

BLABY DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2020/21

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NARRATIVE REPORT BY SARAH PENNELLI, STRATEGIC DIRECTOR (SECTION 151)

I am pleased to present Blaby District Council's Statement of Accounts for the financial year ended 31st March 2021. The published accounts are an important element of the overall arrangements for demonstrating the Council's financial stewardship of public money, and also provide the context for the challenging financial position it faces going forward. Those challenges present themselves both in terms of uncertainties over the future of local government funding and, more immediately, the ongoing impact of the COVID-19 pandemic.

Part of my role as Strategic Director (Section 151) is to ensure that the Council's financial affairs are properly administered, and its financial position remains stable and robust. This is essential to ensure that the Council is able to continue to provide quality services to our residents.

The Ministry of Housing, Communities and Local Government (MHCLG) has put in place revised regulations that came into force on 31st March 2021. The Accounts and Audit (Amendment) Regulations 2021 extend the statutory audit deadlines for 2020/21 and 2021/22 for all local authorities. As a result, the publication date for audited accounts has moved from 31st July to 30th September for the two financial years referred to above. The public inspection period must now commence on or before the first working day of August which effectively means that I must sign-off the unaudited accounts for publication by 31st July 2021 at the latest.

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code). It aims to provide sufficient information to ensure that members of the public, including electors and residents of Blaby, Council Members, partners, stakeholders and other interested parties can:

- Understand the overarching financial position of the Council and the outturn for 2020/21;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner;
- Understand the impact of the COVID-19 pandemic, both financially and otherwise; and
- Be assured that the financial position of the Council is sound and secure.

This Narrative Report provides an organisational overview of Blaby District Council and the external environment within which it operates. It also provides a summary of the financial position at 31st March 2021, including the following:

- About Blaby – key facts and figures
- The Blaby District Plan
- The 2020/21 Budget and Council Tax Setting Process
- The Capital Programme 2020/21
- The Council's financial performance in 2020/21
- Performance against Corporate Objectives
- Corporate risks
- COVID-19
- Summary position
- Receipt of further information
- Acknowledgements

This is followed by an explanation of the Financial Statements and content of the Statement of Accounts.

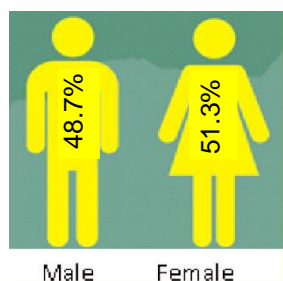
About Blaby District Council

Blaby District Council is located in the south west corner of Leicestershire within the East Midlands region. It is one of seven districts within the County, also bordering the City of Leicester. Blaby District covers a geographical area of about 129 km² and is a mix of urban and rural areas with a diverse nature and size of settlements



Key Facts and Information about Blaby

According to the ONS mid 2019 population estimates, there are 101,526 people living in the District. The table below shows the age profile of residents living within Blaby District compared with Leicestershire as a whole, the East Midlands, and England.



Age	Blaby	Leicestershire	East Midlands	England
	2019	2019	2019	2019
0-17	21.2%	20.7%	20.7%	21.4%
18 to 64	58.4%	59.7%	59.8%	60.2%
65 to 84	17.7%	17.0%	17.0%	15.9%
85 and over	2.7%	2.6%	2.5%	2.5%

The average life expectancy of our residents is slightly above the national average at nearly 80.9 years for men and 84.9 years for women (79.6 and 83.2 years in England). (ONS 2016-18).

In terms of ethnicity, 88.5% of residents are White British and 11.5% are from Minority Ethnic Groups. (Census 2011).

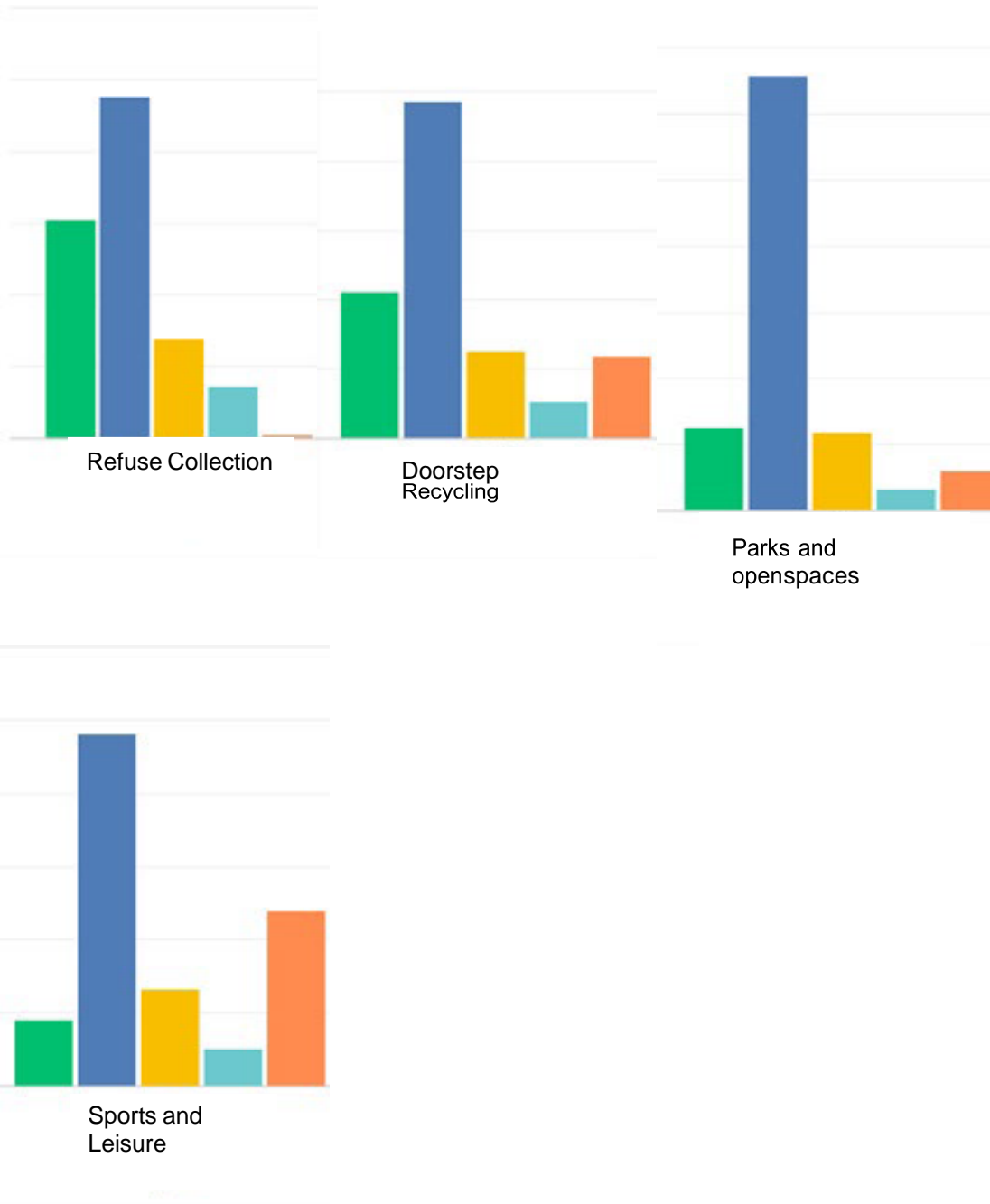
Blaby is well linked to major transport networks with the M1 and M69 both within the district, the M6 just south of the district, train links to Leicester and Birmingham, and 2 international airports less than 1 hour away. These links contribute to making Blaby District an attractive place for businesses to locate. The Fosse Park retail park is located just off of junction 21 of the M1, and the district is home to the headquarters of major businesses such as Next, Everards and Santander, as well as the main offices of Leicestershire County Council and the Office of the Police and Crime Commissioner.

The proportion of people claiming out of work benefits (Universal Credit) for the year as at March 2021 stands at 3.8% compared with 6.5% nationally. 81% of residents own their own home and the average house price is £246,129 (March 2021) which is around eight times the average Blaby District Resident's salary of £30,341 in 2020.

Health and recreation is well catered for in the district. We have nine strategic green spaces including the Green Flag Award-winning Glen Parva Local Nature Reserve, Bouskell Park in Blaby, and Fosse Meadows in the south of the district. Our community garden 'A Place to Grow' helps to support positive health and wellbeing. The Council owns two leisure centres, one at Enderby and the Pavilion at Huncote which are operated by SLM Limited. 83% of our residents say they are in good health, which compares favourably with the national average of 81%. However, 16% of residents say they have a long term health problem or disability. The provision of unpaid care is becoming increasingly common, with 11% of the local population declaring that they provide 1 hour or more unpaid care for others compared to the national average of 10%.

Blaby is ranked as the 281st most deprived district in England out of 398 with no areas in the district falling into the 10% of the most deprived areas in the country.

We undertook our bi-annual Residents Survey in early 2020, receiving over 2,500 complete responses. Over 60% of residents were either Very Satisfied or Satisfied with the way Blaby District Council runs its services, whilst 41% were satisfied with the value for money the Council provides. Over 75% were satisfied with the district as a place to live.



Top 4 Services with which residents were Very Satisfied

Table of Top 4 Services	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied	Don't Know	Total
Refuse	30.51%	47.67%	14.07%	7.39%	0.36%	
	772	1,206	356	187	9	2,530
Doorstep Recycling	21.19%	48.77%	12.53%	5.53%	11.98%	
	536	1,234	317	140	303	2,530
Parks and Open Spaces	12.61%	65.89%	11.98%	3.40%	6.13%	
	319	1,667	303	86	155	2,530
Sports and Leisure	9.21%	48.14%	13.48%	5.14%	24.03%	
	233	1,218	341	130	608	2,530

Political Structure

The Council comprises 39 elected members from 18 wards across the District. Elections are held every four years with the most recent District Election having been held on May 2019. However, following the retirement of one Conservative Party member in February, the resulting by-election was unable to be held due to the onset of COVID-19. This meant that during 2020/21 there were only 38 elected members on the Council. The political make-up of the Council during the 2020/21 financial year was, therefore, as follows:

Conservative Party 24 Members (64%)
Labour Party 6 Members (15%)
Liberal Democrat Party 6 Members (15%)
Green Party 1 Member (3%)
Independent 1 Member (3%)

Blaby operates a Cabinet Executive model which comprises six Cabinet Members. The Leader of the Council is Councillor Terry Richardson (Conservative), and the Deputy Leader is Councillor Maggie Wright (Conservative). The Leader has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of executive functions.

As far as possible, the Cabinet's portfolio areas are aligned to the Council's key service area, enabling the joint sharing of priorities. Cabinet members meet regularly with their respective senior officer leads to monitor the delivery of key priorities, consider service developments and improvements, and address any areas of concern.

Cabinet members are held to account by a system of scrutiny which is set out in the Constitution. The setting of a balanced budget was subject to detailed review by Scrutiny Commission during January 2020.

The diagram below sets out the Cabinet's portfolio responsibilities that were in place during 2020/21.



In terms of the demographic make-up, 12 (32%) of the 38 members, during 2020/21, were female. The average age of members was 57 years. 5% of members were from a black and minority ethnic background.

Management Structure

Corporate management is provided by the Strategic Leadership Team (SLT) which is responsible for implementing the strategic goals of the Council as decided by Members.

The SLT comprises the following officers:

- The Chief Executive
- Strategic Director (Section 151)
- Strategic Director
- Corporate Services Group Manager (Monitoring Officer)
- Housing and Community Services Group Manager
- Leisure and Regulatory Services Group Manager
- Neighbourhood Services and Assets Group Manager
- Planning and Economic Development Group Manager
- Strategic HR Manager
- Strategic Finance Manager

Workforce

The Council's workforce remained fairly stable during the financial year. On 31st March 2021 the Council employed 339 members of staff working across a range of services, compared with 333 on 31st March 2020. The number of full time equivalents (FTEs) at 31st March 2021 was 310.25 (304.2 at 31st March 2020).

The Blaby District Plan

Council approved the Blaby District Plan, covering the period 2018 to 2021, on 12th December 2017. The plan serves as a roadmap for Members, partners and Council officers, and demonstrates to our customers that the Council has the interests of the district at heart.

In developing the Blaby Plan we considered data such as the level of unemployment in the district, demographics and health statistics as well as reviewing the work we are doing with partners around the growth of the district, and key public sector partners on health, public safety and wellbeing. Through the plan we have shaped a set of priorities and objectives that reflect the aspirations that the Council has for its residents, as well as ensuring that we deliver a sustainable Council in the future.

The following significant issues have been identified:

- Although the district is considered to be one of the least deprived areas in the country, there are parts of the district that are in greater need. We need to support these areas in particular to ensure that inequalities are reduced.
- There are vulnerable people within all of our communities, who may have more significant needs to be able to live and access opportunities fairly and lead fulfilling lives.

- Businesses need a wide skill set to operate successfully. It is vital that residents are equipped with the necessary education and skills to gain high quality jobs within local businesses to ensure the prosperity of the district as a whole.
- It is important to recognise our existing historic areas of natural beauty and public facilities. We also have many new, exciting leisure facilities under development. We need to support and encourage all of these facilities and promote the district as a place to visit.
- When considering new development and access to existing services and jobs, the design of supporting infrastructure needs to be taken into account.

Our Vision

Blaby District is made up of thriving and vibrant communities where people are happy to live, work and visit.

Our Corporate Priorities and Objectives

Our priorities are, therefore, that Blaby is:

- A Place to Live
- A Place to Work
- A Place to Visit

Key objectives sit below each priority and services will develop operational action plans which support the delivery of those objectives.

2021/22 Key Corporate Objectives

Council approved the new Blaby District Plan, covering the period 1st April 2021 to 31st March 2024, in January 2021. A more detailed annual plan, setting out the specific aims and objectives for 2021/22, was subsequently approved by Cabinet Executive in March 2021, following approval of the annual budget. Delivery against the plan will be monitored by the Senior Leadership Team, Portfolio Holders and will be subject to Scrutiny. A half yearly update is planned for presentation to Council in October 2021.

The annual plan for 2021/22 will largely be focused on recovery from the COVID-19 pandemic and a return to a redefined “business as usual”. The overarching focus will be on “the Way we Work”, delivering digitally, continuing to ensure that our most vulnerable residents and communities are well supported, supporting businesses to recover from the pandemic, understanding our ambitions around the green agenda, and development of our Local Plan.

Our Values

- Put the customer at the heart of everything we do.
- Listen, learn and make a positive difference.
- Continue to build and maintain strong partnerships
- Be ambitious, creative and resourceful.

The vision and values reflect our commitment to improving our services through Systems Thinking principles, focussing on what is important and meeting the needs of customers.

Medium Term Financial Strategy

The Medium Term Financial Strategy (MTFS) is the Council's key financial planning document,

and forms part of the Blaby District Plan. The MTFS contains a financial forecast which is updated each year to reflect the changes to funding. The forecast has now been extended to 2027/28 to ensure the Council continues to consider the financial picture with a long term strategic view and have an understanding of the financial resources available. The latest MTFS now takes into account the additional financial pressures that have arisen out of the COVID-19 pandemic, as well as the current economic climate.

The Government announced just a single year settlement for the 2020/21 financial year. Planned changes to the Business Rate Retention Scheme, New Homes Bonus Grant, and the proposed implementation of Fair Funding were once again deferred. The general lack of certainty over local government funding has been further exacerbated by COVID-19 and the cost of living crisis that took hold in 2022/23 on the back of the war in Ukraine. The Council approved an updated MTFS as part of the 2023/24 budget setting process in February 2023. The MTFS is predicated on the assumption that the business rates baseline will be rebased from 1st April 2025, which will lead to a significant loss of business rates growth accumulated in the last 10 years. This is expected to lead to a budget deficit of around £2.6m in 2025/26 even if some form of damping is introduced to cushion the effect of the loss in funding. The shortfall is forecast to increase to £3.7m in 2026/27 and £4.9m in 2027/28. The future funding estimates within the MTFS are based upon the best available information that could be gained from the national picture and documents within the public domain at the time.

The key risks to the Council's future financial position, the outcome of which remain uncertain, are:

- New Homes Bonus – it is the government's stated intention to discontinue New Homes Bonus, although it remains unclear as to whether it will be replaced by an alternative funding stream.
- Business Rates – indications were that there would be a reset of the business rates baseline, likely to be effective from 2024/25. Given the current cost of living crisis, any such reset is now unlikely to take effect before 2025/26 at the earliest but this remains to be confirmed. Any baseline reset could lead to Blaby losing the benefit of much of the significant growth in business rate income that it has achieved over recent years.
- Fair Funding Review – the government had previously stated its intention to review the formula that it uses to determine the distribution of funding to local authorities, but delays over the EU Exit, followed by the onset of COVID-19, have pushed this back to 2025/26 at the earliest.
- COVID-19 - the pandemic represented the biggest global crisis for a generation. The impact on the economy and public sector finances was considered likely to be similar to that felt during the World Wars or Great Depression of the 1930s. In 2020/21, the Government provided huge public sector investment to support key sectors, including additional funding to local government. It is unclear whether the strain on public finances created by the current situation will lead to austerity measures being reinstated.

People Strategy

The Council recognises that our employees are our most valuable asset and our most significant resource. The best way of continuing to deliver high quality services to our residents is to ensure that our workforce has the right skills and support to succeed. We value the views and ideas of our employees and care about their development and well-being. Therefore, it is important for us to engage with and communicate with employees in various ways. Since the start of the COVID-19 pandemic, in addition to our bi-annual Staff Survey, we have undertaken a series of other surveys to gauge staff satisfaction, wellbeing, views on the work arrangements and what is stopping them doing their job to the best of their abilities. More regular

communication channels are through monthly 'Blaby Matters' briefings to all staff, 'Sounding Board' meetings between senior managers and a group of officers, regular team meetings, and our intranet site (i-Blaby).

In recognition of the importance of our employees, The People Strategy sets out our ambitions around equipping our staff to enable them to best deliver the Council's priorities. Without motivated and empowered staff we cannot deliver our ambitious plans. It builds upon firm foundations of our previous strategies and continues to develop a range of workforce initiatives. The aims included within the strategy are linked to the council's values and overarching principles, the responses from the Staff Surveys and also other feedback from staff. An action plan is in place to monitor progress on the necessary tasks and to ensure its success. The annual action plan will remain a 'living' document so progress can be tracked and updated.

The objectives of the People Strategy are grouped under three broad themes:

- Being developed
- Being healthy
- Being valued

Climate Change Strategy 2020 – 2030

The Council recognises the urgent nature of the climate crisis and has demonstrated its commitment to tackling climate change through the Climate Change Strategy approved on 19th May 2020. The strategy makes clear Blaby's ambitions to become carbon neutral by 2030, and for the district to achieve that same target by 2050.

We are committed to minimizing the environmental impacts arising out of our own activities, by aiming to achieve 100% clean energy across our buildings and services. All strategic decisions, budget considerations and planning decisions will also be made in accordance with our aim for carbon neutrality by 2030.

Further details can be found within the Climate Change Strategy which is available to download from the Council's website.

Risk Management

We manage risk in a number of ways and revised our Risk Management Strategy in November 2019 to reflect this.

- Corporate Risks – the Corporate Risk Register is monitored on a quarterly basis by the Corporate Risk Group, which comprises the Chief Executive, two Strategic Directors, and the Strategic Finance Manager. The group re-evaluates risks in light of actions that have been put in place, and considers potential future risks, as well as reviewing significant service risks.
- Service Risks – Service Managers closely monitor the top risks within their own services and update the Service Risk Register on a quarterly basis to reflect any changes to perceived risk.
- Project-related Risks – the Council has introduced a robust project management process that includes a specific requirement to consider all risks associated with new projects. The Project Programme Board (SLT) maintains an overview of project risks as part of its monthly meetings.
- Specific COVID-19 Risks – a distinct risk register has been created in the wake of the

COVID-19 pandemic which has brought with it a new set of challenges not necessarily covered by the Corporate Risk Register. These risks are also monitored by the Corporate Risk Group on a quarterly basis.

The Audit and Standards Committee plays an important role in the management of risk in considering the effectiveness of the authority's risk management arrangements and control environment, and reviewing the risk profile of the organisation and assurances that action is being taken. The Committee receives half yearly reports highlighting the latest position and any significant changes in relation to corporate risks. All committee reports are required to include a risk assessment.

Partnership Working

Partnership working is a vital component in the way we deliver our services and many of our achievements would not be possible without the significant contribution made by our partners. The ambitions in the Blaby Plan have been identified and supported by our partners as a Vision for the district.

Partnership working takes place in all aspects of our services and our ambitions. Some current examples include:

- The Lightbulb project – a multi-award winning, integrated housing support service involving many

and varied partners including Leicestershire County Council and the other Leicestershire districts. The Lightbulb Programme has benefited more than 18,500 people across Leicestershire from inception to date. The Housing Enablement Team, a dedicated team to support health colleagues with delayed discharges was introduced in 2015 as a pilot project. It has concurrent funding, and is part of the integrated discharge hub within the hospitals in Leicester.

- The Council further extended its Building Control Partnership during 2019/20 and now covers Harborough, Hinckley & Bosworth, Melton, and Oadby & Wigston in addition to Blaby's own building control service.
- New Lubbesthorpe development – Blaby has won numerous awards for the New Lubbesthorpe Development, including the National Local Government Award for 'Best Housing Initiative'. One key area of judging was our ability to work with other organisations and members of the public to provide solutions. Blaby District Council was instrumental in incorporating an Innovative Employment, Skills and Training Pilot within the S106 agreement for the New Lubbesthorpe development. The pilot included the employment of a project coordinator for a two year period. The Drummond Estate (landowners) and their land agent Mather Jamie have been fully supportive of the EST pilot and partly financed the post. Since the first houses became occupied, a dedicated Community Worker has been employed to create a close-knit neighbourhood, due to the success of this post Blaby have provided a community development worker to deliver dedicated community development projects. Blaby's commitment to employment, skills and training in the district have seen placements, apprenticeships and work experience secured for local people on the development, enabling them to start their careers. We have established relationships with the contractors and working in partnership has been key i.e. ex-offenders have been placed through the Wire Project and recruited by the supply chain. Work experience with schools and colleges has been very successful. A Sector Based Work Academy has taken place with candidates achieving a CSCS card and taking part in work experience.

Economic Development Planning

The Council recognises that we are experiencing unprecedented disruption as a result of COVID-19 and the impact it is having on the economy in all sectors.

We are working hard to support our local businesses and will be working with partners like the LLEP and the Chamber to make sure that businesses have access to all the information and guidance they require. Blaby has set up dedicated information on our website to provide the latest government guidance. The next iteration of our Economic Development Strategy will address the economic challenges we face in the future due to COVID-19, and this will be part of the recovery action plan that will be the delivery arm of the strategy.

Community Engagement

Increasingly we have tried to understand our customer's preferences and experiences through engagement, and profiling. A new consultation strategy was adopted in 2014, supported by an action plan and consultation toolkits. We use a variety of information sets from various sources, such as the Public Health England, Neighbourhood Statistics and Leicestershire Statistics and Research. We also use profiling tools such as MOSAIC.

We carry out a number of activities with residents to encourage feedback. We are reviewing the methods of capturing customer surveys through different online systems for more automated collection and analysis of data to get more value out of the feedback. Examples of consultation we have conducted include:

- Extensive annual consultation on Council Tax increases, resulting in a majority of residents who responded agreeing with a £5 increase to assist in maintaining services.
- Bi-annual Residents surveys.
- Community Safety Partnership Priorities
- Customer involvement in the review of the web site.
- A customer feedback leaflet available on the Council website.

We aim to ensure that harder to reach customers are engaged and our services are developed to respond to their needs. Our Engaging Harder to Reach Groups Toolkit provides guidance to services. One example is our engagement with young people through our local secondary schools in order to develop the Children's and Young People's Strategy.

The 2020/21 Budget Process

The Medium Term Financial Strategy presented to Council in February 2019 highlighted a potential budget gap of approximately £1.354m for 2020/21. This was based on the assumptions that the phasing out of New Homes Bonus and rebasing of the business rate baseline would take effect from 1st April 2020. Ultimately, the Government was preoccupied with the looming deadline for the United Kingdom's exit from the European Union (EU Exit), and this led to the review of both of the above, as well as Fair Funding, being deferred until 2021/22.

The 2020/21 budget process commenced in September 2019 with the Finance team meeting with services to formulate a base budget. The estimates were refined over the course of the next few months before being presented to Scrutiny Commission in January 2020, where Scrutiny Members were provided with the opportunity to question Portfolio Holders about their service plans for the forthcoming financial year. By this time, the Government had announced a single year financial settlement for 2020/21 meaning that a balanced budget was viable. However, this

effectively represented a “stay of execution” with the updated MTFS predicting a budget gap of £1.061m for 2021/22.

At its meeting on 17th February 2020 the Cabinet Executive considered the final budget proposals which were based around a net expenditure budget of £12.857m, supported by a contribution of £199,578 from Earmarked Reserves and enabling a contribution of £217,709 added to General Fund Balance. The contribution to balances was largely made possible on the back of forecast growth in business rates from the forthcoming redevelopment at Fosse Park.

A revised MTFS was presented to Cabinet as part of the budget report and gave some indication of the expected reduction in future funding and the consequent financial risks the Council faces in future years. The MTFS was based upon the financial picture at the time, taking into account the information available regarding the expected changes to Business Rate Reform and the Fair Funding Review. No certainty could be given as to how either would impact Blaby’s financial position but the financial gaps arising from 2021/22 onwards were potentially significant. The Cabinet Executive recommended the budget proposals to Council, and the budget was approved by Council at its meeting on 20th February 2020. At the same meeting the Council also approved the Council Tax for 2020/21, the fees and charges which support the delivery of the revenue budget, the Prudential Indicators and Treasury Management Strategy, and the five year Capital Programme.

Council Tax

Council Tax is the largest single revenue stream that is used to support the Council’s revenue budget, contributing just over 44% towards the net budget requirement.

Each year the government sets out the principles which determine whether or not a local authority’s proposed council tax increase is excessive. For 2020/21, the basic amount of council tax for a shire district council, such as Blaby, would be considered excessive if:

- It was 2%, or more than 2%, greater than the basic amount of council tax in 2019/20; and
- It was more than £5 greater than the basic amount of council tax in 2019/20.

This means that Blaby was able to increase its Band D council tax by the greater of 1.99% or £5 in 2020/21 without triggering a referendum. In the event that a referendum was triggered this would require the local electorate to be given an opportunity to vote to support or veto the increase in council tax.

Given the uncertainty over the future of local government funding, Council decided to increase the Band D Council Tax by £5, the maximum increase permissible under the referendum rules. The results of a public consultation on the budget proposals, undertaken in January 2020, indicated that residents were supportive of an increase in Council Tax in order to protect the existing services and to contribute towards the financial shortfall. A comparison of Council Tax levels for 2019/20 and 2020/21 is shown in the following table.

	2019/20 £	2020/21 £	Change %
Leicestershire County Council			
- Main element*	1,200.35	1,226.06	2.14
- Adult Social Care element*	91.83	117.67	28.14
- Total	1,292.18	1,343.73	3.99
Leicestershire, Leicester & Rutland Combined Fire Authority	66.64	67.96	1.98
Office of the Police & Crime Commissioner for Leicestershire	223.23	233.23	4.48
Blaby District council	162.32	168.32	3.06
Average Parish Councils	101.98	107.17	5.09
Total	1,847.35	1,920.14	3.95

*In accordance with Government guidance each percentage is calculated as an increase to the 2019/20 total precept of £1,292.18.

Council Tax Base

The Council Tax Base for 2020/21 was set at £33,886.49, an increase of £444.78 Band D equivalent properties compared with the previous year (£33,441.71).

Income Generation and Commercialisation

The Council's Commercial Strategy aligns closely with the Blaby District Plan and other key strategies, contributing towards our ambition to make Blaby District Council financially sustainable and creating a district where people are happy to live, work and visit.

We aim to achieve this ambition in the following ways:

- By creating a commercial culture/ethos
- Maximising income but still retaining the status as the 'safety net for the vulnerable'
- Maximising the Blaby pound
- Better Communication with residents
- Focus on the larger ticket items
- Non-Statutory Services to be cost neutral as a minimum

The Commercial Strategy was approved by Council on 4th December 2018, and is available to download on the Council's website.

Reserves and Balances

The 2020/21 budget was formulated and approved on the basis that a contribution of £217,709 would be made to General Fund Balances, although it was planned to support specific one-off expenditure to the value of £199,578 from earmarked reserves, in order to set a balanced budget. The estimated balance at 31st March 2021 would, therefore, be £3.436m representing 26.7% of the proposed net revenue budget for 2020/21. This is within the Council's policy limit of holding between 10% and 35% of the proposed relevant annual net revenue budget.

In addition to the unallocated General Fund Balance, the Council maintains a number of earmarked reserves set aside to provide for future expenditure plans, as mentioned above. These are covered in detail in Note 9 to the Financial Statements.

Although the Council's current reserves and balances remain in a healthy state it is not prudent

to expect that they are sufficient to sustain the Council's current level of spending in the longer term, in the light of uncertainties over the future of local government funding.

Budget Monitoring

The Council has well established and robust financial management procedures in place to monitor budgets and to identify and mitigate any forecast over spending. The process for the management and monitoring of budgets is continuously refined to help ensure that the Council's longer term financial position is sustainable. The Financial Management System software was upgraded at the end of October 2020 to ensure that it remains compliant and fit for purpose. As part of the upgrade the Finance team will be rolling out new budget monitoring and forecasting modules during the summer of 2021. This will serve to further strengthen our budget monitoring capabilities.

Budget managers are aligned to named Business Accountants to ensure continuity and understanding of the budgetary needs of the service. The Finance team provides monthly budget reports to services and facilitate regular meetings to jointly monitor progress against the budget. The Finance team continues to look to strengthen and bring greater resilience to the budget monitoring process, which will become increasingly important over the next few years as the Council strives to meet its savings targets.

Quarterly revenue and capital budget monitoring reports are presented to the Cabinet Executive and/or Council throughout the financial year. Very early in the financial year it became apparent that the COVID-19 pandemic would potentially have a significant impact on the Council's financial position. The first quarterly revenue monitoring report to Cabinet highlighted that additional spending pressure was being experienced in areas such as homelessness, support for our leisure management operator, agency support for refuse and recycling, and IT costs in relation to home working. On top of this additional expenditure, the Council was also experiencing significant reductions in its key income streams. All of this pointed to a potential contribution from General Fund balances of £685,280, a negative swing of over £900,000.

However, emergency funding made available by the Government, including compensation for certain income losses, helped to stabilise the position somewhat and, by the time the 2021/22 budget was presented to Council in February 2021, the expected contribution from balances had been scaled back to £360,000.

Financial Performance of the Council 2020/21

General Fund Revenue Account

The Council's 2020/21 revenue outturn position is shown in the table below. The original budget set at the Council meeting on 20th February 2020 was £12,856,956, supported by contributions of £217,709 to General Fund Balances and £199,578 from earmarked reserves. The Council reported a surplus of £975,756 when comparing actual expenditure against the approved budget. This surplus has been credited to General Fund balances, contributing to the Council's financial resilience in the future.

As part of the Government's response to the COVID-19 pandemic, the Council received additional grants and payments in advance, over and above those that were budgeted, to support cash flow and to enable the Council to help the residents and businesses in our district. Perhaps the most significant of these was a Section 31 grant received in recognition of the expanded retail relief given to certain businesses, and

£9.489m of this grant has been transferred to an earmarked reserve to mitigate the NNDR

2020/21 Outturn	2020/21 Approved Budget £	2020/21 Revised Budget £	2020/21 Actual Outturn £
Corporate Services & Neighbourhood Services	4,291,728	4,503,997	4,135,098
Finance, Efficiency & Assets	2,258,592	2,061,854	2,152,716
Health, Wellbeing & Regulatory Services	3,297,415	4,313,722	3,540,002
Housing & Community Services	3,811,709	3,830,867	2,391,436
Leader	1,518,962	1,536,487	1,294,943
Planning, Housing Strategy & Economic Development	1,718,504	2,536,922	1,524,275
	16,896,910	18,783,849	15,038,470
Central Items:			
Revenue Contributions towards Capital Expenditure	186,513	361,603	95,202
Minimum Revenue Provision	1,116,328	1,022,219	1,022,219
Capital Accounting Adjustments	(3,867,533)	(2,581,849)	(2,220,202)
Pension Fund Adjustments	(1,749,393)	(917,438)	(789,843)
Employee Benefits Adjustments	0	0	4,134
Property Fund Adjustments	0	0	(16,625)
Unallocated provisions	256,000	0	0
Contribution to/(from) Earmarked Reserves	(199,578)	6,721,916	11,039,413
Net Revenue Expenditure	12,639,247	23,390,300	24,172,768
Financed by:			
Income from National Non Domestic Rates	(3,435,049)	(3,435,049)	(3,843,120)
New Homes Bonus Grant	(2,694,837)	(2,694,837)	(2,694,837)
COVID-19 Grants	0	(1,802,871)	(1,949,584)
Other Non-Ringfenced Government Grants	(1,012,634)	(9,419,705)	(11,164,256)
Council Tax Demand on the Collection Fund	(5,703,649)	(5,703,649)	(5,703,649)
Council Tax (Surplus)/Deficit	(10,787)	(10,787)	(10,787)
	(12,856,956)	(23,066,898)	(25,366,233)
Contribution to/(from) General Fund Balances	217,709	(323,402)	1,193,465

Collection Fund deficit in 2021/22.

Reserves and Balances – Financial Resilience

The level of General Fund balances, included in the Balance Sheet at £5.215m, contribute to the Council's financial health. The General Fund balance plays an important part in maintaining the financial stability of the authority primarily by:-

- Meeting unforeseen expenditure pressures and income reductions that arise in the financial year;
- Meeting the cost of one-off items of expenditure; and
- Supporting the stability of the Council's financial position by providing a source of funding in times of uncertainty.

As referred to above, the Council added £1.193m to its General Fund balances at 31st March 2021, increasing the available balance to £5.215m.

The Council's policy in respect of its General Fund balances is that they must sit within a range of 10% to 35% of the net budget requirement in any given year. The addition of £1.193m in 2020/21 means that balances represent 34.6% of the 2021/22 net budget requirement, after taking into account planned contributions to support the budget. This compares favourably with the 26.7% estimated at budget stage, enhancing the Council's resilience going into 2021/22.

The Council also holds earmarked reserves on the Balance Sheet with a total value of £18.594m at 31st March 2021 (£7.575m at 31st March 2020). Further detail on the balance and purpose of each earmarked reserve appears in note 9 to the Financial Statements. These

reserves are held to manage future risks and expenditure priorities.

The most significant movement on earmarked reserves in 2020/21 relates to Section 31 grants received from the Government in compensation for lost business rate income due to expanded retail relief given to certain business sectors in response to the COVID-19 pandemic and lockdown. Blaby received £22.201m of Section 31 funding on account, to support its cash flow position, including shares relating to the Government and major preceptors that must be repaid. The balance of Blaby's entitlement has been carried forward to 2021/22, via the S31 Grants Reserve, to offset the unusually high Collection Fund deficit created by COVID-19. Government also announced its intention to provide further support for financial losses in respect of both business rates and council tax, through the Tax Income Guarantee scheme. Blaby has also carried this income forward to 2021/22, via an earmarked reserve, towards the Collection Fund deficits. Therefore, £10.868m of the earmarked reserves balance stated above (£18.594m) has been set aside to meet the Collection Fund deficit, and is not available for any other purpose. When taking this into account, the Council effectively only holds £7.725m in usable earmarked reserves at 31st March 2021.

At its meeting in July 2021, Cabinet Executive reviewed the financial performance for 2020/21 and, in view of the unusually high positive variance, approved the transfer of £1.140m from General Fund balances to earmarked reserves, in recognition of the ongoing pressures arising from COVID-19 and for future revenue and capital planning purposes. This transfer will take place in 2021/22 and is, therefore, not reflected in the Balance Sheet at 31st March 2021.

The level of reserves and balances are a key element of CIPFA's Financial Resilience Index, published for the first time in December 2019. Although the indicators in respect of reserves sustainability and change in reserves were on the low side when compared to other authorities, they do indicate a stable but increasing trend. However, given the uncertainty over the future of major funding streams, such as new Homes Bonus and Retained Business rates, this is an area that will require greater focus and attention in 2021/22 and beyond.

Financial Management Code

CIPFA's Financial Management Code was issued in 2019/20 and is designed to support good practice in financial management and assist local authorities in demonstrating their financial sustainability. The Code introduces a range of principles, supported by specific financial standards, which are considered necessary to provide a sound foundation for management of local authority finances in the short, medium and long term, to manage finance resilience, and to manage unexpected shocks to the financial position.

The implementation date for the Code is 1st April 2021. Finance, in conjunction with the Council's leadership team and internal audit, has monitored progress against the action plan during the financial year to ensure full compliance with the Code.

Treasury Management

The importance of the treasury management function cannot be understated. As a key component of the Council's day to day operations, it deals with:

- Cash flow planning – ensuring that cash is available when needed and investing surplus balances whilst minimising risk to the Council's financial position.
- Funding capital spending plans – capital expenditure often requires longer term cash flow planning. This may involve arranging loans or using longer term cash flow

surpluses.

The Council has the facility to raise finance for capital expenditure and operational requirements from a number of approved borrowing institutions subject to it not exceeding its authorised limit for external debt, as required by the Prudential Code for Capital Finance in Local Authorities. The Council's Treasury Management Strategy, approved on 20th February 2020, sets a range of prudential indicators including the authorised and operational limits on borrowing.

Borrowing

As at 31st March 2021 the Council had total borrowings of £8.349m.

The following table illustrates the limits and levels of borrowing as at 31st March 2021 as compared to the preceding year end.

Borrowing Limits and Levels	31 st March 2021 £	31 st March 2020 £
Borrowing Limits:		
Authorised Limit for External Debt	15,200,000	13,200,000
Operational Boundary	13,680,000	11,880,000
Actual Borrowing:		
Long Term Borrowing	8,141,780	8,349,066
Short Term Borrowing	207,286	202,836
	8,349,066	8,551,902

Although the Council has a borrowing requirement of £14.667m its actual external borrowing is just £8.349m. This is due to the Council's stated decision to use internal balances and reserves to fund capital expenditure on a temporary basis in order to manage interest rate risk and make revenue savings.

Investing

At the end of the financial year the Council had £22.792m of cash invested.

The Council's investment strategy set out a benchmark for the average rate of return on investments. However, the pursuit of a target rate of return is tempered by the need to maintain sufficient liquidity for the Council's day to day operations and, most importantly, to ensure that funds are invested with secure institutions. In 2020/21 the Council achieved a rate of return of 0.28% against its benchmark (the un compounded 7 day LIBID rate) which was 0.07%. It should be noted that investment returns have fallen dramatically during the COVID-19 pandemic.

The Council has an investment of £1m with the Lothbury Property Trust which yielded dividends in year of

£0.036m with an average rate of return of 3.81%. This much higher rate of return reflects the longer term nature of the investment. COVID-19 has also had a detrimental impact on property prices and consequently

the value of the Council's investment in the fund was only £0.955m at 31st March 2021, although the fund value has begun to show signs of recovery in recent months.

Capital Programme

The 2020/21 Capital Programme of £3,593,736 was approved by Council on 20th February 2020 as part of the rolling 5 year capital planning process. The 5 year Capital Programme, along with

the accompanying Capital Strategy for the same period, provided the framework within which the Council's capital investment plans were to be delivered. The following table shows the original proposed capital expenditure plan for 2020/21 through to 2024/25.

Capital 5 Year Plan	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Corporate Aims & Objectives	904,500	554,500	554,500	554,500	554,500
Asset Management Planning	2,639,236	588,000	188,500	943,000	1,332,500
Contingency	50,000	50,000	50,000	50,000	50,000
Total Expenditure	3,593,736	1,192,500	793,000	1,547,500	1,937,000

As the financial year progressed, the initial plans were revised to incorporate unspent budget reprofiled from the previous financial year, new assumptions, approvals and scheme updates, as information became available. This led to a Revised Capital Programme total of £6,536,188 for 2020/21.

However, the final expenditure on capital schemes in 2020/21 was £2,854,964 compared to the revised forecast spend above. The variance between the forecast and outturn was £3,681,224 or 56.32%. This was due to schemes which were not completed by the end of the financial year. The majority of incomplete schemes, amounting to £3,169,123, will be carried forward to 2021/22 together with the associated resources.

The following table provides an analysis of capital expenditure and how it was financed, compared with the revised forecast.

Analysis of Capital Expenditure to Revised Forecast	2020/21 Revised Forecast £	2020/21 Actual Expenditure £	Variance Overspend (Underspend) £
Corporate Aims & Objectives	2,485,341	735,968	(1,749,373)
Asset Management Planning	3,094,015	1,555,693	(1,538,322)
Section 31-backed Schemes	893,298	550,303	(342,995)
Other Capital Schemes	63,534	13,000	(50,534)
Total Expenditure	6,536,188	2,854,964	(3,681,224)
Financed by:			
Borrowing	3,086,672	1,504,036	(1,582,636)
Capital Receipts	562,489	274,841	(287,648)
Government Grants	1,445,881	342,306	(1,103,575)
S31 Contributions	893,298	550,303	(342,995)
Other Contributions	125,864	88,276	(37,588)
Revenue Contributions	267,907	50,540	(217,367)
Reserves	154,077	44,662	(109,415)
Total Resources	6,536,188	2,854,964	(3,681,224)

The most significant variances between actual expenditure and planned expenditure in 2020/21 are as follows:

	Planned Capital Expenditure £	Actual Capital Expenditure £	Variance Overspend (Underspend) £
Disabled Facilities Grants	1,339,853	287,432	(1,052,421)
Refurbishment of Council Offices	525,489	80,095	(445,394)
Revenues & Benefits System	400,000	0	(400,000)
Section 31-backed Schemes	893,298	550,303	(342,995)
Refurbishment of Enderby & Huncote Leisure Centres	492,420	167,128	(325,292)
Conversion of the Grange, Narborough	454,581	170,285	(284,296)
Replacement of Fleet Vehicles	1,270,511	1,154,255	(116,256)
Replacement Electronic Document Management System	100,000	0	(100,000)
All Other Schemes	1,060,036	445,466	(614,570)
Totals	6,536,188	2,854,964	(3,681,224)

The Balance Sheet Position

The Council's Balance Sheet reflects a net liability position due to the presence of the pension liability explained on in the following paragraph. Long term assets comprise property, plant and equipment, as well as intangible assets and long term debtors.

	31 st March 2021 £	31 st March 2020 £
Long Term Assets	34,821,368	35,464,130
Current Assets	40,602,575	28,048,821
Current Liabilities	(30,903,632)	(18,164,317)
Long Term Liabilities (Including net Pension Liability)	(54,602,671)	(40,394,052)
Net Assets/ (Liabilities)	(10,082,360)	4,954,583
Funded by:		
Usable Reserves	26,454,817	14,306,641
Unusable Reserves	(36,537,177)	(9,352,058)

Pension Liability

The Council participates in the Local Government Pension Scheme (LGPS), administered by Leicestershire County Council, through which pension provision is made for those officers who wish to join the scheme. The Council's share of the net pension liability at 31st March 2021 amounted to £45,686,000 (£31,226,000 as at 31st March 2020) and is offset by the Pensions Reserve, movements on which are disclosed in the Movement in Reserves Statement, ensuring that there is no impact on the level of Council Tax.

The most significant contributory factor leading to the increase in the net pension liability above is the fall in the real discount rate during the year. This is due to a combination of a lower discount rate assumption used by the Actuary, and a significantly higher Consumer Price Index (CPI) assumption.

The existence of a net pension liability has significance for the Council's contributions to the scheme, which may need to increase in the long-term, subject to the outcome of the next triennial

valuation.

Provisions, Contingencies and Material Write-offs

The Balance Sheet includes provisions totalling £3,272,377 as at 31st March 2021 – these are detailed in note 22 to the Financial Statements. The most significant of these is the provision in respect of outstanding business rates appeals which stands at £3,092,000 at 31st March 2021 (£1,740,000 at 31st March 2020).

Where a liability is possible but not likely, or the cost cannot be reliably estimated, the Council is required to disclose a contingent liability. Further details concerning contingent liabilities recognised in 2020/21 are provided in note 37.

Write offs are processed during the course of the financial year in line with Financial Regulations. Total write offs against key income streams are summarised below:

Write Offs	2020/21 £
Collection Fund Write Offs	162,096
General Fund Write Offs	24,504
	186,600

Non-Financial Performance of the Council 2020/21

Achievements

The Council continues to develop operational action plans to meet its objectives. Some of the achievements during 2020/21 against the corporate priorities were -

A Place to Live:

- Carbon Neutral Action Plan launched to support the aims and objectives of our Climate Change Strategy. The plan provides a road map to carbon neutrality and seeks to bring about carbon reductions through a wide range of practical steps for the Council and the District.
- Throughout the COVID-19 pandemic, our Community Hub has offered help to over 600 residents, including assisting Clinically Extremely Vulnerable people with shopping and prescriptions, social isolations and accessing local community groups for help.
- The Housing Services team managed an unprecedented increase in demand from homeless households and those threatened with homelessness, working with established partners to offer temporary accommodation to those in need.
- Our Sport and Physical Activity team have helped hundreds of our residents to keep active throughout the pandemic.
- Trained 10 volunteers to become telephone befrienders to provide much needed support to lonely and isolated residents.

A Place to Work:

- Over £16m in grants paid out to support our businesses through the COVID-19 pandemic.
- Blaby's website (blaby.gov.uk) achieved 1st place on the league table of council websites for accessibility.
- Hosted "Mentoring Circles" courses to help increase confidence, motivation and aspirations for the unemployed aged between 16 and 24.
- As an employer, Blaby has maintained normal recruitment levels in spite of the disruption

caused by the pandemic. We continue to hold the Disability Confident Level 2 award and are in the process of applying to upgrade our Armed Forces Covenant recognition from bronze to silver level.

A Place to Visit:

- Bouskell Park Ice House restoration works were completed at the end of May 2021.
- Funding of over £0.5m from the Leicester and Leicestershire Enterprise Partnership towards the Blaby Digital Tourism and Heritage Trail, and our ambitious Walk Ride Blaby project.
- Fosse Park West extension opened on 12th April 2021.

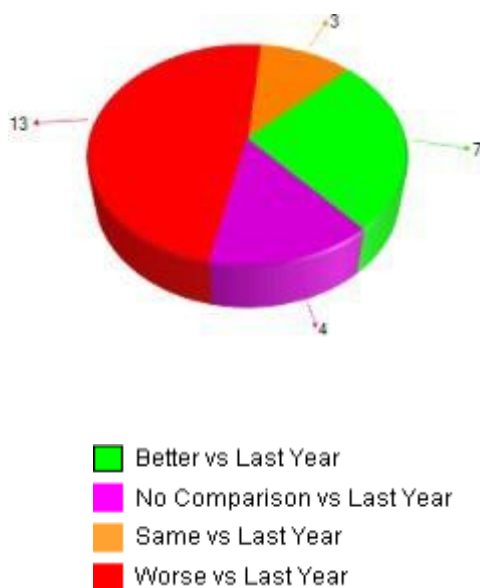
More information is available in the Annual Leader's Statement presented to the Annual Council meeting on 25th May 2021

Performance against Corporate Objectives

Key Performance indicators are monitored and reported regularly and six monthly performance reports are presented to Cabinet.

The Corporate Dashboard shows key indicators which have been agreed as the most relevant to the 'health' of the district, and are directly related to the delivery of the Corporate Strategy document 'The Blaby Plan 2018-2021.

The pie chart below shows of the 27 key performance indicators which could be compared in 2020/21 against the previous year.



Of the measures that could be compared, 13 performed less well than the year before. Some of these were due to national and regional trends such as increases in, unemployment, fly tipping instances and homelessness. 10 measures have improved or stayed the same compared to last year including the improvement in staff sickness and empty homes returned to use.

Corporate Risks

The management of risk is a critical success factor in helping the Council to achieve its objectives. The Audit and Standards Committee, supported by Finance, has the role of evaluating the

effectiveness of the Council's risk management procedures, and commenting upon areas of improvement as appropriate. Risks are assessed for their impact on the Council's business, and the likelihood that those risks might arise. Scores for impact and likelihood are combined using a "5x5" matrix to arrive at a rating of high, medium, or low.

Risk Score	Matrix Category
16-25	High
9-15	Medium
1-8	Low

Corporate Risks are monitored by the Corporate Risk Group which comprises the Chief Executive and Directors, together with the Strategic Finance Manager. Risks are reviewed on a quarterly basis, and an update provided to Audit and Corporate Governance Committee.

The Corporate Risk Group has identified 18 corporate risks. The following table provides a summary of the status of those corporate risks both before and after control measures are put in place.

Summary by Risk Type	Red	Amber	Green	Total
All Corporate Risks Uncontrolled Rating	6	10	2	18
All Corporate Risks Controlled Rating	3	9	6	18

The Council's Corporate Risks on 31st March 2021 were:

Risk Description	Uncontrolled Rating	Controlled Rating
Lack of certainty around future funding streams	High	High
Failure to identify, record, monitor and report health and safety risks	High	Low
Closure or relocation of a major district employer	High	High
Failure to provide housing and supporting infrastructure in line with need	High	High
Transition to new ICT Partnership	High	Medium
Failure of ICT systems	High	Medium
Effectiveness of elected Members	Medium	Low
Blaby District Plan not deliverable within existing resource	Medium	Medium
Failure to have effective safeguarding arrangements in place	Medium	Medium
Failure to ensure adherence to internal control arrangements	Medium	Medium
Lack of effective emergency planning and business continuity arrangements	Medium	Low
Failure of contracts to deliver intended outcomes	Medium	Low
Failure to host partnerships and engage effectively with partners	Medium	Medium
Structural, legislative, and budgetary changes in other organisations	Medium	Medium
Inability to deliver a new Local Plan and/or identify housing land	Medium	Medium
Impact of leaving the EU	Medium	Medium
Failure to recruit and retain the right people for the right jobs	Low	Low
Failure to comply with legislation	Low	Low

Further information, including the control measures in place, is available on the Council's website – see agendas and minutes of the Audit and Corporate Governance Committee.

COVID-19

The COVID-19 pandemic has brought unprecedented challenges in 2020/21, to the Council, to our residents and to our businesses. The Council has been responsive, transformational, and agile in our approach to dealing with the significant demand that has arisen over the last twelve months, working in partnership with public sector colleagues but also with numerous community groups that have provided invaluable support.

Community Hub

Blaby was the first Leicestershire district to establish a Community Hub. Throughout the course of the pandemic the Community Hub has supported over 600 residents affected by COVID-19 and its associated restrictions. The Blaby workforce was quickly diverted to help support our residents. This included phone calls to residents, food distribution and delivery of medicines. The Council has worked closely with partners who have been essential in helping support the Community Hub and strong links have been established with all our existing volunteer groups and new ones too. Our Community Hub has now been subsumed into our "business as usual" model.

Homelessness and Rough Sleeping

The pandemic has led to a significant increase in demand from homeless households and residents threatened with homelessness. Local authorities were also instructed by Government to ensure that temporary accommodation was found for all rough sleepers. At the peak, in June and July 2020, the Housing Services team placed 43 households in bed and breakfast accommodation, compared with a "normal" average of 7 households.

Financial Support for Residents

There was a noticeable increase in the need for financial support by our residents as a result of being out of work or furloughed as a direct result of COVID-19. The Council received a hardship grant from Government, and this has resulted in around 2,500 residents receiving over £345,000 in additional council tax hardship support during 2020/21.

The Council also paid out £90,500 in Government funding to individuals who were unable to work as a result of having to self-isolate following a positive COVID-19 test.

Financial Support for Businesses

The Council has worked hard to support its business community through the administration of various government-funded business grant schemes announced at different stages during the financial year. As at 31st March 2021, business grants totalling over £16m had been paid out to businesses across Blaby District. For most of these grants the Council was acting as agent of the Government for the purpose of distributing funding to businesses, and in these cases the grant payments were made in accordance with set criteria. However, for certain schemes – the Local Authority Discretionary Grant, the Additional Restrictions Grant (ARG), and the Local Restrictions Support Grant (Open) – the Council had more discretion as to the criteria to be used in awarding funding. These have been reflected in the Taxation and Non-Specific Grant Income and Expenditure section of the Comprehensive Income and Expenditure Statement (CEIS).

Grant Scheme	No. Paid	Amount Paid (£)
Small Business Grants	786	7,880,000
Retail, Hospital and Leisure Grants	158	2,940,000
Local Authority Discretionary Grants	65	511,324
Local Restrictions Support Grants (Closed) Addendum	1,052	2,308,063
Local Restrictions Support Grants (Closed)	520	296,138
Local Restrictions Support Grants (Open)	20	10,636
Additional Restrictions Grant	112	403,800
Christmas Support Package (Wet-led Pubs)	29	25,000
Closed Business Lockdown Payments	353	1,712,000
	3,095	16,086,961

Blaby Staff

Blaby has been working hard to support its employees, ensuring that technology is available for staff to be able to work from home, and continue to provide the essential services required for our residents. New ways have been found to enable meetings to continue with the use of Zoom, which have been invaluable to ensure social interaction continued and helped support positive mental health. A reduced number of staff have been able to return to the office, and the workplace has seen a physical change to enable social distancing and encourage increased awareness of the importance for good hygiene. Enhanced signage, one way systems, cleaning and hand sanitisers are some of the measures that have been put in place.

The Financial Impact on Blaby

COVID-19 is having a significant ongoing impact on the Council's finances. In 2020/21 the pandemic has put a considerable strain on the Council's financial position, both in terms of additional spending pressures and losses in key income streams. Additional expenditure has been incurred in maintaining the council's own services and the cost of responding to government initiatives aimed at alleviating the economic consequences of the pandemic. This has cost the Council around £1.139m in 2020/21. Losses in income have arisen principally because of a decline in fees and charges. The most notable reduction in income is the management fee usually payable by our leisure centre operator, which has not been received in 2020/21 because our leisure centres were unable to open for much of the financial year. This alone has accounted for £0.550m of the total loss of income of £1.314m in 2020/21.

Blaby has received COVID-19 emergency funding of £1.256m from the Government in 2020/21 plus further support in the way of compensation for loss of income; this is expected to contribute a further £0.694m.

Overall this means that the increased financial pressures arising from the pandemic have exceeded Government support by around £0.503m. Despite this, the Council's financial performance for the year was better than expected as some income streams exceeded initial expectations, and some one-off savings were achieved as a result of staffing vacancies and the impact of home working.

There is an additional longer term impact of COVID-19 in terms of lower growth estimates from housing and business rates as well as the potential for higher bad debts which may eventually have to be written off will also impact significantly on the Council's financial position. The Government is allowing local authorities to spread any abnormal council tax and business rates

deficits across three years rather than one, in order to smooth the impact on future year's budgets, and has also underwritten 75% of any losses in 2020/21.

To date there has been no significant impact on cash flow as a result of COVID-19 because the Government has made business grant funding available up front to support payments being made. We have ensured that there is sufficient money available in more liquid funds, such as call accounts and money market funds, to cover any urgent cash flow requirements that might arise. All controls and prudential indicators have been maintained in accordance with the Treasury Management Strategy.

Summary Position

In spite of the financial background Blaby is maintaining its reputation for sound financial stewardship, and continues to seek innovative ways of delivering services and income generation. This approach has been reflected in the financial performance for 2020/21, generating a surplus of just over £1.193m. This is, in no small part, due to the diligence and hard work of officers across the Council. The Council is in a relatively sound position as it enters the new financial year, having sufficient reserves and balances to provide financial resilience in the short term. Our MTFS shows an uncertain picture and recognises that there are significant risks posed to our financial position arising from the Government's proposals for Fair Funding and changes to the Business Rates Retention Scheme, the impact of which are expected to become clearer in the coming months.

Receipt of Further Information

For further information about these accounts please email finance@blaby.gov.uk or write to Finance Services, Blaby District Council, Council Offices, Narborough, Leicester LE19 2EP.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the hard work and dedication of staff across the Council. I would like to express my thanks to all colleagues, from the Finance team and other services, for their contribution towards the preparation of this document. I would also like to thank them for all their support during the financial year.



Sarah Pennelli
Executive Director (Section 151)
12th December 2024

Explanation of the Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

Comprehensive Income and Expenditure Statement

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

Movement in Reserves Statement

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

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. For example the Capital Receipts Reserve that may only be used to fund capital expenditure or to repay debt. The second category of reserves includes those that the authority is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (e.g. 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".

Cash Flow Statement

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

Notes to the Financial Statements

These provide further explanation of specific items within the Financial Statements to which they relate.

Collection Fund

The 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 of council tax and non-domestic rates and its distribution to precepting bodies and the Government. For Blaby, the council tax precepting bodies are Leicestershire County Council, the Office of the Police and Crime Commissioner, and the Leicester, Leicestershire and Rutland Combined Fire Authority.

[The Statement of Responsibilities for the Statement of Accounts](#) - sets out the principal responsibilities of the Authority and its officers in relation to the Accounting Statements. It confirms that the Statement of Accounts has been prepared in accordance with the requirements of the Code.

[The Annual Governance Statement](#) - sets out the framework within which financial and operational control is managed and reviewed and the main components of the system of control, including the arrangements for internal audit.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Strategic Director (Section 151).
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

The Strategic Director (Section 151)'s Responsibilities

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

In preparing this Statement of Accounts, the Strategic Director (Section 151) has:


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

The Strategic Director (Section 151) has also:

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

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council as at 31st March 2021 and the Council's income and expenditure for the year then ended.



Sarah Pennelli
Executive Director (Section 151)
12th December 2024

APPROVAL OF ACCOUNTS

Approval for delegated authority to enable the Executive Director (S151), in conjunction with the chair of Audit and Corporate Governance Committee to approve and sign off the audited Financial Statement was granted at the Audit and Corporate Governance Committee meeting on 25th November 2024.

The accounts were duly approved on 12 December 2024.



Sarah Pennelli
Executive Director (Section 151)
12th December 2024



Councillor Mike Shirley,
Chairman, Audit and Corporate Governance Committee,
12th December 2024

CORE FINANCIAL STATEMENTS & EXPLANATORY NOTES

Comprehensive Income and Expenditure Statement

2019/20 Gross Expenditure	2019/20 Gross Income	2019/20 Net Expenditure		2020/21 Gross Expenditure	2020/21 Gross Income	2020/21 Net Expenditure
£	£	£		£	£	£
15,467,895	(13,765,136)	1,702,759	Community Services	16,383,707	(14,971,222)	1,412,485
6,828,977	(1,711,471)	5,117,506	Corporate Services and Neighbourhood Services	6,648,158	(1,852,048)	4,796,110
4,459,192	(195,825)	4,263,367	Finance, Efficiency and Assets	3,924,648	(80,042)	3,844,606
2,643,685	(1,330,767)	1,312,918	Health Improvement, Leisure and Regulatory Services Leader	3,135,396	(1,361,734)	1,773,662
1,561,028	(265,206)	1,295,822	Planning, Housing Strategy, Economic and Community Development	1,198,378	(8,930)	1,189,448
2,880,868	(1,023,268)	1,857,600		2,719,471	(804,118)	1,915,353
33,841,645	(18,291,674)	15,549,971	Cost of Services	34,009,757	(19,078,094)	14,931,663
3,390,011	(149,950)	3,240,061	Other Operating Expenditure(Note 10)	4,389,651	0	4,389,651
1,269,635	(757,593)	511,682	Financing and Investment Income and Expenditure (Note11)	1,131,471	(490,841)	640,577
0	(16,757,061)	(16,757,061)	Taxation and Non- Specific Grant Income and Expenditure(Note 12)	0	(18,037,601)	(18,037,601)
		2,544,653	(Surplus)/Deficit on Provision of Services			1,924,289
		(823,430)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			169,497
		(9,736,911)	Re-measurement of the net defined benefit liability			12,943,157
		(10,560,341)	Other Comprehensive Income and Expenditure Total			13,112,654
		(8,015,688)	Total Comprehensive Income and Expenditure			15,036,943

Movement in Reserves Statement

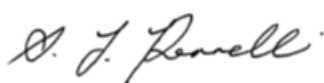
2020/21	General Fund Balance £	Collection Fund Reserve £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	Total Authority Reserves £
Balance at 31st March 2020	11,596,164	0	1,290,250	1,420,226	14,306,640	(9,352,058)	4,954,582
Movement in Reserves during 2020/21							
Surplus/(Deficit) on provision of Services	(1,924,289)	0	0	0	(1,924,289)	0	(1,924,289)
Other Comprehensive Income & Expenditure	0	0	0	0	0	(13,112,654)	(13,112,654)
Total Comprehensive Income & Expenditure	(1,924,289)	0	0	0	(1,924,289)	(13,112,654)	(15,036,943)
Adjustments between accounting basis & funding basis under regulations (Note 8)	3,268,164	10,868,476	(202,446)	138,272	14,072,466	(14,072,466)	0
Increase/(Decrease) in 2020/21	1,343,875	10,868,476	(202,446)	138,272	12,148,177	(27,185,120)	(15,036,943)
Balance at 31st March 2021	12,940,039	10,868,476	1,087,804	1,558,498	26,454,817	(36,537,178)	(10,082,360)

2019/20	General Fund Balance £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	Total Authority Reserves £
Balance at 31st March 2019	10,925,856	1,129,115	1,343,532	13,398,503	(16,459,609)	(3,061,106)
Movement in Reserves during 2019/20						
Surplus/(Deficit) on Provision of Services	(2,544,653)	0	0	(2,544,653)	0	(2,544,653)
Other Comprehensive Income & Expenditure	0	0	0	0	10,560,341	10,560,341
Total Comprehensive Income & Expenditure	(2,544,653)	0	0	(2,544,653)	10,560,341	8,015,688
Adjustments between accounting basis & funding basis under regulations (Note 8)	3,214,961	161,135	76,694	3,452,790	(3,452,790)	0
Increase/(Decrease) in 2019/20	670,308	161,135	76,694	908,137	7,107,551	8,015,688
Balance at 31st March 2020	11,596,164	1,290,250	1,420,226	14,306,640	(9,352,058)	4,954,582

Balance Sheet

31 st March 2020 £		Note	31 st March 2021 £
34,085,207	Property, Plant and Equipment	13	33,376,992
170,000	Investment Property	15	340,285
124,070	Intangible Assets	16	42,642
978,224	Long Term Investments	17	954,820
106,629	Long Term Debtors	17	106,629
35,464,130	Long Term Assets		34,821,368
38,122	Inventories		20,767
3,033,493	Short Term Investments		7,023,410
4,872,066	Short Term Debtors	18	16,080,481
18,656,140	Cash and Cash Equivalents	19	16,352,917
1,449,000	Assets Held for Sale	20	1,125,000
28,048,821	Current Assets		40,602,575
0	Cash and Cash Equivalents	19	0
(236,590)	Short Term Borrowing	17	(240,490)
(15,010,203)	Short Term Creditors	21	(26,437,032)
(966,662)	Grants Receipts in Advance - Capital		(953,733)
(1,950,862)	Provisions	22	(3,272,377)
(18,164,317)	Current Liabilities		(30,903,632)
(8,804,685)	Long Term Borrowing	17	(8,597,179)
(31,589,366)	Other Long Term Liabilities		(46,005,492)
(40,394,052)	Long Term Liabilities		(54,602,671)
4,954,582	Net Assets/(Liabilities)		(10,082,360)
(14,306,640)	Usable Reserves		(26,454,817)
9,352,058	Unusable Reserves	23	36,537,177
(4,954,582)	Total Reserves		10,082,360

These financial statements replace the unaudited financial statements published on 30th July 2021.



Sarah Pennelli
Executive Director (Section 151)
12 December 2024

Cash Flow Statement

2019/20 £		Note	2020/21 £
2,544,653	Net (surplus)/deficit on the provision of services		1,924,289
	Adjustments to the net (surplus)/deficit on the provision of services for non-cash movements:		
(1,815,554)	Depreciation		(1,878,402)
(1,154,208)	Impairment and downward valuation		0
(58,252)	Amortisations		(58,448)
506,181	(Increase)/decrease in creditors		(17,108,352)
1,268,121	Increase/(decrease) in debtors		142,164
(6,306)	Increase/(decrease) in inventories		(17,354)
(2,365,911)	Movement in pension liability		(1,516,843)
(35,148)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised		(807,425)
384,093	(Increase)/decrease in provisions		(1,321,515)
6,329	Other non-cash items charged to the net (surplus)/deficit on the provision of services		(8,605)
(726,002)			(20,650,491)
1,244,204	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	24	1,148,720
518,202	Net cash flows from Operating Activities		(19,501,771)
2,638,186	Investing Activities	25	5,461,923
(5,476,025)	Financing Activities	26	16,343,071
(2,319,637)	Net (increase)/decrease in cash and cash equivalents		2,303,223
(16,336,503)	Cash and cash equivalents at the beginning of the reporting period		(18,656,140)
(18,656,140)	Cash and cash equivalents at the end of the reporting period		(16,352,917)

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1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end 31st March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS).

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 accounts have been prepared on a going concern basis which assumes that the Council will continue in existence for the foreseeable future.

The Council's accounting policies as far as possible have been developed to ensure that the Council's accounts are understandable, relevant, free from material error or misstatement, reliable and comparable, and are applied consistently.

ii. Accruals of Income and Expenditure

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

- Income 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 payable on borrowings and receivable on investments is accounted for respectively as expenditure and income 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 income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Expenditure is accrued where goods or services have been received before 31st March but the invoice relating to the goods or services is paid after 31st March. Similarly, income is accrued where it is due before 31st March but an invoice has not been raised or payment has not been received. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.
- Where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (receipt in advance) or debtor (payment in advance) is recorded in the Balance Sheet and the Comprehensive Income and Expenditure Statement adjusted accordingly.

iii. Basis of preparation

Underlying Principle

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

Impact of COVID-19 and the Economic Climate

Further detail in relation to the impact of the pandemic on the Council's financial position is contained within the Narrative Statement, along with information about the Council's response. At the time of writing, January 2024, the immediate impact of the pandemic is over but some of the Council's key income streams have yet to recover to pre-pandemic levels, most notably planning fees, building control fees and car parking income. Following on from the pandemic, the UK economy, and consequently the Council's financial position, have been placed under further stress by the war in the Ukraine and the impact of spiralling inflation. Despite these factors, and other consequential demands such as an increase in homelessness, the Council has managed to add to its reserves and balances in each of the financial years between 2020/21 and 2022/23. However, the current economic climate continues to prove challenging for the Council in terms of financial management, and there remains a great deal of uncertainty over the future of local government funding.

General Fund and earmarked reserves position

Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
31/03/21	£5.2m	£18.6m

Our expected General Fund and Earmarked Reserve position has a predicted balance of £4.2 million and £7.0 million at 31 March 2025. This remains within the range of General Fund balances as set out within council's policy of 10% to 35% of the net budget requirement in any given year.

Cash Position

The Council had a cash balance of £1.8m at the end of December 2023. The Council also has £11.7m in instant access money market funds and a further £2.0m in notice accounts, also available within a few days. Whilst there is uncertainty on income, the Council remains confident in its ability to maintain sufficient cash for its services throughout the medium term. The Council is of course also able to borrow short term for revenue purposes if ever needed.

In a 'stressed' case scenario whereby income is constrained further, the Council has sufficient levels of reserves and investments that it would not run out of cash.

The Council's cash forecasts show that it has adequate cash to cover its liabilities as they fall due beyond the going concern assessment period of March 2025. The forecast cash position as at 30th April 2025 is £27.1m, including short term investments.

Conclusion

The Council believes that, based on the information above, the going concern basis of accounting is appropriate for a period of at least 12 months from the date of the approval of the financial statements.

iv. Council Tax and Business Rates

The Council, as a billing authority, acts as agent in the collection of council tax and business rates (or non-domestic rates/NDR) on behalf of the major preceptors and government. The Council is principal in terms of collecting council tax and business rates for itself. Billing authorities are required by statute to maintain a separate account, known as the Collection Fund, for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework, billing authorities, precepting authorities, and central government share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

v. Accounting for Council Tax and Business Rates

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of the accrued income for the year. However, regulations determine the amount of council tax and business rates that must be included in the General Fund. As a result, the difference between the income included in the CIES and the amount credited to the General Fund under regulation is credited to the Collection Fund Adjustment Account and included as a reconciling amount in the Movement in Reserves Statement.

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

Where debtor balances for the above are identified as impaired, due to a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the Taxation and Non-Specific Grant Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

vi. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty or notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months 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.

vii. 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.

viii. 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.

This is known as the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP 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.

MRP is determined as follows:

- Historic debt – 4% of the opening balance for the financial period (the Regulatory Method)
- Debt arising from new borrowing since 1st April 2008 – equal annual instalments charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of the expenditure.
- Finance leases – a charge equal to that part of the annual rental applied to writing down the finance lease liability (i.e. the total annual rental payment less interest payable).

ix. Employee Benefits

Benefits Payable During Employment – short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. car loans) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Short Term Accumulated Absences Account, 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. They are charged on an accruals basis to the appropriate service or, where applicable, to the Non

Distributed Costs line in the Comprehensive Income and Expenditure Statement 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.

Post-Employment Benefits - employees of the Council are members of the Local Government Pensions Scheme, administered by Leicestershire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pensions Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Leicestershire pension scheme 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 estimates of 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 the 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 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 employee 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, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability 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 at the beginning of the period – taking into account any changes in the net defined benefit liability 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 – 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 Local Government 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.

x. 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.

xi. 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 the type of 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.

Financial Assets

Financial assets are classified on a “classification and measurement” approach that reflects the business model for holding the financial assets, and their cashflow characteristics. There are three main classes of financial assets measured at:

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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are, therefore, measured at amortised cost. The only exception to this would be financial assets whose 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.

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

Expected Credit Loss Model

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

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair Value Measurements of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's 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 derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xii. Government Grants and Contributions

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

- The authority will comply with the conditions attached to the payments, 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 received 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.

xiii. Heritage Assets

Heritage assets are assets that are held principally for their contribution to knowledge or culture. The Council's only heritage asset is the Ice House situated in the grounds of Bouskell Park, Blaby, a grade 2 listed building but currently in a state of disrepair. 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, e.g. where an asset 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 xvi below.

xiv. Intangible Assets

Expenditure on non-monetary assets that do not have any 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.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of 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 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.

xv. 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. They 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 also applied to gains or losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure 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.

xvi. 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. The Council recognises “substantially all” as being at least 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction. 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 Authority as Lessee

Finance Lease

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the

commencement of the lease at its fair value measured at the lease’s inception (or the present value of the minimum lease payments, if lower).

The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the 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 period 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 writedown the lease liability, and
- A finance charge – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

- The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses
- arising on leased assets. Instead, a prudent annual contributions 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 and 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).

The Authority as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, 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. A gain, representing the Council's net investment in the lease, is credited to the same line in 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the

amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in Comprehensive Income and Expenditure Statement. Credits 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 premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvii. 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.

xviii. 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 whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the 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 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
- 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 – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
-

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

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement 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 1st 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 there 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:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset, based on the historic cost of that asset
- Infrastructure – straight-line allocation over 1 to 15 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. 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 previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts in relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government.

The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the 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 fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xix. 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 in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

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

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

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

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

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

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

xx. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. 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 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, retirement and employee benefits and they do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xxi. 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.

xxii. Value Added Tax (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.

2. Accounting Standards Issued But Not Yet Adopted

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

The code also requires that changes in accounting policy are applied retrospectively unless transitional arrangements are specified by the Code. This would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2020/21 code are as follows:

- Amendment to IFRS 3 Business Combinations: changes to the definition of a business.
- Amendments to IFRS 9, IAS 39 and IFRS 7: interest rate benchmark reform.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: interest rate benchmark reform – phase 2.

None of the above standards are expected to have a significant impact on the Council's accounts.

3. Critical Judgements in Applying Accounting Policies

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

Local Government Funding

There is a high degree of uncertainty about future levels of funding for local government, particularly with regard to the rebasing of the business rates baseline and the Fairer Funding Review. However, the Council's view is that this uncertainty is not yet sufficient to provide an indication that the Council's assets might be impaired as a result of a need to close facilities and

reduce levels of service provision.

Embedded Leases and Derivatives

All material contractual arrangements have been reviewed in order to determine whether they contain embedded leases or embedded derivatives, although none have been identified as such.

Provision for Business Rates Appeals

The Council has set aside a provision which reflects its estimate of the potential cost of refunding ratepayers who successfully appeal against the rateable value of their property. The value of this provision has been determined as follows:

1. 2010 Rating List – based on an assessment of outstanding appeals at 31st March 2021 in conjunction with an external expert. One key judgement made in arriving at the value of the provision is that appeals that are assessed as likely to be withdrawn have not been included.
2. 2017 Rating List – The Council has engaged an external expert to assist in gauging the potential losses in current and future rating liability as a result of reductions in rateable values. The provision is based upon challenges submitted as at 31st March 2021, potential threats based on our external expert's assessment of the rating list, and an internal review of businesses with a rateable value of £250,000 or more. The COVID-19 pandemic has led to an increase in appeals based on Material Changes in Circumstances.
3. The Government has stated its intention to legislate against such appeals and, therefore, they have not been included in the provision.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet at 31st March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £69,107 for every year that useful lives had to be reduced.

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 for comparative purposes, to inform opinions of value. The current response to COVID-19 means that there is an unprecedented set of circumstances on which to base a judgement.

As at 31 March 2021, there is an absence of any new and specific evidence to quantify the impact of COVID-19 on valuations of properties.

A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement.

An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

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, Hymans Robertson LLP, is engaged by Leicestershire County Council on behalf of all Leicestershire authorities to provide specialist advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of 10% (£11,590,000).

The Council's share of the net pension liability at 31st March 2021 had increased by £14,460,000. The most significant contributory factor leading to this increase is the fall in the real discount rate during the year.

During 2020/21, the actuaries advised that the net pension liability had decreased by £815,000 as a result of experience and increased by £25,870,000 attributable to updating of the financial and demographic assumptions.

Arrears

At 31st March 2021, the Council had a balance of sundry debtors of £2,100,488. A review of significant balances suggested that on average an impairment of doubtful debts of just under 56% (£1,171,637) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.

If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £250,713 to be set aside as an allowance.

5. Material Items of Income and Expense

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement.

The Council received the following Grants which they had no control over and was considered

to be acting as an Agent.

Small Business Grant and Retail, Hospitality & Leisure Grant Fund, Local Restrictions Support Grants (Closed) Addendum, Local Restrictions Support Grant (Closed), Christmas Support Package, Closed Business Lockdown Payment and Test & Trace Support Main Scheme. The total amount received was £16,845,806 and out of this £ 15,234,201 was paid out by 31st March 2021.

6. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Strategic Director (Section 151) on 30 July 2021. Events taking place after this date are not reflected in the financial statements or notes.

There were no material post balance sheet events arising between 31st March 2021 and the date on which the accounts were authorised for issue.

7. Expenditure and Funding Analysis

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

2019/20	2019/20	2019/20		2020/21	2020/21	2020/21
Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
£	£	£		£	£	£
1,482,169	(220,590)	1,702,759	Community Services	1,550,460	(137,975)	1,412,485
3,988,901	(1,128,605)	5,117,506	Corporate Services and Neighbourhood Services	3,860,141	935,969	4,796,110
1,602,227	(2,661,140)	4,263,367	Finance, Efficiency and Assets	2,711,001	1,133,605	3,844,606
741,447	(571,471)	1,312,918	Health Improvement, Leisure and Regulatory Services	1,481,700	291,962	1,773,662
1,397,054	101,232	1,295,822	Leader	1,191,954	(2,506)	1,189,448
1,048,220	(809,379)	1,857,600	Planning, Housing Strategy, Economic and Community Development	1,211,428	703,925	1,915,353
10,260,018	(5,289,953)	15,549,971	Net Cost of Services	12,006,684	2,924,979	14,931,663
(10,930,326)	2,074,933	(13,005,319)	Other Income and Expenditure	(24,219,035)	(11,211,662)	(13,007,373)
(670,308)	3,214,961	2,544,653	(Surplus) or Deficit	(12,212,351)	(14,136,640)	1,924,289
10,925,856			Opening General Fund Balance	11,596,164		
670,308			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	12,212,351		
11,596,164			Closing General Fund Balance at 31st March	23,808,516		

The General Fund Balance is made up of reserves which have been earmarked for specific purposes(see note 9) and those which are as yet unallocated.

	Earmarked Reserves £	Unallocated General Fund Balances £	Total General Fund Balance £
Balance as at 1st April 2020	7,574,952	4,021,213	11,596,165
Movement in Earmarked Reserves	11,018,886	0	11,018,886
Movement in Unallocated General Fund Balances	0	1,193,465	1,193,465
Balance as at 31st March 2021	18,593,838	5,214,678	23,808,516

The balance includes £10,868,476 in an Earmarked Reserve specifically set aside to meet the Collection Fund Deficit.

7a. Notes to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2020/21

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £	Net change for the Pensions Adjustments £	Other Differences £	Total Adjustments £
Community Services	(337,243)	197,451	1,817	(137,975)
Corporate Services and Neighbourhood Services	704,579	233,386	(1,996)	935,969
Finance, Efficiency and Assets	1,028,135	103,773	1,697	1,133,605
Health Improvement, Leisure and Regulatory Services	(78,535)	148,030	222,466	291,961
Leader	0	(1,561)	(945)	(2,506)
Planning, Housing Strategy, Economic and Community Development	598,615	108,764	(3,455)	703,924
Net Cost of Services	1,915,551	789,843	219,584	2,924,978
Other income and expenditure from the Expenditure and Funding Analysis	(595,699)	727,000	11,080,361	11,211,662
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,319,852	1,516,843	11,299,945	14,136,640

Adjustments between Funding and Accounting Basis 2019/20

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £	Net change for the Pensions Adjustments £	Other Differences £	Total Adjustments £
Community Services	(153,551)	371,198	2,943	220,590
Corporate Services and Neighbourhood Services	617,202	512,427	(1,024)	1,128,605
Finance, Efficiency and Assets	2,215,226	138,655	307,259	2,661,140
Health Improvement, Leisure and Regulatory Services	55,636	275,969	239,864	571,470
Leader	6,894	(107,472)	(654)	(101,232)
Planning, Housing Strategy, Economic and Community Development	580,639	228,133	608	809,380
Net Cost of Services	3,322,046	1,418,910	548,996	5,289,953
Other income and expenditure from the Expenditure and Funding Analysis	(2,030,940)	947,000	(991,052)	(2,074,993)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,291,106	2,365,910	(442,056)	3,214,960

Adjustments for Capital Purposes

This column adds in depreciation and impairment, and revaluation gains and losses in the service line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing,

i.e. the Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted for those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits related expenditure and income:

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

Other Differences

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

- **For Financing and investment income and expenditure** – the other differences

column recognises adjustments to the General Fund for the accrual of compensated absences (holiday pay). Other items such as investment property, interest payable and receivable, and trading operations are reallocated between this line and services.

- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year, and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

7b. Expenditure and Income Analysed by Nature

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

	2020/21 £	2019/20 £
Expenditure		
Employee benefits expenses	13,658,386	13,150,224
Other services expenses	17,650,641	16,741,817
Depreciation, amortisation and impairment	2,709,243	3,965,956
Interest payments	1,122,904	1,253,284
Precepts and levies	3,652,059	3,390,011
Loss on the disposal of assets	737,592	0
Total Expenditure	39,530,825	38,501,291
Income		
Fees, charges and other service income	(3,897,036)	(4,575,932)
Interest and investment income	(126,543)	(232,211)
Income from council tax	(9,207,638)	(8,878,854)
Net of Non Domestic Rates Income	(2,760,267)	(3,602,359)
Government Grants and Contributions	(21,250,754)	(18,036,249)
Gain on disposal of assets	0	(149,950)
Surplus on Trading Operations	(364,298)	(481,085)
Total Income	(37,606,536)	(35,956,639)
(Surplus)/Deficit on the Provision of Services	1,924,289	2,544,653

Income received from services on a segmental basis is analysed in the following table:

	2020/21 £	2019/20 £
Community Services	(1,002,742)	(1,133,040)
Corporate Services & Neighbourhood Services	(1,807,518)	(1,647,573)
Finance, Efficiency & Assets	(464,118)	(615,300)
Health Improvement , Leisure & Regulatory Services	(476,230)	(967,663)
Leader	(32,991)	(49,371)
Planning, Housing Strategy, Economic & Community Development	(630,979)	(782,743)
Total Revenue from External Customers	(4,414,578)	(5,195,690)

8. 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. The following sets out a description of the reserves

that the adjustments are made against.

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Collection Fund Earmarked Reserve

The Collection Fund Reserve holds the surplus of Business Rates Section 31 grant and Tax Income Guarantee payment which is to be used to offset the Collection Fund Deficit. The legislation that governs Collection Fund accounting means the related deficit as a result of the loss of Business Rates income in-year will not be charged to the councils General Fund until 2021/22. The reserve balance will then be used to mitigate against this deficit.

2020/21	General Fund Balance £	Collection Fund Earmarked Reserve £	Capital Receipts Reserve £	Capital Grants Unapplied £
Adjustments to Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Section 31 grants surplus and Tax Income guarantee transferred to the Collection Fund Reserve	(10,868,476)	10,868,476	0	0
Pensions costs (transferred to/from the Pensions Reserve)	1,516,843	0	0	0
Council tax and NNDR (transfers to/from Collection Fund Adjustment Account)	11,287,454	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	(4,135)	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	2,526,294	0	0	361,294
Total Adjustments to Revenue Resources	4,457,980	10,868,476	0	361,294
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(72,394)	0	72,394	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(1,022,219)	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(95,202)	0	0	0
Total Adjustments between Revenue and Capital Resources	(1,189,816)	0	72,394	0
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(274,840)	0
Application of capital grants to finance capital expenditure	0	0	0	(223,022)
Repayment of Capital Loans (Transfer to Capital Adjustment Account)	0	0	0	0
Total Adjustments to Capital Resources	0	0	(274,840)	(223,022)
Total Adjustments	3,268,164	10,868,476	(202,446)	138,272

2019/20	General Fund Balance £	Capital Receipts Reserve £	Capital Grants Unapplied £
Adjustments to Revenue Resources			
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>			
Pensions costs (transferred to/from the Pensions Reserve)	2,365,911	0	0
Council tax and NNDR (transfers to/from Collection Fund Adjustment Account)	(470,701)	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	90	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	3,083,747	0	268,622
Total Adjustments to Revenue Resources	4,979,047	0	268,622
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(185,098)	185,098	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(845,272)	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(733,717)	0	0
Total Adjustments between Revenue and Capital Resources	(1,764,086)	185,098	0
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure	0	(34,987)	0
Application of capital grants to finance capital expenditure	0	0	(191,928)
Repayment of Capital Loans (Transfer to Capital Adjustment Account)	0	11,024	0
Total Adjustments to Capital Resources	0	(23,963)	(191,928)
Total Adjustments	3,214,961	161,135	76,694

9. Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/21.

	Balance at 1 st April 2019 £	Transfers Out 2019/20 £	Transfers In 2019/20 £	Balance at 31 st March 2020 £	Transfers Out 2020/21 £	Transfers In 2020/21 £	Balance at 31 st March 2021 £
Leisure Centre Renewals	(79,364)	0	0	(79,364)	0	0	(79,364)
IT Reserve Fund	(250,000)	85,359	0	(164,641)	36,623	0	(128,018)
Licensing Reserve	(27,868)	0	0	(27,868)	0	0	(27,868)
Insurance Reserve Fund	(100,000)	0	0	(100,000)	0	0	(100,000)
Special Schemes - capital	(600,000)	305,239	0	(294,761)	8,039	0	(286,722)
Special Schemes - revenue	(600,000)	280,355	0	(319,645)	42,760	0	(276,885)
General Reserve Fund	(1,840,005)	117,241	0	(1,722,764)	25,000	0	(1,697,764)
Ongoing Projects Reserve	(943,644)	943,644	(1,663,849)	(1,663,849)	1,663,849	(2,179,548)	(2,179,548)
Elections Reserve	(175,349)	112,886	0	(62,463)	0	(30,000)	(92,463)
Choice Based Lettings Reserve	(952)	0	0	(952)	0	0	(952)
Lubbesthorpe Parish Council	0.00	0	(20,527)	(20,527)	20,527	0	0
New Homes Bonus Reserve	(59,627)	18,300	0	(41,327)	0	0	(41,327)
Economic Development Initiatives	(50,000)	0	0	(50,000)	0	0	(50,000)
Provision - ERIE Sinking Fund	0	0	(38,900)	(38,900)	0	(2,817)	(41,717)
Community Rights	(48,724)	0	0	(48,724)	0	0	(48,724)
Council Tax Support Grant	(250,000)	0	0	(250,000)	0	0	(250,000)
New Homes Bonus	(881)	0	0	(881)	0	0	(881)
NNDR Income Reserve	(2,237,598)	228,443	0	(2,009,155)	306,981	0	(1,702,174)
Flexible Working Reserve	(100,000)	5,322	0	(94,678)	0	0	(94,678)
Planning Fee Income Reserve	(41,188)	41,188	0	0	0	0	0
Local Plan Reserve	(240,750)	0	(242,845)	(483,595)	0	0	(483,595)
Lottery Reserve	(14,452)	0	(825)	(15,277)	0	(5,435)	(20,712)
IT System Replacement	(100,000)	28,685	0	(71,315)	0	0	(71,315)
Property Fund Reserve	0	0	(14,266)	(14,266)	0	(36,390)	(50,656)
Tax Income Guarantee	0	0	0	0	0	(1,379,730)	(1,379,730)
S31 Grant Reserve	0	0	0	0	0	(9,488,745)	(9,488,745)
Total	(7,760,402)	2,166,662	(1,981,212)	(7,574,952)	2,103,779	(13,122,665)	(18,593,838)
Collection Fund – timing difference				0			10,868,475
Useable Earmarked Reserves				(7,574,952)			(7,725,363)

The government granted business rates relief to retail, hospitality, and leisure services during 2020/21, and compensated local authorities via a Section 31 grant. The relief forms part of the Council's share of the Collection Fund deficit, whilst the grant income must be shown within the Council's General Fund. In 2021/22 the Section 31 grant above will be utilised to fund the Collection Fund deficit charged to the General Fund.

These earmarked reserves have been established to provide funding for the following purposes:

Earmarked Reserve	Purpose
Leisure Centres Renewals Fund	Periodic replacement of major plant and equipment.
I.T. Reserve Fund	Maintained in order to meet the costs of Information and Communications Technology (ICT) infrastructure issues, including plant and equipment.
Licensing Reserve	Licensing software developments and service improvements.
Insurance Reserve	Unforeseen claims liabilities in relation to self-funded public liability insurance policy.
On-Going Projects	Expenditure commitments from non-repeating budgets where delayed delivery results in deferral to a subsequent year.
General Reserve Fund	To offset the anticipated future reduction in grant funding from central Government.
Special Schemes Reserves - Capital	Major capital projects of a specific nature.
Special Schemes Reserve – Revenue	A reserve for future expenditure on one off revenue and/or capital projects.
Elections Reserve	To cover the cost of future District Council elections.
Choice Based Lettings Reserve	Support for setting up and development of new lettings system.
Lubbesthorpe Parish Council	Lubbesthorpe Parish Precept withheld pending the new Parish Council setting up their own bank account.
New Homes Bonus Reserve	Grant set aside to fund specific housing projects.
Local Authority Mortgage Scheme Default Reserve	To underwrite the Council's share of any potential future costs in relation to mortgage defaults. Now closed.
Economic Development Initiatives Reserve	To cover future economic development related projects.
Supporting Families Project Reserve	Set aside monies to cover costs in relation to a County-wide project commencing in 2016/17. Project ended during 2018/19.
ERIE Sinking Fund	To recognise the Service Charge income held in relation to future maintenance requirements at Enderby Road Industrial Estate.
Community Rights Reserve	Set aside monies to cover potential future costs associated with the Community Right to Challenge and/or Community Right to Bid initiatives.
Waste Collection Grant Reserve	To hold the unused element of Weekly Collection Support Scheme Grant received in 2013/14 to pay for the retention of the weekly refuse and recycling scheme. Now fully utilised.
Council Tax Support Reserve	Set aside to mitigate the potential risks and uncertainties in funding arising from the introduction of council tax localisation in 2013/14.
Parish New Homes Bonus Reserve	To hold the share of New Homes Bonus Grant awarded to parish councils/meetings which do not maintain their own bank account.
NNDR Income Reserve	Set aside to mitigate the potential risks and uncertainties in funding arising from the introduction of business rates retention in 2013/14.

Agile Working Reserve	Set aside monies to cover potential future costs of introducing mobile and flexible working processes, a major corporate project.
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Earmarked Reserve	Purpose
Planning Fee Income Reserve	The Government introduced legislation permitting local authorities to increase planning fees and charges by 20%, on the condition that any surplus income generated will be reinvested in the Planning service. This reserve has been set up to enable the Council to ring-fence the surplus income received but not yet applied.
Local Plan Reserve	To cover non-recurring expenditure linked to the delivery of the Council's Local Plan.
Lottery Reserve	To ring-fence the Council's share of proceeds from the Blaby Lottery, which will be used to support the Community Grants Programme.
IT System Replacement Reserve	Set aside to offset the cost of implementation of new IT systems, including additional maintenance and licensing costs.
Property Fund Reserve	To hold the interest earned from the Lothbury Property Fund to mitigate potential future fluctuations in the fund value.
Tax Income Guarantee Reserve	To hold the one off compensatory Tax Income Guarantee payment to be used to offset the Collection Fund deficit.
S31 Grant Reserve	To hold the Council's share of Section 31 Grant, which will be used to offset the Collection Fund deficit across the next three financial years.

10. Other Operating Expenditure

	2020/21 £	2019/20 £
Parish Council Precepts	3,652,059	3,390,011
(Gains)/losses on the disposal of non-current assets	737,592	(149,950)
Total	4,389,651	3,240,061

11. Financing and Investment Income and Expenditure

	2020/21 £	2019/20 £
Interest payable and similar charges	379,279	277,729
Net interest on the net defined benefit liability	727,000	947,000
Interest receivable and similar income	(126,543)	(232,355)
Expenditure in relation to investment properties and changes in their fair value	8,513	16,350
Income on investment properties	0	(44,513)
Movement in value of Property Fund	16,625	28,555
Net (Surplus)/Deficit on Trading Operations	(364,297)	(481,085)
Impairment of Financial Assets	0	0
Total	640,577	511,681

12. Taxation and Non Specific Grant Income and Expenditure

	2020/21 £	2019/20 £
Council tax income	(9,207,638)	(8,878,854)
Non domestic rates	(2,760,267)	(3,602,359)
Non ring-fenced government grants	(5,742,405)	(3,860,652)
Capital grants and contributions	(327,291)	(415,197)
Total	(18,037,601)	(16,757,062)

13. Property, Plant and Equipment

Movement on Balances in 2020/2021	Other Land & Buildings £	Vehicles, Plant, Furniture & Equipment £	Infrastructure Assets £	Community Assets £	Surplus Assets £	Assets under Construction £	Total Property, Plant & Equipment £
Cost or Valuation							
At 1 st April 2020	28,638,388	7,920,355	482,312	1,732,949	241,600	0	39,015,604
Additions	216,283	1,392,092	0	193,580	0	0	1,801,955
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,174,321)	0	0	0	0	0	(1,174,321)
Derecognition – disposals	(205,000)	(1,260,747)	0	0	0	0	(1,465,747)
Transfers between asset groups	0	0	0	0	0	0	0
Assets reclassified to/from held for sale	0	0	0	0	0	0	0
At 31st March 2021	27,475,350	8,051,700	482,312	1,926,529	241,600	0	38,177,491
Accumulated Depreciation and Impairment							
At 1 st April 2020	(143,890)	(4,400,736)	(346,073)	(39,699)	0	0	(4,930,398)
Depreciation charge	(980,754)	(865,340)	(33,681)	(23,399)	0	0	(1,903,174)
Derecognition – disposals	0	1,057,804	0	0	0	0	1,057,804
Other movements in depreciation and impairment	975,270	0	0	0	0	0	975,270
At 31st March 2021	(149,374)	(4,208,272)	(379,754)	(63,098)	0	0	(4,800,498)
Net Book Value							
At 31st March 2021	27,325,976	3,843,428	102,558	1,863,431	241,600	0	33,376,993
At 31st March 2020	28,494,499	3,519,619	136,238	1,693,250	241,600	0	34,085,206

Movements in 2019/20	Other Land & Buildings £	Vehicles, Plant, Furniture & Equipment £	Infrastructure Assets £	Community Assets £	Surplus Assets £	Assets under Construction £	Total Property, Plant & Equipment £
Cost or Valuation							
At 1 st April 2019	26,241,908	7,677,200	482,312	1,690,712	842,400	333,333	37,267,865
Additions	4,263,167	1,211,764	0	70,823	0	0	5,545,754
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(2,200,020)	0	0	0	(800)	0	(2,200,820)
Derecognition – disposals	0	(968,609)	0	(28,586)	0	0	(997,195)
Transfers between asset groups	333,333	0	0	0	0	(333,333)	0
Assets reclassified to/from held for sale	0	0	0	0	(600,000)	0	(600,000)
At 31st March 2020	28,638,388	7,920,355	482,312	1,732,949	241,600	0	39,015,604
Accumulated Depreciation and Impairment							
At 1 st April 2019	(138,818)	(4,606,512)	(311,744)	(32,223)	0	0	(5,089,297)
Depreciation charge	(1,016,489)	(755,602)	(34,330)	(9,133)	0	0	(1,815,554)
Derecognition – disposals		961,378	0	1,657	0	0	963,035
Other movements in depreciation and impairment	1,011,418	0	0	0	0	0	1,011,418
At 31st March 2020	(143,889)	(4,400,736)	(346,074)	(39,699)	0	0	(4,930,398)
Net Book Value							
At 31st March 2020	28,494,499	3,519,619	136,238	1,693,250	241,600	0	34,085,206
At 31st March 2019	26,103,090	3,070,687	170,569	1,658,489	842,400	333,333	32,178,568

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings – 1 to 50 years
- Vehicles, Plant, Furniture & Equipment – 1 to 50 years
- Infrastructure – 1 to 15 years
- Community Assets – 1 to 10 years

Assets under construction are not depreciated until brought into use.

Capital Commitments

At 31st March 2021, the Council has entered into a number of contracts for the enhancement of Property, Plant and Equipment in 2021/22 and future years budgeted to cost £861,472. Similar commitments at 31st March 2020 were £932,564.

The major commitments are –

Capital Commitments	£
Disabled Facilities Grants	130,945
Conversion of The Grange, Narborough in to Residential Apartments	284,296
Affordable Housing Contribution - Warwick Road, Littlethorpe	207,000
Other	239,231
	861,472

The commitments for the prior year have been restated to ensure that they only reflect capital schemes to which the Council was contractually committed at 31st March 2020. The corresponding figure in the 2019/20 accounts erroneously included all unspent budgets carried forward from the preceding year, even where those budgets were not yet committed. The impact of the restatement reduced the amount disclosed by £1,608,496.

Effects of Changes in Estimates

The Council has reviewed its assumptions with regard to the useful economic life of its non-current assets but has concluded that no material changes are required to its accounting estimates.

Revaluations

The Council's valuation programme ensures that all Property, Plant and Equipment required to be measured at fair value is formally revalued at least every five years, although any material changes to valuations are adjusted in the interim period.

Land and buildings are valued by an independent external valuer and subject to annual desktop reviews. A desktop valuation was undertaken as at 31st March 2021 by Mr M. Wilson (Associate – RICS Registered Valuer), of the Bruton Knowles Property Consultants. The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. For non-specialised operational assets, fair value equates to existing use value, and for specialised operational assets fair value is estimated using a depreciated replacement cost approach.

Vehicles, plant and equipment are valued internally by reference to current replacement costs provided by suppliers and estimated disposal values (open market value in existing use). Assets not yet re-valued are shown at depreciated value based on historical cost but are not considered to be materially under or over valued. The Council is not aware of any material change in value and these valuations have not been updated.

Surplus assets are measured at fair value, representing highest and best use value from a market participant's perspective.

	Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£	£	£	£	£	£	£
Carried at historical cost	0	3,843,428	102,558	1,863,431	0	0	5,809,417
Valued at fair value as at:							
31 st March 2021	27,325,976	0	0	0	241,600	0	27,567,576
31 st March 2020	0	0	0	0	0	0	0
31 st March 2019	0	0	0	0	0	0	0
Total	27,325,976	3,843,428	102,558	1,863,431	241,600	0	33,376,993

14. Heritage Assets

A heritage asset is defined by the Code as an asset with "historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for

its contribution to knowledge and culture". The Council currently has only one asset that meets the definition of a heritage asset, and that is the Ice House situated in Bouskell Park, Blaby. Most of the Ice House is underground and part has been dated back to medieval times. It is a grade 2 listed building and is considered to be of historical interest but presently it is in a state of disrepair and consequently closed to the public. The Council secured external funding to enable it to undertake structural works during 2020/21 that will improve accessibility to the Ice House.

The Ice House is not currently reported in the Balance Sheet as the Council holds no information as to its cost or value, and it is considered that the cost of obtaining such information outweighs the benefit to the users of the financial statements. This position will be reviewed once planned improvements works have been completed.

15. Investment Properties

The Council owns just one investment property, the Grange, Narborough which was formerly leased to the Royal Bank of Scotland Group (see note 35 for further details). The property was vacated on 16th October 2018. Works are being carried out to redevelop the property into flats, which the Council intends to let out at market rent.

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.

	2020/21 £	2019/20 £
Rental income from investment property	0	0
Dilapidations	0	(44,513)
Operating expenses arising from investment property	(6,687)	16,351
Net gain/(loss) from fair value adjustments	(1,826)	0
Net gain/(loss)	(8,513)	(28,162)

The movement in the fair value of investment property during the year is set out in the table below.

	2020/21 £	2019/20 £
Balance as at 1 st April	170,000	148,500
Additions	170,285	12,326
Net gain/(loss) from fair value adjustments	0	9,174
Balance as at 31st March	340,285	170,000

16. 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 purchased licences but the Council has no internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The Council has no Intangible Assets that it has assessed as having an indefinite useful life.

The useful lives assigned to the major software suites used by the Council are:

Useful Life	Intangible Asset
10 years	<ul style="list-style-type: none"> Northgate Revenues & Benefits System
5 years	<ul style="list-style-type: none"> Customer Relationship Management/Electronic Document and Records Management System (CRM/EDRM) Xpress Elections Software Real Asset Management (Asset Register System) Idox/CAPS Planning System Bottomline BACS Submission Software Home Connections Choice Based Lettings System
3 years	<ul style="list-style-type: none"> COA Solutions eFinancials (Financial Management System)

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

Movement on Intangible Asset Balances	2020/21 £	2019/20 £
Balance at 1 st April		
<ul style="list-style-type: none"> Gross carrying amount Accumulated amortisation 	509,159 (385,089)	756,795 (627,551)
Net carrying amount at 1 st April	124,070	129,244
Additions	0	54,067
Disposals	(276,831)	(301,704)
Amortisation for the period	(58,448)	(58,252)
Write back amortisations on disposals	253,850	300,715
Net carrying amount at 31st March	42,642	124,070
Comprising:		
<ul style="list-style-type: none"> Gross carrying amount Accumulated amortisation 	232,328 (189,686)	509,159 (385,089)
	42,642	124,070

There have been no changes in accounting estimates (e.g. residual values, useful lives, amortisation method) for Intangible Assets that have had an effect on the current period or that are expected to have an effect in subsequent financial years. Software assets are valued at historic cost.

17. Financial Instruments

Categories of Financial Instruments

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

Financial Assets	Non-Current 31 st March 2021 £	Current 31 st March 2021 £	Non-Current 31 st March 2020 £	Current 31 st March 2020 £
Cash and Bank balance	0	482,330	0	0
Investments at amortised cost	0	22,893,997	0	21,796,789
Investments at Fair Value through Profit or Loss	954,820	0	978,224	0
Debtors carried at contract amounts	106,629	1,445,392	106,629	2,462,838
Total Financial Assets	1,061,449	24,821,719	1,084,853	24,259,627

Financial Liabilities	Non-Current 31 st March 2021 £	Current 31 st March 2021 £	Non-Current 31 st March 2020 £	Current 31 st March 2020 £
Cash and Bank balance	0	0	0	(107,156)
Borrowings at amortised cost	(8,141,780)	(240,490)	(8,349,066)	(236,591)
Other Long Term Liabilities at amortised cost	(455,399)	0	(455,619)	0
Creditors carried at contract amounts	0	(8,419,769)	0	(6,540,873)
Total Financial Liabilities	(8,597,179)	(8,660,259)	(8,804,685)	(6,884,620)

Income, Expense, Gains and Losses

Income, Expense, Gains and Losses in 2020/21	Financial Liabilities measured at amortised cost £	Financial Assets measured at amortised cost £	Financial Assets Fair Value through profit or loss £	Total £
Interest expense – financial liabilities measured at amortised cost	(379,279)			(379,279)
Interest revenue – financial assets measured at amortised cost		90,153		90,153
Interest revenue – financial assets measured at Fair Value through Profit or Loss			36,391	36,391
Losses on Revaluation of Property Fund			(45,180)	(45,180)
Net gain/(loss) for the year	(379,279)	90,153	(8,789)	(297,915)

Income, Expense, Gains and Losses in 2019/20	Financial Liabilities measured at amortised cost £	Financial Assets measured at amortised cost £	Financial Assets Fair Value through profit or loss £	Total £
Interest expense – financial liabilities measured at amortised cost	(277,729)			(277,729)
Interest revenue – financial assets measured at amortised cost		218,090		218,090
Interest revenue – financial assets measured at Fair Value through Profit or Loss			14,266	14,266
Losses on Revaluation of Property Fund			(28,555)	(28,555)
Net gain/(loss) for the year	(277,729)	218,090	(14,289)	(73,928)

Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and investments and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, new loan rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark rates have been used to provide the fair value
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	Carrying Amount 31 st March 2021 £	Fair Value 31 st March 2021 £	Carrying Amount 31 st March 2020 £	Fair Value 31 st March 2020 £
PWLB Debt	6,374,762	6,557,055	6,578,168	6,265,764
Non PWLB Debt	2,007,288	2,056,086	2,007,288	1,997,590
Short Term Creditors	8,419,769	8,419,769	6,540,873	6,540,873
Short Term Finance Lease Liability	220	220	200	200
Long Term Finance Lease Liability	455,399	455,399	455,619	455,619
Total Financial Liabilities	17,257,438	17,488,529	15,582,148	15,260,046

The fair value of Public Works Loan Board (PWLB) and market loans of £8,613,141 measures the economic effect of the terms agreed with the PWLB and other lenders compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB and other lenders, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £6,374,762 would be valued at £6,557,055. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans, including the penalty charge, would be £7,996,454. Applying a similar principle to the Council's non-PWLB loans would see an exit price, including penalty charges, of £2,071,450 compared with the fair value of £2,056,086 in the table above.

	Carrying Amount 31 st March 2021 £	Fair Value 31 st March 2021 £	Carrying Amount 31 st March 2020 £	Fair Value 31 st March 2020 £
Cash and Bank balance	482,330	482,330	0	0
Money Market Loans less than 1 Year	23,848,816	23,848,816	22,775,013	22,775,013
Short Term Debtors	1,445,392	1,445,392	2,462,838	2,462,838
Long Term Debtors	106,629	106,629	106,629	106,629
Total Financial Assets	25,883,167	25,883,167	25,344,480	25,344,480

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

The Council's long term debtors include mortgage advances and renovation loans in excess of twelve months. The balances are increased by payments/loans advanced during the financial year and reduced as repayments are made.

18. Debtors

	31 st March 2021 £	31 st March 2020 £
Central government bodies	10,410,638	339,931
Other local authorities	3,655,553	2,346,695
NHS Bodies	55,948	75,032
Other entities and individuals	1,958,342	2,110,408
Total	16,080,481	4,872,066

£244,366 included within the other local authorities balance as at 31st March 2021 relates to the County Council and Fire Authorities share of the Collection fund deficit and the Government's share of £10,309,298 is included within the Central government bodies line in the above table. The large deficit has arisen due to retail, hospitality and leisure relief given to certain businesses to support them during the pandemic, which resulted in a reduction in business rates collectable. This is offset by Section 31 grant held in earmarked reserves (see Note 8). Each line item in the table above is presented net of impairment (i.e., any allowance for non-collection). The impairment allowance for short term debtors (including council tax and non-domestic rate income) as at 31st March 2021 is £1,457,265 (£1,156,523 at 31st March 2020). In respect of the total local taxation debt outstanding as at 31 March 2021, this value is £963,699 (31 March 2020 £674,255). The total level of impairment to 31st March 2021 is £279,426 (31 March 2020 £155,359). To calculate the impairment an appropriate rate is applied to summonsed and unsummonsed debt, based on the age of the debt and the likelihood of recovery. Write offs are processed during the year. During 2020/21 a total of £186,600 was written off (£165,047 during 2019/20), £24,504 in relation to the General Fund (£8,545 in 2019/20) and £162,096 was in relation to Local Taxation (£156,502 in 2019/20).

19. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 st March 2021 £	31 st March 2020 £
Cash held by the Council	626	577
Bank current accounts	481,730	(107,485)
Deposits in Money Market Funds	5,472,060	3,652,897
Short-term deposits with banks and building societies	10,398,501	7,106,005
Deposits with other Local Authorities	0	8,004,146
Total Cash and Cash Equivalents	16,352,917	18,656,140

20. Assets Held for Sale

As at 31st March 2021, the Council had one Current Asset held for sale. The value of the Council Depot, Warwick Road Narborough is shown in the below table.

	Current 2020/21 £	Current 2019/20 £
Balance as at 1st April	1,449,000	0
Assets newly classified as Held for Sale	177,500	1,449,000
Revaluation Losses	(125,000)	0
Disposals	(376,500)	0
Impairment losses	0	0
Balance as at 31st March	1,125,000	1,449,000

21. Creditors

Creditors	31 st March 2021 £	31 st March 2020 £
Central government bodies	(12,415,155)	(2,824,163)
Other local authorities	(4,207,953)	(7,067,784)
NHS bodies	(1,137,282)	(1,289,672)
Other entities and individuals	(8,676,642)	(3,828,584)
Total	(26,437,032)	(15,010,203)

Included within Central government bodies as at 31st March 2021 is £12,414,686 relating to the balance of Section 31 Grant which is owed back to the Government.

22. Provisions

The Council maintains an Insurance Reserve Fund to meet its own liability in relation to claims which may be made against the Council, not currently notified, which would not be fully met within the terms and conditions of its insurance policies. The principal policy to which this applies is the Council's public liability policy under which the Council is required to meet the first £12,500 costs of any claim. Movements in the Insurance Reserve Fund are included within note 9.

A provision has also been made in respect of potential claims liabilities arising under the above policies, based on Insurers' assessment of claims notified, limited to the amount of claim excess. Although the timing of outcomes is uncertain, claims may be paid either fully or in part, or may be repudiated, and so the cost cannot be estimated with certainty. The level of provision required is reviewed annually.

The Council also holds a provision to cover potential liabilities in relation to the Municipal Mutual Insurance (MMI) Scheme of Arrangement. In November 2012 it was announced that a levy of 15% would be applied to the total value of insurance claims paid through MMI since 1993 (less £50,000). For Blaby this amounts to £295,000 in settled claims, less £50,000. Due to the uncertain position in respect of the most volatile classes of claim, such as mesothelioma, the scheme administrator has increased the levy by 10% to 25%.

A provision for the Council's share of the cost of settling outstanding business rates appeals was created as a result of the introduction of the Business Rates Retention Scheme in April 2013. Although the Council is able to retain a larger share of business rates locally it also bears the risks and uncertainties linked to the level of rateable value appeals, which may lead to a reduction in business rates payable. The Council was part of the Leicestershire 75% Business Rates Pilot during 2019/20, so its share of the overall provision reduced from 40% (under the

50% Business Rates Retention Scheme) to 37.5% for 2019/20 only. This has now increased back to 40% for 2020/21.

	Insurance Claims Provision £	MMI Scheme of Arrangement £	NNDR Appeals Provision £	Total £
Balance at 1st April 2020	(30,507)	(180,355)	(1,740,000)	(1,950,862)
Conversion from 75% to 50% Pilot	0	0	(116,000)	(116,000)
Reduction in provision in year	18,747	0	0	18,747
Additional provision made in year	0	0	(1,576,000)	(1,576,000)
Amounts used in year	11,760	(22)	340,000	351,737
Balance as at 31st March 2021	0	(180,377)	(3,092,000)	(3,272,377)

23. Unusable Reserves

	31 st March 2021 £	31 st March 2020 £
Revaluation Reserve	(11,894,241)	(12,850,177)
Capital Adjustment Account	(8,430,697)	(8,899,934)
Pensions Reserve	45,686,000	31,226,000
Collection Fund Adjustment Account	11,053,446	(234,008)
Accumulated Absences Account	77,489	81,623
Financial Instruments Adjustment Account	45,180	28,555
Total	36,537,177	9,352,059

Revaluation Reserve

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

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

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

	2020/21 £	2019/20 £
Balance at 1st April	(12,850,178)	(12,456,311)
Upward revaluation of assets	(324,292)	(3,806,700)
Downward revaluation of assets	469,017	2,982,820
Impairment Losses	0	450
Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	144,725	(823,430)
Difference between fair value depreciation and historical cost depreciation	324,968	429,560
Accumulated gains/(losses) on assets sold or scrapped	461,472	3
Reversal of Impairment charge from prior year	24,771	0
Balance at 31st March	(11,894,241)	(12,850,178)

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2020/21 £	2019/20 £
Balance at 1st April	(8,899,934)	(9,999,307)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	1,880,229	2,970,212
Amortisation of intangible assets	58,448	58,252
Revenue expenditure funded from capital under statute	882,724	1,050,687
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	807,424	35,148
	3,628,824	4,114,298
Difference between fair value depreciation and historical cost depreciation	(324,968)	(429,560)
Accumulated gains/(losses) on assets sold or scrapped	(461,472)	(3)
Net amount written out of the cost of non-current assets consumed in the year	2,842,384	3,684,735
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	(274,841)	(34,987)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(757,863)	(790,484)
Application of grants to capital financing from the Capital Grants Unapplied Account	(223,022)	(191,927)
Statutory provision for the financing of capital investment charged against the General Fund balance.	(1,022,219)	(845,272)
Capital expenditure charged against the General Fund balance	(95,202)	(733,717)
	(2,373,147)	(2,596,387)
Repayment of private sector housing loan	0	11,024
Balance at 31st March	(8,430,697)	(8,899,934)

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-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are employed 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 ensure that benefits earned are 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.

	2020/21 £	2019/20 £
Balance at 1st April	31,226,000	38,597,000
Re-measurements of the net defined benefit liability	12,943,157	(9,736,911)
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	3,778,000	4,380,000
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,261,157)	(2,014,089)
Balance at 31st March	45,686,000	31,226,000

Collection Fund Adjustment Account

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

	2020/21 £	2019/20 £
Balance at 1st April	(234,008)	236,693
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	138,330	(13,584)
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	11,149,124	(457,117)
Balance at 31st March	11,053,446	(234,008)

The increase in the Collection Fund Adjustment Account is due to the NNDR and Council Tax income moving from a surplus position in 2019/20 to a deficit in 2020/21. This is mainly due to expanded retail relief that was given by Government to certain business sectors in response to the COVID-19 pandemic and lockdown. Blaby has received S31 Grant of which £10.868m has been carried forward in an Earmarked reserve to 2021/22 to help offset the deficit.

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 forward 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2020/21 £	2019/20 £
Balance at 1st April	81,623	81,533
Settlement or cancellation of accrual made at the end of preceding year	(81,623)	(81,533)
Amounts accrued at the end of the current year	77,489	81,623
Balance at 31st March	77,489	81,623

Financial Instruments Adjustments Account

The Financial Instruments Adjustments Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to the Council's Property Fund investment and for bearing losses or benefiting from gains per statutory provisions.

	2020/21 £	2019/20 £
Balance at 1st April	28,555	0
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	16,625	28,555
Balance at 31st March	45,180	28,555

24. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2020/21 £	2019/20 £
Interest received	(143,405)	(233,532)
Interest paid	379,851	266,224

The (surplus)/deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2020/21 £	2019/20 £
Movement in fair value of investments	(42,831)	0
Proceeds from the sale of property, plant, and equipment	72,395	185,097
Capital grants and contributions received	1,119,156	1,059,107
	1,148,720	1,244,204

25.Cash Flow Statement – Investing Activities

	2020/21 £	2019/20 £
Purchase of property, plant and equipment, and intangible assets	2,739,139	4,777,895
Purchase of short term and long-term investments	10,026,206	3,971,445
Proceeds from the sale of property, plant and equipment	(197,195)	(74,367)
Proceeds from short term and long-term investments	(6,000,000)	(5,000,000)
Other receipts from investing activities	(1,106,227)	(1,036,787)
	5,461,923	2,638,186

26.Cash Flow Statement – Financing Activities

	2020/21 £	2019/20 £
Cash receipts of short- and long-term borrowing	0	(5,801,531)
Cash payments for the reduction of finance lease liabilities	200	182
Repayments of short- and long-term borrowing	202,813	0
Other payments/receipts for financing activities	16,140,058	325,324
	16,343,071	(5,476,025)

27.Reconciliation of Liabilities Arising from Financing Activities

	1 st April 2020	Financing Cash Flows	Non-Cash Changes Acquisition	Non-Cash Changes Other	31 st March 2021
Long Term Borrowing	(8,349,066)	207,287	0	0	(8,141,779)
Short Term Borrowing:	(236,390)	(4,451)	0	571	(240,270)
Lease Liabilities	(455,819)	200	0	0	(455,619)
Total Liabilities from Financing Activities	(9,041,275)	203,036	0	571	(8,837,668)

28.Agency Arrangements

Blaby District Council is the lead authority for Lightbulb which brings together the various services involved in the provision of Disabled Facilities Grants under one umbrella, including Occupational Therapists employed by Leicestershire County Council. As lead authority, Blaby employs Housing Support Co-ordinators, Technical Officers and Administrative Officers on behalf of most of the districts across Leicestershire, as well as running the Central Hub that oversees the delivery of services through Lightbulb. The district councils and the County Council contribute towards the cost of running the Central Hub, as well as reimbursing Blaby for the running costs associated with the various district localities. This ensures that Blaby's financial position remains cost neutral in terms of the services it provides to its partners. Expenditure and income is included within the Community Services line in the Comprehensive Income and Expenditure Statement.

As part of the Lightbulb service, Blaby also manages, administers and pays for Disabled Facilities Grants on behalf of Harborough District Council, Melton Borough Council, North West Leicestershire District Council, and Oadby and Wigston Borough Council. Under this arrangement the partner authorities have agreed to transfer their capital grant funding to Blaby in return for Blaby paying the disabled facilities grants on their behalf. Blaby also has responsibility for the procurement and administration of stairlift installations on behalf of the above authorities as well as Hinckley & Bosworth Borough Council and Charnwood Borough Council. This function was previously performed by Leicestershire County Council, prior to

2018/19.

The table below provides a summary of the expenditure and income for the year.

2020/21	Harborough District Council £	Melton Borough Council £	NW Leics. District Council £	Oadby & Wigston Borough Council £	Hinckley & Bosworth Borough Council £	Charnwood Borough Council £	Total £
Balance at 1st April 2020	(185,277)	(415,710)	(1,206,404)	(537,024)	(10,000)	0	(2,354,416)
Income received	(467,365)	(299,710)	(760,574)	(415,232)	(100,961)	(94,065)	(2,137,908)
Other contributions	0	0	40,081	0	(3,000)	0	37,081
Grant expenditure	284,456	238,197	284,473	152,508	100,961	94,065	1,154,661
Balance as at 31st March 2021	(368,187)	(477,223)	(1,642,424)	(799,747)	(13,000)	0	(3,300,581)

Comparative figures for 2019/20 are shown in the table below.

2019/20	Harborough District Council £	Melton Borough Council £	NW Leics. District Council £	Oadby & Wigston Borough Council £	Hinckley & Bosworth Borough Council £	Charnwood Borough Council £	Total £
Balance at 1st April 2019	(224,564)	(86,189)	(655,381)	(103,758)	(6,000)	(8,175)	(1,084,067)
Income received	(500,216)	(517,377)	(822,615)	(698,718)	(59,752)	(120,483)	(2,719,161)
Other contributions	(2,347)	0	(8,297)	(7,495)	(4,000)	0	(22,139)
Grant expenditure	541,850	187,856	279,889	272,948	59,752	128,658	1,470,953
Balance as at 31st March 2020	(185,277)	(415,710)	(1,206,404)	(537,023)	(10,000)	0	(2,354,414)

The balances carried forward are included within debtors or creditors in the Balance Sheet.

29.Members Allowances

Allowances are paid to elected members in accordance with the Council's Members' Allowance scheme.

	2020/21 £	2019/20 £
Basic Allowances	205,150	202,521
Special Responsibility Allowances	84,412	77,957
Travel and Other Expenses	10	1,591
	289,572	282,069

30. Officer Remuneration

The Accounts and Audit Regulations require authorities to disclose details of senior officers' remuneration. In cases where the individual's salary exceeds £150,000 per annum (or pro rata to that amount) then the individual's name shall be disclosed. There were no senior officers of Blaby District Council whose salary exceeded £150,000 per annum in either 2020/21 or the preceding year. Where the salary exceeds £50,000 per annum (or pro rata to that amount), the authority is required to provide a disclosure by jobtitle.

Position	Year	Salary, Fees and Allowances £	Expenses Allowances £	Compensation for loss of office £	Pension Contribution £	Total £
Chief Executive	2020/21	109,050	1,239	0	20,680	130,969
	2019/20	106,131	1,239	0	25,037	132,407
Strategic Director (S151)	2020/21	89,262	1,239	0	16,781	107,282
	2019/20	86,873	1,239	0	17,887	105,999
Strategic Director	2020/21	87,018	1,245	0	16,359	104,622
	2019/20	82,580	1,337	0	17,003	100,920
Corporate Services Group Manager	2020/21	75,311	1,239	0	14,159	90,709
	2019/20	72,396	1,248	0	14,906	88,550
Regulatory & Leisure Services Group Manager	2020/21	70,047	1,239	0	13,169	84,463
	2019/20	67,688	1,267	0	13,937	82,892
Housing & Community Services Group Manager	2020/21	70,915	979	7,122	12,465	91,481
	2019/20	70,396	942	0	14,495	85,833
Neighbourhood Services Group Manager	2020/21	70,047	1,239	0	13,369	84,455
	2019/20	65,833	1,239	0	13,555	80,627
Planning & Economic Development Group Manager	2020/21	72,332	1,239	0	(1,170)	72,401
	2019/20	68,172	1,257	0	1,170	70,599
Strategic HR Manager	2020/21	40,960	1,239	0	7,701	49,899
	2019/20	38,144	1,239	0	7,854	47,237
Strategic Finance Manager	2020/21	55,796	0	0	10,490	66,286
	2019/20	52,416	3	0	10,792	63,211

The Housing and Community Services Group Manager left the Council on 28th February 2021. The Strategic HR Manager works 26.25 hours per week, and the annualised salary for the post in 2020/21 was £57,734.

There was one employee, other than senior staff disclosed separately above, who's remuneration for theyear, excluding pension contributions, fell between £50,000 and £54,999. The numbers of exit packages with total cost per band and total cost of compulsory and other redundancies are set out in the following table:

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies 2020/21	Number of Compulsory Redundancies 2019/20	Number of Other Departures Agreed 2020/21	Number of Other Departures Agreed 2019/20	Total Number of Exit Packages by Cost Band 2020/21	Total Number of Exit Packages by Cost Band 2019/20	Total Cost of Exit Packages in each Band 2020/21	Total Cost of Exit Packages in each Band 2019/20
£0 - £20,000	0	0	5	0	5	0	£36,818	£0
£20,001 – £40,000	1	0	0	0	1	0	£23,772	£0
Total	1	0	5	0	6	0	£60,590	£0

31.External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims provided by the Council's external auditors, Ernst & Young:

	2020/21 £	2019/20 £
Fees payable to the external auditors with regard to external audit services carried out by the appointed auditor	36,400	63,385
Fees payable to the external auditors for the certification of grant claims and returns	10,000	8,400
Total	46,400	71,785

The fee included in the table above for 2019/20 in regards to the external audit service includes an initial estimate for the scale fee of £26,985, the final fee is yet to be agreed with Public Sector Audit Appointments (PSAA). The final invoice for the works carried out is due to be received.

32. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2020/21:

	2020/21 £	2019/20 £
Credited to Taxation and Non Specific Grant Income		
Non Domestic Rates Contribution	(2,760,267)	(3,602,359)
New Homes Bonus Grant	(2,694,837)	(2,851,626)
Section 31 Grants – Business Rates	(1,097,984)	(962,266)
Other Non Ringfenced Government Grants	(1,949,584)	(46,760)
Section 106 Contributions	(327,291)	(415,197)
Total	(8,829,963)	(7,878,208)
Credited to Services		
Housing Benefit Subsidy	(10,737,773)	(11,214,861)
Other DWP Grants	(42,438)	(61,254)
NNDR Cost of Collection Allowance	(103,266)	(104,427)
Disabled Facilities Grant	(648,727)	(643,909)
Land Charges New Burdens Grant	(415,378)	0
Individual Electoral Registration Grants	(6,490)	(5,106)
Air Quality Monitoring Grants	0	(123,378)
Government contributions towards the cost of Elections	38,654	(172,511)
Covid 19 Grant	(1,054,727)	0
Local Authority EU Exit Preparation Grant	0	(34,968)
New Burdens Grant – Transparency	(8,103)	(8,103)
Home Office Grant – Syrian Vulnerable Persons Resettlement Scheme	(55,674)	(66,146)
Custom Build Grant	0	(17,446)
Neighbourhood Planning Grant	(20,000)	0
Whetstone Garden Village	(150,000)	(150,000)
NNDR New Burdens	(200,200)	(9,225)
Council Tax Billing, Collection & Recovery New Burdens	(8,614)	0
Other Grants	(505,943)	(84,674)
Leicestershire & Rutland Sport Commissioning Programme	(85,715)	(75,903)
Better Care Fund – Hospital Housing Enabler	(107,120)	(104,000)
Leicestershire Partnership NHS Trust – Hospital Housing Enabler	(101,404)	(77,000)
Leicester City Clinical Commissioning Group – Hospital Housing Enabler	(155,000)	(165,000)
Bradgate Mental Health Unit	0	(8,532)
Children’s Support Contributions – Other Local Authorities	(35,777)	(23,000)
Police & Crime Commissioner Contributions	0	(33,000)
Major Schemes Funding	0	(45,198)
Early Years Physical Activity	(11,020)	(6,430)
Council Tax Support Administration & Discretionary Fund	0	(1,856)
GP Referral Scheme	(25,491)	(25,491)
Other Contribution	(740,852)	(118,341)
Total	(15,181,058)	(13,379,759)

The Council sometimes receives grants and contributions that are not immediately recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at the year end are as follows:

	2020/21 £	2019/20 £
Grants Receipts in Advance (Capital Grants)		
Section 106 Contributions	(953,733)	(966,662)
Total	(953,733)	(966,662)

Revenue grants and contributions which do not have conditions attached to their use are transferred to an earmarked reserve pending use in the following financial year.

33.Related Party Transactions

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

Central Government

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 7b, Expenditure and Income Analysed by Nature. Grant receipts outstanding at 31st March 2021 are shown in Note 32.

Other Local Authorities

The Council administers, manages, and pays for disabled facilities grants on behalf of certain other Leicestershire districts. Further details are contained within Note 28, Agency Arrangements, on page 71.

Members and Senior Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2020/21 is shown in Note 29. Members are appointed to represent the Council on various outside bodies, some of which give or receive funding to/from the Council. Members and senior officers are required to complete an annual return in which they must declare any related party transactions in which they have been involved during the financial year. This exercise highlighted no material transactions requiring disclosure in 2020/21.

34. Capital Expenditure and Capital Financing

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

	2020/21 £	2019/20 £
Opening Capital Financing Requirement	14,184,794	10,118,348
Capital Investment		
Property, Plant and Equipment	1,972,240	5,558,079
Intangible Assets	0	54,067
Revenue Expenditure Funded from Capital under Statute	882,724	1,050,687
Sources of Finance		
Capital receipts applied	(274,841)	(34,987)
Government grants and other contributions	(223,022)	(191,927)
Sums set aside from revenue:		
• Direct revenue contributions	(853,065)	(1,524,201)
• Minimum revenue provision	(1,022,219)	(845,272)
Closing Capital Financing Requirement	14,666,611	14,184,794
Explanation of movements in year		
Increase/(decrease) in underlying need for borrowing:		
- unsupported by Government financial assistance	482,017	4,066,628
Assets acquired under finance leases	(200)	(182)
Increase/(decrease) in Capital Financing Requirement	481,817	4,066,446

35. Leases

Authority as Lessee

Finance Leases - the Council has acquired buildings at Enderby Road Industrial Estate, Whetstone under finance leases. This was subject to a desktop revaluation at 31st March 2021 as part of the Council's annual asset revaluation exercise. The assets acquired under this lease are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

	31 st March 2021 £	31 st March 2020 £
Other Land and Buildings	2,413,824	2,528,768
Total	2,413,824	2,528,768

The Council is committed to making minimum payments under this lease comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 st March 2021 £	31 st March 2020 £
Finance lease liabilities (net present value of minimum lease payments)		
• Current	220	200
• Non-current	455,399	455,619
Finance costs payable in future years	2,108,173	2,153,755
Minimum lease payments	2,563,792	2,609,574

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments 31 st March 2021 £	Minimum Lease Payments 31 st March 2020 £	Finance Lease Liabilities 31 st March 2021 £	Finance Lease Liabilities 31 st March 2020 £
Not later than one year	45,782	45,782	200	200
Later than one year and not later than five years	183,128	183,128	1,123	1,021
Later than five years	2,334,882	2,380,664	454,276	454,598
	2,563,793	2,609,574	455,619	455,819

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21 contingent rents amounting to £153,718 were payable by the Council (2019/20 £153,718).

Operating Leases –

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

	31 st March 2021 £	31 st March 2020 £
Not later than one year	28,590	27,659
Later than one year and not later than five years	85,141	82,375
Later than five years	1,731,933	1,750,856
	1,845,665	1,860,890

Authority as Lessor

Finance Leases – the Council does not lease any property, plant or equipment to a third party under the terms of a finance lease.

Operating Leases – the Council leases units at the Enderby Road Industrial Estate, Whetstone to various local businesses and received rental income of £394,233 in 2020/21 (£335,916 in 2019/20).

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

	31 st March 2021 £	31 st March 2020 £
Not later than one year	239,525	315,882
Later than one year and not later than five years	466,223	509,204
Later than five years	444,240	328,092
	1,149,988	1,153,178

36. Defined Benefit Pension Schemes

Participation in Pensions Schemes

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

The authority participates in the Local Government Pension Scheme, administered locally by Leicestershire County Council - this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2020/21 £	2019/20 £
Comprehensive Income and Expenditure Statement		
Cost of Services		
• Current Service Cost	3,022,000	3,640,000
• Past Service Cost/(Gain)	29,000	(207,000)
• (Gain)/Loss from Settlements	0	0
Financing and Investment Income and Expenditure		
• Net Interest Expense	727,000	947,000
Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	3,778,000	4,380,000

	2020/21 £	2019/20 £
Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:		
• Return on plan assets (excluding the amount included in the net interest expense)	(12,116,000)	5,855,000
• Actuarial gains and losses arising on changes in financial assumptions	24,517,000	(9,738,000)
• Actuarial gains and losses arising on changes in demographic assumptions	1,353,000	(3,107,000)
• Other experience gains and losses	(815,000)	(2,714,000)
Total Post Employment Benefits charged to Comprehensive Income and Expenditure Statement	16,717,000	(5,324,000)
Movement in Reserves Statement		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(3,778,000)	(4,380,000)
Actual amount charged against the General Fund Balance for pensions in the year		
• Employer's contributions payable to the scheme	2,205,165	1,962,061
• Retirement benefits payable to pensioners	55,992	52,028

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2020/21 £	2019/20 £
Present value of the defined benefit obligation	(112,852,000)	(84,352,000)
Fair value of plan assets	67,166,000	53,126,000
Net liability arising from defined benefit obligation	(45,686,000)	(31,226,000)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	2020/21 £	2019/20 £
Opening fair value of scheme assets	53,126,000	57,081,000
Interest income	1,229,000	1,379,000
Re-measurement gain/(loss):		
• The return on plan assets, excluding the amount included in net interest expense	12,116,000	(5,855,000)
Contributions from employer	2,257,000	2,047,000
Contributions from employees into the scheme	594,000	539,000
Benefits paid	(2,156,000)	(2,065,000)
Closing fair value of scheme assets	67,166,000	53,126,000

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2020/21 £	2019/20 £
Opening balance at 1 st April	84,352,000	95,678,000
Current service cost	3,022,000	3,640,000
Interest cost	1,956,000	2,326,000
Contributions from scheme participants	594,000	539,000
Re-measurement (gains) and losses:		
• Actuarial (gains)/losses arising from changes in financial assumptions	24,517,000	(9,738,000)
• Actuarial (gains)/losses arising from changes in demographic assumptions	1,353,000	(3,107,000)
• Other	(815,000)	(2,714,000)
Past service cost	29,000	(207,000)
Benefits paid	(2,156,000)	(2,065,000)
Closing balance at 31st March	112,852,000	84,352,000

Local Government Pension Scheme assets comprised:

	31 st March 2021 Quoted prices in active markets £	31 st March 2021 Quoted prices not in active markets £	Total £	31 st March 2020 Quoted prices in active markets £	31 st March 2020 Quoted prices not in active markets £	Total £
Equity securities	1,169,400	0	1,169,400	925,000	0	925,000
Debt securities:						
• UK Government	5,676,300	10,700	5,687,000	4,490,000	8,000	4,498,000
• Other	869,900	0	869,900	688,000	0	688,000
Private equity	0	3,097,200	3,097,200	0	2,450,000	2,450,000
Real estate:						
• UK property	0	5,020,200	5,020,200	0	3,971,000	3,971,000
Investment funds and unit trusts:						
• Equities	13,583,100	13,393,200	26,976,300	3,856,100	17,480,900	21,337,000
• Bonds	2,838,200	0	2,838,200	2,245,000	0	2,245,000
• Hedge funds	5,600	0	5,600	4,000	0	4,000
• Commodities	0	2,375,500	2,375,500	0	1,879,000	1,879,000
• Infrastructure	0	3,532,400	3,532,400	0	2,794,000	2,794,000
• Other	6,723,500	6,944,100	13,667,600	5,318,000	5,492,000	10,810,000
Derivatives	(85,400)	0	(85,400)	(67,000)	0	(67,000)
Cash and cash equivalents	2,012,100	0	2,012,100	1,592,000	0	1,592,000
	32,792,700	34,373,300	67,166,000	19,051,100	34,074,900	53,126,000

Following completion of the audit of the Leicestershire County Council Pension Fund, a disclosure error was noted in respect of the Investment Funds and Unit Trusts – Equities line in the above table, which has necessitated the restatement of both 2020/21 pension fund assets and the prior year comparatives for 2019/20. The impact of the restatement of the 2019/20 equities disclosure is as follows:

- Quoted prices in active markets reduced by £17,480,900 to £3,856,100.
- Quoted prices not in active markets increased from £0 to £17,480,900.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, with estimates for the Local Government Pension Scheme being based on the latest full valuation of the scheme as at 31st March 2019. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme 2020/21	Local Government Pension Scheme 2019/20	Discretionary Benefits 2020/21	Discretionary Benefits 2019/20
Mortality Assumptions:				
Longevity at 65 for current pension:				
• Men	21.7 years	21.5 years	21.7 years	21.5 years
• Women	24.2 years	23.8 years	24.2 years	23.8 years
Longevity at 65 for future pensioners:				
• Men	22.6 years	22.2 years	22.6 years	22.2 years
• Women	25.9 years	25.2 years	25.9 years	25.2 years
Rates of Inflation	2.9%	1.9%	2.9%	1.9%
Rates of Increase in Salaries	3.4%	2.4%	3.4%	2.4%
Rates of Increase in Pensions	2.9%	1.9%	2.9%	1.9%
Rates for Discounting Scheme Liabilities	2.0%	2.3%	2.0%	2.3%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The Sensitivity analyses in the following table have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all the other assumptions remain constant. For example, the assumptions in longevity assume that life expectancy increases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis in the following table did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £	Decrease in Assumption £
Rate of increase in salaries (increase or decrease by 0.1%)	266,000	(266,000)
1 year increase in member life expectancy	4,514,000	(4,514,000)
Rate of increase in pensions (increase or decrease by 0.1%)	2,025,000	(2,025,000)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(2,318,000)	2,318,000

Pension Fund Risk Management Strategy

The pension fund's primary long term risk is that the fund's assets will fall short of its liabilities (i.e. the promised benefits payable to members of the scheme). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition the fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the fund's required cash flows. These investment risks are managed as part of the overall pension fund risk management programme. Responsibility for the fund's risk management strategy rests with the Pension Fund Management Board, and is monitored annually or more frequently if required.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to public servants.

The Council anticipated to pay £2,356,000 expected contributions to the scheme in 2021/22. As at the date of the most recent valuation, the duration of the funded obligations is 22 years.

37. Contingent Assets and Liabilities

Contingent Assets

The Royal Mail has historically been treating certain services as exempt from VAT, when the correct treatment should have been standard rated. As a consequence of this, the recipients of such supplies have been prevented from reclaiming VAT that should have been properly included in the charge. In 2014/15, along with a number of other local authorities the Council submitted a claim through the High Court against the Royal Mail seeking to recover the VAT which it was historically unable to reclaim. The initial value of the claim was £321,305. In May 2022, information was received that suggested the likelihood of the claim being successful was less than 50% and consequently the Council has withdrawn from the group litigation.

Contingent Liabilities

- The Council has made a provision for loss of income from business rates resulting from appeals by ratepayers against the rateable value of their business. At 31st March 2021 this provision amounts to £7,730,000, of which Blaby's share is £3,092,000 (40%).

In response to the COVID-19 pandemic many businesses, nationally, have submitted appeals on the grounds of a material change of circumstance. If allowed to proceed, such appeals would have potentially resulted in a significant reduction in business rates income for local authorities. The Government, therefore, declared its intention to introduce legislation that would rule out COVID-19 related appeals against material changes in circumstance. On the back of this announcement, the Council has not included such appeals in determining its NNDR appeals provision for 2020/21.

38. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk – the possibility that financial loss might arise for the Council as a result of

changes in such measures as interest rates movements.

Overall Procedure for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework based on the *Local Government Act 2003* and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services, and investment guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations, standing orders and constitution;
- By approving annually in advance prudential and treasury indicators for the following three years limiting;
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures for the maturity structure of its debt;
 - Its maximum annual exposure to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 18th February 2021 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2020/21 was set at £15,200,000. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £13,360,000. This is the expected level of debt and other long term liabilities during the year.
- The maximum and minimum exposures to the maturity structure of debt are detailed in the strategy.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria in accordance with the Fitch, Moody's and Standard & Poors credit rating services. The Annual

Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after the initial criteria are applied.

The Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies named above, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following data:

- Credit watches and credit outlooks from credit rating agencies
- Credit default swap (CDS) spreads to give an early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries.

Details of the Investment Strategy can be found on the Council’s website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council’s maximum exposure to credit risk in relation to its investments in financial institutions cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council’s deposits, but there was no evidence at 31st March 2021 that this was likely to occur.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for customers and amounts that are due, but not impaired, can be analysed by age as follows:

	31 st March 2021 £	31 st March 2020 £
Less than three months	289,967	635,831
Three to six months	220,141	647,639
Six months to one year	161,777	197,735
More than one year	1,444,121	894,076
	2,116,006	2,375,281

Collateral – During the reporting period the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loans Board and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council as part of the Treasury Management Strategy on 20th February 2020):

	Approved Minimum Limits	Approved Maximum Limits	31 st March 2021 £	31 st March 2020 £
Less than one year	0%	100%	207,286	202,836
Between one and two years	0%	100%	2,211,841	207,286
Between two and five years	0%	100%	1,929,939	3,284,178
Between five and ten years	0%	100%	0	857,602
Over ten years	0%	100%	4,000,000	4,000,000
			8,349,066	8,551,902

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 Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

have a quoted market price will be reflected in Other Comprehensive Income and Expenditure. The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

Price Risk

The Council does not generally invest in equity shares or marketable bonds.

The Council invested £1m in the Lothbury Property Trust on 2nd December 2019, and the price of shares in the property fund can vary. At the end of financial year 2019/20 the value of the fund had fallen to £971,445 largely due to the impact of COVID-19 on property prices. The fund continued to fall during 2020/21 with the lowest point value reaching £936,202. However as at the 31st March 2021 the fund had begun to recover and the value at the end of the financial year was £954,820. Any movements in price will not impact on the General Fund Balance as regulations are in force to ameliorate the impact of fair value movements.

SUPPLEMENTARY FINANCIAL STATEMENTS & EXPLANATORY NOTES

The Collection Fund

The Collection Fund (England) 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.

	Note	2020/21 £	2019/20 £
INCOME			
Council tax	2	(64,604,791)	(62,047,525)
Non-domestic rates	3	(25,065,465)	(47,607,794)
Contributions towards previous year's estimated Collection Fund deficit: - Non-domestic rates		0	0
Total Income		(89,670,256)	(109,655,319)
EXPENDITURE			
Precepts and demands from major preceptors and the authority – council tax	4	65,075,822	61,778,613
Shares of non-domestic rating income to major preceptors and the authority		24,914,752	35,942,358
Payment of the central share of non-domestic rating income to be paid to central government by the billing authority		24,914,753	11,980,787
Transitional protection payments – non-domestic rates		418,958	5,260
Impairment of debts/appeals for council tax: - write-offs and uncollectable amounts - allowance for impairment		74,427 340,243	144,838 77,287
Impairment of debts/appeals for non-domestic rates: - write-offs and uncollectable amounts - allowance for impairment - allowance for appeals		87,670 187,872 3,090,000	11,664 18,753 (734,000)
Charge to General Fund for allowable collection costs for non-domestic rates		103,266	104,427
Contributions towards previous year's estimated Collection Fund surplus: - Council tax - Non-domestic rates		75,108 (853,703)	(47,608) (881,657)
Total Expenditure		118,429,167	108,400,722
Movement on Collection Fund Balance – (surplus)/deficit for the year		28,758,911	(1,254,597)
Opening Collection Fund Balance: - Council tax - Non-domestic rates	5	49,526 (620,161)	143,921 540,041
		(570,635)	683,962
Closing Collection Fund Balance: - Council tax - Non-domestic rates	5	1,010,334 27,177,942	49,526 (620,161)
		28,188,276	(570,635)
Analysis of Movement on Collection Fund Balance: - Council tax - Non-domestic rates		960,808 27,798,103	(94,395) (1,160,202)
		28,758,911	(1,254,597)

Notes to the Collection Fund

General Information

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

Collection Fund surpluses or deficits in relation to Council Tax are credited or charged to the relevant precepting bodies in the subsequent financial year, in proportion to the precepts levied by those organisations. For Blaby, the precepting bodies are Leicestershire County Council, The Office of the Police and Crime Commissioner for Leicestershire (OPCC) and the Leicester, Leicestershire and Rutland Combined Fire Authority.

The current Business Rates Retention Scheme was introduced for local government in April 2013. The main aim of this scheme is to give local authorities a greater incentive to encourage business growth. However, it brings with it a greater financial risk in terms of non collection and the volatility of the Business rates base. The scheme allows the Council to retain 40% of the total rates received, with the remainder going to the Government (50%), the County Council (9%), and the Fire Authority (1%). Surpluses or deficits are credited or charged to the relevant precepting bodies in the subsequent financial year in line with their respective proportions.

Council Tax

Council Tax is based upon the value of residential properties which have been classified into nine valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund for the forthcoming year and dividing this by the Council Tax Base. The Council Tax Base represents the estimated number of Band D equivalents dwellings in the district.

The calculation of the Council Tax base for 2020/21 is set out in the table below:

	A*	A	B	C	D	E	F	G	H	TOTAL
Properties	0.00	4,949.00	15,268.00	9,850.00	6,657.00	4,439.00	1,572.00	513.00	35.00	43,283.00
Exemptions	0.00	-144.58	-148.16	-80.56	-65.57	-27.41	-7.00	-6.00	0.00	-479.28
Disabled Relief	19.00	74.00	-14.00	-13.00	-18.00	-30.00	-2.00	-11.00	-5.00	0.00
Discounts	-2.06	-702.08	-1,278.65	-526.06	-206.61	-136.70	-53.94	-18.66	-0.26	-2,925.02

	A*	A	B	C	D	E	F	G	H	TOTAL
Council Tax Support	0.00	-1,004.22	-1,036.48	-408.21	-164.24	-67.71	-14.74	-4.34	0.00	-2,699.94
Effective Properties	16.94	3,172.12	12,790.71	8,822.17	6,202.58	4,177.18	1,494.32	473.00	29.74	37,178.76
Ratio	0.56	0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00	
Band D Equivalents	9.42	2,114.76	9,948.34	7,841.94	6,202.58	5,105.45	2,158.46	788.35	59.48	34,228.78

Table Notes: *Band A with Disabled Relief. Expected in year collection rate = 99.00% Tax Base = 33,886,49.

Income received from Council Tax payers in 2020/21 was £64,604,791 (£62,047,525 in 2019/20).

National Non-Domestic Rates

National Non-Domestic Rates (NNDR) is another name for Business Rates. The Council collects NNDR from Business Rate payers within the district based on local rateable values provided by the Valuation Office

Agency (VOA) multiplied by a uniform business rate set nationally by the Government. The following table provides details of the total rateable value and the multipliers for 2020/21 compared with the previous financial year.

		2020/21	2019/20
		£	£
Total Non-Domestic Rateable Value at 31 st March		106,797,161	107,519,897
National Non-Domestic Multipliers for Year:	StandardRate	0.5120	0.5040
National Non-Domestic Multipliers for Year:	Small BusinessRate	0.4990	0.4910

The Business Rates shares payable are estimated in advance of the financial year and are drawn from the Collection Fund in the year.

	2020/21	2019/20
	£	£
Central Government	24,914,753	11,980,787
Blaby District Council	19,931,802	17,971,179
Leicestershire County Council	4,484,655	17,491,948
Leicester, Leicestershire and Rutland Combined Fire Authority	498,295	479,231
	49,829,505	47,923,145

Upon the introduction of the Business Rates Retention scheme, the Government set a baseline level for each local authority identifying the expected level of retained business rates, and a top-up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs payable from authorities to the Government are used to finance the top-ups for authorities who do not achieve their targeted baseline funding. In 2020/21, Blaby paid a tariff of £14,528,846 into the Leicestershire Pool (£14,295,915 in 2019/20).

Total income received from Business Rates payers in 2020/21 was £25,065,465 (£17,607,794 in 2019/20).

In addition to the tariff, a 50% levy is payable on any growth above the baseline funding level. The levy payable by Blaby to the Leicestershire Business Rates Pool in 2020/21 was £1,284,287 (£1,781,399 in 2019/20).

Precepts and Demands on the Collection Fund – Council Tax

Details of the precepting authorities are set out below together with the respective precept amount.

	2020/21	2019/20
	£	£
Leicestershire County Council	45,534,362	43,212,743
Leicestershire Police Authority	7,903,353	7,465,200
Leicester, Leicestershire and Rutland Combined Fire Authority	2,302,926	2,228,556
Blaby District Council (including Parish Councils)	9,335,181	8,872,114
	65,075,822	61,778,613

Collection Fund (Surplus)/Deficit

The Council Tax Collection Fund deficit as at 31st March 2021 is £1,010,334 (£49,526 as at 31st March 2020). The Council Tax deficit is apportioned between the Council and the three major precepting authorities as shown in the table below.

	31/03/2021	31/03/2020
	£	£
Leicestershire County Council	706,688	34,671
Leicestershire Police Authority	122,202	6,061
Leicester, Leicestershire and Rutland Combined Fire Authority	36,021	1,701
Blaby District Council	145,423	7,093
	1,010,334	49,526

The deficit in respect of non domestic rating income is £27,177,942 as at 31st March 2021 (£620,161 surplus as at 31st March 2020). The deficit is apportioned between the Council, Central Government, and major precepting authorities as follows:

	31/03/2021	31/03/2020
	£	£
Central Government	13,957,437	(240,444)
Leicestershire County Council	2,040,702	(132,414)
Leicester, Leicestershire and Rutland Combined Fire Authority	271,779	(6,202)
Blaby District Council	10,908,023	(241,101)
	27,177,942	(620,161)

Glossary of Financial Terms

Accruals

The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is received or paid.

Acquired Operations

Operations comprise services and divisions of service as defined in CIPFA's Service Reporting Code of Practice (SeRCOP). Acquired operations are those operations of the local authority that are acquired in the period.

Actuarial Gains and Losses

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

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

Amortisation

The term used to describe the charge made for the cost of using intangible fixed assets. The charge for the year will represent the amount of economic benefits consumed (i.e. wear and tear).

Assets Held for Sale

Non-current assets which meet the relevant criteria to be classified as held for sale.

Capital Adjustment Account

This is a capital reserve largely comprising of resource applied to capital financing and is not available to the Council to support new investment.

Capital Charge

A charge to service revenue accounts to reflect the costs of fixed assets used in the provision of service.

Capital Expenditure

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

Capital Grant

A grant that is intended to fund capital expenditure.

Capital Grants Unapplied Account

A capital reserve reflecting the value of capital grants received where there are no conditions outstanding, and where expenditure on the associated asset has not yet been incurred.

Collection Fund Adjustment Account

A revenue reserve representing the difference between the council tax income received by a local authority and the amount attributable to that authority.

Community Assets

Assets held in perpetuity for the benefit of residents of the District, and which may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

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

Contingent Liability

Potential costs that the Council may incur in the future because of something that happened in the past, but there is no certainty that a cost will occur.

Current Service Cost (Pensions)

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

Curtailment

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

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

Defined Benefit Scheme

A pension scheme sometimes known as a final salary scheme. A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investment of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation

Depreciation is the measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset, whether arising from use, passage of time or obsolescence through

technological or other changes.

Derecognition

The process upon which assets are no longer deemed to belong to the authority either by sale, destruction, or other form of disposal.

Discontinued Operations

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

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

Operations not satisfying all these conditions are classified as continuing.

Discounted Cash Flow

A method of analysing future cash flows, by removing the impact time has on the value of money, and producing an equivalent current value.

Discretionary Benefits

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

Exceptional Items

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

Expected Rate of Return on Assets

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

Fair Value

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

Finance Costs

Reflects the element of annual payment for leased assets which relates to the interest payable on the loanliability.

Finance Lease

A finance lease transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Assets

A right to future economic benefits controlled by the authority.

Financial Liabilities

An obligation to transfer economic benefits controlled by the authority.

Going Concern

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

Government Grants

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

Impairment

Impairment is a reduction in the valuation of a fixed asset or goodwill below its balance sheet value, and occurs where something adverse has happened either to the asset itself or to the economic environment in which the asset is operated.

Infrastructure Assets

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

Intangible Assets

Non-current assets which do not have physical form, such as software.

Interest Cost (Pensions)

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

Inventories

Fair value of current assets purchased which have not yet been consumed.

Investment Property

Assets held solely for the purpose of rental generation or for increasing the value pre-sale (capital appreciation).

Loans and Receivables

Financial assets which are not quoted in an active market and have either a fixed or determinable payment.

Long Term Contract

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

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Minimum Revenue Provision

A minimum amount, set by legislation, which the Council must charge to the Comprehensive Income and Expenditure Statement, for debt redemption or for the discharge of other credit liabilities (e.g. a finance lease).

Non-Current Assets

Assets that yield benefits to the Council for a period of more than one year, such as land, buildings and vehicles.

Non Distributed Costs

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

Operating Lease

An operating lease is a lease other than a finance lease, and where an asset is used only for a small proportion of its economic life.

Past Service Cost

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

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is authorised, by the responsible financial officer, for issue.

Prior Period Adjustment

These are material adjustments to the accounts for a prior period, arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior periods.

Projected Unit Method

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

- a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- b) the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN36 issued by the Faculty and Institute of Actuaries.

Provisions

Potential costs that the Council may incur in the future because of something that happened in the past, which are likely or certain to be incurred and a reliable estimate can be made of the costs.

Prudence

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

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not

include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue Expenditure Funded From Capital Under Statute

This is expenditure that is classified as capital although it does not result in the creation of a fixed asset (e.g. improvement grants).

Scheme Liabilities

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

Service Reporting Code of Practice (SeRCOP)

Establishes proper practice with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.

Settlement

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

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

Straight Line Basis

The method of calculating depreciation by way of charging services with the same amount each year over the life of an asset.

Total Cost

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.

Useful Life

The useful life of a fixed asset is the period over which the local authority will derive benefits from that asset.

Vested Rights

In relation to a defined benefit scheme, these are:

- a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme;
 - b) for deferred pensioners, their preserved benefits;
 - c) for pensioners, pensions to which they are entitled.
- Vested rights include where appropriate the related benefits for spouses or other dependants

Scope of Responsibility

Blaby District Council is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Blaby District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Blaby District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

Blaby District Council has approved a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the authority's code is on our web-site or can be obtained from the Finance Division at the Council Offices in Narborough. This statement explains how Blaby District Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the preparation and approval of an Annual Governance Statement.

Significant Events/Covid-19 Pandemic

The Council started to experience the impacts of the pandemic in late 2019/20 year, however this escalated during 2020/21 and there was a requirement to ensure governance arrangements were appropriate given the changed manner of working; the need to respond quickly to demands of our community and to make provision for decisions to be made urgently.

Measures taken by the Council included:

- Ability for office based staff to work remotely and adhere to social distancing
- Delegated authority to take urgent decisions
- Member meetings held virtually
- The formation of a Community Hub providing direct support during lockdown to the most vulnerable residents
- Supporting & co-ordinating voluntary organisations to support our residents and providing emergency funding where necessary (i.e. food banks)
- Ensuring adequate housing accommodation was provided for the homeless
- Setting Business Hub to support businesses and implementing the government's business grants

The required change in focus that the pandemic brought had a significant impact on the delivery of the Blaby Plan and the Council's financial resources. Members were kept abreast of the ongoing work of the Council to deal with the pandemic through less formal channels but continued to be updated on the Council's financial resources through the normal reporting channels. The revised Blaby District Plan, adopted by Council on the 19th January 2021, reflects the change in strategic and operational priorities to enable the district to recover.

Apart from specific delegations brought before Council to allow decisions to be taken,

governance arrangements continued to be in place with officers and members communicating through virtual means.

The Council's ability to work in partnership has been evident throughout with enhanced engagement with partners through the Leicester, Leicestershire & Rutland Local Resilience Forum and this has continued as we move into the recovery phase.

The impact of the pandemic has been significant with regard to both the workload of officers and the range of services that the Council has been required to provide. It has however had a positive impact in bringing us closer to our community. This has taken two forms; a number of individuals needing assistance have come forward and we have retained connection with them through our new befriending service for example and residents have become more aware of the services the Council is responsible for and have shown greater appreciation of staff. This has been particularly evident for our refuse and recycling operatives and grounds maintenance staff.

Further reference is made within this document regarding measures specifically taken relating to the pandemic.

Delays to the Publication of the Statement of Accounts

Since the onset of Covid-19, local authorities in general have experienced significant delays with the timely completion of the audit of accounts, even though publication dates were relaxed between 2020/21 and 2022/23. These delays have mainly centred around the difficulties that external audit firms have experienced in recruiting suitably qualified public sector auditors, and consequently being unable to adequately resource their audits.

In Blaby's case, the Accounts for 2020/21, 2021/22 and 2022/23 have been delayed in being fully audited and approved. The unaudited accounts for all outstanding years have been published and presented to the Audit and Governance Committee on a timely basis for review and consideration and measures taken to meet the backstop dates that have been introduced to address the audit backlog.

The Audit and Governance Committee have been kept fully informed regarding the delay in the publication of the Statement of Accounts through regular reports to the Committee.

The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The systems of internal control are a significant part of that framework and are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of internal control are based on an ongoing process designed to identify and prioritise the risks to the achievement of Blaby District Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Blaby District Council for the year

ended 31st March, 2021 and up to the date of approval of the Statement of Accounts.

The Governance Framework

The Authority's vision is set out in the Blaby District Plan which was developed with officers, Members and stakeholders in the district. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes and behaviours required to deliver good governance to all.

Communicating the Authority's Vision

During this financial year The Blaby Plan, 2018-21 was reviewed and a new Blaby District Plan was adopted by Council on the 19th January 2021 and has set our Vision, Values and Priorities for the District spanning 2021-2024. Our priorities are grouped under the three key themes based on the District being "a great place to live, work and visit".

- a) This document encompasses our ambitions and, with partners, how we will deliver these to the community. It recognises the need for actions and support that is required to aid the recovery of our district following the pandemic. The Blaby Plan comprises of our Corporate Plan, our Medium Term Financial Strategy (MTFS) and our People Strategy. It is not just a list of things we want to achieve but also details how we have planned all our resources, both financial and staffing to deliver these.
- b) Alongside the new Blaby District Plan, priorities for the People Strategy and MTFS have been developed. An updated summarised MTFS was not produced this year but instead a commentary drew attention to the financial risk and impact associated with the changes to Business Rates and the Fair Funding Review.

Translating the vision into objectives for the authority and its partnerships

The Council's objectives reflect the overall vision and are detailed in a series of critical activities which are regularly planned and also form part of individual goals.

The following section lists the key elements of the systems and processes that comprise the Council's governance framework with a commentary setting out how the Council's arrangements comply with each of the principles in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government as follows:

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Council has adopted the national Code of Conduct for Members supported by the Audit and Standards Committee which monitors issues in relation to standards of behaviour. The Audit Committee and the Standards Committee were brought together as one Committee in May 2019.

There is a separate officer code of conduct.

The roles and responsibilities of the Cabinet Executive, the Non-executive members, the Scrutiny Commission and the Senior Leadership Team are set out in the Council's Constitution which provides a comprehensive framework for the management of the

authority's business. This is supported by a formal Scheme of Delegation, based on a delegation by exception principle. A Member/Officer protocol ensures effective and appropriate communication between the paid establishment and elected Members. The Cabinet Executive has previously approved a recommendation from the Member Development Steering Group to adopt a comprehensive "Members Roles and Responsibilities" paper which sets out role profiles and the required skills and knowledge for the various roles Members fulfil in discharging their responsibilities.

Council policies are produced in accordance with the principles set out in the Constitution and recommended for approval following review by the Senior Leadership Team. Decision making which falls within the policy and budgetary framework rests with the Cabinet Executive whilst those decisions falling outside the framework are reserved to full Council. The call-in procedure enables the Scrutiny Commission to review decisions made by the Cabinet Executive. Day to day decision making is carried out by appropriate officers in accordance with the Scheme of Delegated Powers (which is based on a delegation by exception principle) and in accordance with the Financial Regulations. These arrangements all contribute to the economic, efficient and effective operation of the Council. The whole suite of standing orders, financial regulations and scheme of delegation are reviewed and updated as required through regular reports to Council.

In response to the pandemic the Council made temporary amendments to the Constitution to enable financial decisions to be taken outside the budgetary framework and treasury management limits were amended to be able to manage funds now being administered by the Council for the Department for Business, Energy & Industrial Strategy (BEIS).

Ensuring effective arrangements are in place for the discharge of the monitoring officer function

The "Monitoring Officer" function is carried out by the Corporate Services Group Manager who reported to the Chief Executive during this financial year. The Democratic Services, Scrutiny and Governance Manager, who has responsibility for legal matters and is also the "Deputy Monitoring Officer", reports to the Corporate Services Group Manager.

Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

The "Head of Paid Service" role is undertaken by the Council's Chief Executive. The Strategic Director (Section 151 Officer) has responsibility for all HR matters and this position reports to the Chief Executive position.

Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities

The Council has an established Audit Committee (the Audit and Standards Committee) whose remit and functions are based on the guidance set out in a CIPFA publication which identifies best practice in relation to roles and responsibilities. The Committee meets quarterly and receives regular reports from both the Section 151 Officer and the Audit Manager. Arrangements are in place for the Audit Manager to report independently to the Audit Committee should he/she feel it appropriate to do so.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two statutory officers (the Section 151 Officer and the Monitoring Officer) have responsibility for ensuring that the Council does not act in an ultra vires manner, supported by the Strategic Finance Manager and the Council Tax, Income & Debt Manager who facilitate the management and mitigation of risk and the Audit Manager who provides assurance on matters of internal financial control. The Human Resources function, through the use of Performance Development Appraisals assesses (and provides a means of improving) competencies to ensure that officers are equipped to discharge their duties in accordance with the requirements of the Council.

Whistle-blowing and for receiving and investigating complaints from the public

The Council has in place and promotes appropriate whistle blowing policies and procedures which are regularly reviewed and updated where required. A revised Whistle Blowing (Raising Concerns) policy was reviewed and updated in June 2017 and is due to be reviewed shortly. Staff are aware of the Whistle Blowing policy and it has been highlighted in Blaby Matters. There is also a well-established and responsive complaints procedure to deal with both informal and formal complaints

from its customers and the residents of the District. Regular information relating to performance in respect of complaints (and compliments) is presented to the Senior Leadership Team.

Principle B. Ensuring openness and comprehensive stakeholder engagement

The Blaby Plan sets out the Authority's vision, values and priorities, the resources that the Council has to deliver these (within the MTFs) and how we support our officers to deliver the plan within our People Strategy. Objectives are set that link with the priorities and these are monitored throughout the year by the Senior Leadership Team within the Project Management reporting structure. The authority works closely with other local public bodies, community and voluntary groups via a partnership approach to ensure effective delivery of its services.

We have an active voluntary forum through which the Authority provides support to those in our community whilst engaging with them to understand how we can improve our services. Engagement with our voluntary community and new/temporary volunteers increased during the pandemic and we have taken measure to ensure we retain connection with these groups.

Customer satisfaction with services is monitored through local and service specific surveys, and electronic means to provide feedback on a range of activities and issues.

The Council produces regular newsletters for all residents and businesses within the District which, in addition to providing information and advice, seeks to receive the views of the residents on a wide range of issues. During the pandemic the Council moved to electronic means of communication with more regular updates to our residents. Targeted service priority consultation exercises are undertaken to inform the future allocation of resources. The Council carries out a bi-annual Residents Survey which includes consultation on potential Council Tax increases and satisfaction levels for a range of Council services. In December 2020 a consultation was carried out asking for residents views on the priorities to be included within the new Blaby District Plan. 756 responses were received with over 80% of residents agreeing with the proposed priorities. These results went on to inform the Blaby District Plan.

The Council works closely with its 24 Parish Councils. Officers attend a Parish Liaison Group, which has representatives from all other districts and Leicestershire County Council. We regularly send information through to our parishes in relation to funding opportunities.

Over the last year we have supported our parishes in relation to establishing a Parish Liaison role (to provide a single point of contact), supporting the work of the Community Hub and ensuring all our vulnerable residents were supported through the pandemic. We have also offered free PPE to our parishes and this offer will continue until March 2022. In addition we have provided support regarding the completion of COVID risk assessments when needed.

The Council has established effective Business Breakfast meetings and holds regular meetings with the head teachers of the Academies in the district. It has a Youth Council which has played an active role, this year, in raising awareness about the green agenda and helping to communicate key messages during COVID to our younger population. They have also engaged with our private sector partners taking part in a Green Agenda project at Glen Parva Prison and are looking to share their learning wider within their school environment.

The Council has in recent years held a Youth Conference, which was an opportunity for young people to have their say with elected members regarding issues most important to them. The event also provides an insight into what the Youth Council does, the opportunity to take part in a debate and make decisions about youth grants. This year this event could not go ahead but the Council is hoping that our Youth Conference can be held again in 2021/22.

Engagement with some of our academies and primary schools in the district, working with them to explore career opportunities, has been more difficult this year, but we will continue to deliver opportunities in the forthcoming year with a schedule of events.

In order to demonstrate its openness the Authority also publishes:

- A Forward Plan 28 days before the Cabinet Executive meets and provides:
 - a) The public with details of all key, non-key and budget and policy framework decisions to be taken by Members over a minimum period of four months ahead.
 - b) An aide-memoire for the Council's informal board of senior Members and officers to identify future issues for further discussion.
 - c) The Scrutiny Commission with information to consider areas where it may wish to seek involvement in policy development.
- Its pay policy
- Council, Cabinet and Committee Reports
- Payments over £500

In order to keep the public informed the Authority proactively prepares appropriate press releases. The Council has an award winning website which is user friendly and well-designed and the frequent use of social media channels of communication have enabled the Council to reach more of our residents effectively.

Scrutiny of the Councils budget for 2020/21 took place over three meetings in January. These meetings were open to all Members and attendance levels were high.

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

Incorporating good governance arrangements in respect of partnerships and other group workings as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

The Council participates in a range of joint working arrangements with other bodies, some of which are more significant than others. For those that deliver services to our customers there are service level agreements or contractual arrangements in place to ensure delivery and protect reputational risk. Should there be corporate risks based on partnership arrangements these will be detailed within the corporate risk register. The Council is particularly mindful of the financial and reputational risks that can arise through entering into joint working and collaborative arrangements, including the potential for a detrimental reputation impact on the Council should the partnership fail. It therefore actively supports and encourages an "open book" approach wherever possible.

Enhancing the accountability for service delivery and effectiveness of other public service providers

The Council has established and leads on a Staying Healthy Forum which has set its own objectives and priorities to improve the health and well-being of the community. This includes locality specific areas for improvement which are linked to the Joint Strategic Needs Assessment (JSNA). These include; increased awareness and diagnosis of dementia; initiatives regarding mental health, obesity and getting our residents more active as well as collectively looking at workplace health. The forum includes representatives from the NHS, community safety and health providers.

Social Prescribing is part of the NHS long-Term Plan to make personalised care business as usual across the health and care system. Social prescribing works for a wide range of people and issues, including people with one or more long term conditions, who need support with their mental health, who are lonely or isolated or who have complex social needs which affect their wellbeing. In Blaby we have a unique set up with our Primary Care Networks which sees Blaby District Council staff seconded in to these roles. This arrangement continues for North Blaby PCN from 1st September 2020 to the 31st August 2021. For the South Blaby and Lutterworth PCN the new contract covers the period from mid November 2020 to mid November 2021.

The Council chairs the Leicestershire Housing Services Partnership which is made up of local authorities, registered providers and third sector organisations who work to deliver a joint action plan aimed at improving outcomes. One of the positive outcomes from this group has been the success of the Rapid Rehousing Pathway bid and the establishment of a working group to look at issues and solutions to hoarding as well as providing a comprehensive housing 'picture' of housing across Leicestershire.

The Leicester, Leicestershire and Rutland Chief Housing Officers Group forms part of the Housing Services Partnership and is cognisant of the wider housing impacts and as a partnership are concentrating on:

- Understanding the housing impact of increase levels of household unemployment and financial instability
- Identifying and then meeting (wherever possible) the wider support needs of housing customers
- Effectively supporting staff to maintain positive mental wellbeing and health
- Understanding and responding to new and often enhanced customer demand requirements

Throughout the pandemic the Chief Officers Group have been instrumental, particularly with reference to homelessness and rough sleepers. They have also worked well with health colleagues to promote the uptake of vaccinations within the homeless communities. Blaby DC has worked exceptionally well with its strategic housing partners to minimise the use of scarce temporary accommodation within the district.

The Council leads on the Lightbulb programme; a transformational project designed to improve and transform housing related support services across the County as well as improving hospital discharge services. Lightbulb has won 3 major accolades:-

- Winning the Local Government Chronicle award for best Public/Public Partnership
- Named the best collaborative working initiative by the Association for Public Service Excellence
- Highly commended at the Home Improvement Agency Awards

In the year 2019/20 Lightbulb had reduced the time taken from application to completion to 13 weeks under the target 20 weeks delivery time. In 2020/21 the average time taken reduced further to 10 weeks despite obstacles due to the pandemic. The introduction of digital accessibility and reactive changes to assessments meant that services continued to be delivered to support vulnerable residents.

The Housing Support Coordinators continue to improve the services offered to residents, including temporarily supporting hospitals with follow up discharge calls to patients during the pandemic.

In 2020/21, 2959 residents were supported generating over 500 referrals per quarter for equipment, minor adaptations as well as for things to make their homes safer, such as smoke alarms. From the Housing MOTs services were delivered at an average of 35 days during the pandemic, despite all the barriers, which is below the 42 day average of service delivery pre Lightbulb.

Also in 2020/21 there was further development of the Housing Assistance Policy (under the Regulatory Reform Order) this allowed introduction of an adaptations grant and hospital discharge grant which received over 100 applications and supported recovery work. Lightbulb continues to develop services to meet the changing needs of residents with plans underway this year to introduce a hoarding pilot and developing an assistive technology offer by way of assisting residents for example in early stages of Dementia diagnosis.

The Council formally merged the Community Safety Partnership (CSP) of both Blaby and Hinckley and Bosworth in April 2016. Together the CSP's across Leicestershire work with the Police, Fire, Probation Services, County Council and Clinical Commissioning Groups to develop and implement strategies to protect local communities from crime and to help people feel safe. Local approaches to deal with issues including antisocial behaviour, drug or alcohol misuse and re-offending are also developed through the joint working.

The Community Safety Partnership won the Leicestershire Police and Crime Commissioner Safer Community Award for partnership working in 2020.

The Council has over recent years invested considerably to promote the economic development of the district. Our approach is illustrated in the Economic Development Strategy adopted by the Council: "Building Blaby – Shaping Futures". This strategic plan sets out a way forward to maximise the benefits from economic growth and development to create a thriving place with opportunities for business and residents to be successful. We have, this year seen the continuation of how our strategy and pro-active approach to good business development in our district and working in partnership with local business has generated growth, with the construction of sites such as Everards Meadows and the Fosse West development both now open for business.

The Council has, during the pandemic, set up a Business Hub to support local businesses. This is a support mechanism which will continue to provide support during the recovery phase and beyond. Alongside this, the Council's Business Rate Team have distributed over £19m in Business Support Grants during the course of the pandemic to date.

The Council leads a Building Control Partnership on behalf of five other local authorities including Harborough, Oadby & Wigston, Hinckley & Bosworth and Melton. A governance structure has been set up which includes a Management Board that meets quarterly to review performance of the service, income generation and make decisions on future priorities. By operating this service through a shared service agreement all the local authorities are able to share the costs of key posts within the structure and work together on Marketing and Communications. Alongside this from July 2021 Rutland County Council will also join the partnership under a shared service arrangement and Blaby are also picking up inspections for Leicester City on an ad hoc basis when they have staff shortages.

Through a delegation of statutory responsibility, Blaby provides a Local Land Charge service for both Hinckley & Bosworth Borough Council and Oadby & Wigston Borough Council. Through this arrangement Blaby maintains local land charges registers, processes official searches and provides access to the local land charges register under the Environmental Information Regulations for personal searches.

This arrangement has provided resilience in service across all authorities the service being highly commended at the Local Land Charges awards 2019.

The Council continues to work closely with the academies in our District and meetings cover a wide breadth of matters including; creating work place opportunities in Blaby District and gaining benefit from developments under construction in our district; work place health initiatives and creating linkages in our community to promote community safety. This meeting has also facilitated closer relationships being developed with the academies and both the police, local community groups and officers from children's support services at Leicestershire County Council.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome

The Blaby District Plan sets out our ambitions for the Council and sits alongside our Medium Term Financial Strategy and our People Strategy and these detail how we have

planned all our resources, both financial and staffing to deliver these.

The Council's service and financial planning process ensures that resource re-direction and allocation is aligned to the priorities emanating from the Blaby Plan. The Council has in place Contract Standing Orders and Financial Regulations designed to ensure that the Council achieves value for money in discharging its procurement requirements.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability.

Development and maintenance of the system is undertaken by the Senior Leadership Team within the Council and its effectiveness is reviewed by either external or internal audit. In particular, the arrangements include:

- The Medium Term Financial Strategy is now part of the Blaby plan but includes a Financial Summary spanning future years which is revised annually
- A 5 Year Capital Programme including asset investment
- An effective system of budgetary control
- The preparation and review of regular and timely financial reports which indicate financial performance against the forecasts
- Clearly defined capital appraisal, funding and expenditure controls
- Formal project management disciplines where appropriate
- Regular performance management reports

The Council continues to embed a "project board" approach to implementing change and transformation. A focus has been placed on project management and the regular monitoring of project delivery with the SLT meeting monthly to review progress. Ultimately this is led by the Chief Executive and will continue to ensure focus is placed on continuing improvement and learning. Members are fully engaged in this process with both a Cabinet Executive portfolio holder having specific responsibility for driving and monitoring the change process. The Scrutiny Commission, through its performance working group are actively involved in examining the detail of processes and change reviews.

Principle E – Developing the entity's capacity including the capability of its leadership and the individuals within it.

Members who joined the Council in 2019/20 underwent a comprehensive induction programme and this has continued to be built upon throughout the member's term, with various training sessions to ensure they are fully equipped to fulfil their roles. A number of prospective member events were delivered to assist and encourage members of the public to stand for district and parish seats and a full induction programme has been developed to deliver to new Members following the district elections.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The Council fully supports the requirements to ensure that both Members and senior officers have the necessary skill sets to fulfil their strategic role in the organisation. The Council continues to invest in development for officers and managers. All people

managers were trained in supporting staff wellbeing and manager participation in HR workshops continued virtually. Two degree level apprenticeships continued and two post graduate qualifications have been supported for professional council officers.

The Leader of the Council undertook a Member Leadership Programme course at the Warwick Business School. The Council delivers specific Member training around planning, local government finance, good governance and the risks and responsibilities that go with their individual roles. We undertake a full induction programme for new Members and those starting mid-term.

The Council continues to adhere to the principles of the East Midlands Councils Elected Member Development Charter. The Charter provides a set of national standards for authorities to achieve, ensuring elected Members are equipped to have the knowledge and skills to be effective community leaders.

Principle F – Managing risks and performance through robust internal control and strong public management

The Council has in place an agreed clear and coherent framework for managing and monitoring performance.

A Six monthly Performance Report is presented to Council which provides a summary of progress and performance against the priorities within the Blaby District Plan. This report encompasses a whole Council approach focused on the three priorities; A Place to Live, A Place to Work, A Place to Visit, and it is recognised that all services contribute to the successful delivery of the Council's Plan.

It also includes a selection of statutory indicators and the most up to date comparable data for all English District Councils. This report is also presented at Scrutiny Commission meetings. The Leader of the Council has responsibility for Performance Management, and provides challenge, as do the Cabinet members. The pandemic had a huge impact on the delivery of the priorities within Blaby District Plan as resource was diverted from normal activity to those to support the pandemic response. As such performance reporting was suspended however, members were regularly updated as to the activities of the Council to support our community throughout the pandemic.

The Council uses the InPhase system to record performance indicators and officers have access to the InPhase performance data in order that monitoring can be carried out across services.

The Council has in place a Risk Management Policy and Strategy to ensure that the management of risk, is embedded within the organisation at both the strategic and operational level with both Members and senior officers having specific roles and responsibilities identified. A Corporate Risk Management Group, headed by the Chief Executive and supported by the performance team provides leadership, whilst the post of Strategic Finance Manager has specific responsibility to co-ordinate the management of risk across the Council. Both Members and officers are trained so that they are equipped to manage risk in a way appropriate to their duties. Risk assessments are a pre-requisite for all capital project appraisals and form an integral element of Project Plans. The Council utilises a software package (InPhase) to assist with the management and monitoring of both performance and risks. This includes a risk tracking facility to continuously monitor the Council's corporate exposure to areas classified as high risk. Members of the Audit Committee receive regular risk monitoring reports.

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

Ensuring the Authority's Financial Management Arrangements Conform with the Governance

Requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government

The CIPFA Statement was originally published in March 2009 in respect of the Role of the Chief Financial Officer in public services as a whole and was considered by the Council's Cabinet Executive in July of that year. The following year a further version was produced which was specifically directed towards Chief Financial Officers serving in local government. The five underlying principles however remained the same. The Council's financial management arrangements conform with the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

Ensuring the authority's assurance arrangements addresses the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019)

The Council's internal reporting arrangements are designed to ensure the independence of the internal audit function. Appropriate resources are made available to provide an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It brings a systemic disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Audit Manager reports directly to the Council's Audit and Standards Committee on all matters appertaining to audit outcomes.

Review of Effectiveness

Blaby District Council undertakes, on an annual basis, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by a) the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, b) the Audit Manager's annual report and c) by comments made by the external auditors and other review agencies and inspectorates.

Part of this process is to carry out an assurance review which identifies examples of assurances in respect of those governance arrangements which are key to mitigate against significant risks to the achievement of the corporate objectives of the Council. Whilst a number of actions were identified through this process they don't relate specifically to governance matters, but illustrate the Council's commitment to continuous improvement. The actions are listed in the table below for completeness. The comprehensive detail of the assurance review completed can be found as an appendix to the Annual Governance Report considered by Cabinet Executive in July 2021.

Assurance Review

Core Principal 1: A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Supporting Principle 1 : Behaving with Integrity

Action - Whistleblowing policy to be reviewed in the forthcoming year & highlighted again to staff.

Supporting Principle 2 : Demonstrating strong commitment to ethical values

Action – Increase visibility of all values for staff & members.

Supporting Principle 3 : Respecting the rule of law

Action - Whistleblowing policy to be reviewed in the forthcoming year & highlighted again to staff.

Core Principal C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Supporting Principle 1 : Defining outcomes

Action – Detailed risk management process to continue to be embedded with focus on risks that allow SLT to manage the authority.

Supporting Principle 2 : Sustainable economic, social and environmental benefits

Action – Briefing for all members regarding Council finance following Fair Funding and Business Rate Review outcomes to ensure awareness of future financial outlook.

Core Principal F : Managing risks and performance through robust internal control and strong public financial management

Supporting Principle 3 : Robust internal control

Action – Continued training for Audit & Standards Committee members.

There were no actions from previous years that had not been addressed. [Review of Compliance with the Financial Management](#)

[Code 2021/22](#)

The Council has carried out a review of compliance with the FM Code in this shadow year. It is intended that this will be brought before the Audit and Standards Committee in July, Cabinet Executive in September and be a publically available document. Whilst the Authority has been found to be compliant with many aspects of the FM Code, there are a number of areas that are partially compliant and where improvements have been identified. These are listed in the table below.

CHAPTER 1 – The Responsibilities of the Chief Finance Officer and Leadership Team

B Principle 3: The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.

Improvement - Develop a financial training package for managers to provide them with the necessary skills to undertake their role effectively.

CHAPTER 2 – Governance and Financial Management Style

E. The financial management style of the authority supports financial sustainability

Improvement - Further development of capital expenditure plans. Understand the implications for future funding streams following completion of Government reviews of Business rates Retention, New Homes Bonus, and Fair Funding.

CHAPTER 3 – Medium to Long Term Financial Management

F. The authority has carried out a credible and transparent financial resilience assessment

Improvement - Consider options for independent resilience review, including Pixel, Local Government Association.

I. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans

Improvement - Wider involvement of SLT in development of the MTFS. CHAPTER 5 –

Stakeholder Engagement and Business Cases

L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

Improvement - Consider wider consultation on the longer term MTFS and budget proposals.

M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

Improvement - Introduce post implementation review for the more significant capital projects; outcomes, timelines, budget.

CHAPTER 6 – Monitoring Performance

O. The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.

Improvement - Incorporate the reserves position within quarterly monitoring reports to Cabinet Executive.

Role of the Council

The extent of the role of full Council in reviewing and monitoring effectiveness of internal control is set out in Article 4 of the Council's constitution. Article 4 provides that the Council is responsible for setting the policy and budgetary framework.

It is the responsibility of the statutory officers to report to Council on any issues concerning the review of the effectiveness of internal control arrangements where such cases fall outside the delegated power of other decision making bodies of the Council. There have been no issues arising during 2020/21 which have required the full Council to exercise its role.

The Constitution of the Council is subject to a continuous review process and a delegation by exception scheme forms an integral part of the arrangements. The Constitution underwent a revision in 2016/17 and the new version, which was actively reviewed by Members, was approved by Council on 24th May 2016. Amendments to the Constitution are brought before Council as part of the continuous review process.

The Council formally reviews its Financial Regulations on a regular basis albeit on-going updates are implemented as part of the regular reviews of the Constitution.

Role of Cabinet Executive

The role of the Cabinet Executive is to receive, consider and approve the Annual Governance Statement and to monitor the implementation of any Action Plans arising out of the review of its governance arrangements.

Role of Audit Committee

A formal Audit Committee, constituted on the basis of the guidance issued by the Chartered Institute of Public Finance, including the adoption of a “Statement of Purpose”, was established in 2008.

The Audit Committee (The Audit and Standards Committee) meets on a quarterly basis. It has responsibility for considering the findings of the annual review of the effectiveness of the internal audit function in addition to receiving regular monitoring reports from the Audit Manager. The annual external audit plan is also approved by the Audit Committee.

Role of Scrutiny Committee

The Council has a well established and effective Scrutiny Commission supported by working panels who are assigned specific projects to be undertaken. The Commission can “call in” a decision which has been made by the Cabinet Executive but not yet implemented, to enable them to consider whether the decision is appropriate.

Risk Management

The Corporate Risk Group regularly reviews the Risk Management Strategy to ensure its continued relevance to the Council. The reviews also assess performance against the aims and objectives of the Risk Management Strategy.

The Strategic Finance Manager provides regular progress reports to the Corporate Risk Group and the Senior Leadership Team bringing to their attention any significant risks which have been identified. The Corporate Risk Group/Senior Leadership Team also:

- Reviews the Council’s strategic/operational risk registers and associated action plans
- Ensures that the appropriate management action is taken to minimise/eliminate risk

Audit & Standards Committee review the Strategic Risk Register and mitigating actions regularly. They also have responsibility for reviewing and recommending the Risk Management Strategy at regular intervals.

Role of Internal Audit

Internal Audit is provided in accordance with the statutory responsibility under Section 151 of the Local Government Act 1972, the Accounts and Audit Regulations and the

Public Sector Internal Audit Standards. It is managed on a day to day basis by the Audit Manager who reports to the Strategic Director. There is however also an indirect reporting line to the Strategic Director (Section 151 Officer) in relation to matters of a technical or professional nature.

Internal Audit objectively examines, evaluates and reports on the adequacy of internal controls and governance as a contribution to the proper, economic and effective use of resources. During 2020/21 this responsibility was carried out following an approved risk based annual audit plan. The Audit Manager produces quarterly progress monitoring reports against the plan to the Audit & Standards Committee.

The internal reporting process for audit work requires a report of each audit to be submitted to the relevant Group/Corporate Manager and/or Service Manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by the relevant managers. The process also includes regular reviews of recommendations to ensure that they are acted upon. A summary of all audits carried out, including a grading rating which reflects the effectiveness of the controls in place and an analysis of the recommendations is submitted to each quarterly Audit & Standards Committee meeting.

The Public Sector Internal Audit Standards (PSIAS), introduced on 1 April 2013, and revised in April 2016 and again in 2017, require an external assessment of compliance with the Standards to be carried out at least once every five years.

The assessment was carried out in November 2020 and found that the internal audit function at Blaby District Council conforms with the PSIAS and there were no areas of non-compliance identified. The final report was presented to the Audit & Standards Committee on 1st February 2021 along with an action plan containing minor action points which the Audit Manager is implementing to improve overall compliance with the Standards.

The Shared Service Audit Manager provides an independent opinion on the internal control environment to the Audit & Standards Committee which then feeds into the Annual Governance Statement process. For the 12 months ended 31 March 2021, based upon the work undertaken by Internal Audit during the year and additional information provided by relevant managers on their responses to audit recommendations, the Audit Manager has formed the opinion that she is able to give **reasonable assurance** on the Council's overall internal control arrangements. To be consistent with our Internal Audit opinion definitions, this means that there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the areas audited. This is a positive assurance opinion overall which will be detailed in the report of the Audit Manager's 'Internal Audit Annual Report 2020/2021' which will be presented to the Audit & Standards Committee on 21st July 2021.

All internal audit reports issued during 2020/21 were issued with either substantial or reasonable assurance opinions. A small number of high priority recommendations were made in respect of audit reviews undertaken, however as they relate to specific systems and/or service areas, it is not considered necessary to include them in the Annual Governance Statement.

Other Explicit Review/Assurance Mechanisms

The Corporate Services Group Manager (the “Monitoring Officer”) has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Constitution underwent a revision in 2016/17 and the new version, which was actively reviewed by Members, was approved by Council on 24th May 2016.

Statements of Assurance are received from senior officers regarding internal control issues in line with the guidance set out in “Delivering Good Governance in Local Government”.

A Peer Review carried out by the LGA in 2015 described Blaby District Council as “a great council which is performing well with no major concerns. There are many examples of good services and projects with a strong focus on doing the right thing for Blaby’s residents and customers at all levels of the organisation.”

A further review was carried out in 2018 and was again very positive in terms of staff engagement, progress against our action plan and as excellent partners. The Peers also flagged up improvements and opportunities that needed to be taken by the Council. An action plan was formulated and a number of these recommendations have been delivered.

The pandemic has resulted in a delay of a further review being carried out in 2020, however this is now being planned to take place after a new Chief Executive has been appointed. The current Chief Executive will be leaving the authority in August 2021.

Statement of Leader and Chief Executive

We have been advised on the implications of the result of the review of the effectiveness of the governance framework carried out by members of the Senior Leadership Team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Significant governance issues

Whilst there are no significant governance issues to report, nevertheless the Council continues to seek to enhance and strengthen our governance arrangements where improvements can be identified. We will monitor progress made as part of our next annual review.



Signed _____

Leader of the Council

12th December 2024



Signed _____

Chief Executive

12th December 2024

