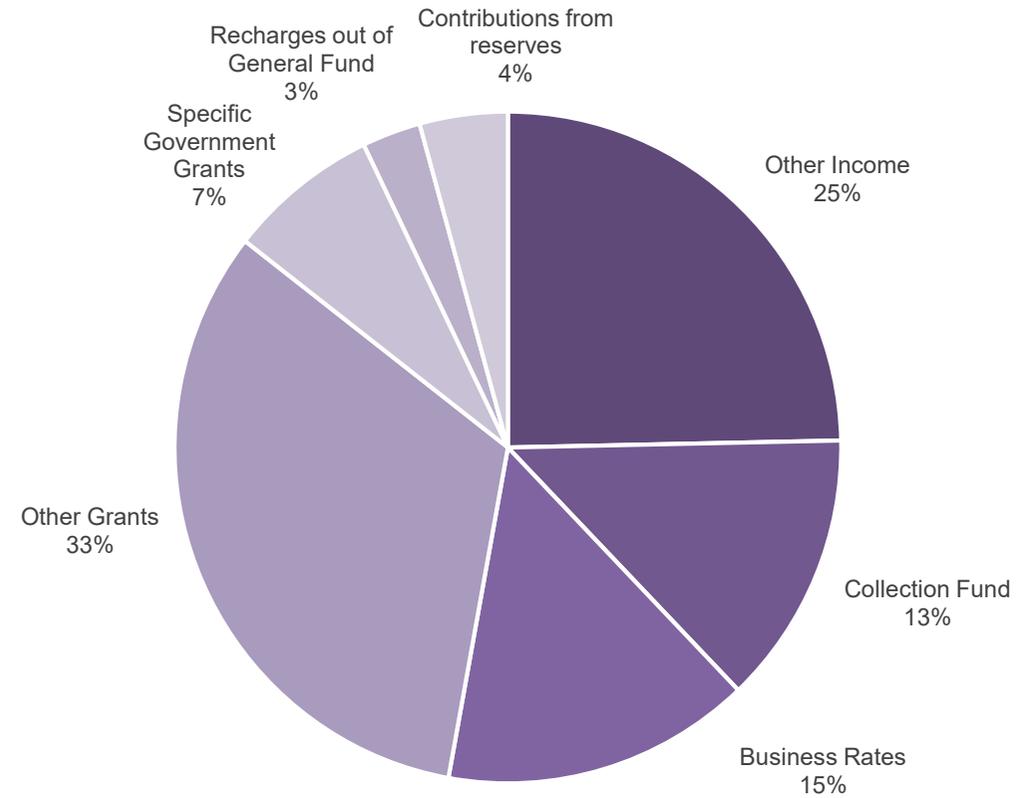
A summary of the major variances on the 2019/20 year are detailed in the table opposite.

Major Variances	£'000	£'000
Adverse Variances		
Non-Distributed Retirement Benefits	-46	
Leisure Centres	-69	
Car parking management and maintenance	-73	
Coalville Market - Income	-44	
Licensing Income	-30	
Legal Services Income	-36	
Property Services – lost income and additional costs	-101	
Bed and Breakfast spend	-78	
Revenue contribution to Capital	-49	
		-526
Favourable		
Business Rates	278	
Grants Received	193	
Salary Savings	408	
Corporate Support Services savings made in respect Of outsourcing the leisure centres	153	
Corporate training	34	
Members' surface pros	30	
Summons income	56	
Revs & Bens Partnership	54	
Public Protection - DFG's	58	
Recycling Income	30	
Housing Government grant not yet spent or earmarked	60	
Rent allowance and rebates	226	
Planning Appeals and Associated Costs under Budget	120	
		1700
Deminimus Non-Salary Variances	-177	
		-177
Total		997

Where the money is spent General Fund 2019/20



Where the money comes from 2019/20



Special Expenses

When the district council provides services on behalf of a parish, or because there is no parish council in that area, these become special expenses of the district council and are only charged to the council tax payers in that area. Special expenses are paid to the district council for maintaining parks, play areas, allotments, burial grounds, grass verges and any other open spaces owned by the council.

The budgeted contribution to Special Expenses reserves was £4,000 and the actual outturn was a transfer to reserves of £6,000. This movement was a result of increased expenditure on approved in year projects, salaries and service management recharges, offset by increased burial fee income and reduced expenditure on general repairs and operational purchases.



Housing Revenue Account (HRA)

The Housing Revenue Account summarises income and expenditure relating to the rented housing accommodation of nearly 4,200 homes provided by the Council.

The HRA is a ring-fenced account, meaning that HRA funds are maintained separately from other council finances and must only be spent on the council's housing stock and tenants' services. Its primary source of income is from collecting £17.0 million of rent from properties let at either social or affordable rental rates.

The HRA budgeted a surplus of £1.4 million but achieved a surplus of £3.0 million due to a number of variances. The most significant of these variances included savings from a lower depreciation charge of £455,000, net savings on employee costs of £154,000. We also benefited from £826,000 by completing more of our repairs and home improvements work in-house, which has led to lower than

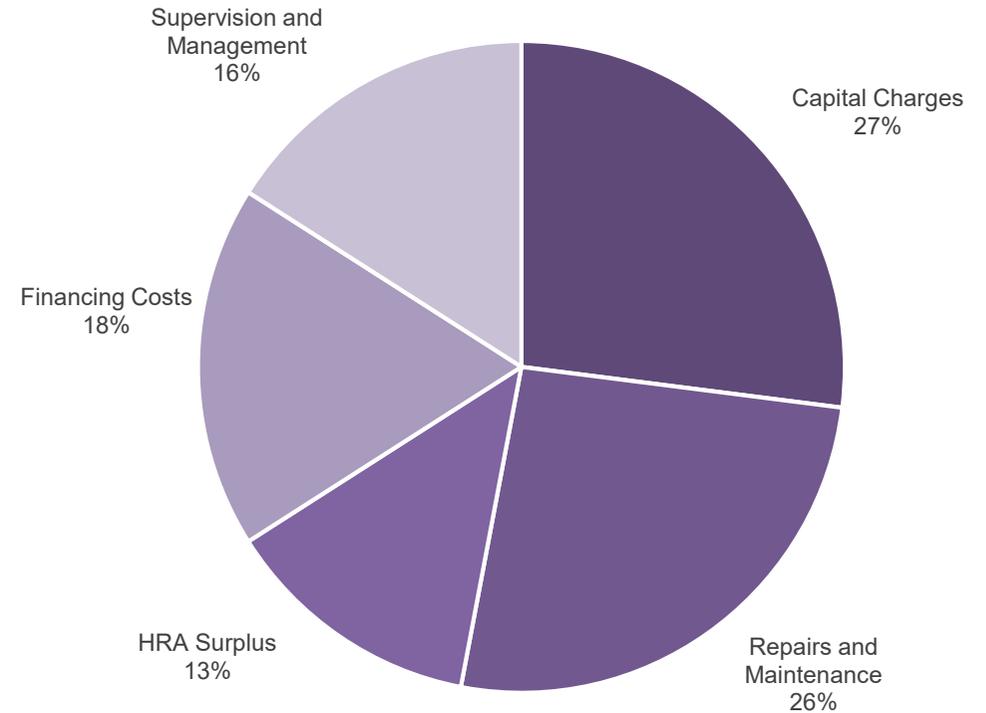
budgeted repair and maintenance costs.

In 2012 the HRA took on £76.8 million of debt to purchase its housing stock from the formal Housing Revenue Account Subsidy system. Since 2012 we have retained surpluses with the intention of repaying the first £13.0 million of loans that fall due in March 2022.

With balances at the end of the year totalling £16.7 million we are in a position to repay these loans and have £3.7 million remaining. We can use these balances flexibly in the future to respond to opportunities, such as acquiring new homes, improving our existing ones or continuing to repay the debt.

Where the money is spent HRA 2019/20

	Original Budget	Actual	Variance
	£000's	£000's	£000's
Net Expenditure on Services	13,241	12,253	(988)
Capital Financing - Self Financing Loans	3,257	3,257	0
Total Expenditure	16,498	15,510	(988)
Funded by:-			
Rent Income	17,096	17,089	7
Other	820	848	(28)
	17,916	17,937	(21)
Net Operating Expenditure	(1,418)	(2,427)	(1,009)
Balance b/f	14,272	14,272	0
Funding of net operating expenditure	1,418	2,427	1,009
Balance carried forward	15,690	16,699	1,009



Our Assets and Liabilities

Pension Liabilities

£44.7 million

This is the value of what the council owes across future years offset by the value of assets invested in the pension fund. In 2019/20 the council made a contribution of £3.2 million to the scheme and there was an actuarial gain on the scheme of £18.6 million which reduced the total liability compared to 2018/19.

The pension fund, which is a Local Government Pension Scheme, is revalued every three years to set the future contribution rates. The last valuation took place in March 2016 which set our additional contribution rate at 22.2% plus £349,000 for the 2019/20 financial year, however due to the Council taking out its own ill-health retirement insurance the contribution rate reduced to 21.29% plus £349,000. This rate means we pay additional amounts into the pension fund to offset the predicted liability on the scheme.

On 1 May 2019, 210 individual members of council staff transferred to

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

In 2020/21, we plan to pay the 2022/23 and 2023/24 additional monetary contributions on top of our percentage rate early.

Cash flow

The Council's cash flow shows an increase of £3.13 million in its cash and cash equivalents from the previous year. This was largely due to a reduction in short term investments held by £1.5million along with an increase in S106 monies held of £0.3 million and a VAT refund of £1 million received and which was earmarked for improvements to Community Leisure facilities.

Interest payable and receivable were generally similar compared to 2018/19.

Borrowing

As at 31 March 2020 the council has total external borrowing of £80.10 million of long-term borrowing. Of this, £71.7 million relates to loans from the Public Loans and Works Board (PWLB) which were taken out in 2012 in order to fund Housing Revenue Account self-financing. All of our borrowing was within our Prudential Code limit for 2019/20 of £133 million and is forecast to remain within our limits for future years.

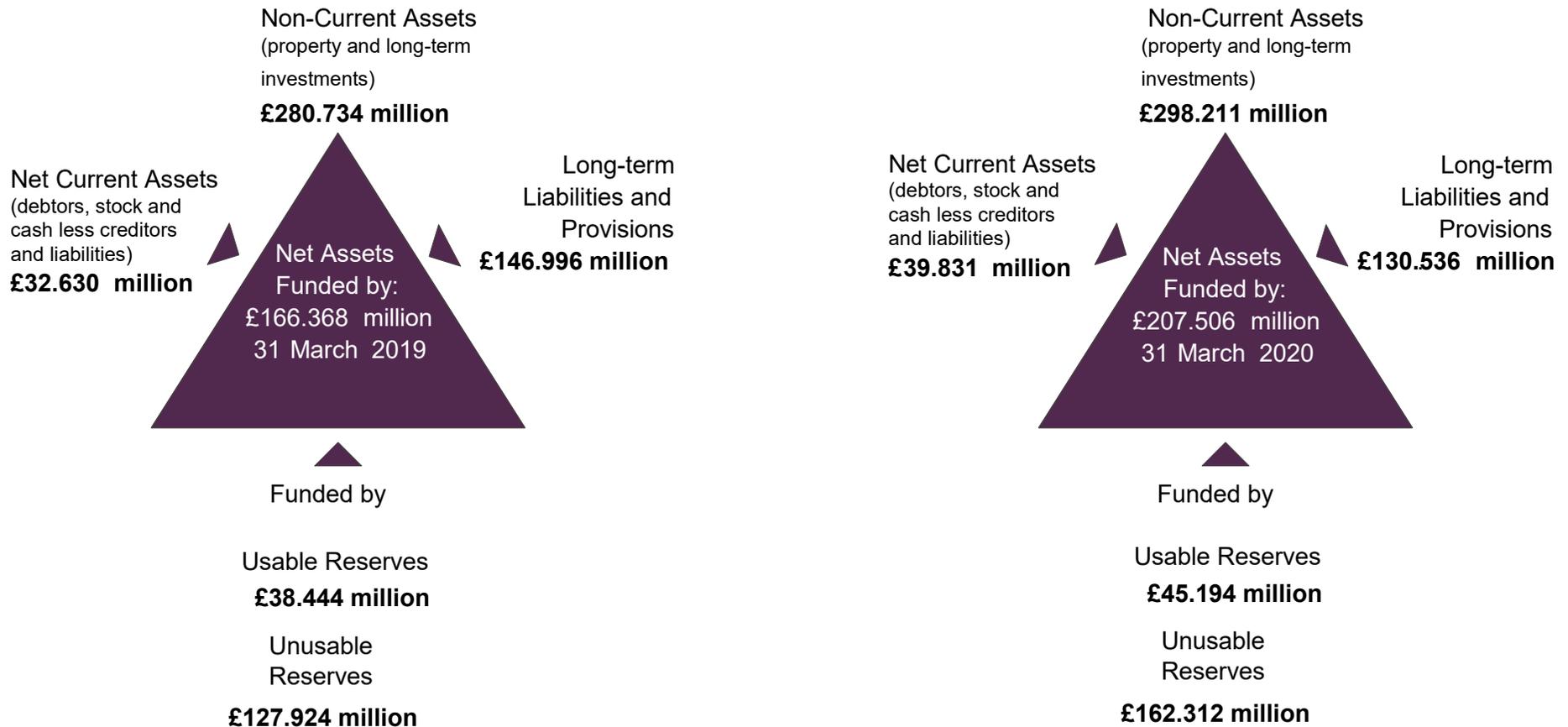
Provisions

This provision for Business Rates appeals was created as a result of the adoption in 2013/14 of the Business Rates Retention scheme through which the Council bears part of the risk for future appeals. The Council's estimate of the value of outstanding appeals up to 31 March 2019 is £4.4 million (£5.7 million as at 31 March 2019), the value of appeals used in completing the Collection Fund position as at 31 March 2020.

	2018/19	2019/20
Business Rates	£5.7 million	£4.4 million
Appeals Provision		

Financial Position

We have maintained a strong financial position despite the financial challenges we face, with net assets increasing by £41.1 million between 2018/19 and 2019/20.



Capital

We spent £11.6 million on capital schemes in 2019/20, with the main area of spending relating to improvements to and building new council homes. We also have plans to invest over £84 million in our district over next five years as part of our ambitious capital programme. During 2020/21 we are also set to revise our 2020/21 plans to absorb £13.3 million of programme slippage from 2019/20.

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

- £22 million for the building of a brand new leisure centre in Coalville
- £3.4 million budgeted for the upgrade of the council offices
- £1.6 million for the redevelopment of Marlborough Square
- £20.1 million in maintaining the Decent homes standard for our 4,196 council homes
- £24.5 million in developing new council homes
- £3.3 million on adapting residents homes through Disabled Facilities Grants

Expenditure	Outturn			Planned		
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Housing Improvements and Modernisations	5,994	6,353	6,591	6,705	6,487	6,009
New Housing Supply Schemes	1,170	3,811	6,033	4,794	4,866	5,012
IT and Software	123	115	45	275	195	220
Better Care Fund	670	670	670	670	670	670
Transport Account Vehicles	303	1,070	865	526	505	561
Various Property Works	167	532	1,596	591	709	864
Leisure	2,822	9,678	4,898	-	-	-
Parks and Recreational Grounds	38	-	-	-	-	-
Appleby Magna Caravan Site	44	610	-	-	-	-
Other Capital Expenditure	6	-	30	-	-	-
Car Parks	-	95	-	-	-	-
Coalville Market Provision	-	150	-	-	-	-
Total Expenditure	11,556	23,084	20,728	13,561	13,433	13,337
Funding	£'000	£'000	£'000	£'000	£'000	£'000
Grants	1,467	1,140	870	870	870	870
Contributions	235	255	46	4	-	-
Capital Receipts	1,074	7,939	5,988	3,180	2,998	3,042
Reserves	3,850	3,870	2,283	2,981	3,195	3,059
Revenue	2,402	1,049	4,108	5,133	4,961	4,720
Borrowing	2,528	8,831	7,434	1,392	1,409	1,645
Total Funding	11,556	23,084	20,728	13,561	13,433	13,337

5. Risk Management

We have a Risk Management Policy in place which was approved on 1 May 2018. This policy has been reviewed and an updated version is expected to be approved by Cabinet in September 2020.

The overall objective of the Council's risk management approach is the identification, analysis, management and financial control of those risks which can most impact on the Council's ability to pursue its approved delivery plan.

A Corporate Risk Register, approved by the Corporate Leadership Team and Elected Members is in place. The Corporate Risk Register is a live document constantly under review to ascertain progress on managed risks and new risks that could impact on the Council. Our risk review cycle aligns with the service planning process and service risks monitored by service areas.

The Corporate Risk Group is represented by each of the Council's services. The CRG identify new risks and review the corporate risk register, whilst the review of all risk management

activity is part of the terms of reference of the Audit and Governance Committee. Risks are reported to Cabinet as part of the Quarterly Performance Management Report. In addition, all reports to Council, Cabinet and Committees have a risk management section for consideration of risks associated with specific decisions. All service areas and corporate projects maintain service and project based risk registers.

Set out below are the key risks from the council's corporate risk register.

Risk	Impact	Mitigation
Death / serious harm to a vulnerable person receiving a council service	<ul style="list-style-type: none"> • A serious case review arising from death/serious harm to a vulnerable person. • Reputational damage to council. • Loss of confidence in ability of council to deliver services. 	<ul style="list-style-type: none"> • The organisation has the following structures in place: • An identified Corporate Lead (Head of Service) with a Portfolio Holder lead; • An identified Team responsible for Safeguarding (Safer & Stronger) with responsibility embedded into Team Leader role and an officer (Child & Adults at risk Officer); • An agreed Safeguarding Policy refreshed as required with delegation to Director of Housing and Customer Services for updates; • An identified group of Designated Support Officers (DSO's) in most service areas; • A programme of regular DSO meetings which consider training, best practice and case issues; • An annual training programme to ensure new DSO's are well informed and trained; • A quarterly senior management review of all cases to check progress/close cases; • A quarterly briefing with the Chief Executive, a 6 monthly report to CLT and an annual report to Cabinet; • Annual report reviews previous year and endorses an action plan for the year ahead. • A computerised system of reporting and managing reports introduced in 2019, will ensure constant reminders of new cases, sending alerts at all points in the procedure. • Commitment to raise awareness of the scale and extent of modern slavery in the UK and ensure our contracts and supplies don't contribute to modern day slavery and exploitation.

Mismanagement of council finances	<ul style="list-style-type: none"> • Central Government intervention/special measures. • Adverse publicity. • Possible litigation. • Withdrawal of services. 	<ul style="list-style-type: none"> • Monthly management reviews monitor actual spend against budgets and forecast to the end of the year. • Monthly reporting and challenging at CLT, and reported to Cabinet quarterly • Sound policies and procedures are in place. • Financial planning processes have been documented and are reviewed regularly. • Internal and External audit of systems and accounts. • Membership of CIPFA and engagement of Arling Close gives access to specialist advice, analysis and expertise.
Insufficient resources due to unplanned / unforeseen absences / vacancies	<ul style="list-style-type: none"> • Council unable to perform its statutory duties. • Use of external resources at significantly higher cost. 	<ul style="list-style-type: none"> • Advance planning will mitigate this risk. • Ability to divert resources from other services, bringing in additional resources from other sources (e.g. Agencies, Consultants, Voluntary/ Community sector etc.) would be activated. • Market conditions are tested through recruitment processes. • The Council can offer a package of additional benefits to enhance the recruitment offer. • The Council has developed innovative partnering relationships with other sectors including the private sector to make posts uniquely attractive. • Best Employee Experience is a programme to attract and develop the right skills, and promoting existing staff talent through secondments and tailored development programmes. • Apprenticeships allow the Council to 'grow our own'. • Public Health messages around Covid-19 delivered to staff, including the need for staff to self-isolate if staff members have returned from one of the affected areas and to maintain good hygiene.

Contracts are not properly procured and managed	<ul style="list-style-type: none"> • Council liable to incur additional costs. • Contract overrun • Litigation • Potential health & safety issues. 	<ul style="list-style-type: none"> • Corporate procurement officer and legal team to support where necessary on contract management. • Policies and procedures are in place. • Reserve contractor in place where appropriate. • A Senior Procurement Officer oversees a procurement planning process. • Training programme in place for staff. • Commitment to ensure our contracts and supplies don't contribute to modern day slavery and exploitation. • Contracts considered in line with government guidance (PPN).
Loss or unlawful use of personal data constituting breach of data protection legislation	<ul style="list-style-type: none"> • Monetary penalties from ICO • Adverse publicity • Private litigation • Personal criminal liability of officers. 	<ul style="list-style-type: none"> • Policies and procedures are in place although not yet rolled out and fully embedded. • Corporate Governance training is undertaken annually and includes information governance as appropriate to reflect changes in legislation. • The Council has a dedicated SIRO. • Corporate Governance Groups are in place to scrutinise impacts/issues arising.
Failure to respond to an emergency in an appropriate manner	<ul style="list-style-type: none"> • General public at risk of harm or unable to access relevant services (e.g. emergency accommodation or rest centre). • Adverse publicity. • “Business as usual” not possible without appropriate business continuity plan in place. • Breakdown in relationship with other responders. 	<ul style="list-style-type: none"> • Business continuity plans have been documented, policies and procedures are in place. • The Leicestershire Resilience Forum partnership arrangement with all Leicestershire and Rutland authorities provide resilience during civil emergency situations. • Business Continuity exercises show the readiness of the Council to deal with emergencies. • System of ICO / FLM duty rotas is in place.

Infiltration of ICT systems	<ul style="list-style-type: none"> • “Business as usual” would not be possible. • Cost of repelling cyber threat and enhancing security features. 	<ul style="list-style-type: none"> • Fully resilient environment in place with no single points of failure for core systems, other critical systems use cold standby equipment. • New business services are run in remote fully resilient data centres and existing systems are being progressively migrated to these cloud computing centres. • Improved business recovery arrangements have been implemented to minimise recovery time. • Accreditation to Cyber Essentials Plus and the Public Services Network. • Yearly IT security health check and PEN (penetration) testing carried out, by a CREST security accredited supplier, with remediation action plan in place to mitigate any risks found. • Phishing campaigns ran twice a year to test staff security awareness and feed back results to CLT, with improvement plans in place for those who have not passed the test. • Quarterly Cyber Security awareness training held for staff and new starters, to protect staff at work and in the office. • An annual external audit of IT assessed the organisation’s IT arrangements in a range of areas against best practice. (The outcome of the audit in 2019 was, GRADE 1, with one recommendation, which has already been addressed and provides assurance that the organisation’s IT arrangements are solid, sound and secure).
Projects are poorly managed	<ul style="list-style-type: none"> • Failure of proposed projects could result in failure to achieve overall objectives. • Inefficient use / waste of resources. 	<ul style="list-style-type: none"> • Properly convened project teams with PID and project plan in place, including project risk registers. Progress on corporate projects scrutinised by CLT. • Use of external resources is also being used to support the Coalville and Leisure projects. • Implementation of contract management framework for outsourced services. Scrutiny of quarterly monitoring reports on capital expenditure. • Utilising Internal Audit to conduct audits of individual projects or Project management more widely. • Use of external resources to be used to support the Coalville and Leisure projects. • Scrutiny of risk registers or project management framework of individual projects by Risk Scrutiny Group.

Council makes ultra vires (beyond the council's powers and functions) decisions	<ul style="list-style-type: none"> • Potential litigation against the Council, resulting in increased costs / compensation. • Reputational damage. 	<ul style="list-style-type: none"> • Policies and procedures in place. • Governance processes are documented and in operation. • Ongoing assessments and reviewed are performed. • Completion of the Annual Governance Statement.
Council is subject to fraud, corruption or theft	<ul style="list-style-type: none"> • Financial, reputational and political damage to Council. 	<ul style="list-style-type: none"> • A policy framework that includes Anti-Fraud and Corruption Policy, Confidential Reporting (Whistleblowing) Policy and Anti-Money Laundering Policy. • The Internal Audit annual planning process takes into account high risk areas, which considers fraud risks. Fraud risks are considered as part of specific audits with testing designed to detect fraud where possible. • The Council is also subject to External Audit. • Internal control and governance arrangements such as segregation of duties, schemes of delegation, bank reconciliations of fund movements, and verification processes. • Information on how to report fraud is on the website including relevant links. • Participation in National Fraud Initiative (mandatory) and Leicestershire Fraud Intelligence Hub (voluntary). • Leicestershire Revenues and Benefits Partnership have two trained officers working solely on Council Tax Reduction Scheme Fraud and act as Single Point of Contact for DWP referrals.
The Council is subject to a reduction in income	<ul style="list-style-type: none"> • Services are unable to be delivered. • Potential staff redundancies. • Funding of external groups is withdrawn. • Potential breach of statutory duties. 	<ul style="list-style-type: none"> • Medium Term Financial Strategy in place, with comprehensive scenario analysis of worst and best case funding scenarios and changes in economic climate. • Self-Sufficiency Programme developed to manage the council's ongoing financial sustainability. • Self-Sufficiency reserve established fund transformation and commercial activities to sustain financial position. • Bi-annual review of Medium Term Financial Plan. Head of Finance monitoring of Local Government funding reviews. • Funding advisor engaged. • Economic Development Team promotes business offer. • Participation in Business Rates Pilots. • Accessing external funding where appropriate. • Income collection procedures in Revs & Bens Service and Housing.

6. Basis of preparation

When assessing what to include in these financial statements, the principle of materiality has been applied. This ensures that the core issues considered to have an impact on the council's strategies, governance, performance and aspirations in respect of matters such as the services it provides and the wellbeing of its local community, are presented. This includes matters that are ordinarily outside of the scope of financial reporting but which are deemed to have a significant effect on the authority's ability to meet its objectives. Where information in this report is based on other information published by the council, it is prepared on that same basis, and is reconcilable and referenced to that published information.

The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required: -

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

The Responsibilities of the S151 Officer

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

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

The S151 Officer has also: -

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2020.



16/11/2020

Tracy Bingham
Head of Finance and S151 Officer

Date

Councillor Stuart Gillard
Chair of Audit and Governance Committee

Date

Section 2 Core Statements

Core Statements

1. Introduction

The following pages summarise the financial activities of North West Leicestershire District Council for 2019/20. The council's Accounts have been produced in accordance with the *Code of Practice on Local Authority Accounting 2019/20* and the service reporting code of Practice 2019/20, 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 2019/20 the accounts consist of these 'core' Financial Statements:

- **Comprehensive Income and Expenditure Statement** which shows income and expenditure of all main services. This also includes the Statement of Total Recognised Gains and Losses which shows all gains and losses of the council for the year and the aggregate change in its net worth
- **Movement in Reserves Statement** which shows the movement in the year on the different reserves held by the council analysed into 'usable' reserves

(i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves (i.e. those that cannot be used to fund expenditure)

- **Balance Sheet** which sets out the overall financial position of the council at 31 March 2020 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
- **The Expenditure and Funding Analysis (EFA)** – This shows how annual expenditure is used and funded from resources by the Council in comparison with how those resources by the Council are consumed or earned by the Council. It also shows how this expenditure is allocated for the decision making purposes between the council's portfolio holders
- **Notes to the Core Financial Statements** which provide explanations of key figures within the statements.

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 the Council Tax Non-domestic Rates and how these have been distributed to precepting authorities and the General Fund.
- The **Special Expenses Account** – showing income and expenditure in those areas of the district where special expenses are levied

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.

2018/19			2019/20			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Notes	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
5	0	5		0	0	0
41	0	41		241	(42)	199
804	(222)	582		1,189	(469)	720
16,943	(6,167)	10,776		14,475	(4,549)	9,926
2,238	(1,784)	454		3,547	(1,670)	1,877
1,749	(63)	1,686		1,651	(241)	1,410
110	(98)	12		103	(103)	0
845	(233)	612		1,217	(505)	712
17,605	(16,585)	1,020		15,559	(14,225)	1,334
184	(30)	154		(73)	(24)	(97)
884	(1)	883		1,012	(1)	1,011
1,541	0	1,541		(191)	0	(191)
8,527	(17,813)	(9,286)		7,183	(17,709)	(10,526)
51,476	(42,996)	8,480		45,913	(39,538)	6,375
		7,041				8,140
		2,979	6			2,146
		(18,694)	7			(20,411)
		(194)	8			(3,750)
		(8,927)				(18,784)
		0				0
		9,114				(18,603)
		187				(37,387)
		(7)				(41,137)

Movement in Reserves Statement

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

	General fund Balance	Housing Revenue Account	Capital Receipts reserve	Major repairs reserve	Capital Grants unapplied	Total Usable reserves	Unusable reserves	Total Authority reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2018	14,489	10,008	6,198	3,031	820	34,546	131,815	166,361
Total Comprehensive Income and Expenditure	(4,089)	4,283	0	0	0	194	(187)	7
Adjustments between accounting basis and funding basis under regulations	3,833	132	1,254	(1,692)	177	3,704	(3,704)	0
Increase/(Decrease) in Year	(256)	4,415	1,254	(1,692)	177	3,898	(3,891)	7
Balance as at 31 March 2019	14,233	14,423	7,452	1,339	997	38,444	127,924	166,368
Total Comprehensive Income and Expenditure	764	2,986	0	0	0	3,750	37,387	41,137
Adjustments between accounting basis and funding basis under regulations	1,745	(617)	2,044	(805)	632	2,999	(2,999)	0
Increase/(Decrease) in Year	2,509	2,370	2,044	(805)	632	6,750	34,388	41,138
Balance at 31 March 2020 carried forward	16,742	16,793	9,496	534	1,629	45,194	162,312	207,506

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 2019			31 March 2020	
£'000		NOTES	£'000	£'000
262,348	Property Plant and Equipment	9	281,552	
13,484	Investment Property	10	14,892	
244	Intangible Assets	11	207	
1,336	Heritage Assets	12	1,083	
0	Assets Held For Sale	13	0	
316	Surplus Assets	9	473	
3,000	Long Term Investments		0	
6	Long Term Debtors		4	
280,734	Long Term Assets			298,211
37,995	Short Term Investments		39,495	
137	Inventories	14	163	
2,241	Short Term Debtors	15	2,776	
7,744	Cash and Cash Equivalents	16	10,875	
48,117	Current Assets			53,309
(1,128)	Short Term Borrowing		(1,154)	
(12,062)	Short Term Creditors	17	(10,673)	
(2,297)	Provisions	34	(1,651)	
(15,487)	Current Liabilities			(13,478)
(80,680)	Long Term Borrowing		(79,512)	
(59,661)	Other Long Term Liabilities		(44,691)	
(809)	Revenue Grants Receipt In Advance		(883)	
(5,846)	Capital Grants Receipt In Advance		(5,450)	
(146,996)	Long Term Liabilities			(130,536)
166,368	Net Assets			207,506
14,233	General Fund Balance		16,742	
14,423	Housing Revenue Account		16,793	
7,452	Capital Receipts Reserve		9,496	
1,339	Major Repairs Reserve		534	
997	Capital Grants Unapplied		1,629	
38,444	Usable Reserves			45,194

Balance Sheet

31 March 2019		31 March 2020		
£'000		NOTES	£'000	£'000
61,379	Revaluation Reserve	19	78,342	
128,033	Capital Adjustment Account	19	130,822	
(1,281)	Financial Instruments Adjustment Account	19	(1,251)	
(59,661)	Pension Reserve	19	(44,691)	
	(276) Collection Fund Adjustment Account	19	(640)	
	(270) Accumulated Absences Account	19	(270)	
127,924	Unusable Reserves			162,312
166,368				207,506

Cash Flow Statement

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

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

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

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

Indirect Method			
2018/19		NOTES	2019/20
£'000			£'000
(194) Net (surplus) or deficit on the provision of services			(3,750)
Noncash Movements			
(3,923)	Depreciation		(3,933)
577	Impairment and downward valuations		4,069
(139)	Amortisations		(160)
(81)	Increase in impairment for provision for bad debts		(107)
(289)	(Increase)/decrease in creditors		(1,198)
(66)	Increase/(decrease) in debtors		457
(4)	(Increase)/decrease in stock		(26)
(4,249)	Pension liability		(3,633)
(7,634)	Carrying amount of non-current assets sold		(9,166)
3,644	Other non cash items charged to the net Surplus or Deficit on the Provision of Services		1,447
(12,164) Adjust net surplus or deficit on the provision of services for noncash movements			(12,250)
3,317	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		3,784
(9,041) Net Cash Flows from Operating Activities			(12,216)
9,210	Investing Activities	21	6,065
(3,024)	Financing Activities	22	3,020
(2,855) Net increase or (decrease) in cash and cash equivalents			(3,131)
4,889	Cash and cash equivalents at the beginning of the reporting period		7,744
7,744 Cash and cash equivalents at the end of the reporting period		16	10,875

Section 3 Notes to the Core Financial Statements

Notes to the accounts

Accounting policies

1. General Principles

The Statement of Accounts has been prepared with reference to the objective of showing the results of the stewardship and accountability of elected members and management for the resources entrusted to them, and on the underlying assumption of a going concern basis.

The Statement of Accounts summarises the council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020.

The council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which requires the statement to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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

The council's accounting policies are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the council's accounts.

The council's accounting policies as far as possible have been developed to ensure that the accounts are understandable, relevant, free from material error or misstatement, reliable and comparable, and are applied consistently. A glossary of terms can be found at the end of this document.

2. Accruals of income and expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

4. Exceptional items

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

5. Prior period adjustments, changes in accounting policies and estimates and errors

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

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

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

6. Charges to revenue for non-current assets

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

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

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund balance (Minimum Revenue Provision) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in

Reserves Statement for the difference between the two.

MRP has previously been determined as 4% of the opening balance for the financial period (the Regulatory Method). Going forward the Section 151 Officer has revised this policy for 2019/20 onwards to the asset life method, based on Option 3 of the MHCLG guidance, whereby MRP is determined by reference to the useful life of the asset.

7. Council tax and non-domestic rates (England)

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves.

Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

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

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

8. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end.

They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the council can no longer withdraw the offer of those benefits or when the council recognises costs for a restructuring.

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



Our staff at the annual "Bee a Star" Awards

Post-employment Benefits

Employees of the council are members of the Local Government Pensions Scheme, administered by Leicestershire County Council. The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Leicestershire County Council pension fund attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of Leicestershire County Council pension fund attributable to the council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate

- Unitised securities – current bid price
- Property – market value.

The change in the net pension's liability is analysed into the following components:

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate

used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Re-measurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - Contributions paid to the Leicestershire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

9. Events after the reporting period

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

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

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

10. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the council becomes a party to the contractual

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years.

The council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified using an approach that is based on the business model for holding the financial assets and their Cashflow characteristics.

There are three main classes of financial assets measured at:

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

There are some exceptions, where the council holds strategic investments to help it meet other policy objectives, such as the support of economic development in the district.

This means that some investments are ones where contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial assets measured at amortised Cost

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

in the loan agreement.

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

When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected credit loss model

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

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

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

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

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

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

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

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

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

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

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

11. Government Grants and Contributions

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

- The council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

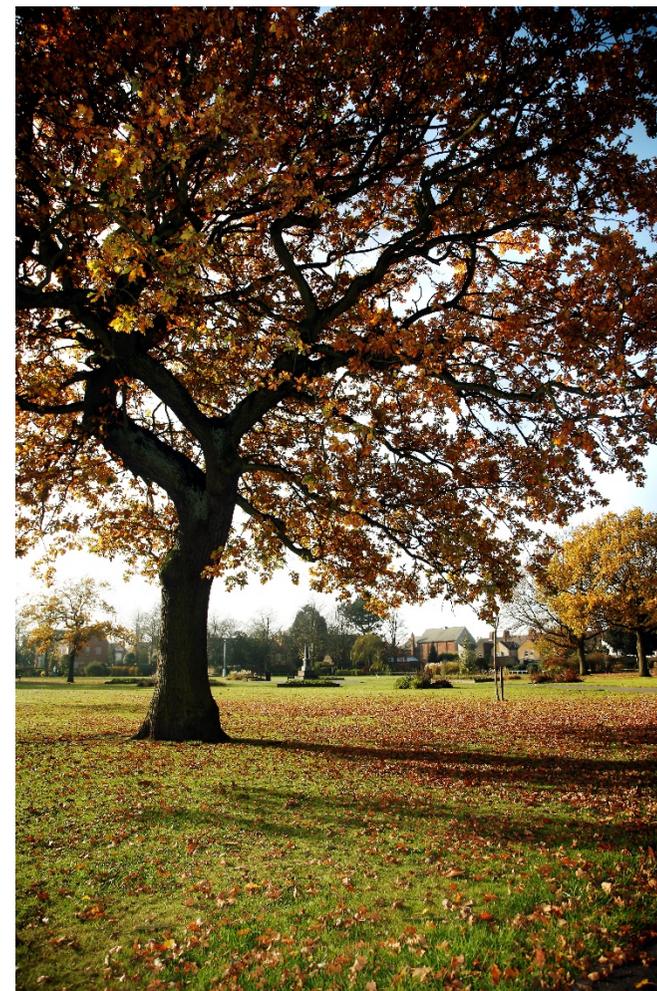
Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable

revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.



Coalville Park

12. Heritage Assets

The council has three heritage assets which are held in support of increasing the knowledge, understanding and appreciation of the council's history and local area. These are Moira Furnace, a listed monument of historical interest located in Moira, the Memorial Clock Tower, a Grade II listed building that services as a historic war memorial located in the centre of Coalville and the 'Heart of the Forest' Sculpture in Ashby.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the council's accounting policies on property, plant and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the

council's general policies on impairment – see note 18. The council will occasionally dispose of heritage assets. The proceeds of such items are accounted for in accordance with the council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see note 18 below).

13. Intangible Assets

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the council can be determined by reference to an active market. In practice, no intangible asset held by the council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever



Moira furnace

there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

14. Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula. Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

15. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

16. Leases

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

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

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception. The asset recognised is matched by a liability for the obligation to pay the lessor.

Initial direct costs of the council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the council at the end of the lease period). The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets.

Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue

contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating leases

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

17. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the council's arrangements for accountability and financial performance.

18. Property, plant and equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV–SH)
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the council’s housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

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

Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

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

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

Impairment

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

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

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

Depreciation

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

Depreciation is calculated on the following bases – straight-line allocation over the useful life of the property as estimated by the valuer.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to

the total cost of the item, the components are depreciated separately.

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

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government (50% for land and other assets, net of statutory deductions and allowances and for dwellings, amounts determinable under the Right to Buy and One for One Agreement that the council signed in 2012). The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

19. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and

a reliable estimate can be made of the amount of the obligation. For instance, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the council has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent liabilities

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

Contingent assets

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

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

20. Reserves

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

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

21. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the cost

of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

22. VAT

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

23. Accounting standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a disclosure of information relating to the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code.

This applies to the adoption of the following new or amended standards within the 2020/21 Code:

1. Amendments to IAS 28 Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Venture Property

In October 2017, the Board issued Long-term interests in Associates and Joint Ventures (Amendments to IAS 28). The amendments clarify that a company applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

2. Annual improvements to IFRS Standards 2015-2017 Cycle

The IASB's annual improvements project provides a streamlined process for dealing efficiently with a collection of amendments to IFRSs. The primary objective of the process is to enhance the quality of standards, by amending existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. Amendments are made through the annual improvements process when then the amendment is considered non-urgent but necessary.

3. Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

The Code prescribes the accounting treatment and disclosures for all normal transactions of a local authority, and is based on the EU-adopted IFRS. LAAP wishes to clarify the position on adoption of amendments to IAS19 Employee Benefits relating to plan amendment,

curtailment or settlement.

This amendment to IAS 19 was included in the 2019/20 Code. However, formal EU endorsement did not take place until March 2019. This was too late for the amendment to be included in the final 2019/20 Code.

This amendment has been adopted in the 2020/21 Code and will therefore be applicable for authorities for the 2020/21 financial year reporting (and not for 2019/20).

4. Adoption of IFRS 16 – Leases

CIPFA have confirmed that the implementation of IFRS 16 has been delayed by a further year and will not come into effect until April 2021.

The Council does not believe the above standards will have a material impact and therefore have not adopted for the 2019/20 financial statements.

Notes to core financial statement

1 Critical Judgements In Applying Accounting Policies

In applying the accounting policies set out in Section 3, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. No such critical judgements have been deemed to be necessary for 2019/20.

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. Because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates and this is of particular relevance in the context of the Covid-19 pandemic.

The items in the Council's Balance Sheet at 31 March 2020 for which there is a significant risk of adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The ongoing impact of the Covid-19 pandemic has created uncertainty surrounding illiquid asset values and significant volatility in equity and credit markets.	The effects on the net pensions liability of changes in individual assumptions are included in Note 34. The Council's actuaries provide an annual statement of the pension liabilities and assets, which includes the liability linked to leisure staff that were transferred to Everyone Active In May 2019. The Council's actuaries have advised that during the 2019/20 year, the net pensions liability had reduced by £14.67m 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 the carrying amount of assets falls. The depreciation charge for buildings would increase by an estimated £7k (General Fund) and £46k (HRA) for every year useful life is reduced. If an asset is impaired the carrying amount of asset is reduced.
Business Rates Appeals Provision	2019/20 is the seventh year of the Business Rates Retention Scheme and the first year of the Leicestershire 75% pilot scheme. The Council bears 40% of the risk for business rates appeals. The council experienced a reasonably high level of appeals against the 2010 revaluation of business hereditaments. Most of these appeals have been resolved with £1m remaining outstanding with the Valuation Office Agency at 31 March 2020. The 2017 valuation saw average rateable values rise and at the same time a new 'check, challenge, appeal' process was introduced. The impact of the new system remains highly uncertain with a further 12 challenges lodged in North West Leicestershire in 2019/20. An appeals provision of £4.4m is held in the Collection Fund currently to counter the potential impact of successful appeals in future years.	If the estimated success rate of existing appeals increased in monetary value by 10%, then this would require the Council to increase its share of the provision for appeals by an approximate £200k.
Arrears	Each year the Council reviews the significant balances for Council Tax, Business Rates and sundry debtor arrears. Officers make a judgement on the likelihood of these debts being repaid in the future based on a number of factors, including the age of debts, past experience and the economic climate. We cannot be certain that the current allowance will be sufficient. The economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.	If collection rates were to deteriorate, a doubling of the amount of impairment of doubtful debts would require an additional £616k for Council Tax debts, and £243k for business rates to be set aside as an allowance.

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

Notes to core financial statement - continued

3 Events after the Balance Sheet Date

The reporting date for the 2019/20 Statement of Accounts (subject to External Audit) is the 14 August 2020 on which the Council's Section 151 Officer certifies the accounts. Any events occurring after this date which have had a material impact on the figures contained within the Statement of Accounts will be added and issued with the audited accounts as appropriate.

4 Adjustments between Accounting Basis and Funding Basis under Regulations

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

2019/20	Usable Reserves					Movement in Unusable reserves £'000
	General fund Balance £'000	Housing Revenue Account £'000	Capital Receipts reserve £'000	Major Repairs reserves £'000	Capital Grants Unapplied £'000	
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	1,135	88		2,685		(3,908)
Revaluation (gains) and losses on Property Plant and Equipment	395	(3,037)				2,642
Movements in the market value of Investment Properties	(1,427)					1,427
Amortisation of intangible assets	160					(160)
Depreciation of Heritage Assets	25					(25)
Capital grants and contributions applied	(851)	(235)				1,086
Movement in the Donated Assets		0				0
Revenue expenditure funded from capital under statute		0				0
Principal Repaid on Self Financing Loans		(1,128)				1,128
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	9,166				(9,166)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(618)					618
Capital expenditure charged against the General Fund and HRA balances	(362)	(2,400)				2,762
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(628)	(4)			632	
	(2,171)	2,450	0	2,685	632	(3,596)

Notes to core financial statement - continued

2019/20 - continued	Usable Reserves					Movement in Unusable reserves £'000
	General fund Balance £'000	Housing Revenue Account £'000	Capital Receipts reserve £'000	Major Repairs reserves £'000	Capital Grants Unapplied £'000	
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(11)	(3,774)	3,785			0
Use of the Capital Receipts Reserve to finance new capital expenditure			(1,074)			1,074
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	73	(73)			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	594		(594)			
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		0	0			0
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement						0
Adjustment involving the Major Repairs Reserve:						
Use of the Major Repairs Reserve to finance new capital expenditure				(3,490)		3,490
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(30)	0				30
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	5,557	1,301				(6,858)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,558)	(667)				3,225
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	364					(364)
Adjustments involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0					0
Total Adjustments	1,745	(617)	2,044	(805)	632	(2,999)

Notes to core financial statement - continued

2018/19 comparative figures	Usable Reserves					Movement in Unusable reserves £'000
	General fund Balance £'000	Housing Revenue Account £'000	Capital Receipts reserve £'000	Major Repairs reserves £'000	Capital Grants Unapplied £'000	
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	1,208	75		2,613		(3,896)
Revaluation losses/(gains) on Property Plant and Equipment	161	(263)				102
Movements in the market value of Investment Properties	(475)					475
Amortisation of intangible assets	139					(139)
Depreciation of Heritage Assets	26					(26)
Capital grants and contributions applied	(97)	(1,910)				2,007
Movements in donated assets		(1,393)				1,393
Revenue expenditure funded from capital under statute						0
Principal Repaid on Self Financing Loans		(1,103)				1,103
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	42	7,615				(7,657)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(553)					553
Capital expenditure charged against the General Fund and HRA balances	(1,100)	(28)				1,128
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(233)	56			177	
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(25)	(3,292)	3,317			
Use of the Capital Receipts Reserve to finance new capital expenditure			(1,408)			1,408
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	61	(61)			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	594		(594)			0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		0				0
	(313)	(182)	1,254	2,613	177	(3,549)

Notes to core financial statement - continued

2018/19 comparative figures continued	Usable Reserves					Movement in Unusable reserves £'000
	General fund Balance £'000	Housing Revenue Account £'000	Capital Receipts reserve £'000	Major Repairs reserves £'000	Capital Grants Unapplied £'000	
Adjustment involving the Major Repairs Reserve:						
Use of the Major Repairs Reserve to finance new capital expenditure				(4,305)		4,305
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(29)	14				15
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	6,380	842				(7,222)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,437)	(536)				2,973
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	224					(224)
Adjustments involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	8	(6)				(2)
Total Adjustments	3,833	132	1,254	(1,692)	177	(3,704)

Notes to core financial statement - continued

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 2019/20.

	Balance at 31/3/2018 £'000	Transfers Out 2018/19 £'000	Transfers In 2018/19 £'000	Balance at 31/3/2019 £'000	Transfers Out 2019/20 £'000	Transfers In 2019/20 £'000	Balance at 31/3/2020 £'000
General Fund:							
General reserves	9,687	(2,806)	1,193	8,074	(2,464)	2,874	8,484
Ivanhoe Sink Fund	149	0	22	171	0	10	181
Hermitage Rec Grd - 3G Pitch	0	0	0	0	(12)	0	(12)
Hermitage Rec Grd Mtce Fund	21	0	0	21	(21)	0	0
Asset Protection Fund	165	(25)	8	148	(18)	53	183
Industrial Units Maint Fund	20	(56)	36	0	0	0	0
Whitwick Business Centre	50	(50)	0	0	0	0	0
Total	10,092	(2,937)	1,259	8,414	(2,515)	2,937	8,836
HRA:							
HRA Shops Sinking Fund	6	(1)	0	5	(5)	0	0
General Earmarked reserves	617	(483)	12	146	(55)		91
Total	623	(484)	12	151	(60)	0	91

Notes to core financial statement - continued

6 Other Operating Expenditure

2018/19 £'000	2019/20 £'000
2,104 Parish Council Precepts	2,162
594 Payments to the Government Housing Capital Receipts Pool	593
4,343 Gains/losses on the disposal of non current assets	5,385
7,041 Total	8,140

7 Financing and Investment Income and Expenditure

2018/19 £'000	2019/20 £'000
2,736 Interest payable and similar charges	2,711
1,289 Pensions interest cost and expected return on pensions assets	1,464
(400) Interest receivable and similar income	(490)
(646) Income and expenditure in relation to investment properties	(1,539)
2,979 Total	2,146

8 Taxation and Non Specific Grant Income

2018/19 £'000	2019/20 £'000
(7,785) Council tax income	(7,981)
(5,325) Non domestic rates	(6,330)
(3,302) Non-ring fenced government grants	(3,261)
(36) Levy account surplus	(8)
(2,246) Capital grants and contributions	(2,831)
(18,694) Total	(20,411)

Notes to core financial statement - continued

9 Movements on Assets

Costs	Council dwelling £'000	Other Land and Buildings £'000	Vehicle, Plant, Furniture and Equipment £'000	Infra- structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under construction £'000	Total Property Plant and Equipment £'000
Cost or Valuation								
At 1 April 2019	230,099	27,080	8,702	0	314	316	1,464	267,975
Additions	5,801	1,233	405	0	0	220	2,853	10,512
Initial gain on donated assets								0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	13,264	3,330	0	0	(238)	36	0	16,392
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,089)	(145)	0	0	(76)	(99)	0	(3,409)
Derecognition - Disposals	(3,123)	(42)	(199)	0	0	0	0	(3,364)
Derecognition - Other	0	(335)	0	0	0	0	0	(335)
Assets reclassified	2,508	(686)	0	0	0	0	(1,574)	248
At 31 March 2020	245,460	30,435	8,908	0	0	473	2,743	288,019

Notes to core financial statement - continued

Accumulated Depreciation and Impairment	Total Property Plant Equipment							
	Council dwelling £'000	Other Land Buildings £'000	Vehicle, Plant, Furniture and Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under construction £'000	£'000
At 1 April 2019	0	0	5,311	0	0	0	0	5,311
Depreciation charge	2,684	341	882	0	0	0	0	3,907
Depreciation written out to the Revaluation Reserve	(2,470)	(181)	0	0	0	0	0	(2,651)
Depreciation written out to the Surplus/ Deficit on the Provision of Services	(178)	(159)	0	0	0	0	0	(337)
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	(36)	(1)	(199)	0	0	0	0	(236)
Derecognition - Other								0
At 31 March 2020	0	0	5,994	0	0	0	0	5,994
Net Book Value								
At 31 March 2020	245,460	30,435	2,914	0	0	473	2,743	282,025
At 31 March 2019	230,099	27,080	3,391	0	314	316	1,464	262,664

Notes to core financial statement - continued

Comparative Movements

Restated costs	Council dwelling £'000	Other Land and Buildings £'000	Vehicle, Plant, Furniture and Equipment £'000	Infra- structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under construction £'000	Total Property Plant and Equipment £'000
Cost or Valuation								
At 1 April 2018	223,269	25,871	7,282	0	76	639	1,534	258,671
Additions	4,932	649	2,156	0	0	0	2,699	10,436
Initial gain on donated assets	1,393	0	0	0	0	0	0	1,393
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,248	1,145	0	0	0	0	0	6,393
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,675)	(60)	0	0	0	(288)	0	(5,023)
Derecognition - Disposals	(2,682)	(25)	(736)	0	0	(35)	0	(3,478)
Derecognition - Other	0	(417)	0	0	0	0	0	(417)
Assets reclassified (to)/from Held for Sale	2,614	(83)	0	0	238	0	(2,769)	0
At 31 March 2019	230,099	27,080	8,702	0	314	316	1,464	267,975

Notes to core financial statement - continued

Comparative Movements

Restated Accumulated Depreciation and Impairment	Council dwelling £'000	Other Land and Buildings £'000	Vehicle, Plant, Furniture and Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under construction £'000	Total Property Plant and Equipment £'000
At 1 April 2018	0	0	5,166	0	0	0	0	5,166
Depreciation charge	2,605	424	859	0	0	9	0	3,897
Depreciation written out to the Revaluation Reserve	(2,390)	(234)	0	0	0	0	0	(2,624)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(184)	0	0	0	0	(9)	0	(193)
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	(190)	0	0	0	0	0	(190)
Derecognition - Disposals	(31)	0	(714)	0	0	0	0	(745)
Derecognition - Other	0	0	0	0	0	0	0	0
At 31 March 2019	0	0	5,311	0	0	0	0	5,311

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

Category	Date of Last Valuation	Basis of Valuation	Details of Valuers
Council Dwellings	31.03.20	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	31.03.20	The valuations have been made in accordance with the RICS Appraisal and Valuation manual as published by the Royal Institute of Chartered Surveyors.	Mr G Harbord (MA,MRICS,IRRV) Wilks Head and Eve

Major fixed assets held at 31 March 2020, are:-

2018/19		2019/20
No		No
	Leisure Centres	
2	Leisure Centres with Pools	2
2	Markets	2
4	Cemeteries	4
	Council dwellings	
2,480	Houses	2,455
962	Flats and Maisonettes	929
820	Bungalows	817
	Land	
108	Parks and Open Spaces (acres)	108
	Other	
1	Office Properties	1
2	Depots	2
18	Off Street Car Parks	18
5	Public Conveniences	5
12	Industrial Estates/Business Units	12

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on the 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, the valuers considered that that could attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that they were faced with an unprecedented set of circumstances on which to base a judgement.

The valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty - and a higher degree of caution - should be attached to the valuations than would normally be the case.

Notes to core financial statement - continued

10 Investment Properties

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

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

2018/19 £'000	2019/20 £'000
806	718
(160)	821
646	1,539

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

2018/19 £'000	2019/20 £'000
12,614	13,484
Additions:	
367	0
28	229
0	0
Disposals:	
475	1,427
Transfers:	
0	0
0	(248)
0	0
13,484	14,892

11 Intangible Assets

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council.

Notes to core financial statement - continued

Intangible Assets - continued

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £160k 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.

	2018/19		2019/20	
	Other Assets	Total	Other Assets	Total
	£'000	£'000	£'000	£'000
Balance at start of year				
- Gross carrying amounts	1,894	1,894	1,894	1,894
- Accumulated amortisation	(1,511)	(1,511)	(1,650)	(1,650)
Net carrying amount at start of year	383	383	244	244
Additions:				
- Purchases	0	0	123	123
Amortisation for the period	(139)	(139)	(160)	(160)
Other changes		0		0
Net carrying amount at end of year	244	244	207	207
Comprising:				
- Gross carrying amounts	1,894	1,894	2,017	2,017
- Accumulated amortisation	(1,650)	(1,650)	(1,810)	(1,810)
	244	244	207	207

Notes to core financial statement - continued

12 Heritage Assets

Three heritage assets are included in the gross carrying amount - Moira Furnace, Memorial Clock Tower, Coalville and the 'Heart of the Forest' Sculpture in Ashby.

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

	Art Assets	2018/19 Building Assets	Total		Art Assets	2019/20 Building Assets	Total
	£'000	£'000	£'000		£'000	£'000	£'000
Balance at start of year							
- Gross carrying amounts	0	1,043	1,043		50	1,312	1,362
Adjustment to gross Carrying amount	0	(23)	(23)		(1)	(25)	(26)
- Accumulated amortisation	0	(23)	(23)		(1)	(25)	(26)
Adjustment to Accumulated amortisation	0	23	23		1	25	26
Net carrying amount at start of year	0	1,020	1,020		49	1,287	1,336
Additions:	50	147	197		0	20	20
Revaluations increases or (decreases)	0	145	145		0	(248)	(248)
Depreciation for the period	(1)	(25)	(26)		(1)	(24)	(25)
Net carrying amount at end of year	49	1,287	1,336		48	1,035	1,083
Comprising:							
- Gross carrying amounts	50	1,312	1,362		49	1,059	1,108
- Accumulated depreciation	(1)	(25)	(26)		(1)	(24)	(25)
- Depreciation written out to the revaluation reserve	0	0	0		0	0	0
	49	1,287	1,336		48	1,035	1,083

Notes to core financial statement - continued

13 Assets Held for Sale

The council did not have any assets held for sale at 31 March 2020.

14 Inventories

	Consumable Stores		Maintenance Materials		Total	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Balance outstanding at start of year	60	67	73	70	133	137
Purchases	681	541	656	1,377	1,337	1,918
Recognised as an expense in the year	(674)	(534)	(659)	(1,358)	(1,333)	(1,892)
Written off balances	0	0	0	0	0	0
Reversals of write-offs in previous years	0	0	0	0	0	0
Balance outstanding at year end	67	74	70	89	137	163

Notes to core financial statement - continued

15 Short-Term Debtors

31 March 2019 £'000		31 March 2020 £'000
401	Central Government bodies	695
488	Other local authorities	686
3	NHS bodies	0
5	Public Corporations and trading funds	45
1,344	Other entities and individuals	1,350
2,241	Total Short-Term Debtors	2,776

16 Cash and Cash Equivalents

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

31 March 2019 £'000		31 March 2020 £'000
4	Cash held by the Council	2
395	Bank current accounts	378
7,345	Short-term deposits and Money Market Funds	10,495
7,744	Total Cash and Cash Equivalents	10,875

17 Short-Term Creditors

31 March 2019 £'000		31 March 2020 £'000
3,637	Central Government bodies	2,702
4,857	Other local authorities	5,362
0	NHS bodies	0
232	Public Corporations and trading funds	183
3,336	Other entities and individuals	2,426
12,062	Total Short-Term Creditors	10,673

Notes to core financial statement - continued

18 Usable Reserves

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

19 Unusable Reserves

31 March 2019 £'000	31 March 2020 £'000
61,379	78,342
128,033	130,822
(1,281)	(1,251)
(59,661)	(44,691)
(276)	(640)
(270)	(270)
127,924	162,312

Revaluation Reserve

2018/19 £'000	2019/20 £'000
54,155	61,379
8,927	19,814
0	(1,030)
8,927	18,784
(234)	(1,041)
(1,469)	(780)
(1,703)	(1,821)
61,379	78,342

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

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

Notes to core financial statement - continued

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling posting from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

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

Note 4 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2018/19 £'000	2019/20 £'000	2019/20 £'000
125,574	Balance at 1 April	128,033
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(3,922)	Charges for depreciation and impairment of non-current assets	(3,933)
102	Revaluation (losses)/gain on Property, Plant and Equipment	2,642
(139)	Amortisation of Intangible assets	(160)
0	Revenue expenditure funded from capital under statute	0
(7,657)	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	(9,166)
1,393	Gain on donated assets	0
(10,223)		(10,617)
1,703	Adjusting amounts written out of Revaluation Reserve	1,821
	Capital financing applied in the year:	
1,408	Use of Capital Receipts Reserve to finance new capital expenditure	1,074
4,305	Use of the Major Repairs Reserve to finance new capital expenditure	3,490
2,007	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,086
1,103	Repayment of Debt	1,128
0	Application of grants to capital financing from the Capital Grants Unapplied Account	0
553	Statutory provision for the financing of capital investment charged against the General	618
1,128	Capital expenditure charged against the General Fund and HRA balances	2,762
12,207		11,979
475	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,427
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0
128,033	Balance at 31 March	130,822

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.

2018/19 £'000	2019/20 £'000
(1,296) Balance at 1 April	(1,281)
0 Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
0 Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0
15 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	30
(1,281) Balance at 31 March	(1,251)

Notes to core financial statement - continued

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employee benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018/19 £'000	2019/20 £'000
(46,298) Balance at 1 April	(59,661)
(9,114) Actuarial gains or losses on pensions assets and liabilities	18,603
(7,222) 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	(6,858)
2,973 Employer's pensions contributions and direct payments to pensioners payable in the year	3,225
(59,661) Balance at 31 March	(44,691)

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

2018/19 £'000	2019/20 £'000
283 Balance at 1 April	78
(205) 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	(37)
78 Balance at 31 March	41

Non-Domestic Rates

2018/19 £'000	2019/20 £'000
(335) Balance at 1 April	(354)
(19) 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	(327)
(354) Balance at 31 March	(681)

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.

2018/19 £'000	2019/20 £'000
(268) Balance at 1 April	(270)
0 Settlement or cancellation of accrual made at the end of the preceding year	
(2) Amounts accrued at the end of the current year	0
(2) 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
(270) Balance at 31 March	(270)

Notes to core financial statement - continued

20 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2018/19 £'000	2019/20 £'000
(406) Interest received	(477)
2,747 Interest paid	2,715
0 Dividends received	0
2,341	2,238

21 Cash Flow Statement - Investing Activities

2018/19 £'000	2019/20 £'000
10,560 Purchase of property, plant and equipment, investment property and intangible assets	11,370
37,995 Purchase of short-term and long-term investments	36,495
2 Other payments for investing activities	3
(3,317) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,784)
(35,995) Proceeds from short-term and long-term investments	(37,995)
(35) Other receipts from investing activities	(24)
9,210 Net cash flows from investing activities	6,065

22 Cash Flow Statement - Financing Activities

2018/19 £000	2019/20 £000
0 Cash receipts of short and long-term borrowing	0
(5,326) Other receipts from financing activities	(1,105)
0 Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0
1,111 Repayments of short and long-term borrowing	1,135
1,191 Other payments for financing activities	2,990
(3,024) Net cash flows from financing activities	3,020

Notes to core financial statement - continued

23 Expenditure and Income Analysed by Nature

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

2018/19 £'000	Expenditure/Income	2019/20 £'000
Expenditure		
22,452	Employee expenses	21,372
27,023	Other services expenses	26,636
4,180	Depreciation, amortisation, impairment	697
1,289	Net pension interest	1,464
2,736	Interest payments	2,711
2,104	Precepts and levies	2,162
593	Payments to Housing Capital Receipts Pool	593
(1,393)	Donated asset gain	0
4,343	(Gain) / Loss on the disposal of assets	5,385
63,327	Total Expenditure	61,020
Income		
(29,929)	Fees, charges and other service income	(32,159)
(401)	Interest and investment income	(492)
(13,146)	Income from Council Tax and Non-Domestic Rates	(14,319)
(19,999)	Government Grants and Contributions	(17,800)
(63,475)	Total Income	(64,770)
(148) Surplus or deficit on the Provision of Services		(3,750)

Notes to core financial statement - continued

External income received by service

2018/19 £'000	2019/20 £'000
0 Chief Executive and Other Services	0
0 Human Resources & Organisational Development	0
(210) Legal & Commercial Services	(458)
(5,331) Community Services (Including Director of Services)	(3,925)
(1,693) Planning & Infrastructure	(1,598)
(46) Economic Development	(91)
(98) Joint Strategic Planning	(103)
(865) Housing (General Fund)	(803)
(1,052) Customer Services	(1,040)
(11) Finance	(10)
0 Corporate & Democratic Core	0
0 Non Distributed Costs	0
(18,377) Housing Revenue Account	(21,537)
(27,683) Total external income in Cost of Services	(29,565)
(2,246) Other income and Expenditure	(2,593)
(29,929) Total external income	(32,158)

Notes to core financial statement - continued

24 Agency Services

The Council, in partnership with Leicestershire County Council carries out the Decriminalised Parking Enforcement throughout North West Leicestershire which cost £109,636 in 2019/20 (£111,190 2018/19).

25 Members' Allowances

The total value of Members Allowances paid during the year was £241,611.28 in 2019/20 (£234,349.74 2018/19).

26 Officers' Remuneration

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

2018/19 No of employees	Remuneration Band	2019/20 No of employees
3	£50,000 - £54,999	4
1	£55,000 - £59,999	0
1	£60,000 - £64,999	5
2	£65,000 - £69,999	2
1	£70,000 - £74,999	1
0	£75,000 - £79,999	0
1	£80,000 - £84,999	1
1	£85,000 - £89,999	0
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	0
0	£130,000 - £134,999	1

Notes to core financial statement - continued

2019/20 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		120,375			10,182	130,557	29,136	159,693
Strategic Director of Place		80,878			3,122	84,000	19,576	103,576
Strategic Director of Housing & Customer Services	1	20,684			8,895	29,579	5,005	34,584
Strategic Director of Housing & Customer Services	2	30,819			1,166	31,985	7,829	39,814
Head of Finance		57,382			3,315	60,697	13,890	74,587
Head of Legal & Support Services		65,511			3,414	68,925	15,856	84,781
Head of Community Services		65,511			2,792	68,303	15,856	84,159
Head of Housing		65,511			6,823	72,334	15,852	88,186
Head of Planning & Infrastructure		56,870			6,433	63,303	13,764	77,067
Head of Economic Development		57,335			3,122	60,457	13,877	74,334
Head of Joint Strategic Planning	3	38,686			2,264	40,950	9,367	50,317
Head of Customer Services		58,016			3,292	61,308	14,042	75,350
Head of HR & Organisation Development		58,503			6,074	64,577	14,174	78,751
		776,081	0	0	60,894	836,975	188,224	1,025,199

Note 1: The Director of Housing started on 1/1/20. The annual salary is £82,738

Note 2: The Director of Housing left on 15/8/19. The annual salary was £86,587.

Note 3: The Head of Joint Strategic Planning started on 29/7/19. The annual salary is £58,503.

Notes to core financial statement - continued

2018/19 Senior Officers emoluments - salary is between £50,000 and £150,000 per year

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

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

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

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

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

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

Notes to core financial statement - continued

27 External Audit Costs

In 2019/20 North West Leicestershire District Council incurred the following fees relating to external audit and inspection.

2018/19 £'000		2019/20 £'000
	Fees payable with regard to external audit services:-	
6	KPMG LLP	(5)
23	Mazars LLP	43
	Fees payable for the certification of grant claims and returns:-	
0	Mazars LLP	9
	Fees payable for other assurance work completed in respect of Pooling of Housing capital receipts return	
5	KPMG LLP	0
0	Mazars LLP	3
34		50

28 Contingent Liabilities

When considering whether the Council has any contingent liabilities to disclose, particular attention has been given to pension liabilities resulting from the outsourcing of our leisure service. In May 2019 the Council entered into a 25 year contract with leisure operator Everyone Active. Everyone Active became liable for pension contributions and additional charges in respect of staff who were TUPE transferred from the Council for the duration of the 25 year contract. The pension admission arrangements we have agreed means that those staff who are members of the pension scheme remain pooled with the Council's pension scheme. A bond is in place for the payment of pension liabilities arising up to the sum of £135,000, should Everyone Active have any unpaid liabilities during the term and the Council has provided guarantee to the pension fund administrator to cover unpaid liabilities that are in excess of this bond value. The Council is also responsible for any surplus/deficit arising on the plan at the end of the contract.

There is no expectation that there will be a call on the bond or guarantee, but this is possible. As such the Council has not recognised a provision in respect of any possible unpaid liabilities.

Since Everyone Active staff are pooled with the Council's pension scheme, any projected deficit (or surplus) arising at the end of the contract is already reflected within the pension liability on our Balance Sheet.

Notes to core financial statement - continued

29 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20:

2018/19 £'000		2019/20 £'000
Credited to Taxation and Non Specific Grant Income		
7,785	Council Tax Income	7,981
5,325	Non Domestic Rates	6,330
235	Revenue Support Grant	0
0	Levy a/c surplus	8
2,905	New Homes Bonus	3,068
162	Other grants	193
2,276	Capital Grants and Contributions	2,831
18,688	Total	20,411
Credited to Services		
14,946	Housing Benefit Subsidy	12,691
208	Housing Benefit Admin Grant	182
88	Local Council Tax Support Grant	83
148	Cost of Collection	149
694	Private Sector Grants	672
333	Other Grants under £100k each	762
39	Section 106	54
106	Sport & Physical Activity	128
135	Other Contributions under £100k each	116
16,697	Total	14,837

Notes to core financial statement - continued

Grant Income - continued

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

31 March 2019 £'000	31 March 2020 £'000
Capital Grant Receipts in Advance	
1,047 Affordable Housing	1,079
936 Recreation/Playground	483
1,262 Healthcare	1,231
5 CCTV	5
202 Police	258
2,377 Highways	2,377
17 Network Rail	17
5,846 Total	5,450

30 Related Parties

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

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

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

During the year transactions with related parties arose as follows:

2018/19 (Receipts)/ Payments £'000	2019/20 (Receipts)/ Payments £'000
Central Government	
(18,544) Revenue Grants (Benefits/RSG/other grants)	(16,225)
40,822 Leicestershire County Council - Precept	43,518
2,126 Leicestershire Fire and Rescue	2,244
6,545 Leicestershire Police - Precept	7,518

Notes to core financial statement - continued

31 Capital Financing Requirement

2018/19 £'000	2019/20 £'000
88,419	88,942
Opening Capital Financing Requirement	
Capital Investment:	
0	0
Housing Capital Finance (REFCUS)	
11,028	10,886
Operational assets	
0	0
Non-operational assets	
693	670
Revenue Expenditure Funded from Capital Under Statute	
Sources of Finance:	
(1,409)	(1,074)
Capital Receipts	
(2,700)	(1,594)
Government grants and other contributions	
(7,089)	(8,106)
Revenue provision (including major repairs allowance)	
88,942	89,724
Closing Capital Financing Requirement	
Explanation of movements in the year	
Increase / (Decrease) in underlying need to borrow	
523	782
(unsupported by Government financial assistance)	
523	782
Increase/(decrease) in Capital Financing Requirement	

32 Termination Benefits

The Council terminated the contracts of a number of employees in 2019/20, incurring liabilities of £35,960.88 (£41,814.56 in 2018/19).

	No. of compulsory		No. of other agreed		Total no. of exit		Total cost of exit	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0 - £20,000	2	0	6	7	8	7	£14,773	£35,961
£20,001 - £40,000	1	0	0	0	1	0	£27,042	£0
£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
	3	0	6	7	9	7	£41,815	£35,961

Notes to core financial statement - continued

33 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.

For the Freehold, Leasehold, Property and Pooled Property Funds, valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold property. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data. The outbreak of COVID-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base judgement. Valuations are therefore reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation.

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

The Annual Report of the Leicestershire County Council Superannuation Fund is available from Leicestershire County Council, County Hall, Glenfield, Leicestershire. Income and Expenditure Account contains details of the Council's participation in the Local Government Pension Scheme (LGPS), administered by Leicestershire County Council.

The following information was supplied by Hymans Robertson LLP on 27 August 2020.

	2018/19 £'000		2019/20 £'000
Net Cost of Services			
	4,572	Current service cost	5,653
	1,361	Past service costs	(259)
	0	Curtailments	0
	5,933		5,394
Net Operating Expenditure			
	3,685	Interest cost	3,731
	(2,396)	Expected return on assets in the scheme	(2,267)
	1,289		1,464
	7,222	Amount charged to Income and Expenditure Account	6,858
to be met			
	(69)	Movement on pension reserve	(71)
amount			
	2,904	Employers' contributions payable to the scheme	3,154
	69	Unfunded discretionary benefit payments	71

Notes to core financial statement - continued

On 1 May 2019, 210 individual members of council staff transferred to Everyone Active after the Council has awarded a contract to them to run its leisure centres and associated services. The pension admission arrangements we have agreed means that those staff who are members of the pension scheme remain pooled with the Council's pension scheme. As a result, our future pension liability will continue to reflect staff members who have transferred to Everyone Active for the past service, however, Everyone Active are responsible for the payment of contributions and charges in respect of those staff for the term of the agreement.

The Council is responsible for past payments and payments of employees post the end of the 25 year agreement. The Council acts as guarantor in respect of Everyone Active and their contributions to the pension scheme over the life of the 25 year leisure contract. As part of the contract, Everyone Active secured a bond with Barclays bank to cover the payment of contributions up to the sum of £135,000 should Everyone Active have any unpaid liabilities during the term. Above this level, the Council is responsible for the liabilities are in excess of the bond value.

Employers Membership Statistics

	Average Age 31 March 2019
Actives	50
Deferred Pensioners	51
Pensioners	68

Payroll

	2018/19 £'000	2019/20 £'000
Assumed total pensionable payroll based on contribution information provided	12,000	12,935

Investment Returns

The return on the fund in market value terms for the year to 31 March 2020 is estimated based on actual Fund returns as provided by the Administering Authority. Details are given below.

Actual Return for Period 1 April 2019 to 31 March 2020	4.5%
Total Return for Period from 1 April 2019 to 31 March 2020	4.5%

Notes to core financial statement - continued

Unfunded Benefits

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

LGPS Unfunded Pensions	Number at 31 March 2020	Annual Unfunded Pensions (£'000)
Male	22	54
Female	3	2
Dependants	14	15
	39	71

Projected Pension Expense For Year 31/03/2021

Analysis of Projected Amount to be charged to operating profit for the year to 31 March 2021.

Period Ended	31 March 2021	
	£'000	% of pay
Projected Current service cost	4,332	33.5%
Interest on Obligation	3,042	23.5%
Expected Return on Plan Assets	(2,030)	(15.7%)
Losses /(Gains) on Curtailment and Settlements	0	0.0%
	5,344	41.3%

The liabilities show the underlying commitments that the Council has in the long-run to pay retirement benefits. The total liability of £44,991,000 has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Pension Fund will be made good by increased contributions as assessed by the Actuary.

Basis for estimating assets and liabilities

The accounts have been prepared on the basis of the actuary's updated valuation report dated 1 June 2020 and takes into account their assessment of the potential impact of Guaranteed Minimum Pension (GMP) equalisation and the outcome of the McCloud judgement relating to the 2014 reforms of LGPS benefit structure. These numbers are approximate estimates based on employer data as at 31 March 2019.

Notes to core financial statement - continued

The main assumptions used in their calculations have been:

2018/19	Assumptions	2019/20
2.5%	Inflation/Pension Increase Rate	1.9%
3.5%	Salary Increase Rate	2.4%
2.4%	Discount Rate	2.3%

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

Assets Category	2018/19		2019/20	
	Value £'000	Asset Distribution %	Value £'000	Asset Distribution %
Equity Securities	1,636.30	1.74%	1,510.30	1.74%
Debt Securities	9,174.30	9.76%	8,467.70	9.76%
Private Equity	4,333.60	4.61%	3,999.80	4.61%
Real Estate	7,024.10	7.48%	6,483.10	7.48%
Investment Funds	69,112.80	73.54%	63,789.80	73.54%
Derivatives	(119.40)	-0.13%	(110.20)	-0.13%
Cash and Cash Equivalents	2,815.30	3.00%	2,598.50	3.00%
Total	93,977.00	100.00%	86,739.00	100.00%

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CIM 2018 model, an allowance for smotthing of recent mortality experience and long terms rates of 1.25% for males and females.

	Males	Females
Current pensioners	21.5	23.8
Future pensioners	22.2	25.2

Notes to core financial statement - continued

Reconciliation of Present Value of the Scheme Liabilities

2018/19		2019/20
£'000		£'000
134,889	Opening Defined Benefit Obligation	153,638
4,572	Current Service cost	5,653
3,685	Interest cost	3,731
766	Contributions by Members	833
11,671	Actuarial losses/(Gains)	(28,641)
1,361	Past service costs/(Gains)	(259)
0	Losses/(Gains) on Curtailments	0
(69)	Estimated Unfunded Benefits Paid	(71)
(3,237)	Estimated Benefits Paid	(3,454)
153,638		131,430

Reconciliation of fair value of employer assets

2018/19		2019/20
£'000		£'000
88,591	Opening Fair Value of Employer Assets	93,977
2,396	Expected Return on Assets	2,267
766	Contributions by Members	833
2,904	Contributions by the Employer	3,154
69	Contributions in respect of Unfunded Benefits	71
2,557	Actuarial gains/(losses)	(10,038)
(69)	Estimated Unfunded Benefits Paid	(71)
(3,237)	Estimated Benefits Paid	(3,454)
93,977		86,739

Notes to core financial statement - continued

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 2020 is estimated based on actual fund returns as provided by the Administering Authority and index returns where necessary. Details are given below.	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Fair Value of Employer Assets	69,218	84,555	88,591	93,977	86,739
Present Value of Defined Benefit Obligation	(107,685)	(131,783)	(134,889)	(153,638)	(131,430)
Surplus/(Deficit)	(38,467)	(47,228)	(46,298)	(59,661)	(44,691)
Experience Gains/(Losses) on Assets	(1,688)	12,797	1,598	2,557	(10,038)
Experience Gains/(Losses) on Liabilities	1,437	3,246	(27)	(12)	8,713
Actuarial Gains/ (Losses) on Employer Assets	(1,688)	12,797	1,598	2,557	(10,038)
Actuarial Gains/ (Losses) on Obligations	20,671	(19,974)	2,365	(11,671)	28,641
Actuarial Gains/ (Losses) recognised in SRIE	18,983	(7,177)	3,963	(9,114)	18,603

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

2018/19 £'000	2019/20 £'000
2,557 Actuarial Gains/(Losses) on Plan Assets	(10,038)
(11,671) Actuarial Gains/ (Losses) on Obligations	28,641
(9,114) Actuarial Gain/(Loss) Recognised in SRIE	18,603
(34,355) Cumulative Actuarial Gains and Losses	(15,752)

Notes to core financial statement - continued

Balance Sheet

2018/19 £'000	2019/20 £'000
93,977 Fair Value of Employer Assets	86,739
(152,522) Present Value of Funded Liabilities	(130,447)
(58,545) Net (Under)/ Overfunding in Funded Plans	(43,708)
(1,116) Present value of unfunded liabilities	(983)
0 Unrecognised Past Service Cost	0
(59,661) Net Asset/(Liability)	(44,691)
Amount in the Balance Sheet	
59,661 Liabilities	44,691
0 Assets	0
59,661 Net Asset/(Liability)	44,691

Notes to core financial statement - continued

34 Provisions

This provision for Business Rates appeals was created as a result of the adoption in 2013/14 of the Business Rates Retention scheme which means that the Council now bears part of the risk for future appeals. Under the former business rates scheme, appeals were borne by the Government. The Council's estimate of the value of outstanding appeals up to 31 March 2020 is £4.404m (£5.743m as at 31 March 2019), the value of appeals used in completing the Collection Fund position as at 31 March 2020. The Council has made a provision for 37.5% (40% 2018/19) of this figure totalling £1.652m (£2.297m as at 31 March 2019) within the 2019/20 accounts.

35 Financial Instruments

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

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

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

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

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

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

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

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

Fair value through Profit and Loss:

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

Notes to core financial statement - continued

Financial Instruments Balances

FINANCIAL LIABILITIES	Long term		Short term	
	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000
<i>Loans at amortised cost</i>				
PWLB	(71,677)	(70,523)	(1,128)	(1,154)
LOBO/Other Loans	(8,906)	(8,899)	0	0
Other Long Term Liabilities	(97)	(90)	0	0
Total Borrowing	(80,680)	(79,512)	(1,128)	(1,154)
<i>Liabilities at amortised cost</i>				
Trade payables-Included in creditors	0	0	(4,251)	(5,209)
Total Financial Liabilities	(80,680)	(79,512)	(5,379)	(6,363)

FINANCIAL ASSETS	Long term		Short term	
	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000
<i>At amortised cost</i>				
Principal	3,000	0	37,995	39,495
Accrued Interest	0	0	0	0
Loss allowance	0	0	0	0
Total Investments	3,000	0	37,995	39,495
<i>At amortised cost</i>				
Principal	0	0	1,944	2,175
Accrued Interest	0	0	0	0
Loss allowance	0	0	0	0
<i>At Fair Value through Profit and Loss</i>				
Money Market Funds	0	0	5,800	8,700
Total Cash and Cash Equivalents	0	0	7,744	10,875
<i>At amortised cost</i>				
Trade Receivables-Included in Debtors	0	0	2,577	2,872
Accrued Interest	0	0	0	0
Loss allowance	0	0	(1,174)	(1,383)
				1,489
Total Trade Receivables	0	0	1,403	1,489
Total Financial Assets	3,000	0	47,142	51,859

Notes to core financial statement - continued

Financial Instrument - Fair Values

Financial Instruments classified at amortised cost are carried in the balance sheet at amortised cost. Their fair value has been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2020. All other financial instruments are carried in the balance sheet at Fair Value.

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

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

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

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

	Fair Value level	Balance Sheet 2018/19 £'000	Fair Value 2018/19 £'000	Balance Sheet 2019/20 £'000	Fair Value 2019/20 £'000
<i>Financial Liabilities held at amortised cost:</i>					
Long Term Loans From PWLB	2	(72,805)	(83,863)	(71,677)	(84,067)
Long Term LOBO/Other Loans	2	(8,906)	(13,283)	(8,899)	(13,721)
Other Long Term Liabilities		(97)	(97)	(90)	(90)
Sub-Total		(81,808)	(97,242)	(80,666)	(97,878)
<i>Liabilities for which Fair Value is not disclosed</i>					
Trade payables-Creditors		(4,251)	(4,251)	(5,209)	(5,209)
TOTAL FINANCIAL LIABILITIES		(86,059)	(101,493)	(85,875)	(103,087)

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

The Fair Values for Financial Assets are calculated as follows:

	Fair Value level	Balance Sheet 2018/19 £'000	Fair Value 2018/19 £'000	Balance Sheet 2019/20 £'000	Fair Value 2019/20 £'000
<i>Financial Assets held at amortised cost</i>					
Investments with Local Authorities	2	35,500	35,625	36,500	36,590
Investments with Banks	2	7,040	7,042	4,790	4,802
<i>Financial Assets held at Fair value</i>					
Money market Funds	1	5,800	5,800	8,700	8,700
Total		48,340	48,467	49,990	50,092
<i>Assets for which Fair Value is not disclosed</i>					
Cash and Cash equivalents		399	399	380	380
Trade Receivables-Debtors		1,403	1,403	1,489	1,489
TOTAL FINANCIAL ASSETS		50,142	50,269	51,859	51,961

The Fair Value of assets is higher than the balance sheet value as the interest rate on similar investments is now lower than that obtained when the investment was originally made.

Notes to core financial statement - continued

Financial Instruments Gains/Losses

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

Financial Instruments - Nature and Extent of Risk

Credit Risk.

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

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

The minimum credit rating criteria, set out in the Investment Strategy, are kept under constant review. As a result of liquidity problems (the credit crunch) experienced by banks and financial institutions since Autumn 2007, the minimum criteria were increased to provide additional security to the Council's investments. This is reviewed annually to ensure that security is maintained in line with current economic conditions.

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

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, adjusted for current and forecast economic conditions and with a delay in cash flow having been assumed. As shown in the financial instruments balances tables on the previous page. At 31 March 2020, a total of £2,254 of loss allowances related to treasury investments. As this is not material, this figure has not been accounted for in the statements.

Notes to core financial statement - continued

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

Rating	31 March 2019		31 March 2020	
	Long Term £'000	Short Term £'000	Long Term £'000	Short Term £'000
A+	0	6,040	0	4,790
A	0	1,000	0	0
BBB+	0	0	0	0
Unrated Local Authorities	3,000	32,500	0	36,500
Money Market Funds	0	5,800	0	8,700
Total Investments	3,000	45,340	0	49,990

The Council has £5,884,701 of Debtors, for which a provision for doubtful debts of £3,108,980 has been made. Of this debtors figure, £3,941,045 relates to sundry debtors, £1,052,005 to Council Tax and Business Rates (this includes amounts owed to the Council by the Government for Business Rates) and £891,651 to Housing Tenant Rents. Debtors are analysed by type and the doubtful debt provision is based on the credit quality of debtors.

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

Age	31 March 2019	31 March 2020
	£'000	£'000
Less than three months	1,515	1,848
Three to six months	4	1
Six months to one year	438	320
More than one year	1,748	1,772
Total	3,705	3,941

The table below breaks this down to debtor type

Type	31 March 2019		31 March 2020	
	Gross Debt £'000	Loss Allowance £'000	Gross Debt £'000	Loss Allowance £'000
Central Govt Bodies	401	0	695	0
Other Local authorities	488	0	686	0
NHS Bodies	3	0	0	0
Public Corporations and trading funds	5	0	45	0
Other entities and Individuals	4,250	(2,906)	4,459	(3,109)
Total	5,147	(2,906)	5,885	(3,109)

Notes to core financial statement - continued

Liquidity Risk.

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

The maturity analysis of financial instruments is shown below:

Type	31 March 2019			31 March 2020		
	Re-stated Liabilities £'000	Assets £'000	Net £'000	Liabilities £'000	Assets £'000	Net £'000
Maturity in 1 year	1,128	(45,739)	(44,611)	1,154	(50,370)	(49,216)
Maturity in 1 - 2 years	1,154	(3,000)	(1,846)	14,180	0	14,180
Maturity in 2 - 5 years	19,120	0	19,120	6,202	0	6,202
Maturity in 5 - 10 years	5,024	0	5,024	4,362	0	4,362
Maturity in over 10 years	51,319	0	51,319	50,719	0	50,719
Uncertain Date *	3,500	0	3,500	3,500	0	3,500
Total	81,245	(48,739)	32,506	80,117	(50,370)	29,747

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

Market Risk.

Interest Rate Risk.

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

borrowings at variable rates - the interest expense will rise

borrowings at fixed rates - the fair values of the liabilities will fall

investments at variable rates - the investment income will rise

investments at fixed rates - the fair value of assets will fall

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

Price Risk.

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

Notes to core financial statement - continued

36 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.

2018/19 £'000	Building Control Charges	2019/20 £'000
Chargeable Work		
139	Expenditure	199
(157)	Income	(200)
(18)	(Surplus) / Deficit	(1)
Non-Chargeable Work		
129	Expenditure	206
(5)	Income	(15)
124	(Surplus) / Deficit	191

37 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 2019/20 was £1.17 million.

Notes to core financial statement - continued

38 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.

2019/20

	Net Expenditure chargeable to the General Fund and Housing Revenue a/c £'000	Recharges £'000	Contributions to/from Reserves £'000	Investment Properties & other £'000	Revised Net Expenditure chargeable to the General Fund and Housing Revenue a/c £'000	Adjustments between funding basis and accounting basis £'000	Net expenditure in the Comprehensive Income and Expenditure Statement £'000
Chief Executive and Other Services	282	(282)	0	0	0	0	0
Human Resources & Organisational Dev	727	(621)	88	0	194	5	199
Legal and Commercial Services	1,417	(801)	104	0	720	0	720
Community Services including Strategic Director of Place	6,867	1,394	510	(134)	8,637	1,289	9,926
Planning & Infrastructure	483	543	851	0	1,877	0	1,877
Economic Development	788	199	229	0	1,216	194	1,410
Joint Strategic Planning	(9)	8	1	0	0	0	0
Housing & Asset Mgmt - General Fund	784	(447)	48	1,661	2,046	(1,334)	712
Customer Services	2,325	(1,173)	53	0	1,205	129	1,334
Finance	809	(914)	2	0	(103)	6	(97)
Corporate and Democratic Core	20	979	12	0	1,011	0	1,011
Non-Distributed Costs	(204)	1	0	12	(191)	0	(191)
Housing Revenue Account	(11,218)	(304)	53	0	(11,469)	943	(10,526)
Recharges	(1,418)	1,418	0	0	0	0	0
Net Cost of Services	1,653	0	1,951	1,539	5,143	1,232	6,375
Other Income and Expenditure	(13,180)	0	(5,470)	(1,539)	(20,189)	10,064	(10,125)
Surplus/Deficit on Provision of Services	(11,527)	0	(3,519)	0	(15,046)	11,296	(3,750)

Notes to core financial statement - continued

Expenditure and Funding Analysis continued

2018/19

	Net Expenditure chargeable to the General Fund and Housing Revenue a/c £'000	Recharges £'000	Contributions to/from Reserves £'000	Investment Properties £'000	Revised Net Expenditure chargeable to the General Fund and Housing Revenue a/c £'000	Adjustments between funding basis and accounting basis £'000	Net expenditure in the Comprehensive Income and Expenditure Statement £'000
Chief Executive and Other Services	412	(407)	0	0	5	0	5
Human Resources & Organisational Dev	546	(511)	1	0	36	5	41
Legal and Commercial Services	1,332	(755)	5	0	582	0	582
Community Services including Strategic Director of Place	6,993	1,815	759	(478)	9,089	1,687	10,776
Planning & Infrastructure	(165)	417	202	0	454	0	454
Economic Development	766	175	715	0	1,656	30	1,686
Joint Strategic Planning	1	10	1	0	12	0	12
Housing & Asset Mgmt - General Fund	604	(411)	103	1,124	1,420	(808)	612
Customer Services	2,128	(1,278)	32	0	882	138	1,020
Finance	966	(819)	1	0	148	6	154
Corporate and Democratic Core	16	854	13	0	883	0	883
Non-Distributed Costs	1,540	1	0	0	1,541	0	1,541
Housing Revenue Account	(11,100)	(392)	254	0	(11,238)	1,952	(9,286)
Recharges	(1,301)	1,301	0	0	0	0	0
Net Cost of Services	2,738	0	2,086	646	5,470	3,010	8,480
Other Income and Expenditure	(13,838)	0	(2,905)	(646)	(17,389)	8,715	(8,674)
Surplus/Deficit on Provision of Services	(11,100)	0	(819)	0	(11,919)	11,725	(194)

Notes to core financial statement - continued

Expenditure and Funding Analysis continued

Analysis of adjustments between funding basis and accounting basis

2019/20	Adjustment for capital purposes £'000	Net change for the pensions adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive and Other Services	0	0	0	0
Human Resources & Organisational Dev	5	0	0	5
Legal and Commercial Services	0	0	0	0
Community Services including Strategic Director of Place	1,289	0	0	1,289
Planning & Infrastructure	0	0	0	0
Economic Development	194	0	0	194
Joint Strategic Planning	0	0	0	0
Housing & Asset Mgmt - General Fund	(1,334)	0	0	(1,334)
Customer Services	129	0	0	129
Finance	6	0	0	6
Corporate and Democratic Core	0	0	0	0
Non-Distributed Costs	0	0	0	0
Housing Revenue Account	(265)	(634)	1,842	943
Recharges	0	0	0	0
Net Cost of Services	24	(634)	1,842	1,232
Other Income and Expenditure	6,573	3,308	183	10,064
Surplus/Deficit on Provision of Services	6,597	2,674	2,025	11,296

Notes to core financial statement - continued

Expenditure and Funding Analysis continued

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

Section 4 Housing Revenue Account (HRA)

Housing Revenue Account (HRA)

Housing income and expenditure account

2018/19			NOTES	2019/20	
£'000	£'000	INCOME		£'000	£'000
	(17,142)	Rents - Dwellings	H4		(17,006)
(67)		Rents - Garages / Sites		(59)	
(16)		Rents - Shops		(16)	
(7)		Rents - Other		(8)	
	(90)				(83)
	(577)	Charges for Services and Facilities			(620)
	(4)	Reduction in provision for Bad or Doubtful Debts			0
	0	Other Income			0
	(17,813)	Total income			(17,709)
		Expenditure			
	4,880	Repairs and Maintenance			4,594
		Supervision and Management			
2,053		- General		2,281	
558		- Special		564	
	2,611				2,845
		Capital Charges			
	2,689	- Depreciation of Fixed Assets	H8		2,772
	(262)	- Impairment of Fixed Assets	H9		(3,037)
	(1,393)	- Initial Gain on Donated Assets			0
	0	Increase in provision for Bad or Doubtful Debts			6
	2	Debt Management Expenses			3
	8,527	Total expenditure			7,183
	(9,286)	Net cost of HRA services included in income and expenditure account			(10,526)
	266	Housing Share of Corporate and Democratic Costs			304
	126	Housing Share of other amounts included in the whole authority cost of services but not allocated to specific services			0
	(8,894)	Net cost of HRA services			(10,222)
	4,325	(Gain) or Loss on Sale of HRA Fixed Assets			5,396
	2,271	Interest Payable and Similar Items			2,236
	(130)	Interest on Balances			(158)
	0	Amortisation of Premiums and Discounts			0
	(1,854)	Capital Grants and Contributions			(238)
	(4,282)	(Surplus) / deficit on HRA services			(2,986)

Housing Revenue Account (HRA)

2018/19 £'000	Statement of movement on the HRA balance	2019/20 £'000
(4,282)	(Surplus) / Deficit on Housing Income and Expenditure Account	(2,986)
(606)	Amounts Required by Statute to be Taken into Account (detailed below)	558
(4,888)		(2,428)
(9,384)	HRA Balance Brought Forward	(14,272)
(14,272)	HRA Balance Carried Forward	(16,700)
2018/19 £'000	Analysis of the movement in the HRA balance	2019/20 £'000
	Amounts required to be taken into account	
	Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year	
(4,325)	Gain or (Loss) on Sale of HRA Fixed Assets	(5,396)
(14)	Amortisation of Premiums and Discounts	0
0	RTB Discounts repaid	0
6	Employee Benefits adjustment	0
(842)	Net charges for retirement benefits in accordance with IAS 19	(1,301)
187	Impairment/Revaluation of Fixed Assets	2,949
1,393	Initial Gain on Donated Assets	0
(3,595)		(3,748)
	Items not included in the HRA Income and Expenditure Account but included in the movement on HRA balance for the year	
0	Transfer To/(From) Major Repairs Reserve	0
(60)	Right to Buy Admin Contribution	(70)
536	Employer's contributions payable to Leicestershire County Council Pension Fund	667
1,104	Principal Repaid on Self Financing Loans	1,128
28	Capital Expenditure funded by the HRA	2,400
1,381	Transfer To/(From) Reserves	181
2,989		4,306
(606)	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	558

Notes to the housing revenue account (HRA)

H1 Movement in dwelling stock

The Council was responsible for managing an average of 4,207 lettable dwellings during 2019/20. The movement in the stock was as follows:-

2018/19		2019/20
4,224	Stock at 1st April	4,218
(46)	Less: Right to buy Sales	(54)
(1)	Less: Other Sales	(1)
0	Less: Demolitions	(32)
(7)	Less: Transfers out of stock	(2)
0	Add: Other Purchases	2
41	Add: New Build and Gifted units	24
7	Add: Transfers back into stock	41
4,218		4,196

H2 Property types in dwelling stock

The properties owned by the Council at 31st March 2020 comprise the following:-

	Flats/Maisonettes	Bungalows	Houses	Total
In stock				
Bed sits	62	4	0	66
1 Bedroom	529	326	12	867
2 Bedroom	326	480	421	1,227
3 Bedroom	9	6	1,878	1,893
4 Bedroom	0	0	139	139
5 Bedroom	0	0	4	4
	926	816	2,454	4,196
Transferred out of stock				
Bed sits	0	0	0	0
1 Bedroom	0	0	0	0
2 Bedroom	3	0	0	3
3 Bedroom	0	1	1	2
4 Bedroom	0	0	0	0
5 Bedroom	0	0	0	0
	3	1	1	5
Total	929	817	2,455	4,201

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

H3 Balance sheet value of council's housing revenue account stock

2018/19 Balance £'000		2019/20 Balance £'000
230,099	Dwellings	245,448
2,013	Other Land and Buildings	2,033
232,112	Operational assets	247,481
316	Surplus Assets	474
2,267	OLB (Land and Assets under construction)	923
2,583	Non-operational assets	1,397
234,695	Total assets	248,878

The vacant possession value of dwellings within the Council's HRA as at 31st March 2020 was £584,399,000 (31st March 2019 £547,856,000). The vacant possession value of the dwellings within the HRA show the economic cost to Government of providing Council Housing at less than open market rents.

Notes to the housing revenue account (HRA)

H4 Rent income

Rent income can be analysed as follows:-

This is the total rent income due for the year after an allowance is made for empty properties/voids etc. Average rents were £78.41 per week in 2019/20 (£78.60 2018/19) there being an average decrease of 0.25% (0.47% in 2018/19) over the previous year. During the year 0.85% (0.64% 2018/19) of lettable properties were vacant.

2018/19 £'000		2019/20 £'000
10,663	Collectable from Tenants	11,505
6,479	Rent Rebates	5,501
17,142	Sub-Total Dwelling Rents	17,006
90	Non - Dwelling Rents	83
17,232		17,089

H5 Rent arrears

During the year total rent arrears, as a proportion of gross rent income were 3.49% (1.98% 2018/19). The arrears figures are as follows:-

Amounts written off during the year were £28,916 (£51,505 - 2018/19). At 31 March the Provision for doubtful debts stood at £885,001 (£676,411 - 2018/19).

2018/19 £'000		2019/20 £'000
686	Total Current and Former Tenant Arrears	892
(336)	Less: Accounts in credit	(274)
350	Net Arrears	618

H6 Major repairs reserve

2018/19 £'000		2019/20 £'000
(3,031)	Balance at 1st April	(1,340)
(2,614)	Amounts transferred to Reserve during year	(2,684)
	Amounts transferred from Reserve to finance	
	Capital Expenditure:	
4,305	Dwellings	3,490
0	Depreciation in excess of / (less than) MRA	
(1,340)	Balance at 31 March	(534)

Notes to the housing revenue account (HRA)

H7 Capital expenditure and receipts

Total Capital Expenditure within the Council's HRA during the financial year was £7,164,429. The sources of funding are shown below:

2018/19 £'000	2019/20 £'000
4,305 Major Repairs Reserve	3,490
1,910 Section 106 Receipts	234
28 Revenue Contribution	2,400
0 Other Contributions	1,040
1,379 Capital Receipts	
7,622	7,164

Total Capital Receipts from disposals of Council Dwellings within the Council's HRA stock in 2019/20 were £3,772,490.

H8 Depreciation of HRA fixed assets

2018/19 £'000	2019/20 £'000
2,605 Dwellings (excl. garages)	2,684
75 Other Land and Buildings	88
9 Surplus Assets	0
2,689 Operational assets	2,772

H9 Revaluation/impairment (reversal) of HRA fixed assets

2018/19 £'000	2019/20 £'000
(440) Dwellings (excl. garages)	(2,992)
(101) Other Land and Buildings	(45)
279 Surplus Assets	0
(262) Operational assets	(3,037)

Section 5 Collection Fund

Collection Fund

2018/19 £'000	Collection fund income and expenditure account	2019/20	
		£'000	£'000
	Income		
(58,121)	Council Tax (Net of benefits, discounts for prompt payment and transitional relief)		(62,210)
	Transfers from General Fund:-		
9	- Council Tax Benefit		6
(40)	- CTLS Discretionary		(36)
(62,300)	Business Ratepayers		(62,728)
(120,452)	Total Income		(124,968)
	Expenditure		
	Council Tax Precepts and Demands:-		
40,822	Leicestershire County Council	43,518	
6,545	Leicestershire Police	7,518	
2,126	Leicestershire Fire and Rescue	2,244	
7,701	N.W.L.D.C. (including Parish and Special Expenses)	7,929	
2,066	Contribution towards previous year's surplus	667	
337	Provision for bad/doubtful debts	629	
59,597			62,505
	Non-Domestic Rates (NDR):		
30,434	Share of NDR - Government	15,931	
5,478	Payment to Leicestershire County Council	23,260	
609	Payment to Leicestershire Fire and Rescue Service	637	
24,347	Share of NDR - N.W.L.D.C.	23,897	
(978)	Contribution towards previous year's deficit	(366)	
444	Provision for bad/doubtful debts	189	
1,506	Provision for appeals	(308)	
148	Costs of Collection	149	
167	Disregarded amounts	64	
62,155			63,453
121,752	Total Expenditure		125,958
1,445	Movement on fund - (Surplus)/Deficit for the year - Council Tax		265
(145)	Movement on fund - (Surplus)/Deficit for the year - NDR		725
(2,025)	Collection Fund Balance at 1st April 2019 - Council Tax		(580)
917	Collection Fund Balance at 1st April 2019 - NDR		772
(580)	Collection Fund Balance at 31st March 2020 - Council Tax		(315)
772	Collection Fund Balance at 31st March 2020 - NDR		1,497

Notes to the Collection Fund

C1 General

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

C2 Council tax

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

Band	Estimated number of taxable properties after effect of discount	Ratio	Band 'D' Equivalent dwellings
A	7,215	6/9	4,810
B	11,161	7/9	8,681
C	6,766	8/9	6,014
D	5,952	9/9	5,952
E	4,149	11/9	5,071
F	1,622	13/9	2,342
G	846	15/9	1,410
H	43	18/9	86
	37,754		34,366
Less: 2% Allowance for Valuation Appeals and irrecoverables			688
Council tax base for 2019/20			33,678

C3 Income from business rates

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

The total Non-Domestic Rateable Value at the 31st March 2020 was £148,527,814 (£139,862,284 - 31st March 2019).

The National Non-Domestic multiplier for the year was 50.4p (49.3p - 2018/19).

The Small Business Rate Multiplier was 49.1p (48.0p - 2018/19).

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 (36.5%), Central Government (25%) 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 £1.7m in its accounts (£2.3m - 31st March 2019).

The above percentages have changed from 10% and 50% last year due to the Leicestershire Pool joining the 75% Business Rates Pilot Scheme.

Section 6 Special Expenses

Special Expenses Account

2018/19	2019/20	
£	£	£
Appleby Magna		
30	Balance brought forward	(148)
(1,747)	Collection Fund Precept	(1,813)
(93)	Localisation Grant	(93)
(1,810)		(2,054)
Expenditure		
1,662	Parks and Open Spaces	1,712
(148)	Balance carried forward (Surplus)/Deficit	(342)
Coalville Urban District area		
(92,113)	Balance brought forward	(79,412)
(403,479)	Collection Fund Precept	(412,754)
(58,387)	Localisation Grant	(58,387)
(553,979)		(550,553)
Expenditure		
19,158	Parks, Rec Grds, Open Spaces & Verge Mtce *	456,962
37,076	Burial Grounds	26,146
89,727	Events and Grants	100,785
9,526	Other Expenses	3,490
0	R.C.C.O.	0
(28,607)	Asset Management Revaluation Account	(25,806)
333,873	Impairment	(91,185)
(5,606)	Other Adjustments	(10,147)
19,420	Contribution to/from Ear-Marked Reserves	9,454
474,567		469,699
(79,412)	Balance carried forward (Surplus)/Deficit	(80,854)
Coleorton Parish area		
(70)	Balance brought forward	(72)
(2,979)	Collection Fund Precept	(3,000)
(410)	Localisation Grant	(410)
(3,459)		(3,482)
Expenditure		
1,211	Parks and Open Spaces	1,247
2,176	Burial Grounds	2,241
3,387		3,488
(72)	Balance carried forward (Surplus)/Deficit	6

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

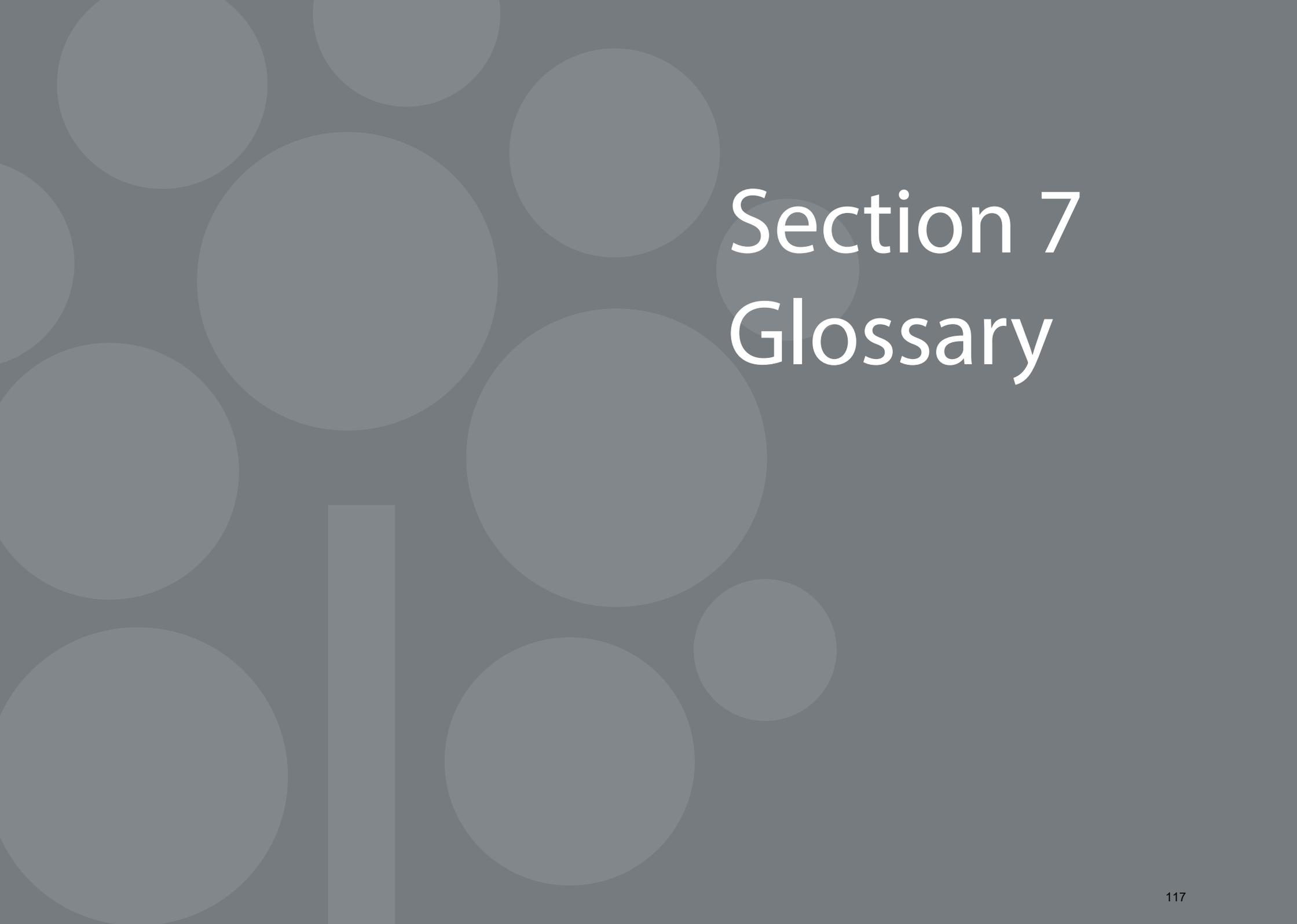
* 19/20 includes impairment debit of £91,185

2018/19	2019/20	
£	£	£
Hugglescote		
16,053	Balance brought forward	7,968
(25,686)	Collection Fund Precept	(29,214)
(1,986)	Localisation Grant	(1,986)
(11,619)		(23,232)
Expenditure		
0	Parks, Rec Grds, Open Spaces & Verge Mtce	0
16,971	Burial Grounds	25,318
(884)	Other Adjustments	(1,467)
3,500	Contribution to Ear-Marked Reserves	3,500
19,587		27,351
7,968	Balance carried forward (Surplus)/Deficit	4,119
Kegworth		
(638)	Balance brought forward	(638)
0	Collection Fund Precept	0
0	Localisation Grant	0
(638)		(638)
Expenditure		
0	Contribution to Parish Council	638
(638)	Balance carried forward (Surplus)/Deficit	0
Lockington / Hemington		
(1)	Balance brought forward	122
(1,676)	Collection Fund Precept	(1,676)
(99)	Localisation Grant	(99)
(1,776)		(1,653)
Expenditure		
1,898	Burial Grounds	1,955
122	Balance carried forward (Surplus)/Deficit	302

Special Expenses Account

2018/19	2019/20	
£	£	£
Measham Parish area		
(127) Balance brought forward	(208)	
(1,788) Collection Fund Precept	(1,820)	
(223) Localisation Grant	(223)	
(2,138)		(2,251)
Expenditure		
1,930 Burial Grounds		1,988
(208) Balance carried forward (Surplus)/Deficit		(263)
Oakthorpe and Donisthorpe		
(150) Balance brought forward	(197)	
(3,536) Collection Fund Precept	(3,562)	
(445) Localisation Grant	(445)	
(4,131)		(4,204)
Expenditure		
3,934 Parks and Open Spaces		4,052
(197) Balance carried forward (Surplus)/Deficit		(152)
Osgathorpe		
(308) Balance brought forward	(317)	
(352) Collection Fund Precept	(368)	
(21) Localisation Grant	(21)	
(681)		(706)
Expenditure		
364 Parks and Open Spaces		375
(317) Balance carried forward (Surplus)/Deficit		(331)
Ravenstone		
(273) Balance brought forward	(335)	
(391) Collection Fund Precept	(403)	
(35) Localisation Grant	(35)	
(699)		(773)
Expenditure		
364 Parks and Open Spaces		375
(335) Balance carried forward (Surplus)/Deficit		(398)

2018/19	2019/20	
£	£	£
Stretton-en-le-field		
(7) Balance brought forward	(29)	
(1,198) Collection Fund Precept	(1,198)	
(206) Localisation Grant	(206)	
(1,411)		(1,433)
Expenditure		
1,382 Burial Grounds		1,423
(29) Balance carried forward (Surplus)/Deficit		(10)
Whitwick		
(5,931) Balance brought forward	(7,310)	
(20,265) Collection Fund Precept	(20,393)	
(1,598) Localisation Grant	(1,598)	
(27,794)		(29,301)
Expenditure		
636 Parks, Rec Grds, Open Spaces & Verge Mtce	655	
17,927 Burial Grounds	19,540	
(884) Other Adjustments	(1,467)	
2,805 Contribution to Ear-Marked Reserves	0	
20,484		18,728
(7,310) Balance carried forward (Surplus)/Deficit		(10,573)

The background features a dark gray field with several overlapping circles of varying sizes and a vertical bar, all in a lighter gray shade. The circles are scattered across the page, with some partially cut off by the edges. The vertical bar is positioned in the lower-left quadrant.

Section 7 Glossary

Glossary of main financial terms

Amortisation

A reduction in the value of an intangible asset over time, due to wear and tear.

Budget

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

Budget requirement

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

Capital expenditure

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

Capital receipts

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

Collection fund

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

Contingency

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

Contingent liability

Money that may be owed, but the exact amount is unclear.

Council tax

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

Council tax benefit

Assistance provided by billing authorities to adults on low incomes to help them pay their council tax bill. The cost to authorities of council tax benefit is largely met by government grant.

Current expenditure

Running costs, including employee costs, premises costs and supplies and services, but not including debt charges.

Deferred charge

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

Depreciation

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

Earmarked reserve

Money set aside for a specific purpose.

Estimates

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

Original estimate

The estimates for a financial year approved by the council before the start of the financial year.

Revised estimate

An updated revision of the estimates for a financial year.

Supplementary estimate

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

External audit

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

Fees and charges

Income raised by charging users of services for the facilities. For example, local authorities usually make charges for the use of leisure facilities, the collection of trade refuse, etc.

Finance lease

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

Financial regulations

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

General fund

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

Housing benefit

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

Housing revenue account (HRA)

Local authorities are required to maintain a separate account - the HRA - which sets out the expenditure and income arising from the provision of housing. Other services are charged to the General Fund.

HRA subsidy

A government grant paid to some housing authorities towards the cost of providing, managing and maintaining dwellings and paying housing benefits to tenants.

IAS 19

A statement of recommended practice to account for the cost of pensions.

IFRS

International Financial Reporting Standards

Impairment

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

LOBO

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

Minimum revenue provision (MRP)

The minimum amount which must be charged to an authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

National non-domestic rate (NNDR)

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

Net expenditure

Gross expenditure less specific service income, but before deduction of Revenue Support Grant.

Non-recurring

Items that are in a budget for one year only.

Operating lease

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

Outturn

Actual income and expenditure in a financial year.

Pension fund

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

Precept

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

Precepting authorities

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

Provisions and reserves

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

Public works loan board (PWLB)

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

Revenue support grant (RSG)

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

Section 137 expenditure

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

Specific grants

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

Specified capital grant (SCG)

Certain government grants towards capital spending, for example house renovation grants. Local authorities must apply a special accounting treatment to these grants, i.e. reduce their credit approvals by the amount of the grant received. SCGs all relate to housing.

Ultra vires

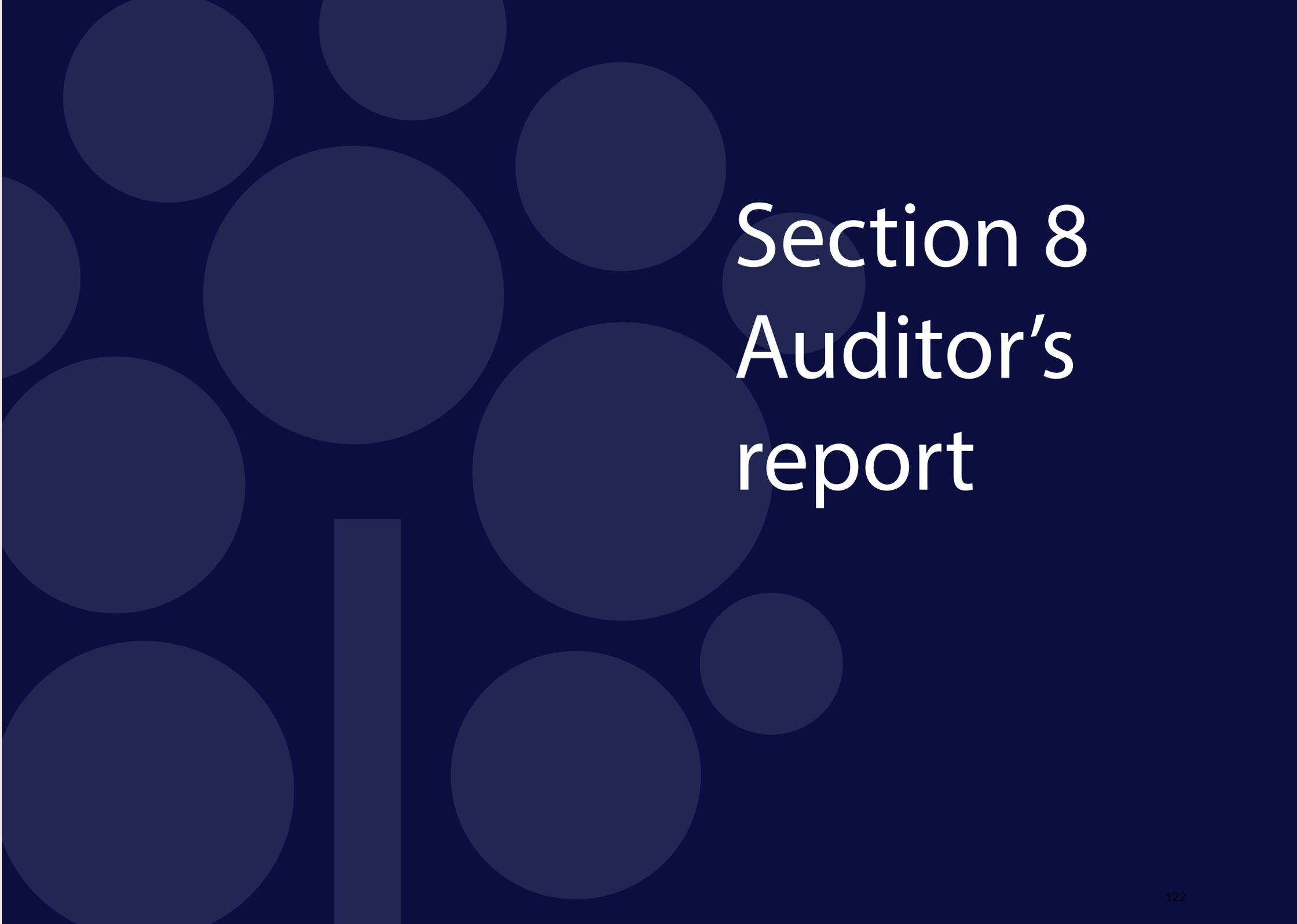
Local authorities are empowered to do only those things authorised by statute. If they do anything not authorised by statute, that action is said to be ultra vires (i.e. beyond their powers).

Value for money (VFM)

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

Virement

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

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Section 8 Auditor's report

Independent auditor's report to the members of North West Leicestershire District Council

Report on the financial statements

Opinion

We have audited the financial statements of North West Leicestershire District Council for the year ended 31 March 2020, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of North West Leicestershire District Council as at 31st March 2020 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

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

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of land, buildings and investment properties

We draw attention to Note 9 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Council's land, buildings and investment properties and the valuation of the Council's share of Leicestershire Pension Fund's property assets. As disclosed in Note 33 of the financial statements, the Council's and Pension Fund's valuers included a 'material valuation uncertainty' declaration within their reports as a result of the Covid-19 pandemic creating a shortage of relevant market evidence on which to base their judgements. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

- the Head of Finance and S151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance and S151 Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Head of Finance and S151 Officer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of the Head of Finance and S151 Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Head of Finance and S151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view. The Director of Finance & ICT is also responsible for such internal control as the Head of Finance and S151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Head of Finance and S151 Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Head of Finance and S151 Officer is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that, in all significant respects, North West Leicestershire District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in April 2020, as to whether the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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

Responsibilities of the Council

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

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

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

Use of the audit report

This report is made solely to the members of North West Leicestershire District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Mark Surridge
For and on behalf of Mazars LLP

45 Church Street
Birmingham
B3 2RT

Date

Useful information

If you would like more information about the Annual Statement of Accounts 2019-20 or any council service, please use the contact details below:

www.nwleics.gov.uk

customer.services@nwleicestershire.gov.uk

 @nwleics

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