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**HINCKLEY & BOSWORTH  
BOROUGH COUNCIL**



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

**AGENDA FOR THE  
MEETING OF THE COUNCIL  
TO BE HELD ON  
TUESDAY, 24 SEPTEMBER 2013  
at 6.30 pm**

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Date: 16 September 2013

Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

Dear Sir/Madam

I hereby summon you to attend a meeting of the Hinckley & Bosworth Borough Council in the Council Chamber at these offices on **TUESDAY, 24 SEPTEMBER 2013 at 6.30 pm**

Yours faithfully

Miss RK Owen  
Democratic Services Officer

### **AGENDA**

1. Apologies
2. To confirm the minutes of the meeting held on 16 July 2013 (Pages 1 - 18)
3. To be advised of any additional items of business which the Mayor decides by reason of special circumstances shall be taken as matters of urgency at this meeting
4. To receive verbally from Members any disclosures which they are required to make in accordance with the Council's code of conduct or in pursuance of Section 106 of the Local Government Finance Act 1992. This is in addition to the need for such disclosure to be also given when the relevant matter is reached on the Agenda
5. To receive such communications as the Mayor may decide to lay before the Council
6. To receive petitions in accordance with the Council's Petitions' Scheme
7. To deal with questions under Council Procedure Rule number 11.1
8. To receive the Leader of the Council's Position Statement
9. To receive for information only the minutes of the Scrutiny Commission meetings held on 4 July and 29 August 2013 (Pages 19 - 28)
10. Clean Neighbourhood Strategy (Pages 29 - 36)
11. Scrap Metal Dealers Act 2013 (Pages 37 - 48)

12. Movement to reserves - request for delegated authority (Pages 49 - 54)
13. Annual Governance Statement 2012-13 (Pages 55 - 68)
14. Statement of Accounts 2012-13 (Pages 69 - 174)
15. Members' Allowances (Pages 175 - 184)
16. To consider the following motion, notice of which has been received in accordance with Council Procedure Rules 13.1 and 13.2:-

To be moved by Councillor Inman and seconded by Councillor Gould:

Council notes with regret the current decline in the number of public houses operating within the Borough and nationally, and supports moves to keep as many community public houses open as possible. As one method of achieving this the Chief Executive is instructed to write to the Secretary of State supporting action under the Sustainable Communities Act to ensure that planning permission is required before community pubs are converted into betting shops, supermarkets, pay-day loan stores or other uses or are allowed to be demolished.

Council notes that if this can be achieved the Council as planning authority would be able to decide applications as to whether community pubs should be demolished or converted into other uses and this action could save many community pubs in both the urban and rural areas. The Chief Executive is also instructed to write to our Members of Parliament asking them to support this proposal.

# Agenda Item 2

## HINCKLEY AND BOSWORTH BOROUGH COUNCIL

16 JULY 2013 AT 6.30 PM

PRESENT: MRS L HODGKINS - MAYOR  
MR JG BANNISTER – DEPUTY MAYOR

Mr RG Allen, Mr PR Batty, Mr Bessant, Mr DC Bill MBE, Mr SL Bray,  
Mrs R Camamile, Mr MB Cartwright, Mr DS Cope, Mr WJ Crooks,  
Mr DM Gould, Mr PAS Hall, Mrs WA Hall, Mr MS Hulbert,  
Mr DW Inman, Mr C Ladkin, Mr MR Lay, Mr KWP Lynch, Mr R Mayne,  
Mr JS Moore, Mr K Morrell, Mr MT Mullaney, Mr K Nichols,  
Mr LJP O'Shea, Mrs J Richards, Mrs H Smith, Mrs S Sprason,  
Mr BE Sutton, Miss DM Taylor, Mr R Ward and Ms BM Witherford

Officers in attendance: Steve Atkinson, Katherine Bennett, Adam Bottomley, Chris Colbourn, Bill Cullen, Louisa Horton, Sanjiv Kohli, Darren Moore, Rebecca Owen, Sally Smith and Sharon Stacey

### 71 PRAYER

Reverend Jane Gibbs offered prayer, referring to the recent and sad deaths of Susan Taylor from Barwell during a channel swim and a couple who had been involved in an accident in Fenny Drayton.

### 72 APOLOGIES

Apologies for absence were submitted on behalf of Councillors Boothby and Chastney.

### 73 MINUTES OF THE PREVIOUS MEETINGS

On the motion of Councillor Nichols, seconded by Councillor Bill, it was

RESOLVED – the minutes of the meetings held on 21 February and 14 May 2013 be approved and signed by the Mayor.

### 74 ADDITIONAL ITEMS OF BUSINESS

The Mayor announced that she had agreed to accept an additional item of business (listed as 23a on the supplementary agenda) regarding appointment to two outside bodies. This matter had been deemed urgent due to the need to appoint to them prior to the next Council meeting.

### 75 DECLARATIONS OF INTEREST

No interests were declared at this stage.

### 76 MAYOR'S COMMUNICATIONS

The Mayor reported on a successful trip to Grand Quevilly, where an excellent food festival had taken place. Two chefs from North Warwickshire and Hinckley College had accompanied the civic delegation and the food they presented had been very well received, particularly the trifle.

77 QUESTIONS RECEIVED UNDER COUNCIL PROCEDURE RULE NUMBER 11.1

(a) From Councillor WJ Crooks addressed to the Leader of the Council

Does the Leader agree with me that the Hinckley & Bosworth Executive's decision to keep out of the Leicestershire Gypsy & Traveller Accommodation Assessment was a good decision?

Response from Councillor SL Bray

Yes I totally agree that the decision to take a watching brief on the County wide GTAA and continue to progress with our borough wide GTAA was the correct one. The HBBC gypsy and traveller needs assessment has been completed and will be signed off by Executive in early September. Members will be please to note the positive position that HBBC are now in following the study compared with other districts who were involved with the county-wide GTAA.

The Leicester, Leicestershire and Rutland Gypsy and Traveller Accommodation Assessment has used a fundamentally different methodology to calculate its' Gypsy and Traveller Accommodation requirement to that used to prepare the Hinckley and Bosworth Borough Council's GTAA.

The HBBC GTAA did not rely on the 2007 GTAA but started from scratch based on the new national policy guidance. Our methodology has been to identify our own need where it arises by undertaking thorough interviews with the gypsy and traveller community within the borough. From those interviews an analysis of the population profile of the community was undertaken to establish the future need of that sector of our community. The HBBC GTAA then goes an extra step and looks at ways in which that need can be met on a sequential approach, firstly by looking at capacity within existing sites, then by extensions to sites and then looking at new sites.

The starting point for the Leicester, Leicestershire and Rutland study was the numbers identified in the 2007 study, and the methodology involved contacting only a sample of the Gypsies and Travellers living in the County. It does not follow the second part of the Hinckley & Bosworth BC study in identifying land availability and potential delivery mechanisms for the need where it arises.

Just so Members get a feel for those figures which emerged from the Countywide refresh of the GTAA, from 2012 to 2031

- Harborough require 80 pitches, plus 5 transit pitches and 25 plots for Showpeople
- N W Leicestershire 68 pitches plus 20 transit pitches and 9 plots for Showpeople

(b) From Councillor JS Moore addressed to the Executive Member for Finance

Could the Leader confirm that at the end of the 2011/12 Tax year the level of Council Tax arrears was in the region of £953,000.00? Information in my possession points to some of this debt originating as far back as 1998/99.

The recent changes regarding the introduction of "Universal Credit" benefits will, it is anticipated, bring about a significant increase in the incidence of arrears. Could I ask the Leader to provide this council with:

- a) The yearly level of Council Tax debt for the years 1998/99 through to 2011/12;
- b) The number of properties per year relating to this debt;
- c) Measures taken by this Council to recover these debt; and most importantly
- d) Any conclusions reached in respect of minimising the future level of debt, and any mechanisms being considered regarding the recovery of debt that arises from the changes in the regime of benefit payments.

Response from Councillor KWP Lynch

Thank you Councillor Moore for your question. The gross arrears to the financial year ended 31/03/12 was £673,940 and the number of cases in arrears in year was 2,035. Actions are being taken against all of the households who are in arrears as follows:

1. Cases with Bailiff

If the debt is subject to a Liability Order (court action) and we have been unable to secure a payment arrangement the case is passed to bailiffs for collection, where it is appropriate to do so.

2. Pre-bailiff Action

Bailiffs are used as a last resort and where every other avenue to collect the debt has been exhausted. We will always write to the taxpayer to alert them to the fact that if they fail to make an arrangement for payment we will be left with no choice other than to instruct bailiffs

3. Arrears subject to a payment arrangement

If the taxpayer has an on-going council tax liability we will ask that they keep their current and on-going charges up to date and make potentially smaller payments against the arrears.

4. Other reasons will include:

- The debtor is being traced or further enquiries are ongoing
- The debt has been returned from bailiffs and we are determining the next appropriate course of action.
- Awaiting write off

5. Attachment of Earnings

The debtor's employer has been instructed to deduct the amount outstanding from the debtors salary/wages.

6. Attachment of Benefits

The debtor is in receipt of a DWP benefit from which deductions can be made.

With regard to the final part of your question, the council's enforcement team work extremely hard to ensure the level of previous years arrears outstanding at the end of a financial year are kept to a minimum. All authorities within Leicestershire have anticipated that collection levels will fall as a consequence of the welfare reforms and the austerity measures.

What we are doing to improve collection?

- The recovery strategy has been revised in order to speed up the process and to establish the way we will deal with those payers who have not had to pay Council Tax previously

- The temporary employment of two enforcement officers (12 month contract) funded in the main by the major precepting authorities.
- Automating processes to free up capacity within the enforcement team.
- Promoting the ability to pay by 12 instalments
- The recovery notices now include guidance on the implications for late payment and the support available which has been shared with the customer service team.

As a supplementary question, Cllr Moore referred to a recent fraud case and asked the Executive Member to confirm whether the authority had a policy to not seek repayment up to a certain level. In response it was confirmed that the authority did not have such a policy.

(c) From Councillor RG Allen addressed to the Leader of the Council

Can the Leader please explain to members why this Council still has no policy on renewable energy, a situation which is leaving rural communities at the mercy of commercial interests? Does the council now have a timetable with a backstop date for putting such a policy in place? Can the Leader reassure members that all wind turbine applications will now be called in to committee as promised and not continue with the haphazard way members are still having to contact officers to justify their reasons for calling these applications in to the planning committee.

Response from Councillor SL Bray

We do have a policy on wind power, Policy BE27 within the 2001 Local Plan. This policy provides the criteria upon which wind power proposals must be considered which includes impacts on local communities. This policy will remain extant until the adoption of the Site Allocations and Development Management Policies DPD. Following on from that, the council does have a timetable in place for further developing our policy position on renewable energy so that it is in line with current national policy.

The Borough Council also has adopted Core Strategy Policy 24: Sustainable Design and Technology which requires developments to meet the following standards;

- Residential developments in the Urban Area must meet Code 4 of the Code for Sustainable Homes
- Residential developments in Key Rural Centres and Rural Villages are expected to meet sustainability targets set out in Building a Greener Future
- Schools, Hospitals and Office developments to meet a minimum of 'very good' BREEAM standard.

The NPPF requires that Local Planning Authorities should:

- Have a positive strategy for renewables
- Design their policies to maximise renewables
- Consider identifying suitable areas for renewables.

Therefore the Borough Council has no choice but to include a policy that embraces all renewable energy generation and promotes Low Carbon Developments which meets the national policy requirements which I have just outlined.

This is being addressed with the formulation of the emerging development management policy, DM2: Delivering Renewable Energy and Low Carbon



Development. This policy is directly supported by the completed evidence base, The Renewable Energy Capacity Study. The evidence base and policy were guided by the cross party Renewable Energy Task and Finish Group in 2012 / 13, but has yet to be formally adopted as an evidence base by Executive but is in the forward plan to consider in the next few months..

The development management policy (if agreed by Council) will proceed, as part of the Site Allocations DPD, to public consultation later this year with full adoption expected in early 2015.

Prior to the adoption of this development management policy the NPPF is the default document for determining applications on renewable energy and low carbon developments.

Any changes to “call in” arrangements for wind turbine applications will need to be addressed through an amendment to the Council’s constitution.

(d) From Councillor RG Allen addressed to the Leader of the Council

In view of the fact that Earl Shilton Town Council appears to have lost somewhere in the region of £180k (one hundred and eighty thousand pounds) in S106 developer contributions earmarked towards the provision of a much needed sports pavilion, can the Leader please confirm whether the Barwell and Earl Shilton Area Action Plan, being so far behind the promised schedule, was a contributing factor. My point being that it would appear that Earl Shilton Town Council was unable to finalise plans and submit a planning application due to the uncertainty over the route of an access road over the recreation ground linking to the proposed Earl Shilton SUE. Would it be reasonable to suggest that this should not have been a problem had the AAP been completed within in the published time scales?

Response from Councillor SL Bray

The timing of the Earl Shilton and Barwell Area Action Plan **is not** a contributing factor towards the Earl Shilton Town Council not securing the S106 contribution referred to.

This particular s106 agreement included a contribution of £150,000 towards community facilities . This definition would have enabled the monies to have been spent on a wide range of relevant projects and was not specific to the delivery of a sports pavilion. It is acknowledged that Earl Shilton Town Council has an aspiration to deliver a sports pavilion at Weavers Springs Recreation Ground. However, there was sufficient flexibility within the s106 agreement for the Town Council to make full use of these funds on an appropriate alternative in the event that they were unable to deliver their Pavilion project within the timescales associated with that particular s106 agreement.

I understand the Town Council were prompted about the need to commit the funds on a number of occasions preceding the deadline for clawback of the funds.

The Council’s preferred option masterplan for the Earl Shilton SUE was first published in October 2010 and showed the proposed route at the northern edge of Weavers Springs Recreation Ground, linking the SUE to Astley Road. This masterplan was built into the consultation draft Area Action Plan in December 2010 and remains unchanged in the pre-submission draft Area Action Plan. This

is a long established element of the Earl Shilton SUE masterplan proposals. The delays to the AAP, which have been the result of Leicestershire County Council's requirement for the use of the Leicester and Leicestershire Integrated Transport Model, have not changed this position in any way between October 2010 and now.

The exact alignment of this road proposal will not be established until a detailed planning application has been submitted for this element of the SUE. However, this would not have prevented a planning application for a Pavilion at Weavers Springs from being progressed by Earl Shilton Town Council within a timescale that could have enabled the use of the Montgomery Gardens s106 funds. The proposal would have needed to demonstrate that it would not jeopardise the comprehensive delivery of the SUE proposal. Indeed, I understand that the Town Council has actually now submitted a planning application for the development of a pavilion at Weavers Springs which has sought to do just that.

As a supplementary question, Cllr Allen asked whether the Council would assist the Town Council in finding funding. In response Cllr Bray confirmed that officers of the Council had been in touch at several points and if the Town Council contacted officers they would help if possible.

- (e) From Councillor LJP O'Shea addressed to the Executive Member for Neighbourhood Services

Can the Executive Member please confirm the number of actual hours (not including travelling time) of parking enforcement allocated to Ratby and Groby per week and whether this just covers "office hours", because people who tell me they rarely if ever see the wardens in Ratby, believe there is no out of hours enforcement. As a result we have to contend with situations such as a complete disregard in the evening for the double yellow lines outside the chip shop on Main Street, Ratby on a dangerous bend. Can regular out of hours enforcement in such cases be arranged or not?

Response from Councillor WJ Crooks

Members are reminded that on street enforcement is a Leicestershire County Council responsibility as the Highways Authority – not HBBC, and that the Borough Council have no control over where or when on street enforcement takes place on the highway. Our only jurisdiction is for car parks in our ownership.

We are, however, provided with both the on street and out our car park enforcement activities and can advise the hours spend on street for the first six months on this year are:-

- 12hrs 25 mins in Ratby, during which seven Parking Contravention Notices (PCN) were issued.
- 18hrs 45 mins in Groby, during which 30 PCN's were issued.

The comment from LCC's Traffic and Safety Manager Greg Payne is:

"Leicestershire County Council (LCC) has previously organised our of hours enforcement in Ratby at the request of local Members. This proved to have an impact when the enforcement officers were on site, with very few enforceable contraventions taking place whilst the enforcement officers were visible. A 90 minute evening patrol in the area in June 2012, produced on Penalty Charge

Notice (PCN) outside the chip shop and 1 PCN at another location on Main Street.

Any decision on the on-street deployment of enforcement resources is the responsibility of LCC. We cannot commit to undertaking regular out of hours enforcement at such locations, but would consider organising further out of hour ad hoc enforcement, something we are already looking at following contacts being made to LCC.”

If Councillors wish for there to be a change to anon-street enforcement, then they are recommended to contact LCC direct.

(f) From Councillor LJP O’Shea addressed to the Executive Member for Housing

In the light of the Executive's recent commitment to the Community Covenant (Armed Forces Covenant) can the Executive member please confirm the council's full commitment, not only to the letter of the Covenant but also to the spirit of the Covenant, particularly when addressing the housing needs of a member of the Armed Services who has served his Country on active duty and under enemy fire but now suffers from a debilitating medical condition.

Response from Councillor MT Mullaney

The aim of the community covenant is to encourage local communities to support the armed forces service community in their area and promote understanding and awareness among the public of issues affecting the armed forces community. I am pleased to advise you that HBBC supports the Community covenant in many ways, for example

- Support the National annual Armed Forces celebration event held every June
- £700 external funding was secured to enhance this years event
- Support Veterans at annual Remembrance Day event in November
- HBBC has a dedicated War Memorial Officer to ensure our war memorials are kept in good condition etc

Further, through the implementation of the Housing Act 1996 (additional preference for Armed Forces) (England) Regulations 2012 (SI 2012/2989), the Council further supports the Community Covenant by including within its allocation scheme that persons who are in the statutory reasonable preference categories and in urgent housing need and who meet certain criteria regarding their army forces service receive additional preference for the allocation of accommodation.

This includes those who are serving members of the regular forces who are suffering from a serious illness or disability which is wholly or partly attributable to their service and those who are former members of the regular forces.

(g) From Councillor PR Batty addressed to the Executive Member for Housing

Can the Executive member please advise me whether the Council's "Choice Based Letting" policy has proved to be of a positive benefit to this council or not? What I mean by this is whether more applicants from outside of the Borough have been allocated social housing within the Borough than those who have moved elsewhere under the scheme. Specifically, can the Executive member please advise the council of the relevant numbers in respect of the rural areas, being mindful of the need to promote sustainable communities? Finally, can the Executive member please confirm that affordable homes provided under S106

agreements will not be advertised under the "Choice Based Letting" scheme unless positive high profile advertising for applicants with a local connection fails to find sufficient applicants?

Response from Councillor MT Mullaney

I can advise that in the year April 2012 to March 2013, 278 properties were allocated through the Choice Based Lettings scheme. Of these 264 were allocated to people who had a local connection to the Borough. Of the 14 properties that were allocated to people without a connection to the Borough, 11 had a connection to the subregion i.e. the county. Only 4 properties were allocated to people with no local connection to the subregion, these being people fleeing violence from other areas to whom we have a homeless duty and the allocation of sheltered schemes where there was no demand from people in either the Borough or the subregion.

In terms of the rural areas, of the 12 properties allocated to people without a HBBC connection, 7 of these were in the rural areas, with 6 of these having a connection to the sub region.

Properties developed under Section 106 agreements will continue to be advertised through the Choice Based Lettings scheme, with the local connection criteria contained in the Section 106 agreement included in the lettings criteria. This means that applicants who don't meet this criteria will not be allocated these properties. Choice Based Lettings is promoted through the council's and partners website. All have a responsibility to ensure local communities understand the process for applying for properties on new developments, including the Register Provider development partner, Parish and Borough councillors and officers.

As a supplementary question, Cllr Batty asked for clarification regarding paragraph 2 of the response and confirmation that it was correct. Cllr Mullaney agreed to respond in writing.

(h) From Councillor PR Batty addressed to the Leader of the Council

Can the Leader please confirm in the light of recent Appeal decisions whether or not outline planning consents can safely be included in the Council's 5 year housing land supply figures, bearing in mind that Inspectors when challenged by applicants now tend to look at deliverable completions and can the Leader please confirm whether this council has in fact included outline planning consents in its' 5 year housing land calculations.

Should an Appeal Inspector reject the inclusion of outline planning consents in the 5 year housing land supply figures, could the Leader please confirm what the council's 5 year housing land supply would actually be?

Response from Councillor SL Bray

I can confirm to Members that the council has a 5 year supply of land. Furthermore, I can confirm that outline planning consents can be included in the Council's five year housing land supply figures. The NPPF states 'sites with planning permission should be considered deliverable until planning permission expires'. The council has followed this guidance and included sites with outline planning permission unless there is clear evidence that schemes will not be implemented within five years.

At the most recent planning appeals within our borough (261 Main Street, Stanton Under Bardon; Land east of Groby Road Cemetery, Ratby; Land at Shilton Road, Barwell) all the Inspectors concluded that outline planning permissions could be included within the five year housing land supply. Indeed the principles of paragraph 47 of the NPPF which states that 'sites with planning permission should be considered deliverable unless there is clear evidence that schemes will not be implemented within five years' were applied by all parties and the Inspectorate in all these cases.

I think the final part of your question is immaterial considering the answers I have just given regarding the inclusion of outline planning permissions within the calculation.

(i) From Councillor C Ladkin addressed to the Leader of the Council

Bearing in mind the difficult challenges faced in providing renewable energy within the Borough, should this Council take the sensible approach of introducing a supplementary planning policy for new planning applications for commercial, industrial and other employment sites compelling applicants to include appropriate renewable energy initiatives within applications, such as appropriate sized wind turbines, solar panels, heat exchangers or ground source heat pumps etc?

It would appear that opportunities have been missed, for example while the Borough Council included solar panels on the roof of its' new offices at the hub were all other opportunities for including renewable energy initiatives fully maximised and was this a consideration at the Council's new depot?

It would also appear that Mira who the Borough Council have supported so well, despite alluding to be a hi-tech futuristic development and employment site and a major energy user are very reluctant to include let alone maximise renewable energy initiatives on their vast site, allegedly being opposed to wind turbines and solar panels as Mira believes they are not visually attractive on the landscape.

Would the Leader agree that developments such as this with so much potential on site should be making a major contribution to the Borough's renewable energy targets by including renewable energy initiatives on its site and can the Council meet with Mira to encourage them to do so?

Response from Councillor SL Bray

I am pleased there has been real progress in developing our policy approach on renewable energy from the work of the cross party Renewable Energy Task and Finish Group. I agree that it would be a good idea to have a supplementary planning document (SPD) on renewable energy however we firstly need to adopt a renewable energy policy, as the purpose of an SPD is to provide additional detail and guidance for developers on how they can meet the requirements of the policy, so there firstly needs to be a policy in place before an SPD can be prepared. I will ask Officers within the Planning Service to schedule this work into their work programme.

Regarding the Council's property, Members should note that the Hub is predicted to deliver BREEAM Excellent without the introduction of renewable energy. The decision to include Photovoltaic roofs was made much later on as an addition to the project as an additional investment for the project. With regard to the Depot, I

have been advised that following a cost benefit analysis, it was decided not to install appropriate renewable energy into the project specification as this would have meant that the build costs would have exceeded the amount required to give the Council the target £500,000 net capital receipt from the re-location of the depot from the current Middlefield Lane site as agreed by Members in agreeing the Council's capital programme. However the same priority methodology was followed at the project feasibility stage as was carried out for the Hinckley Hub. Renewable energies are one of a number of factors to consider when procuring a building project and should be considered once the lean and clean solutions have been considered first.

1. **Be lean:** Energy demand reduction through consideration of passive design principles. In the case of the Jubilee Building challenging the office and operational areas and reducing them wherever possible with the use of reduced storage, office accommodation and car parking. Reducing the footprint of the operational site reduces the amount of materials in the project build and size of accommodation requiring heating / lighting etc.

2. **Be Clean:** Promote energy efficiency through specification of engineering services and consideration of clean technologies. In the case of the Jubilee Building a modern BMS (Building management System). Energy efficient boilers, lighting systems and heat exchangers on extracted / incoming airflow

3. **Be Green:** Consideration of renewable energy to enhance the carbon emissions ratings once stages 1 & 2 have been assessed. In the case of the Jubilee Buildings no renewable energy systems were specified. It is worth noting that there is substantial cost in obtaining BREEAM certificate. In the case of the Hinckley Hub this cost was carried by the developers MRP Development Limited.

With regard to your points about MIRA, I will take this up directly with their senior representatives to seek their commitment to high quality, sustainable development.

## 78 LEADER'S POSITION STATEMENT

In his position statement, the Leader referred to several current issues, including the move to Hinckley Hub, changes to the New Homes Bonus and the City Deal.

## 79 MINUTES OF SCRUTINY COMMISSION MEETINGS

The minutes of the Scrutiny Commission meetings held on 14 March and 9 May 2013 were noted.

## 80 MATTERS FROM WHICH THE PUBLIC MAY BE EXCLUDED

Further to the agenda which had exempted the public and press from the following item in accordance with paragraphs 3 and 10 of Schedule 12A of the Local Government Act 1972 (section 100A(4)), the situation had changed since publication of the agenda and it was no longer in the public interest to maintain the privacy of the matter. As such paragraph 10 no longer applied and it was, therefore, recommended that the debate be held in public and the report be released on request. It was therefore

RESOLVED – discussion on the report “Bus Station Site – Revised Development Agreement” be held in public session.

As a result of the item no longer being exempt and in light of the attendance of members of the public for the item, it was

RESOLVED – the abovementioned report be taken as the next item of business.

81 BUS STATION SITE - REVISED DEVELOPMENT AGREEMENT

Further to the previous item, which resulted in agreement that this report would be discussed in public, members were updated on the current position regarding the Development Agreement with Tin Hat Regeneration Partnership and Sainsbury's Plc. Recent communications and activity since the November 2012 Council meeting were highlighted and it was confirmed that discussions had taken place between the relevant parties.

During debate, some Members raised concerns that the matter should have been considered by the Scrutiny Commission to ensure full scrutiny of all aspects and informed decision making. Questions were raised regarding the level of borrowing to which the council had to commit, the commitment of Sainsbury's, the viability of the scheme and potential to let the units. Members were informed that whilst there was risk to the authority with progressing with the development, the risk was within manageable limits and that the break even point to make the purchase of Block C financially viable was around 56% of units let as at this level the cost of borrowing would be off set by the rental income and business rates up lift. It was also acknowledged that the steps being recommended were not uncommon initiatives from councils in the current climate in order to move forward with town centre re-developments.

It was moved by Councillor Bray and seconded by Councillor Lynch that the officers' recommendations be approved. Councillor Bray, along with seven other councillors, stood to request that voting be recorded. The vote was taken as follows:

Councillors Bannister, Bill, Bray, Cartwright, Cope, Crooks, Gould, Mrs Hall, Mr Hall, Hodgkins, Hulbert, Inman, Lynch, Mayne, Moore, Mullaney, Nichols, Taylor and Witherford voted FOR the motion (19);

Councillors Allen, Batty, Bessant, Camamile, Ladkin, Morrell, O'Shea, Richards, Smith, Sprason, Sutton and Ward voted AGAINST the motion (12);

Councillor Lay abstained from voting.

The motion was therefore declared CARRIED and it was

RESOLVED –

- (i) the variations to the Development Agreement as set out in the report be agreed and the Chief Executive, in liaison with the Leader of the Council and the Executive Member for Finance, be granted delegated authority to conclude negotiations on a formal Deed of Variation;
- (ii) the revised commercial terms, financial implications and risks as set out in the report be agreed;
- (iii) the supplementary capital budget of £4,500,000 to reflect the Council's capital investment in the Bus Station Scheme be approved;
- (iv) delegated authority be granted to the Deputy Chief Executive (Corporate Direction), in consultation with the Executive Member for Finance, to amend the profile of this capital budget should it

extend over financial years without the need for additional supplementary or carry forward requests;

- (v) the short term rolling loan facility of up to £7,000,000 to the Tin Hat Partnership, be approved;
- (vi) an amendment to the Treasury Management Policy to allow up to £7,000,000 of loan monies to be held with the Council's own bank for a maximum of two weeks to manage any delays that may occur with the arrangements be approved;
- (vii) an amendment to the Treasury Management Policy to increase the Council's Authorised Limit by £13,250,000 to reflect the potential need for borrowing associated with the Bus Station and Leisure Centre schemes be approved;
- (viii) the setting up of all interest payable/receivable budgets (including MRP) arising as a result of these transactions be approved;
- (ix) the delivery programme be welcomed.

82 LEICESTER-SHIRE AND RUTLAND COUNTY SPORTS PARTNERSHIP ANNUAL REVIEW 12/13

Council was presented with the Leicester-Shire and Rutland County Sports Partnership Annual Review 2012/13. Members were supportive of the work and a discussion on support for parishes to run summer schemes ensued, with some Members stating that they didn't recall the support being offered to their parish council, whilst others expressed the view that some parish councils did not want to take on the responsibility. It was requested and agreed by officers that in future the information be sent to ward councillors as well as parish councils.

RESOLVED – the Annual Review be endorsed and the significant investment secured for sport and physical activity within the Borough during 2012/13 be noted.

83 FINANCE REPORTS

It was agreed that agenda items 11, 12, 13 and 17 (Medium Term Financial Strategy, Draft Outturn 2012/2013, Review of General Fund Earmarked Reserves and Hinckley Hub Payment of Stamp Duty) would be introduced and debated on together, but voted upon separately.

During discussion, the following points were noted:

- The Stamp Duty figure had been anticipated so the reserves were available;
- Some Members expressed concerns regarding increased reliance on investment income;
- Universal Credit would have an impact but the MTFS reflected the currently anticipated position regarding welfare reforms;
- In response to a question it was stated that there had been no affect on frontline services;
- The Medium Term Financial Strategy was updated every six months.



84 MEDIUM TERM FINANCIAL STRATEGY

On the motion of Councillor Lynch, seconded by Councillor Bray, it was

RESOLVED – the Medium Term Financial Strategy be approved.

85 DRAFT OUTTURN 2012/2013

It was moved by Councillor Lynch, seconded by Councillor Bray, and

RESOLVED –

- (i) the draft General Fund outturn for 2012/13 be approved;
- (ii) transfers to earmarked reserves and balances be approved;
- (iii) carry forwards of expenditure and income to 2013/14 be approved;
- (iv) the transfer of year end under spend on the Housing Revenue Account to the HRA fund balance be approved;
- (v) a transfer from the Housing Repairs Account to the Housing Repairs capital programme in order to fund the adverse variance as set out in paragraph 3.15 be approved;
- (vi) the recommendations in respect of the year end outturn for the General Fund capital programme and the Housing Revenue Account capital programme and carry forwards be approved.

86 REVIEW OF GENERAL FUND EARMARKED RESERVES

On the motion of Councillor Lynch, seconded by Councillor Bray, it was

RESOLVED –

- (i) the recommended transfers from balances to earmarked reserves be approved;
- (ii) earmarking of additional reserves to fund future expenditure be approved.

87 HINCKLEY HUB PAYMENT OF STAMP DUTY

On the motion of Councillor Lynch, seconded by Councillor Bray, it was

RESOLVED – the creation of a budget of £165,549 to be funded from the relocation reserve be approved to cover the cost of the Stamp Duty Land Tax payable on the lease of the Hinckley Hub building.

88 EXTENSION OF TIME

Having reached 9.30pm and in accordance with Council Procedure Rule 9, it was moved by Councillor Bray, seconded by Councillor Lynch and

RESOLVED – the meeting be allowed to continue and reviewed again at 10.30pm, if necessary.

89 HRA INVESTMENT PLAN

Members received the HRA Investment plan and associated budget detail. During discussion, the following points were raised:

- The need to refresh some existing council properties;
- The delays with boiler repairs and the need to look into the maintenance contract to ensure it is appropriate;
- The future need for more sheltered accommodation and for care homes;
- The possibility of the council buying land for rural exception sites;
- The need to project future housing stock requirements;
- The need to achieve a balance between building new houses and improving existing stock.

It was moved by Councillor Mullaney, seconded by Councillor Bray, and unanimously

RESOLVED –

- (i) the HRA Investment Plan and associated budget profile be approved;
- (ii) the Deputy Chief Executive (Corporate Direction) in consultation with the Deputy Chief Executive (Community Direction), Executive Member for Finance, ICT & Asset Management and the Executive Member for Housing be granted delegated authority to approve individual budget schemes (revenue and capital) within the investment profile;
- (iii) quarterly reports on the implementation of the HRA investment be presented to the Executive, with an Annual Report provided to Council alongside the annual budget outturn report.

90 PRIVATE SECTOR LEASING SCHEME AND HOMES AND COMMUNITIES AGENCY EMPTY HOMES PHASE 2 FUNDING

Members received a report which provided an update on progress made to explore the feasibility of a Private Sector Leasing Scheme. The report was welcomed and it was felt that action should be taken to bring empty properties back into use. It was suggested that rural homes should be a priority and that the council should encourage owners to work with it. It was moved by Councillor Mullaney, seconded by Councillor Bray and

RESOLVED –

- (i) the use of a Private Sector Leasing Scheme across the Borough be approved;
- (ii) the use of flexible, fixed term tenancies for properties that form part of the scheme be approved;
- (iii) the addition of a clause to the Tenancy Policy stating that where a property forms part of the Scheme, lifetime tenancies cannot be granted but a tenancy will be granted for the longest term possible within the timeframe of the leasing term, be approved;
- (iv) delegated authority be granted to the Deputy Chief Executive (Corporate Direction) to create appropriate capital and revenue

budgets once the nature of the individual works are known, up to the value of £468,900;

- (v) a supplementary budget of £6,000 to fund the administration cost and £20,610 annually for two years for modern apprentices be approved;
- (vi) the Deputy Chief Executive (Corporate Direction) be granted delegated authority to create rental income budgets once the properties have been brought back into use;
- (vii) an income budget of £90,000 to reflect the grant income due to be received from the Homes and Communities Agency for Empty Homes phase 2 be approved;
- (viii) an income budget of £60,000 to reflect contributions from property owners to fund works on their properties be approved;
- (ix) a total expenditure budget of £210,000 for expenditure incurred on the 6 commercial properties identified be approved;
- (x) a virement of £60,000 from the current under spent major works grants budget to the empty homes commercial property budget to fund the Council's contributions to these works be approved.

(Councillor Morrell was absent whilst the vote was taken).

#### 91 INVESTMENT IN WASTE MANAGEMENT VEHICLES

Council was presented with a report which requested creation of a budget to pay for Waste Management vehicles and recycling banks. On the motion of Councillor Mullaney, seconded by Councillor Bray, it was

##### RESOLVED –

- (i) the purchase of a new refuse collection vehicle for an estimated £75,000 to be funded from the waste management reserve be approved;
- (ii) the purchase of a second hand telescopic handler for £28,000 to be funded from the waste management reserve be approved;
- (iii) the creation of a capital budget of £40,000 in 2013/14 and 2014/15 to purchase new recycling banks to be funded by making a revenue contribution to fund capital expenditure arising from savings in the recycling budgets, be approved;
- (iv) the £8,380 saving arising from purchasing instead of spot hiring the telescopic handler be noted.

(Councillor O'Shea was absent during the voting on this item).

92 STATEMENT OF COMMUNITY INVOLVEMENT

Members received a revised Statement of Community Involvement following its presentation to Planning Committee. On the motion of Councillor Bray, seconded by Councillor Bill, it was

RESOLVED – the revised Statement of Community Involvement be approved and arrangements for further consultation be endorsed.

(Councillor O'Shea was absent during voting on this item).

93 EARL SHILTON & BARWELL AREA ACTION PLAN

Agreement was sought to consult on the Earl Shilton and Barwell Area Action Plan (AAP) pre-submission document and supporting documents. The following matters were raised during debate:

- Disappointment was expressed that the LLITM hadn't been prepared in time to be consulted upon prior to determination of the Barwell SUE planning application. It was confirmed that this was now ready and would form part of the consultation prior to determination of the Earl Shilton SUE;
- Members were concerned that the application for the Doctors' surgery which had been permitted in Barwell had not been commenced, and they hoped that improvements would be secured for Earl Shilton;
- Consultation on the Earl Shilton SUE application would take the format of exhibitions, letters to residents and meetings with the town council.

On the motion of Councillor Bray, seconded by Councillor Bill, it was unanimously

RESOLVED –

- (i) the publication of the pre-submission draft Earl Shilton & Barwell Area Action Plan, Sustainability Appraisal and supporting documents for consultation during the period between Friday, 30 August and Monday, 14 October 2013 be approved;
- (ii) the submission of the Earl Shilton and Barwell Area Action Plan and supporting documents to the Secretary of State for examination following analysis of the representations received during consultation be approved;
- (iii) the requirement for submission of a single outline planning application for the Earl Shilton Sustainable Urban Extension in line with the advice given in paragraph 9.1 of the Area Action Plan be endorsed.

Councillor Bessant left the meeting at 10.19pm.

94 CODE OF CONDUCT

Members received a revised Code of Conduct which had been recommended by the Ethical Governance and Personnel Committee who had rejected the originally proposed countywide code of conduct but had agreed some changes to the council's current code.

Some concern was expressed regarding the interpretation of the code by potential complainants, how to deal with a potential bias due to membership of a political party, and how this would affect voting on issues where there was a political whip. In response

it was stated that many of the new parts were similar to the previous Code of Conduct which had been in existence prior to commencement of the new regime. It was explained that, despite having no provision for 'personal interests', members had still been wishing to declare such interests for reasons of openness and transparency.

It was moved by Councillor Witherford, seconded by Councillor Bill and

RESOLVED – the revised Code of Conduct be adopted.

95 EXTENSION OF TIME

Having reached almost 10.30pm and in accordance with Council Procedure Rule 9, it was moved by Councillor Bray, seconded by Councillor Cope and

RESOLVED – the meeting be allowed to continue to completion of business.

96 CORPORATE PLAN 2013-16

Members were presented with the Corporate Plan 2013-16. It was moved by Councillor Witherford, seconded by Councillor Bray and

RESOLVED – the Corporate Plan be approved.

97 MEMBERSHIP OF COMMITTEES

On the motion of Councillor Bray, seconded by Councillor Bill, it was

RESOLVED – the membership of committees be approved as set out in the supplementary agenda.

98 OUTSIDE BODIES

On the motion of Councillor Bray, seconded by Councillor Bill, it was

RESOLVED – the membership of outside bodies be approved as set out in the supplementary agenda.

99 SENIOR MANAGEMENT RESTRUCTURE / COST REDUCTIONS

Members were informed of suggested revisions to the Senior Management Structure which would achieve a more cohesive approach at Chief Officer level and a reduction in costs. On the motion of Councillor Bray, seconded by Councillor Bill, it was

RESOLVED – the Senior Management Restructure as proposed be approved.

(The Meeting closed at 10.35 pm)

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MAYOR

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# Agenda Item 9

## HINCKLEY AND BOSWORTH BOROUGH COUNCIL

### SCRUTINY COMMISSION

4 JULY 2013 AT 6.30 PM

PRESENT: Mr MR Lay - Chairman  
Mr C Ladkin – Vice-Chairman

Mr PR Batty, Mr PAS Hall, Mrs WA Hall, Mr MS Hulbert, Mr DW Inman, Mr JS Moore, Mr K Morrell and Mr K Nichols

Officers in attendance: Steve Atkinson, Bill Cullen, Louisa Horton, Julie Kenny, Sanjiv Kohli, Rebecca Owen, Rob Parkinson and Sharon Stacey

#### 54 MINUTES OF PREVIOUS MEETING

On the motion of Councillor Nichols, seconded by Councillor Mrs Hall, it was

RESOLVED – the minutes of the meeting held on 9 May be approved and signed by the Chairman.

#### 55 DECLARATIONS OF INTEREST

No interests were declared at this stage.

#### 56 HRA INVESTMENT PLAN PRESENTATION

Members received a thorough presentation on the Housing Investment Plan. During discussion following the presentation, the following points were raised:

- Some members felt that the priority was to build new units;
- Generally current housing stock was in good condition;
- Affordable housing in rural areas was needed;
- The possibility of buying back stock should be considered;
- There had been a large increase in applications for housing and there were currently approximately 2000 on the waiting list for housing;
- Ideally land should be purchased for housing;
- Upgrading boilers should be a priority in existing housing in addition to bathrooms and kitchens – in response it was noted that energy companies also had a responsibility regarding boilers.

Members welcomed the detailed presentation and endorsed it for presentation to Council.

RESOLVED – Council be RECOMMENDED to

- (i) support the increase of new housing stock;
- (ii) focus on S106 and rural exception sites for new stock;
- (iii) ensure links with energy companies for contributions to new boilers.

57 MEDIUM TERM FINANCIAL STRATEGY

Members were presented with the Medium Term Financial Strategy and also provided with a verbal update with information that had been announced by the Chancellor of the Exchequer in his Spending Review 2015/16 since production of the report. The conflict between the reduction of grants from central government and the pressure from the public to keep fees and charges low was highlighted.

The New Homes Bonus was discussed and it was explained that the government had announced that a portion would go to Local Enterprise Partnerships. It had originally been thought that this would be from the district councils' portions only, but it had since been confirmed by the Secretary of State that it would be from both the district and county councils' sums. It was stated that the government would be consulting on the amount to go to Local Enterprise Partnerships within the next couple of months.

With regard to council tax, Members were reminded that in order to increase the Borough Council's income from this by more than 2%, a referendum must be held, but the cost of running a referendum would be higher than the income from the council tax increase. It was noted that the council tax support scheme would need to be reconsidered, including considering the contribution by residents who were eligible for support. Concern was expressed that all decisions both locally and nationally had a knock-on effect on preceptors.

The impact on district council jobs of moving to universal credits was discussed, and it was stated that it was not yet known whether this would be a centralised service or whether it would be administered by local authorities on behalf of the government.

Members were reminded that many efficiency savings had been identified and actioned by the Council over the past few years and a further senior management re-structure report would be presented to Council on 16 July which proposed further savings as a result of a vacancy. It was also reiterated that efficiency savings as a result of moving to the Hub and of sharing the building were also being realised. It was felt that the point may be reached that sharing with other authorities, particularly at management level, became the next logical step.

With regard to other major projects it was noted that the projected capital receipt for the bus station redevelopment was still £2.72m which would be used for the leisure centre.

RESOLVED – the Medium Term Financial Strategy be noted and RECOMMENDED to Council for approval.

58 WILDLIFE AND NATURAL ENVIRONMENT ACTIVITIES UPDATE

The Scrutiny Commission received a report on activities relating to wildlife and the natural environment in response to a request from a Member. The report explained which authority was responsible for different aspects of wildlife and conservation and also named the Chief Officer (Environmental Health) as the lead officer within the borough council for such matters.

It was stated that Leicestershire County Council held a directory of information and useful websites in relation to wildlife and that Councillors Crooks and Gould were members of the countywide Environment Board. It was suggested that our representatives on the Board be invited to the Scrutiny Commission.

Members were also informed that a Heritage Lottery Bid had been submitted which if successful would fund a range of activities across the Charnwood Forest Area. It was reported that an internal restructure had enabled an officer to undertake more work on



biodiversity. The Chief Officer (Environmental Health) agreed to circulate information on the remit of the Environment Board and a directory of all agencies and how to contact them.

Members raised concerns regarding mowing of specific verges and the resulting impact on biodiversity. It was agreed that liaison with parishes and the County Council should be encouraged and it was suggested that representatives of Leicestershire County Council be invited to the Parishes Forum and that the matter also be raised at the Highways Forum.

RESOLVED –

- (i) Members be provided with details of organisations involved in protection of wildlife and the natural environment;
- (ii) Representatives of Leicestershire County Council Highways department be invited to the Parishes Forum;
- (iii) Issues of cutting back verges on straight roads be raised at the Highways Forum;
- (iv) Officers be thanked for the comprehensive report and the report be endorsed.

59 CITIZENS PANEL SATISFACTION SURVEY WINTER REPORT 2012/13

The Scrutiny Commission was informed of the findings of the Citizens Panel survey for winter 2012/13. It was reported that satisfaction generally had reduced, except for refuse & recycling. Members acknowledged that the return rate was quite high but felt that people may be more disposed to completing the survey if they had complaints, and as such the survey would never be a true representation of satisfaction with the council's services.

Members asked if there was an opportunity to make comments on the form, for example to get an idea of the aspect of waste that residents weren't happy with, such as dog mess, waste collections, street cleansing etc. Officers agreed to investigate this potential.

60 MEMBERSHIP OF SCRUTINY ENVIRONMENT GROUP

Members agreed to let the Democratic Services Officer know if they were interested in remaining or becoming a member of the Scrutiny Environment Group.

61 OVERVIEW & SCRUTINY ANNUAL REPORT 2012-13

It was agreed that the annual report would be discussed at the next briefing.

62 SCRUTINY COMMISSION WORK PROGRAMME 2013-2014

Members were reminded of the topics raised at the workshop for inclusion in the work programme for 2013-14 and 2014-15. In addition to those items raised previously, the following items were requested for future meetings:

- Background information about Academies including how they're run, who owns the land (information item, not to scrutinise);
- Regeneration across the borough (not just Hinckley Town Centre).

It was agreed that an update on rural high speed broadband would be brought to the August meeting.

Officers agreed to produce a draft programme for confirmation by the Commission.

(The Meeting closed at 8.55 pm)

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CHAIRMAN

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

SCRUTINY COMMISSION

29 AUGUST 2013 AT 6.30 PM

PRESENT: Mr MR Lay - Chairman  
Mr C Ladkin – Vice-Chairman

Mr PR Batty, Mr PAS Hall, Mrs WA Hall, Mr MS Hulbert, Mr DW Inman, Mr JS Moore, Mr K Morrell and Mr K Nichols

Officers in attendance: Steve Atkinson, Adam Bottomley, Bill Cullen, Simon D Jones, Andrew Killip, Sanjiv Kohli, Rebecca Owen and Caroline Roffey

129 APOLOGIES AND SUBSTITUTIONS

Apologies were submitted on behalf of Councillor Bessant.

130 MINUTES

On the motion of Councillor Moore, seconded by Councillor Inman, it was

RESOLVED – the minutes of the meeting held on 4 July 2013 be approved and signed by the Chairman.

Councillor Ladkin arrived at 6.32pm.

131 DECLARATIONS OF INTEREST

No interests were declared at this stage.

132 TOURISM & NATIONAL FOREST UPDATE

Steve Wegerif, Chair of the Hinckley & Bosworth Tourism Partnership, provided Members with an update on the work of the Tourism Partnership and the National Forest including information on tourism statistics across the Borough. In particular it was highlighted that tourism suffered in 2012 due to the poor weather, but the decline within the Hinckley & Bosworth area reflected the national position. This year the situation had improved and had in fact exceeded targets.

Councillor Hulbert arrived at 6.38pm.

The key facts from the 2012 STEAM tourism data model were highlighted:

- Positive economic impact within H&B = £15m
- Number of visitor days = 3.7m
- Number of FTE's in tourism related employment = 1,653

It was reported that the Tourism Partnership no longer received any direct funding from Leicestershire County Council and that small tourism businesses were suffering from lack of support as they were too small in terms of numbers of employees to be able to apply for loans etc.

The need to make the most of the connection between the Borough and Richard III was emphasised, and it was suggested that transport links between Bosworth Battlefield and

the planned Richard III Centre in Leicester be developed. In response it was stated that more research was underway regarding the exact site of the battle, after which transport links would be considered.

Concern was expressed regarding lack of a Tourist Information office in Hinckley. Mr Wegerif said the partnership had been disappointed to lose the office but that tourist information was available in the library, via accommodation providers and at the Tourist Information centres at the Battlefield and Twycross Zoo. It was also reported that the Tourism Partnership had a strong online presence. It was also suggested that a stall be used by the Tourism Partnership at the Farmers' Market, but there was the problem of finding someone to run the stall.

RESOLVED – the update be welcomed and work of the partnership acknowledged and commended.

### 133 HINCKLEY AND BOSWORTH RENEWABLE ENERGY CAPACITY STUDY

Members received a report which considered the Renewable Energy Capacity Study which was intended to be used as part of the evidence base for the Local Plan. Members of the Commission were pleased to see the report.

Some Members felt that minimum distances should be incorporated into the document, and a case in Milton Keynes was cited as an example. In response it was stated that councils had been advised not to include minimum distances in their policies and that the judge in the Milton Keynes case had said that distances should focus on the positive and should also be based on evidence. At present, the only evidence for stating minimum distances was health and safety (risk of toppling) and acoustic buffering.

With regard to the indicative renewable energy technology table at appendix A to the report, some members felt that this may mislead the public and also lead to applicants submitting applications for the maximum scale of turbines indicated. It was also felt that the maps, whilst representing the possible areas for the siting of renewable energy, did not give sufficient detail on the most acceptable locations. In response, it was stated that there were many other constraints to take into consideration in determining an application and that there was no precedent for a type of "allocations" document for renewable energy. It was agreed that this paper, however, would be used as a basis for investigating possibilities in more detail.

The importance of preventing widespread proliferation and not leaving the authority open to problems through lack of policy direction, whilst giving the industry some level of guidance on what may be acceptable, was reiterated. It was

RESOLVED –

- (i) the report be welcomed;
- (ii) an update on progress be presented to the next meeting of the Scrutiny Commission;
- (iii) the Executive be RECOMMENDED to remove the word 'approximately' from the number of wind turbines that would be required to provide the power output indicated in appendix A.

134 CLEAN NEIGHBOURHOODS STRATEGY

The Scrutiny Commission considered the proposed Clean Neighbourhood Strategy which set out standards for the service. It was reported that surveys had been undertaken in preparing the strategy in order to identify priorities.

The importance of educating the public was emphasised and the value of educating children and young people not only for the future, but also to help educate their parents, was discussed. Members felt that the untidiness left by Leicestershire County Council after grass cutting did not set a good example to those who were being encouraged to keep neighbourhoods tidy, as there was often grass across the roads and pavements.

A high priority continued to be prevention and removal of dog fouling. Members praised all concerned regarding the speed to remove dog fouling, but the problem needed addressing to prevent it in the first place. A Member asked if the council could facilitate training for parish councils on enforcement for dog fouling, which officers agreed to arrange subject to financial contributions from the relevant parishes.

RESOLVED – the strategy be endorsed and RECOMMENDED to Council for adoption.

135 RECOMMENDATIONS OF THE INDEPENDENT REMUNERATION PANEL

Members received the recommendations of the Independent Remuneration Panel which had considered Members' Allowances. It was explained that following a comparison with similar authorities, HBBC councillors received comparatively low allowances, that Members had been rejecting recommended increases since 2005 and also that the Deputy Mayor did not receive adequate financial recompense in line with the requirements of the role.

It was suggested that, if the allowances were higher, more young people may stand for election. The difficulty of undertaking council duties whilst in full time employment was highlighted.

During discussion, reference was made to the pay freezes in the private sector, no or low pay increases in the public sector, along with redundancies and other budget cuts, the economic climate nationally and the increasing financial hardships predicted due to the welfare reforms.

The enormous time and financial commitment of the roles of Mayor and Deputy Mayor were acknowledged and it was generally felt that they should receive the recommended increase in allowances. However, with regard to an increase in the basic allowance and special responsibility allowances, members felt that, whilst they supported the findings in the report and agreed that an increase in the allowances was justified, they would not be happy to accept an increase at this time. It was suggested that this position be recommended to the Council, that the findings of the Panel and the council decision be widely publicised and that the position be re-considered if staff received a pay increase in future. It was therefore

RESOLVED –

- (i) the findings within the report of the Independent Remuneration Panel be supported;
- (ii) COUNCIL be RECOMMENDED to

- (a) acknowledge and support the findings of the Independent Remuneration Panel;
- (b) publicise the contents of the report;
- (c) approve an increase in allowances for the Mayor and Deputy Mayor in accordance with the recommendations of the Independent Remuneration Panel;
- (d) reject an increase in the basic and special responsibility allowances for all other positions.

#### 136 BUS STATION FINANCIAL ARRANGEMENTS

Members received a copy of the report which had been presented to Council on 16 July 2013 regarding the position on the Development Agreement for the bus station site. It was reported that since the Council meeting there had been further dialogue with the Tin Hat Partnership regarding detailed planning arrangements and that tenders for the construction were due to be sent out soon, with work to commence in March 2014 and the comprehensive scheme to be finished in summer 2015. Sainsbury's had been actively involved in progressing the detailed specifications.

Concern was expressed regarding the possible lifespan of a cinema, considering the increasing ability to stream movies at home, and the likelihood that the restaurants would remain in the development in the event that the cinema closed. Whilst the scheme as a whole was considered a risk, this had not been highlighted as a particular risk.

The financial arrangements were discussed, including the agreement of the council to lend to Tin Hat at 7.5%, the foregoing of a capital receipt of £2.75m in order to secure £1.2m and the security of the funding. It was noted that the loan to the Tin Hat Partnership was underwritten by Wilson Bowden and Barratts as parent companies. The reason for a 30-year loan was queried, and officers agreed to revisit this.

Councillor Ladkin left the meeting at 9.14pm.

The importance of linking the bus station development with the town centre was reiterated, including the possibility of a public transport link. It was also suggested that public transport links with other parts of the Borough be improved, particularly with the Leisure Centre also potentially moving to the town centre.

Officers addressed the questions and comments made by Members and it was

RESOLVED – regular (at least quarterly) updates be brought to the Commission.

#### 137 SCRUTINY COMMISSION WORK PROGRAMME 2013-2015

Members received the draft work programme for 2013-15 along with a list of items for prioritisation. Of the items for prioritisation, it was noted that the LTP3 and rural bus services reviews would commence at the meeting on 21 November with attendance of representatives from Leicestershire County Council. The remaining four reviews would be programmed in due course.

In addition to the items in the work programme and for programming, it was also requested that the following items be added:

- Opportunity to ask questions of the Leader and Deputy Leader of the Council (October meeting – members were asked to send questions to the Democratic Services Officer in advance of the meeting);
- Housing allocations – process of verifying medical information;
- Regular Housing Repairs updates;
- Planning enforcement update (November meeting);
- Continue six months planning appeals updates.

138 MINUTES OF FINANCE, AUDIT & PERFORMANCE COMMITTEE ON 4 MARCH

The minutes of the Finance, Audit and Performance Committee on 4 March were noted.

139 MINUTES OF FINANCE, AUDIT & PERFORMANCE COMMITTEE ON 3 JUNE 2013

The minutes of the Finance, Audit and Performance Committee on 3 June 2013 were noted.

(The Meeting closed at 9.30 pm)

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CHAIRMAN

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**COUNCIL – 24 SEPTEMBER 2013**

**CLEAN NEIGHBOURHOOD STRATEGY**  
**REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY**  
**DIRECTION)**



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

**WARDS AFFECTED: ALL**

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1. **PURPOSE OF REPORT**

To inform Council of the Clean Neighbourhood Strategy and to seek approval to adopt the strategy.

2. **RECOMMENDATION**

That Council adopt the Clean Neighbourhood Strategy.

3. **BACKGROUND TO THE REPORT**

The draft Clean Neighbourhood Strategy was developed 12 months ago and since that date the street cleansing and neighbourhood wardens services have been restructured and focussing on joint working both with residents, within the Council, and with other partners to deliver the services priorities.

The learning from the last 12 months has now been applied and the service is now effectively working. As such this strategy now needs to be adopted and become the Council's published strategy for this service.

The Vision for Clean Neighbourhoods is:-

"Hinckley and Bosworth is a place with clean, tidy and litter free neighbourhoods where everyone takes responsibility for their waste and the surrounding environment"

The vision will be achieved by the 5 E's....

Efficient - we will work efficiently and effectively to remove litter, dog fouling, fly-tipping, graffiti, fly posters, abandoned vehicles.

Education – we will work with all ages and sectors of the community to increase awareness of the benefits of clean neighbourhoods and of the harm litter, dog fouling and other forms of environmental nuisance can cause.

Engagement – we will encourage, support and work in partnership with local communities to improve the cleanliness of their neighbourhood

Environment – we will act to remove the sources of litter and other nuisances and create environments where everyone can act responsibly to achieve a clean neighbourhood's.

Enforcement – we will use enforcement to change the behaviour of the minority of people who fail to take personal responsibility to keep Hinckley and Bosworth clean, tidy and litter free.

Essentially the strategy makes Clean Neighbourhoods everyone's responsibility and seeks active engagement from all residents and communities in achieving clean neighbourhoods for everyone.

Clear street cleansing service standards are set out, along with response times for service requests from residents.

Once adopted, the Strategy will be delivered through the Service Improvement Plan for Street Scene Services. All resources within these services will be focussed to delivering the strategy which will leave less time to deal with lower priorities.

Full details are given within the strategy – See Appendix 1.

4. FINANCIAL IMPLICATIONS (PE)

There are no financial implications as the strategy is delivered within existing budgets.

5. LEGAL IMPLICATIONS (AB)

S89 of the Environmental Protection Act places a duty on local authorities to keep highways, as far as is practicable, free from litter and refuse. The proposed Clean Neighbourhood Strategy addresses this duty.

6. CORPORATE PLAN IMPLICATIONS

Clean Neighbourhoods is identified as a priority within the Corporate Plan aim of creating a vibrant place to work and live.

7. CONSULTATION

Scrutiny Commission endorsed the Strategy at their meeting on 29/8/13.

A citizen's panel survey, and four focus groups were held to inform the development of this strategy. Making clean neighbourhoods everyone's responsibility, and increasing path sweeping are 2 examples of issues raised by the focus groups which are included within the strategy.

The strategy has been open to public consultation during June 2013, 86 people responded and 96% were supportive of the strategy. Minor amendments were made to take account of respondent's comments. For example the service standard to collect dead animals was reduced from 2 working days to 1 working day.

8. RISK IMPLICATIONS

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Failure to engage communities in taking responsibility for keeping their neighbourhoods clean	Seek partnerships through Parish Council and VCS Hub	Lisa Kirby
Failure to change peoples behaviour in terms of environmental crime	Arrange annual campaigns and work with schools to encourage responsible behaviour. Target enforcement to higher priorities	Lisa Kirby
Impact of strategy diluted by Wardens being asked to deal with lower priority issues / nuisances.	Prioritisation of environmental crime. Other issues will only dealt with if time permits.	Lisa Kirby

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

This strategy aims to deliver clean neighbourhoods across the Borough. The needs of residents in different communities have been captured and incorporated through focus groups.

10. CORPORATE IMPLICATIONS

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

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Background papers: Clean Neighbourhood Strategy (Appendix 1)

Contact Officer: Caroline Roffey x5782  
 Executive Member: Cllr Bill Crooks

## **APPENDIX 1: Hinckley & Bosworth Borough Council Clean Neighbourhood Strategy 2013-2018**

### **Introduction**

The Borough Council's Corporate Plan sets out the council's priorities for the next three years. One aim is to "create a vibrant place to work and live", and clean neighbourhoods are identified as a priority in achieving this aim. This strategy sets out the ways in which the council plans to keep streets and other public spaces in the borough – in other words, our 'neighbourhoods' - clean and tidy.

### **Background**

For the last five years, residents have ranked the council's street cleansing service as one of the top two priority council services. The service employs 20 street cleaners who work across the Borough. Their key responsibilities are providing and emptying litter and dog mess bins, litter picking and clearing dog mess, removing fly-tipping, graffiti and fly posters, mechanical road sweeping and town centre cleansing.

In addition, three Neighbourhood Wardens and two Clean Neighbourhood Officers work to improve the cleanliness of neighbourhoods. The team remove abandoned and untaxed vehicles and investigate a whole host of environmental nuisance complaints, using enforcement and education to help to prevent the problems from recurring.

The Neighbourhood Wardens also work with local community groups and volunteers to improve the cleanliness of neighbourhoods by assisting with community litter picks and recruiting litter volunteers.

It's not just the Street Cleansing team who work to keep neighbourhoods tidy. Other council services also contribute:

- Planning enforcement – use section 215 of the Town and Country Planning act to force landowners to tidy/improve the condition of their land (in partnership with the neighbourhood wardens)
- Environmental Health – investigate accumulations of rubbish, control pollution, check businesses are disposing of waste properly, provide a pest control service and a dog warden service
- Green Spaces, Asset Management and Housing – remove litter and other incidents of environmental crime on Hinckley parks, council owned industrial estates and council housing land
- Refuse and recycling – collect waste from households
- Community Safety/Housing – reduce antisocial behaviour in neighbourhoods

Leicestershire County Council:

- Provide the gully emptying service for roads (which help reduce detritus on the roads)
- Remove signs from highways, and keep Market Bosworth Country Park and Bosworth Battlefield clean and tidy
- Provide the Recycling and Household Waste Sites (tips)

Parish Councils – clean parks and cemeteries in their ownership.

The police work with the council to reduce environmental crime resulting from antisocial behaviour such as littering, dog fouling and abandoned vehicles.

**The work of all these services is coordinated through Endeavour, a multi agency community protection partnership.**

## Service Review

The performance of the council's street cleansing services was reviewed (July – December 2011) and the results were as follows:

1. APSE (Association of Public Sector Excellence) compared the council's street cleansing service to that of 65 other similar sized councils. They found that the service provided by the Borough Council is:
  - One of the top 25% of best performing councils
  - The six lowest costing service
  - Second quarter of best performing councils for customer satisfaction
  - The service was nominated for the APSE best street cleansing service award
2. Members of the Citizens' Panel were surveyed and invited to rank the importance and performance of different functions of the service. Enforcement and education, bin emptying, gully emptying, footpath cleansing and the cleaning of grass areas were all ranked highly. In terms of performance, all functions were rated as good with the exception of enforcement and education and gully clearing (Leicestershire County Council service) which were rated as average. Overall, the top four priorities for improvement were revealed to be:
  - Enforcement and education
  - Cleansing footpaths
  - Frequency of bin emptying
  - Cleansing of grass areas
3. Four citizen panel focus groups were held, covering the whole of the borough. The groups were broadly satisfied with the council's street cleaning service, but expressed a growing sense of impatience with residents who litter, fly-tip and do not clean up after their dogs. Graffiti was not considered to be a problem. The key areas identified for improvement were:
  - Hinckley – more enforcement and education, more litter bins, the need for a way to engage the community in taking responsibility for the cleanliness of their neighbourhood
  - Barwell and Earl Shilton – more education, improved cleanliness of Barwell and Earl Shilton centres at weekends, changing the behaviour of dog owners who don't cleanup, reducing fast food and night time economy litter
  - Market Bosworth and surrounding villages – more communication about the help available from the council to volunteers to keep their area tidy, more enforcement and education, more path sweeping, the value of Bosworth in Bloom in improving the cleanliness of Market Bosworth
  - Northern parishes around Markfield, Ratby, Groby, Bagworth – more bins, more enforcement and education, path sweeping

## The Value of Clean Neighbourhoods

1. Health and Wellbeing – a clean neighbourhood can increase the quality of life and improve the physical and mental wellbeing of residents by reducing rodents, bacteria and disease
2. Amenity – clean neighbourhoods engender social pride, add vibrancy to the local

economy, increase house prices, and reduce crime and antisocial behaviour, all of which are essential to the development of strong prosperous neighbourhoods

### **How can this be achieved?**

1. Ensure residents and businesses act responsibly and dispose of their litter/waste correctly
2. Effective and efficient removal and correct disposal of litter, dog fouling, graffiti fly-tipping, fly posters, detritus and other environmental nuisances by the council
3. Change the behaviour of residents who create litter, dog fouling, graffiti fly-tips by using education and enforcement

### **Our vision for Clean Neighbourhoods**

“Hinckley and Bosworth is a place with clean, tidy and litter free neighbourhoods where everyone takes responsibility for their waste and the surrounding environment”

### **The vision will be achieved by the 5 E's:**

1. Efficient - we will work efficiently and effectively to remove litter, dog fouling, fly-tipping, graffiti, fly posters, abandoned vehicles
2. Education – we will work with all ages and sectors of the community to increase awareness of the benefits of clean neighbourhoods and of the harm litter and dog fouling can cause
3. Engagement – we will encourage, support and work in partnership with local communities to improve the cleanliness of their neighbourhood
4. Environment – we will act to remove the sources of litter and other nuisances and create environments where everyone can act responsibly to achieve clean neighbourhoods
5. Enforcement – we will use enforcement to change the behaviour of the minority of people who fail to take personal responsibility to keep Hinckley and Bosworth clean, tidy and litter free

### **Who will do this?**

This strategy will be resourced in the following ways:

1. **Individual responsibility:** Every resident and visitor is encouraged to behave responsibly by using litter bins, cleaning up after their dog and disposing of waste properly
2. **Community resources:** Volunteers, neighbourhood watch groups, residents groups, churches, Parish Councils, 'In Bloom' groups, schools, community centres – all sectors of the community working to generate a climate where littering, dog fouling, fly tipping and so on are not socially acceptable
3. **Equipment and machinery:** The council's cleansing services must have the right tools and equipment to meet resident's priorities for clean neighbourhoods. Includes bins, sweepers, vehicles, brooms, blowers and so on
4. **Employees:** A motivated, efficient and effective workforce, focussing on delivering residents priorities and raising standards of cleanliness in the borough
5. **Partnerships:** Working with businesses and other public bodies such as the police and British waterways and neighbouring local authorities to keep neighbourhoods clean. A key partnership will be the Endeavour Community Protection partnership. One current Endeavour initiative contributing to clean neighbourhoods is Neighbourhoods Take Charge where communities identify priority

issues within their area and then work in partnership with other services to make the improvements which matter most to residents.

### **Street Cleansing Service Standards**

In order to make the service as efficient and effective as possible, the council will operate the following service standards:

- All urban and residential roads (adopted highways) will be swept by a mechanical sweeper at least every 13 weeks (except during the main leaf fall and gritting periods)
- The A50, A5 and rural A, B and C roads (with channels) will be swept at least twice a year
- Retail areas in Hinckley will be swept daily, Barwell and Earl Shilton weekly and In village centres monthly
- Footpaths with high footfall and regular accumulations of detritus (leaf fall etc) will be swept at least once a year
- Parish Council can request a sweeping day to enable them to encourage residents to remove parked cars, thus enabling roads to be fully swept
- All council litter and dog waste bins will be emptied as required to prevent overflowing
- Requests for new litter bins will be responded to within five days
- Needles and other drug related litter will be removed as top priority and always within one working day. This service will apply 365 days a year
- Clinical waste will be collected once a week (service needs to be arranged through a district nurse)

Where residents request a service or report an incident the following will apply:

- Dog fouling will be removed within one working day
- Litter will be removed within two working days if on public land
- Offensive graffiti will be removed within one working day
- Fly tipping will be removed within one to five working days. Priority will be given to hazardous waste. Large fly tips may take longer but will be removed as soon as practical.

- Abandoned vehicles will be removed with two working days of the vehicle being confirmed as abandoned
- Dead animals will be removed within one working day
- Broken glass will be removed within one working day; priority will be given to play areas

NB. Where the incidents reported are on private land response times will be longer as the land owner will need to be identified and asked to clear the nuisance. Parish Council owned land is there responsibility to clear.



**COUNCIL 24 SEPTEMBER 2013**

**SCRAP METAL DEALERS ACT 2013**

**REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY DIRECTION)**



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

**WARDS AFFECTED: ALL WARDS**

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1. **PURPOSE OF REPORT**

- 1.1 To inform members of the licensing requirements of the Scrap Metal Dealers Act 2013 and to seek approval for the scheme of delegation and licensing fees.

2. **RECOMMENDATION**

- 2.1 The Council are asked to consider the report on the implementation of the Scrap Metal Dealers Act 2013 and to approve the following recommendations:

- (a) the charges of £ 280 for a new site and collectors licence and £ 180 for a variation of licence are introduced as shown at Appendix 2.
- (b) that all contested applications are considered by a Licensing Panel made up of three members of the Licensing Regulatory Committee;
- (c) that both the designations of Authorised Officers under the Act, as set out in paragraph 3.25, and the Scheme of Delegation as set out at Appendix 1 be recommended for approval by the Council.

3. **BACKGROUND TO THE REPORT**

- 3.1 The increased value of metal has caused a growing problem of metal thefts in the whole of the U.K. The Home Office has estimated that there were 80,000-100,000 reported metal theft offences in 2010/11 alone and is costing the economy up to an estimated £260 million per year. A wide range of sectors have been hit including national transport, electricity and telephone links, street furniture, memorials, commercial and residential building including churches and schools.
- 3.2 In 2012 the government brought in some initial steps to prohibit cash payments for scrap metal, amend Police powers of entry into unregistered scrap metal sites; and increase the existing financial penalties for offences under the Scrap Metal Dealers Act 1964. These changes were contained in the Legal Aid, Sentencing and Punishment of Offenders Act 2012.
- 3.3 The Local Government Association, along with a range of other bodies – pressed the government further to reform the regulation of scrap metal dealers. The result was the Scrap Metal Dealers Act 2013, delivering much needed reform of the scrap metal sector. The 2013 Act will provide effective and proportionate regulation of the sector, creating a more robust, local authority run, licensing regime that will support legitimate dealers yet provide the powers to effectively tackle unscrupulous operators.
- 3.4 The 2013 Act will allow the Council to decide who should and should not be licensed, allowing us to refuse a licence upon application or to revoke a licence at any time if we are not satisfied that the applicant is a suitable person to carry on business as a Scrap Metal Dealer. The act also creates closure powers for unscrupulous dealers who operate without a licence. It extends the record keeping requirements placed

upon scrap metal dealers and requires the verification of the people Scrap Metal Dealers are transacting with. The act will integrate the separate regulation for motor salvage operators with the scrap metal sector and bring to an end the cash exemption given to some collectors under the 1964 Act.

- 3.5 Finally, the 2013 Act creates a fee raising power, to allow local authorities to recover the costs stemming from administering and seeking compliance with the regime.
- 3.6 In order for anyone to carry on business as a scrap metal dealer they must obtain a licence. The licence will be valid for three years and trading without a licence is a criminal offence.

There are two types of licence specified in the Act:

- Site licence  
All the sites where a licensee carries on business as a scrap metal dealer have to be identified, and a site manager has to be named for each site. This licence allows the licensee to transport scrap metal to and from those sites from any local authority area.
- Collector's licence  
This allows the licensee to operate as a collector in the area of the issuing local authority. It does not allow the collector to operate in any other local authority area, so a separate licence has to be obtained from each council the collector wishes to operate in. The licence does not authorise the licensee to operate a site; to do so they will need a site licence from the relevant local authority.

- 3.7 It should be noted that a dealer can only hold one type of licence in any one local authority area. They have to decide whether they are going to have a site or a mobile licence in any one area. They cannot hold both a site and mobile collector's licence from the same council.

#### **Timetable for transition to new regime**

- 3.8 The licensing regime created by the Scrap Metal Dealers Act 2013 will commence on 1 October 2013. In order to provide time for councils to process applications without existing businesses being in a position where they cannot operate, the Home Office is implementing a transition process.
- 3.9 The transition arrangements were implemented by a commencement order made in August 2013. This order allows councils to set a licence fee for applications from 1 September. It will also specify that the remaining sections in the Act commence on 1 October, apart from the majority of criminal offences and enforcement-related provisions, which will come into force on 1 December. The exception to this will be the ban on using cash to pay for scrap metal which will also come into force on 1 October. Any dealer currently registered under the 1964 Scrap Metal Dealers Act, or a motor salvage operator already registered under the 2001 Vehicles (Crime) Act, will be deemed to have a licence under the 2013 Act until the council grants a licence or sends the dealer notice of its decision to refuse the licence, provided they submit an application on or before the 15 October.  
If they do not submit an application their deemed licence will lapse on 16 October. If they wish to trade in the future they would then need to submit an application, but would not be able to legally trade until a licence had been granted.
- 3.10 While their application is being considered by the council, these dealers will be able to operate as if they have a licence. No date will be specified in the regulations setting out when councils will have to have made a decision on applications made between 1 and 15 October. It is recommended that decisions on whether to grant or

refuse a licence to previously registered dealers are made before 1 December 2013. Dealers will therefore be able to continue to trade without disruption during the transition period without fear of being prosecuted for operating illegally. While an actual transitional licence need not be issued, sending the dealer an acknowledgement that the application has been received on or before 15 October 2013 will enable a dealer to satisfy the police that during this period they were legally able to operate.

- 3.11 Where an applicant is not registered under the Scrap Metal Dealers Act 1964 or the Vehicles (Crime) Act 2001 before 1 October then they will not be able to trade legally after 1 October until a licence has been issued. Full enforcement of the provisions in the 2013 Act will commence from 1 December 2013.

The transition timeline is:

- The Commencement Order 6<sup>th</sup> August 2013.
  - Local authorities can set a licence fee from 1 September.
  - The main provisions of the Act commence on 1 October including the offence of buying scrap metal for cash.
  - Dealers and motor salvage operators registered immediately before 1 October will be deemed to have a licence under the Act from 1 October.
  - Provided the dealer submits an application for a licence on or before 15 October their deemed licence will last until the council either issues them with a licence or gives them notice of the decision to refuse them a licence, although they will be able to continue trading pending an appeal against the decision not to grant a licence.
  - Where a dealer submits an application on or before 15 October but does not supply all the required information with the application form then the deemed licence remains in effect after 15 October.
  - Where a dealer with a deemed licence fails to submit an application on or before 15 October the deemed licence will lapse on 16 October.
  - Other scrap metal dealers, not previously registered, will be able to apply for a licence from 1 October but will have to wait until a licence is granted before they can legally trade.
  - Local authorities will complete suitability checks on applicants and decide whether to issue licences. It is recommended that decisions on whether to grant or refuse a licence to previously registered dealers are made before 1 December.
  - All other enforcement provisions within the Act commence on 1 December.
- 3.12 There are two implications for councils arising from this transitional timetable. We need to be in a position to accept applications for licences from 1 October. To do that we will have had to have agreed the fees to charge applicants no later than the end of September.

### **Application fees**

- 3.13 Any application must be accompanied by a fee. The fee is set by the local authority having had regard to guidance issued by the Home Office.
- 3.14 In setting our fees we have had regard to the requirements of the European Union Services Directive and any licensing case law, of which the recent case in the Court of Appeal of *Hemming v Westminster City Council* is especially relevant.

In calculating our fees we have taken into account:

- all the activity required with processing and granting a licence such as considering applications and assessing the suitability of the applicant

- staff costs associated with supporting the service,
  - support provided by other parts of the council to the licensing team such as legal services and any other associated recharges,
  - the cost of providing advice and guidance to applicants on what will be a new process
  - carrying out inspections and ensuring compliance with the law
  - training for staff and councillors in the requirements of the new legislation
  - costs associated with consulting other agencies and bodies when considering if an applicant is a suitable person
  - making and reviewing any policies in relation to the operation of the new licensing regime
  - issuing the licence
  - Invoicing costs
  - any officer time spent providing information for inclusion in the register of dealers.
- 3.15 These costs are likely to differ over the period from the initial grant of a licence through to the renewal of the licence three years later, which suggests that we will need to reassess the fees on a regular basis.
- 3.16 Not mentioned in the list immediately above, but a potentially significant cost, will be holding hearings to consider whether to grant a licence or whether to revoke or vary a licence. As the cost for these will be spread across licence fees as a whole, an estimate will have to be made when setting the fees of how many potential hearings there might be. Given the likely number of applicants is very difficult to assess it would be sensible to increase the number of hearings in any estimate rather than decreasing them. However once at the end of the first year of operation of the licensing system it would be sensible to review how many hearings there had actually been and revise the fees accordingly.
- 3.17 In assessing the costs of any hearings where the applicant makes oral representations to the local authority, councils will have to have regard to:
- the cost of communicating with the applicant and any representatives they have
  - how much it costs to prepare and issue the notice setting out what the council proposes to do as required by paragraph 7(1) in Schedule 1
  - what costs are incurred in preparing the report to the Committee
  - the cost of printing and sending out the agendas, legal services costs and any legal advice the committee needs
  - officer costs associated with actually running the hearing.
- 3.18 When looking at enforcement costs we have to bear in mind that they must be based on the principles of good regulation, and they have to be set in an open and transparent way. An important point arising out of the *Hemming v Westminster* case is that the fees cannot be used to pay for enforcement action against unlicensed dealers (particularly collectors) or as an economic deterrent or to raise funds. The limitation placed by the EU Services Directive around enforcement means that councils cannot recover the cost of issuing closure notices to unlicensed dealers and applying for closure orders from the magistrates' court.
- 3.19 A further consideration is that councils cannot demand a fee where that has not been determined. In the case of *Hemming* there were a number of years where in effect the fee was carried over from the previous year without being considered in detail by a committee or the council. This point highlights the importance of regularly reviewing the fees and also making sure that when committees come to determine fees they have all the relevant information before them, otherwise they could be subject to legal challenge.

- 3.20 Appendix 2 shows the fee breakdown associated with the licensing of scrap metal dealers.

### **Objections to Licence Applications**

- 3.21 The Police may object to a licence application where they believe that the applicant is not a suitable person. The local authority, having considered the Police objections and having considered all other information must decide whether they will issue a licence. If the local authority is minded not to issue a licence they must allow the applicant the right to make either oral or written representations.
- 3.22 In order to ensure that the application process is open and transparent it is proposed that all representations are heard by a 'Licensing Panel' which would be made up of three members from Licensing Regulatory Committee. It is anticipated that the hearings would be managed in a similar way to Licensing Act hearings, where Members hear representations from all parties involved before making a decision.
- 3.23 There is a right of appeal to the Magistrate's Court against the decision to refuse a licence application, to include a condition within the licence, to revoke the licence or to vary the licence

### **Delegation of Functions**

- 3.24 There are various requirements under the Act that will require timely and clear decisions.
- 3.25 Set out at Appendix 1 is a proposed scheme of delegation for functions under the Act.

The Act allows both the police and local authority officers to enforce the provisions of the legislation. It is proposed that the following designation of officers is authorised under the Act:

Principal Licensing Officer  
Licensing & Compliance Officer  
Environmental Health Officers  
Environmental Health Technical Officers  
Chief Officer (Environmental Health)  
Environmental Health Manager (Commercial)

## **4. FINANCIAL IMPLICATIONS [IB]**

- 4.1 The proposed charge for a new licence is £280. The proposed charge for a variation to the licence is £180. The charges are based on latest budget in the current financial year and allow for recovering direct and indirect costs associated with the service. A cost breakdown is attached in Appendix 2.

There are at least fourteen existing businesses that will need to apply for the licence. The estimated income from these businesses is £3,920.

The charge will be included within the Council's Scale Fees and Charges.

- 4.2 Costs for running the service will be met from existing budgets.

## **5. LEGAL IMPLICATIONS [MR]**

- 5.1 The legal implications of the Act for the Council are set out comprehensively in the report.

6. **CORPORATE PLAN IMPLICATIONS [RP]**

6.1 Will help improve control of the scrap metal industry within the Borough and thereby contribute towards the Council aims of creating a vibrant place to work and live.

7. **CONSULTATION [MB]**

7.1 All Licensed Scrap Metal Dealers and Motor Salvage Operators within the borough have been written to and informed of the changes to the legislation and have also been visited by the Licensing Officer and the Police.

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Reputation, Legal, Regulatory	The Council follows the Home Office guidance in implementing the Act and fee setting.	Mark Brymer
Knowledge and skills of staff	Ensure adequate training given to enforcement staff	Mark Brymer

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

An equality impact assessment has not been conducted as this is primary legislation and applies nationally and there are no implications locally as enforcement work in respect of scrap metal will be carried out consistently on the basis of risk for all premises across the whole Borough.

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications - Environmental implications
- ICT implications - Asset Management implications
- Human Resources implications - Planning Implications - Voluntary Sector

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Background papers: Scrap Metal Dealers Act 2013,  
Get in on the Act – LGA Briefing  
Home Office Guidance

Contact Officer: Mark Brymer, Principal Licensing Officer ext 5645  
Executive Member: Councillor David Gould

Appendix 1

**Scheme of Delegation of Functions under the Scrap Metal Dealers Act 2013**

<b>Matter to be dealt with</b>	<b>Full Council</b>	<b>Licensing Regulatory Committee</b>	<b>Hearing Panel</b>	<b>Officers</b>
Determination of fees	X	√	X	X
Application for Site licence or Collectors licence	X	X	If a relevant representation is made	If no relevant representation is made
Application to vary site licence	X	X	If a relevant representation is made	If no relevant representation is made
Application to revoke site licence or collectors licence	X	√	All cases	In conjunction with the Committee Chairman if the matter is urgent
The inclusion of conditions on a licence	X	X	X	√
Issue of a Closure Notice	X	X	X	√
Cancellation of a Closure Notice	X	X	X	√
Application for a Magistrates Closure Order	X	X	X	In conjunction with legal services

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## Scrap Metal Site & Collectors Licence Application

Application Procedures	Time	Service hourly rate	Cost
Pre-application discussion	0.33	44.66	14.74
Check Application Form	0.25	44.66	11.17
Back office check	0.09	44.66	4.02
Chase up any outstanding information	0.19	44.66	8.49
Create record on CAPs	0.2	44.66	8.93
Process Payment	0.18	44.66	8.04
Amends CAPs	0.17	44.66	7.59
Applicant Suitable - Grant or Referral to Committee	0.5	44.66	22.33
Licence and Printing	0.085	44.66	3.80
Update Register	0.08	44.66	3.57
Postage	0.04	44.66	1.79
Scanning to DMS	0.17	44.66	7.59
Invoice Administration	0.17	42.53	7.23
<b>Sub Total</b>	<b>2.46</b>		<b>109.28</b>

Compliance Officer Visit			
One hour per visit one visit per year	3	44.66	133.98
Update CAPs	0.5	44.66	22.33
Pre check admin	0.33	44.66	14.74
<b>Sub Total</b>	<b>3.83</b>		<b>171.05</b>

<b>Total Cost</b>	<b>280.33</b>
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Re - compliance visits we intend to make one compliance visit per site and two stop checks for collectors per year. The licence is valid for 3 years

## Variation of Scrap Metal Licence For Site and Collecto

### New Application

Application Check	Time	Service hourly rate £
Pre-application discussion	0.19	44.66
Check Application Form	0.25	44.66
Back office check	0.08	44.66
Chase up any outstanding information	0.17	44.66
Create record on CAPs	0.17	44.66
Process Payment	0.17	44.66
Amends CAPs	0.17	44.66
Licence and Printing	0.085	44.66
Postage	0.085	44.66
Scanning to DMS	0.17	44.66
Licensing Officer Grant or Referral to Committee	0.5	44.66
Invoice Administration	0.17	42.53
<b>Sub Total</b>		

### Compliance Officer Visit

Time per visit	1	44.66
Update CAPs	0.5	44.66
Pre check admin	0.33	44.66
<b>Sub Total</b>		

### Total Cost

Appendix 2

RS

<b>Cost</b>
8.49
11.17
3.57
7.59
7.59
7.59
7.59
3.80
3.80
7.59
22.33
7.23
<b>98.34</b>

44.66
22.33
14.74
<b>81.73</b>

<b>180.06</b>
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**COUNCIL - 24<sup>TH</sup> SEPTEMBER 2013**

**MOVEMENTS TO RESERVES – REQUEST FOR DELEGATED AUTHORITY**

**REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)**



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

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1. **PURPOSE OF REPORT**

- 1.1 To seek approval from Council to delegate authority for decisions relating to transfers to earmarked reserves to the Deputy Chief Executive (Corporate Direction) in conjunction with the Executive Member for Finance, ICT & Asset Management.

2. **RECOMMENDATION**

- 2.1 That Council approve delegated authority to the Deputy Chief Executive (Corporate Direction) in conjunction with the Executive Member for Finance, ICT & Asset Management to approve transfer to earmarked reserves (including creation of new earmarked reserves) during the financial year.
- 2.2 That Council note that transfers from reserves to fund expenditure will continue to be made in line with the limits set out in the financial procedure roles.
- 2.3 That Council note that a full review of the Council's ear marked reserves and balances will continue to be brought to Council on annual basis as part of the outturn reports.

3. **BACKGROUND TO THE REPORT**

- 3.1 As at 31<sup>st</sup> March 2013, the Council held £5.413million in General Fund and £3.251million in Housing Revenue Account reserves. Full details of these balances are contained within Appendix 1 to this report.
- 3.2 Currently, an annual review is performed on the level of reserves as part of the outturn process. The outcomes of this review are reported to Council to obtain approval of:
- Release of reserves no longer required;
  - Creation of new reserves to fund future spend/pressures; and
  - Transfer of "excess" balances (i.e. those over the recommended minimum balance requirements) to reserves
- 3.3 Throughout the financial year, any requests to transfer money to reserves are subject to Council decision as per the Constitution. Any transfer from reserves to fund spend will be approved in line with the limits set out in the financial procedure rules.
- 3.4 Due to the Council's robust budget setting and monitoring procedures, savings are often identified throughout the year as part of periodic budget monitoring processes. In addition, unbudgeted income can be received (e.g. for large planning applications or due to un-forecast increase in activity). In the current climate and given the Council's sufficient balances, the Deputy Chief Executive (Corporate Direction), as the Council's section 151 officer, will generally recommend that such funds should be transferred to either the Council's Leisure Centre reserve (recognised as a corporate priority within the current years budget) or, where income has been received, a specific reserve in this service area to fund future pressures.

3.5 In order to ensure efficiency around this decision making process and to guarantee that funds are earmarked to meet financial needs on a timely basis, it is recommended that Council approve delegated authority to the Deputy Chief Executive (Corporate Direction) in conjunction with the Executive Member for Finance, ICT & Asset Management to approve transfers to earmarked reserves (including creation of new ear marked reserves) during the financial year.

3.6 **Transfers from reserves to fund expenditure will continue to be made in line with the limits set out in the financial procedure roles and the annual reserves review will continue to be brought to full Council for approval.**

4. **FINANCIAL IMPLICATIONS (KB)**

Contained within the body of the report

5. **LEGAL IMPLICATIONS LH**

This proposal requires an amendment to the Financial Procedure Rules and as such requires 2/3<sup>rd</sup>s majority at Council in favor of the recommendations.

6. **CORPORATE PLAN IMPLICATIONS**

The Council's governance arrangements are robust

7. **CONSULTATION**

No consultation implications.

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

None

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications

- ICT implications
  - Asset Management implications
  - Human Resources implications
  - Planning Implications
  - Voluntary Sector
- 

Background Papers: Statement of Accounts

Author: Sanjiv Kohli, Deputy Chief Executive (Corporate Direction) ext 5607  
Katherine Bennett, Head of Finance ext 5609

Executive Member: Cllr KWP Lynch

## Appendix 1

### Earmarked Reserve Balances – Extract from Statement of Accounts

	Balance at 31st March 2011	Transfers out 2011/2012	Transfers in 2011/12	Balance at 31st March 2012	Transfers out 2012/13	Transfers in 2012/13	Balance at 31st March 2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund:</b>							
Commutation and Feasibility	247	(10)	50	287	(120)	0	167
Benefits Reserve	172	0	100	272	0	208	480
Local Plan	391	(17)	68	442	(34)	73	481
Historic Buildings	14	0	0	14	0	0	14
Land Charges	51	0	0	51	(20)	233	264
Disaster Recovery	118	(118)	0	0	0	0	0
Pensions Contributions	109	(75)	15	49	0	0	49
Building Control	64	0	70	134	0	0	134
Waste Management Reserve	173	(12)	82	243	0	74	317
ICT Reserve	241	0	12	253	(41)	0	212
Project Management/Masterplan	333	0	0	333	0	0	333
Shared Services Reserve	74	0	0	74	0	0	74
Housing and Planning Delivery Grant	247	(75)	0	172	(43)	0	129
Flexible Working	15	0	0	15	0	0	15
IFRS Capacity Support	2	(2)	0	0	0	0	0
Freedom of Information Act Training	3	0	0	3	(3)	0	0
New Performance Improvement Set	10	0	0	10	(2)	0	8
Housing Energy Certificate Training	11	0	0	11	0	0	11
Finance Capacity Fund	20	0	2	22	0	0	22
Priority Improvement Fund	70	0	0	70	(70)	0	0
Workforce Strategy	3	0	0	3	0	10	13
Elections	85	(68)	45	62	0	25	87
Grounds Maintenance Machinery Replacement	50	0	25	75	(16)	25	84
Transformation	50	0	0	50	0	0	50
Relocation Reserve	182	0	135	317	(326)	346	337
Future Capital Projects	486	0	125	611	(611)	0	0
Modern Gov Reserve	20	(18)	0	2	0	0	2
Greenfields Reserve	19	0	0	19	0	0	19
Special Expenses	0	(7)	55	48	(74)	177	151
Atkins	0	(9)	9	0	0	0	0
Carry Forwards	0	0	136	136	(136)	139	139
Hub Future Rental Management	0	0	250	250	0	0	250
Business Rates Pooling	0	0	0	0	0	110	110
Leisure Centre	0	0	0	0	0	1,353	1,353
Community Safety	0	0	0	0	0	3	3
Troubled Families	0	0	0	0	(30)	90	60
Hinckley Club for Young People	0	0	0	0	0	5	5
Development Control	0	0	0	0	0	40	40
<b>Total Earmarked Reserves</b>	<b>3,260</b>	<b>(409)</b>	<b>1,177</b>	<b>4,028</b>	<b>(1,526)</b>	<b>2,911</b>	<b>5,413</b>
Unapplied Grants and Contributions	862	(141)	221	942	(86)	2,069	2,925
<b>Total General Fund</b>	<b>4,122</b>	<b>(550)</b>	<b>1,398</b>	<b>4,970</b>	<b>(1,612)</b>	<b>4,980</b>	<b>8,338</b>
<b>Housing Revenue Account:</b>							
HRA Piper Balance	117	0	9	126	0	11	137
HRA Communal Furniture	4	0	0	4	0	0	4



HRA Housing Repairs Account	344	0	128	472	(230)	0	242
Regeneration Reserve	0	0	0	0	0	2,834	2,834
HRA Carry forward Reserve	0	0	0	0	0	34	34
<b>Total HRA Earmarked Reserves</b>	<b>465</b>	<b>0</b>	<b>137</b>	<b>602</b>	<b>(230)</b>	<b>2,879</b>	<b>3,251</b>
HRA Unapplied Grants and Contributions	6	0	0	6	0	25	31
<b>Total Housing Revenue Account</b>	<b>471</b>	<b>0</b>	<b>137</b>	<b>608</b>	<b>(230)</b>	<b>2,904</b>	<b>3,282</b>
<b>TOTAL</b>	<b>4,593</b>	<b>(550)</b>	<b>1,535</b>	<b>5,578</b>	<b>(1,842)</b>	<b>7,884</b>	<b>11,620</b>

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COUNCIL - 24<sup>TH</sup> SEPTEMBER 2013

ANNUAL GOVERNANCE STATEMENT 2012/2013

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

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1. **PURPOSE OF REPORT**

To seek the approval of the Annual Governance Statement for 2012/13

2. **RECOMMENDATION**

That Council approve the Annual Governance Statement

3. **BACKGROUND TO THE REPORT**

- 3.1 The Accounts and Audit Regulations 2011 have established requirements that all local authorities must adhere to in relation to systems of internal control. This has implications for the whole authority and all its services. The regulations require councils to “have a sound system of internal control which facilitates the effective exercise of the council’s functions and which include the arrangements for the management of risk”.
- 3.2 The Council is required to review at least annually the effectiveness of the system of internal controls and make a statement on that alongside the Statement of Accounts.
- 3.3 Whilst the legislation requiring the statement is placed with the Accounts and Audit Regulations **this is not just an accounting or auditing issue. The Annual Governance Statement is a key measure of the overall effectiveness of the Authority.**
- 3.4 As part of the production of the Annual Governance Statement, assurance is required from all services regarding their current systems, procedures and accompanying controls operated. All services were therefore asked to complete a service assurance assessment which has formed part of this statement.
- 3.5 The Annual Governance Statement includes one significant control weakness to bring to this committee’s attention. This relates to the issues noted in year with the level of housing repairs “work in progress” held on the Orchard system and the financial impact of the delay in “realizing” these costs. An action plan has been put in place to address this issue, the details of which are contained within the statement.
- 3.6 The Annual Governance Statement for 2012/2013 is appended to this report and is recommended for approval following review by the Finance, Audit and Performance Committee at their meeting on 16<sup>th</sup> September 2013.

4. **FINANCIAL IMPLICATIONS (KB)**

Contained within the body of the report

5. **LEGAL IMPLICATIONS (LH)**

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is

safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which it functions, having regard to a combination of economy efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. The Accounts and Audit Regulations 2011 have established the requirement that all local authorities must adhere to in relation to systems of internal control.

6. **CORPORATE PLAN IMPLICATIONS**

The Council's governance arrangements are robust

7. **CONSULTATION**

All members of COB and Middle Managers have been consulted in preparing the Statement.

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

None

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Council Policies and Procedures

Author: Sanjiv Kohli, Deputy Chief Executive (Corporate Direction) ext 5607  
Katherine Bennett, Head of Finance ext 5609

Executive Member: Cllr KWP Lynch

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## The Annual Governance Statement

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### **SCOPE OF RESPONSIBILITY**

Hinckley and Bosworth Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement and to ensure economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of corporate governance which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

Hinckley and Bosworth Borough Council has approved and adopted a code of corporate governance (The Constitution) which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Constitution can be found on the Council's website at *Services>Council & Democracy>Councillors, democracy and elections*. This statement explains how the Council has complied with the Constitution and also meets the requirements of regulation 4 (2) of the Accounts and Audit Regulations 2011.

In overall terms this is a positive statement for the financial year 2012/13. This document relies on several assurance mechanisms including internal audit, the work of Council committees, risk and performance management processes and external audit.

### **THE PURPOSE OF THE SYSTEM OF CORPORATE GOVERNANCE**

The system of corporate governance is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of corporate governance is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's objectives, to evaluate the likelihood and impact of these risks, and to manage them efficiently, effectively and economically.

The governance framework comprises the systems processes and 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 whether those objectives have led to the delivery of appropriate, cost-effective services

The governance framework has been in place at the Council for the year ended 31 March 2013 and up to the date of the approval of the Statement of Accounts

### **THE INTERNAL CONTROL ENVIRONMENT**

CIPFA's "*Delivering Good Governance in Local Government: Guidance Note for English Authorities*" outlines the principles of good governance. The addendum to

## Annual Governance Statement

this paper published in December 2012 (Delivering Good Governance in Local Government: Framework – Addendum) outlines these principles as:

- Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users
- Reviewing the authority's vision and its implications for the authority's governance arrangements
- Translating the vision into objectives for the authority and its partnerships
- Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements
- Developing, communicating and embedding codes of conduct, defining the standards of behaviours for members and staff
- Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality
- Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained
- Ensuring effective management of change and transformation
- Ensuring the authority's financial management arrangements confirm with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)* and, where they do not, explain why and how they deliver the same impact
- Ensuring the authority's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)* and, where they do not, explain why and how they deliver the same impact
- Ensuring effective arrangements are in place for the discharge of the monitoring officer function
- Ensuring effective arrangements are in place for the discharge of the head of paid service function
- Undertaking the core functions of an audit committee as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*
- *Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful*
- *Whistleblowing and for receiving and investigating complaints from the public*
- *Identifying the development needs of members and senior officer in relation to their strategic roles, supported by appropriate training*
- *Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation*
- *Enhancing the accountability for service delivery and effectiveness of other public service providers*
- *Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements*

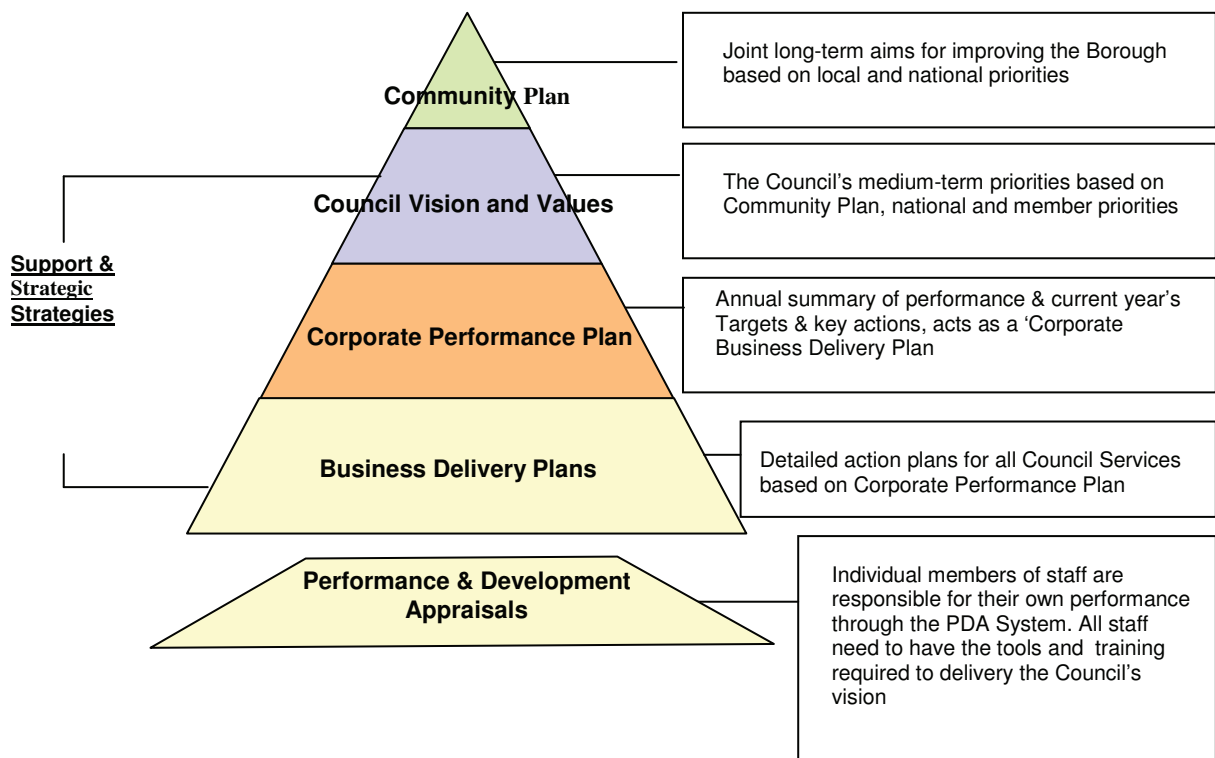


## Annual Governance Statement

The key elements of the Council's internal control environment and governance framework are outlined below.

- The Council's Corporate Plan developed for the period 2010-2015 sets out the long-term aims of the Borough and drives the Corporate Performance Plan and Medium Term Financial Strategy. The Corporate Plan provides residents, councilors and staff with a clear idea of Council's long-term vision to improve the quality of life for residents and make Hinckley and Bosworth a 'Borough to be Proud Of'. The plan outlines five corporate aims which guide all decisions made by the Council. The Council is currently developing a revised Corporate Plan for the period 2013-2016 which will refresh the corporate priorities. This will be finalised in 2013/2014.
- The Council uses plans and strategies at all levels of the organisation to plan and monitor the achievement of its aims and objective. At a corporate level the system is governed by the Corporate Planning Framework which is represented by the diagram below. The Council's objectives are reflected in Service Improvement Plans which outline how each department will achieve the corporate aims within a three year period. Plans are refreshed on an annual basis and progress against targets are managed through the TEN performance management system on a monthly basis. Performance Reports are produced as part of service managers' team briefings and the Council's joint Management Boards on a quarterly basis. Performance reports are produced for the Finance Audit and Performance Committee on a quarterly basis, and annually in the Corporate Performance Plan.

### **Hinckley & Bosworth Borough Council – Corporate Planning Framework**



- The Council's financial strategy is outlined in the Medium Term Financial Strategy 2012/13-2015/16 which was approved by the Scrutiny Commission in June 2013 and by full Council on 16<sup>th</sup> July 2013. The document outlines ten financial

## Annual Governance Statement

objectives which the Council looks to achieve in order to resolve the continuing pressure of service requirements in the context of available resources. Alongside this, the Council has put in place a Housing Revenue Account (HRA) Business Plan which sets out how the Council will respond and operate under the new scheme of self financing.

- The system of internal financial control is based on a budgetary control framework which is based on the following principals:
  - Preparation of comprehensive annual budgets, reserves review and a Medium Term Financial Strategy to examine the financial health of the Council. In 2012/2013 the Council requested that benchmarking was carried out on this information by both internal and external audit to ensure robustness of the assumptions used and outputs generated
  - Robust financial regulations and authorisation limits to ensure accountable financial decisions
  - Monthly reporting packs which are discussed by Strategic Leadership Boards and the Corporate Operations Board
  - Preparation of regular financial reports for member committees which indicate actual expenditure against forecasts
  - Disaggregated reporting at both a fund and cost centre level to ensure that stakeholders receive information to inform decisions
  - Inclusion of financial implications in all committee reports.

The Council's budgetary control system is reviewed each year by internal audit and in 2012/13 received a "full assurance" rating both overall and for each individual control objective.

- As a key element of internal control, the internal audit function operates a risk-based approach to its work and carries out its duties in accordance with the *CIPFA Code of Practice and Statement on the Role of the of Head of Internal Audit*. Internal audit reports are performed in accordance with the approved Plan. Internal audit review each scoped area against a set of system controls agreed with management at the start of the visit and within the overall framework of system control objectives. The findings of internal audit, and updates on recommendation implementation are reported to, and scrutinised by, the Finance, Audit and Performance Committee at each meeting. This Committee undertakes the core functions of an Audit Committee as set out in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*. Dedicated training was provided to this Committee on 10<sup>th</sup> December 2012 by Internal Audit to outline the content of this guidance and to review the effectiveness of the committee as those charged with governance.
- The Corporate Planning Framework is underpinned by a number of strategies which identify how the support services of the Council will reinforce and sustain the front line services that the Council provides. These include the:
  - Asset Management Strategy (including the acquisition and disposals strategies)
  - Budget Strategy
  - People Strategy
  - ICT Strategy and Web Strategy
  - Medium Term Financial Strategy
  - Health and Safety Policy
  - Risk Management Strategy
  - Procurement Strategy

## Annual Governance Statement

- The Council's strategic documents outline how specific services will be provided to the Borough in the medium to long term. These strategies include the Environmental Management Strategy, Anti Poverty Strategy, Cultural Strategy, Green Space Strategy, Hinckley Town Centre Master Plan, Local Development Framework, Children and Vulnerable Adults Safeguarding Policy and Strategy for Children and Young People.
- Council policies are produced in accordance with the Constitution and are recommended for approval following review by senior management. Decision-making that falls within the policy and budgetary framework rests with the Council's Executive, whilst those falling outside the framework are referred to full Council. The call-in procedure enables the Scrutiny Commission to review decisions made by Executive (although the major focus of the overview and scrutiny function involvement is through policy development rather than policy review). Day to day decision-making is carried out by appropriate officers in accordance with the Scheme of Delegated Powers and the Financial Procedure Rules. These arrangements all contribute to the economic, efficient and effective operation of the Council.
- The standards of behaviour expected from members and officers are set out in member/officer codes of conduct. A register of members' interests is maintained. All members are required to complete 'related party' declarations at the end of the financial year in support of the statutory financial statements. Members' allowances are published and a members' allowance scheme is included in the Constitution.
- The Constitution, Financial Procedure Rules, Whistleblowing Policy and Corporate Anti-Fraud Policy set the rules and standards within which Council business is conducted and provide the mechanisms for dealing with any failures in these procedures. All key policies are reviewed on an annual basis. A full review of the Constitution (10<sup>th</sup> edition) took place in September 2012. The Ethical Governance and Personnel Committee monitors the performance of members, senior officers and the Council's committees. The Council's decision making practices are guided by the values as set out in the Corporate Plan.
- The Constitution (Article 10) also includes provisions for the governance of partnerships the Council is part of. A separate constitution or terms of reference is in place for all partnerships which outlines their respective roles and responsibilities. Quarterly dashboards are produced to plot how partnerships are helping the Council achieve its strategic objectives. Significant partnerships that the Council is involved with include Leicestershire Together, West Leicestershire and North Warwickshire Cross Border Delivery Partnership, Leicester and Leicestershire Economic Partnership. Going forward, the Council will also participate in partnerships through "City Deal" arrangements.
- The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two statutory officers (Section 151 Officer and the Monitoring Officer) and the Head of Paid Services have responsibility for ensuring that the Council does not act in an ultra vires manner. Management are supported by the internal audit function, which facilitates the management and mitigation of risk and provides assurance on matters of internal control. The Human Resources function, through the use of workforce development reviews assess and provide a means of improving competencies to ensure that officers are equipped to discharge their duties in accordance with the requirements of the Council. All officers are required to complete annual appraisals and a process of 360 degree feedback has been introduced in year to widen the feedback process.

## Annual Governance Statement

The Council's financial management arrangements conform with the governance arrangements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2010)*.

- The Communication and Engagement Strategy and Statement of Community Involvement outlines how the Council will engage with local people and stakeholders through means such as the Tenant Advisory Panel, public meetings and the citizen's panel. A number of public consultations have taken place in year on pertinent issues including housing allocations, community safety priorities and Council Tax reform. The Council communicates to residents through Borough Bulletin which is circulated to all residents each quarter. Regular staff communication is ensured through Chief Executives' briefing notes and regular briefings held by the Strategic Leadership Board.
- The Council's dedication to quality of service is embedded through relevant strategies and also in the Council's Customer Service Charter. The Council collates customer satisfaction results for face to face, telephone and website interaction. Targets were exceeded in 2012/2013.
- The Council regularly measures performance through a suite of performance indicators managed on the TEN Performance Management system. All indicators are mapped to corporate priorities and are embedded within individual Service Improvement Plans. Each month figures are entered by managers before the database is locked to maintain accuracy in reporting. These reports show all performance indicators in and are allocated to individual Executive Member leads. The reports are presented to Strategic Leadership Board, Scrutiny Commission, Finance Audit and Performance Committee and the Executive. The reports provide the following information for each of these indicators:
  - Performance for current year
  - The target set for current year
  - Performance in the previous year
  - Targets for the next three years
  - An explanation of performance and the targets set
  - Data Quality Checks
- All information produced by the Council is subject to Data Quality Procedures. The Council's Data Quality Policy outlines how standards of data quality are maintained by the Council and respective responsibilities. Through implementation of this Policy, the Council is compliant with all relevant legislation including the Data Protection Act and Freedom of Information.
- The Council is committed to continuous improvement. This was proved by the fact that in 2008/09 the Council sought a CPA re-assessment and was re-categorised as an "excellent" Authority. This was a recognition of all the work that had been undertaken since 2004 to implement and embed the improvement actions identified in the 2004 inspection. The Council continues to win awards which evidence high performance. In 2012/2013 these included:
  - Green Flag Award for Green Spaces;
  - Council of the Year for Customer Satisfaction – GovMetric; and
  - 4\* Website rating from SOCITM;
- The Council's performance management regime is supported by risk management processes. The Risk Management Strategy outlines how best practice risk management processes are embedded into the Council's operations. Operational risk registers are maintained on the TEN system and all managers are required to assess the impact and likelihood of risks as well as mitigating

## Annual Governance Statement

controls and action plans to reduce their severity. Quarterly reports on the risk position are taken to Finance, Audit and Performance Committee and Executive.

### **REVIEW OF EFFECTIVENESS**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is reported by internal audit in their Annual Report, Chief Officers through their service assurance returns and also by comments made by the external auditors and other review agencies and inspectorates.

#### Internal Audit

Internal audit is provided in accordance with the statutory responsibility under S151 of the Local Government Act 1972, the *Accounts and Audit Regulations 2011* and to the professional standards of the *CIPFA Code of Practice for Internal Audit in Local Government*.

The Council's internal audit service has been outsourced to Coventry and Warwickshire Audit Services (CW Audit) for 2012/13. Internal audit delivers its work in accordance with best practice and complies with the requirements of the Government Internal Audit Standard, CIPFA Code and other relevant CCAB standards. CW Audit report through the Section 151 Officer who is the responsible financial officer for the Council. The Section 151 Officer then submits reports to the Finance, Audit and Performance Committee, which in turn derives its terms of reference from the Scrutiny Commission. Audit recommendations are followed up in a timely manner based upon the priority of the recommendation through the use of the "TeamCentral" recommendation tracking software.

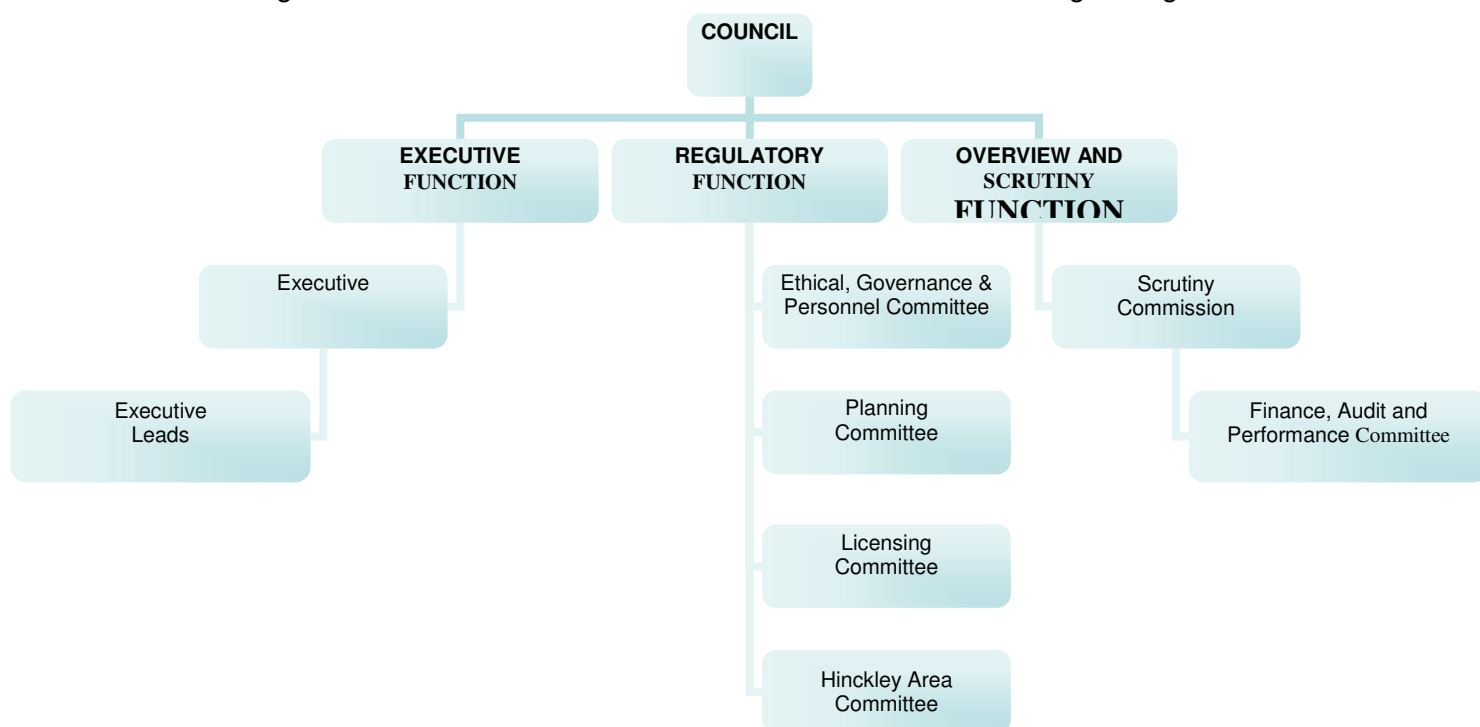
CW Audit acting as Chief Internal Auditor and in accordance with the *CIPFA Statement on the Role of the Head of Internal Audit (2010)* provide an annual assurance opinion which comments on the adequacy and effectiveness of the system of internal control. In their 2012/13 Annual Audit Report presented to Finance Audit and Performance Committee on 3<sup>rd</sup> June 2013, CW Audit issued a "significant assurance" rating for the Council's internal control. One significant control issue was noted in this opinion which is detailed in the relevant section in this document.

The effectiveness of the internal financial controls are also reviewed annually by the external auditor whose Annual Audit Letter is considered formally by the Finance, Audit and Performance Committee.

# Annual Governance Statement

## Council Structure

The diagram below sets out the Council's democratic decision making arrangements



The Constitution sets out the essential elements of the scrutiny processes that are administered by the Scrutiny Commission and the Finance, Audit and Performance Committee. It describes the functions and membership of the Commission and Committee and Scrutiny Procedure Rules. Decisions of the Executive are subject to scrutiny by the Scrutiny Commission and the Finance, Audit and Performance Committee. The Scrutiny arm also has a role in policy development. In addition, task groups are established to oversee ad-hoc projects. Examples of areas reviewed by the Scrutiny Commission in year include:

- Welfare Reform and the impact on residents
- Disabled Facilities Grants
- Climate change
- Cultural and Sport Strategy
- Care for people with Dementia

The Scrutiny Commission publishes an Annual Report and a work programme that available on the internet and from the Council on request. In addition, the Council publishes a rolling Forward Plan/list of key decisions. This plan provides details of the key decisions that are planned to be taken over the following four month period, a minimum notice period of 28 days is given for key decisions.

Chapter 7 of the Localism Act 2011 outlined that there is no longer a statutory requirement to have a Standards Committee, however each Council will need to put in place arrangements dealing with complaints and standards issues. The Council adopted an individual own Code of Conduct in 2012/13 and formed an Ethical Governance and Personnel Committee which merged the remits of the previous Standards & Personnel Committees and covers conduct and complaints. The Council has in year appointed various 'Independent Persons' in partnership with other



## Annual Governance Statement

Authorities to deal with complaints where appropriate. Discussions are ongoing regarding a county-wide code of conduct to ensure consistency of processes.

### Officers

Each year all services are required to conduct a self-assessment of the adequacy of controls in place to manage principal business risks. This statement evaluates the effectiveness of procedures, systems and controls, highlights areas for improvement and actions intended to address these. Action plans are incorporated in the service planning process.

### **SIGNIFICANT INTERNAL CONTROL ISSUES**

The review of effectiveness has been considered in order to identify any significant control weaknesses that should be addressed by the Council.

#### **Significant Control Weaknesses**

In producing the Annual Governance Statement, one significant control weakness has been noted for 2012/2013. Details of this and actions taken to address the issue are detailed below, along with an update of the issue raised in the previous years statement:

##### 2012/2013 Significant Control Weaknesses

During 2012/13, it was noted by the finance team that the budgets for both programmed and responsive repairs were considerably under-spent. Following preliminary investigation, it was established that the main reason for this under-spend was due to a backlog of "work in progress" held within Orchard (housing repairs system). This related to jobs that are in the various stages of completion but were yet to be closed off for payment on Civica (financial management system). To understand the reasons for the backlog, Internal Audit were asked to complete a specific review based on sample testing of the backlog, plus a sample of paid contractor invoices. A number of control weaknesses were identified through this work which have been raised in Internal Audit's Annual Audit Report for 2012/2013. The impact of the backlog has meant that a large costs relating to previous years work have been transferred in 2013/2014, creating a gross overspend on housing repairs (capital) of £290,102.

In response to this issue, a dedicated internal review of housing repairs controls and processes was conducted, lead by the Chief Officer for Finance, ICT, Asset Management, Audit and Procurement. A comprehensive action plan was developed which outlines improvements that will be made to both operational and financial processes. In addition, a neighbouring Authority was commissioned to complete a high level peer assessment of the service to inform the action plan. Regular reports have been provided to the Finance, Audit and Performance Committee to provide assurance that actions have been put in place in line with timescales set. As at 31<sup>st</sup> March 2013, the back log of work had been transferred in full into the Civica system and will be accounted for within the 2012/2013 Statement of Accounts.

##### 2011/12 Significant Control Weaknesses

The Council's External Auditors (PricewaterhouseCoopers LLP) qualified the Council's Housing Revenue Account Base Data Subsidy Return for 2010/11 due to

## Annual Governance Statement

issues with the accuracy of stock information included in the return. The data recorded on the Council's Orchard system could not be verified to supporting documentation and as such, the auditors were unable to provide assurance on its accuracy. This qualification was reported to the DCLG.

In response to this issue, the Council set up a dedicated project team to organise the collation of stock data. A full verification process was commissioned in June 2012 to obtain updated data on all Council assets. The Council developed a methodology for the collection of the data and shared this with PricewaterhouseCoopers LLP so that they could gain sufficient assurance for their audit of the accounts. The results of this data were reported to the DCLG and included in the 2011/2012 Statement of Accounts. This issue has therefore been deemed to be resolved for the purpose of this Statement.

.....  
Steve Atkinson MA(Oxon) MBA FioD FRSA  
Chief Executive

Date.....

.....  
Stuart Bray  
Leader of the Council

Date .....



**COUNCIL – 24<sup>th</sup> SEPTEMBER 2013**

**RE: STATEMENT OF ACCOUNTS 2012/2013**

**REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)**



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

1. **PURPOSE OF REPORT**

To seek Council approval of the Statement of Accounts for 2012/13

2. **RECOMMENDATION**

That Council approve the Statement of Accounts for the year 2012/13

3. **BACKGROUND TO THE REPORT**

3.1 Under the terms of the Accounts and Audit Regulations 2011, each local authority is required to prepare a Statement of Accounts (the Statement) by 30 June following the end of the year to which they relate. This draft Statement is signed by the Section 151 Officer as being a “true and fair” representation of the Council’s financial performance during the year and of its financial position at the year end. This was achieved for 2012/2013 and the draft statement was approved by the Deputy Chief Executive (Corporate Direction) on 27<sup>th</sup> June 2013.

3.2 The Accounts and Audit Regulations also require that the Statement is approved by members and published by 30 September each year. Between June and September the Statement is subject to external audit and the auditors findings are outlined in their “Report to those charged with governance (ISA (UK&I) 260)” which was reported to the Finance, Audit and Performance Committee on 16<sup>th</sup> September 2013.

3.3 The Statement has been prepared according to the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Statement has been prepared on the basis of International Financial Reporting Standards (IFRS) following its introduction in 2010/11.

3.4 The Statement comprises the main Financial Statements as follows:

- Statement of Movements in Reserves
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Notes to the Financial Statement

In addition, the following supplementary statements with accompanying notes have been produced:

- Housing Revenue Account
- Housing Repairs Account
- Collection Fund

3.5 The Council's Statement for 2012/2013 is appended to this report. Following approval, this document will be published on the Council's website. In accordance with the Accounts and Audit Regulations, notice will be placed in the local press local elector that the audit has been concluded and that the document is available for inspection.

Notable items in the Statement for 2012/2013

3.6 Members will recall that in prior year a number of significant changes impacted the Statement following the introduction of International Financial Reporting Standards. Relatively few changes have been made to the Code in 2012/2013 but those changes (including decisions made by management) that have impacted the Statement for this Council have been summarised below for reference:

<b>Change</b>	<b>Source of change</b>	<b>Expected Impact</b>
<p><u>Explanatory Forward</u></p> <p>The Explanatory Forward is included within the Statement to provide readers with some context to the document and to summarise the main points of note contained in the accounts. The 2012/2013 Code encourages authorities to increase the level of disclosures included in the Forward to include more qualitative data and performance information.</p>	Code	<p>The Explanatory Forward has been lengthened in 2012/2013 to include information such as:</p> <ul style="list-style-type: none"> <li>▪ Performance against Service Improvement Plans</li> <li>▪ Sickness absence data</li> <li>▪ A forward looking statement on the Council's finance position over the medium term</li> </ul>
<p><u>Significant Income</u></p> <p>In 2012/13, the Council was awarded two material amounts of funding which were:</p> <ul style="list-style-type: none"> <li>• £2.809 million of Regional Growth Funding for works to the A5 and MIRA Enterprise Zone. Total funding of £19.474 million will be awarded over a three year period.</li> <li>• £3.093 million of funding from the Department of Energy and Climate Change (DECC) for works to properties to improve sustainability.</li> </ul> <p>In both cases, the Council will act as the "accountable body" for these funds, transferring designated elements to third parties to perform capital/revenue work.:</p>	Management decision	<p>As funding has not been spent in full in 2012/13, the unspent cash balance is shown on the Balance Sheet as at 31<sup>st</sup> March 2013. In addition, the amounts that will be paid out third parties from this balance are shown separately within creditors and "Revenue Grants Received in Advance"</p>

2012/2013 Outturn

3.7 The draft outturn for 2012/2013 was reported to Council in July 2013. Following completion of the Statement of Accounts, it can be confirmed that the total under spend for the year is £0.942million, resulting in closing General Fund balances of £1.767million

3.8 The outturn book for 2012/13 has now been published and copies are available in the members room.

4. **FINANCIAL IMPLICATIONS [KB]**

There are no other financial implications other than those set out in this report.

The cost of the statutory External Audit of the Statement for 2012/2013 is £64,980

5. **LEGAL IMPLICATIONS (LH)**

Contained in the body of the report

6. **CORPORATE PLAN IMPLICATIONS**

This report contributes to the following corporate objectives:

- o “Proud of our Probity and Honesty in Governance and Management”
- o “Value in Service Delivery & Investment in people”

7. **CONSULTATION**

None

8. **RISK IMPLICATIONS**

It is the Council’s policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer’s opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

<b>Management of significant (Net Red) Risks</b>		
<b>Risk Description</b>	<b>Mitigating actions</b>	<b>Owner</b>
None		

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

There are none

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications

- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

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Background Papers:           Civica Financial Files

Author:                         Sanjiv Kohli, Deputy Chief Executive (Corporate Direction) ext 5607  
                                      Katherine Bennett, Head of Finance ext 5609

Executive Member:           Cllr KWP Lynch



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

**DRAFT**

# Statement of Accounts

2012/2013

## The Statement of Accounts 2012/13

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## EXPLANATORY foreword

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The Council's Statement of Accounts (the Statements) for the year ended 31st March 2013 are set out on pages 11 to 83. The Statements have been prepared in accordance with the 2012/13 edition of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and International Financial Reporting Standards (IFRS). The Statements present the financial affairs of the Council in accordance with the Service Reporting Code of Practice (SeRCOP).

The Statements consist of:

- The Statement of Accounting Policies  
*This document explains the basis of the figures included in the Statements. The Statement can be properly appreciated only if the policies, accounting estimates and judgements, which have been followed in dealing with material items, are explained.*
- The Statement of Responsibilities  
*This sets out the respective responsibilities of the Council and the Chief Financial Officer in respect of preparation of the Statement of Accounts.*
- The Movement in Reserves Statement  
*This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (these reserves can be applied to fund expenditure or reduce local taxation) and other reserves analysed as 'unusable reserves'.*
- The Comprehensive Income and Expenditure Statement  
*This Statement shows the accounting cost in the year of providing services and income to fund the cost of providing this service from a combination of Council Tax, National-Non Domestic Rates and grants from Government.*
- The Balance Sheet  
*This shows the value of the assets and liabilities recognised by the Council as at the Balance Sheet date.*
- The Cash Flow Statement  
*This provides a summary of the inflows and outflows of cash arising from transactions with third parties during the financial year. Internal transfers are thus excluded from expenditure and income.*
- The Housing Revenue Statement  
*This Statement reflects a statutory obligation to account separately for housing provision. It shows the major elements of housing revenue expenditure and how these are met from rents, subsidy and other income. This account is reported using two statements – the Housing Revenue Account Income and Expenditure Statement and the Movement on the Housing Revenue Account Statement*
- The Collection Fund Comprehensive Income and Expenditure Statement  
*Shows the transactions relating to the collection of Council Tax, and National Non-Domestic Rates.*

These Statements are supported by accompanying notes.

## EXPLANATORY *foreword*

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### The 2012/13 Budget

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The outturn for 2012/13 saw an improvement in the financial position of the Council compared with that anticipated when the Budget was prepared in the autumn of 2012. At the start of the financial year, due to early management direction on the need to fund further in year efficiencies, the Council was able to make a contribution of £1,066,000 from General Fund balances to earmarked reserves to ensure availability of sufficient funds for future pressures and projects (e.g. the Leisure Centre). Taking this into account, the total under spend for the Council at year end was £1,051,650. The main reasons for the variations were:-

- Salary savings across all service areas
- Savings from deferral of the food waste scheme
- Additional income from large planning applications in year

The reasons for the variations were considered by the Strategic Leadership Board and they were satisfied that the circumstances leading to the under spend had not impacted on the level of service provided by the Council.

Details of all budget variances were supplied to both the Council and the Executive meeting following the year end.

A summary position to 31st March 2013 is set out below

	<b>Original Estimate 2012/13 £'000</b>	<b>Revised Estimate 2012/13 £'000</b>	<b>Outturn 2012/13 £'000</b>
Service Costs	11,727	10,413	7,863
Adjust for: items not chargeable to Council Tax included above			
Capital Accounting	(1,462)	(1,420)	(1,248)
Pensions re IAS19	105	105	151
Special Expenses	(550)	(535)	(474)
Accumulated Absences	0	0	4
<b>Gross Cost of Services</b>	<b>9,820</b>	<b>8,563</b>	<b>6,296</b>
Net interest paid	93	99	224
<b>Met from Taxation and Grants</b>	<b>9,913</b>	<b>8,662</b>	<b>6,520</b>
Council Tax	3,615	3,615	3,615
RSG and NNDR	5,372	5,372	5,372
Council Tax Freeze Grant	106	106	106
New Homes Bonus	711	711	711
New Burdens General Funding	0	0	5
Collection Fund Surplus/(Deficit)	21	21	21
Total Tax and Grants	<b>9,825</b>	<b>9,825</b>	<b>9,830</b>
Suggested transfers to/(from) Balances and Reserves			
Earmarked Reserves	365	1,860	1,755
Unapplied Grants and Contributions	0	0	2,069
Carry Forward of spend from previous year	0	0	(136)
Proposed carry forwards	0	0	139
<b>Transfer to/(from) Balances</b>	<b>(453)</b>	<b>(698)</b>	<b>(517)</b>



## EXPLANATORY foreword

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### The Council's Operations

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The Council's management structure is documented within the Council's Constitution and management structure chart. The Council's officers are led by the Strategic Leadership Board, made up of the Chief Executive (Head of Paid Services) and the Council's two Deputy Chief Executives. This Strategic Leadership Board and the Corporate Operations Board (made up of four Chief Officers) form the Council's "Joint Boards" who are responsible for implementation of the strategic goals of the Council as decided by members.

The number of Council employees and elected members for 2012/13 and prior year are as follows:

<b>Service Area</b>	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2012</b>
Corporate Direction	133	146
Community Direction	155	180
Business Development and Street Scene	133	117
Chief Executives Office	10	11
Councillors	34	34
<b>Total Staff</b>	<b>465</b>	<b>488</b>

The Council sets a target for sickness absence on an annual basis for all staff. Outturn against this target for 2012/13 and the previous year was as follows:

<b>Target</b>	<b>Target</b>	<b>Outturn 2012/13</b>	<b>Outturn 2011/12</b>
Working Days Lost due to Sickness Absence	8.00 days	8.94 days	6.20 days

High sickness absence levels can have a detrimental effect on the delivery of council services. Effective sickness absence management ensures that the cost of sickness absence is kept at a minimum whilst improving capacity, service improvement and workforce morale. To provide context and to understand the reasons for the increase, an analysis of sickness absence for 2012/13 shows that both long term and short absence has increased. For 2012/13 in contrast to recent years, there has been a higher than normal level of absence due to routine operations/fractures etc.

In order to address the increase in the number of sickness days, Attendance Management refresher training has been arranged for all managers, HR and COB will ensure that Back to Work Interviews are carried out immediately that someone returns and COB will review the performance of the new Occupational Health Provider, Health Management throughout 2013/14.

The democratic governance structure of the Council is set out in the Constitution and summarised within the Council's Annual Governance Statement. The Constitution sets out the essential elements of the democratic process including the role of the Council and the Executive members. The Constitution outlines the scrutiny processes that are administered by the Scrutiny Commission and the Finance, Audit and Performance Committee. It describes the functions and membership of each member group and the scope of structure of their operations. The full Constitution can be viewed on the Council's website at [http://www.hinckley-bosworth.gov.uk/a\\_to\\_z/service/120/constitution](http://www.hinckley-bosworth.gov.uk/a_to_z/service/120/constitution)

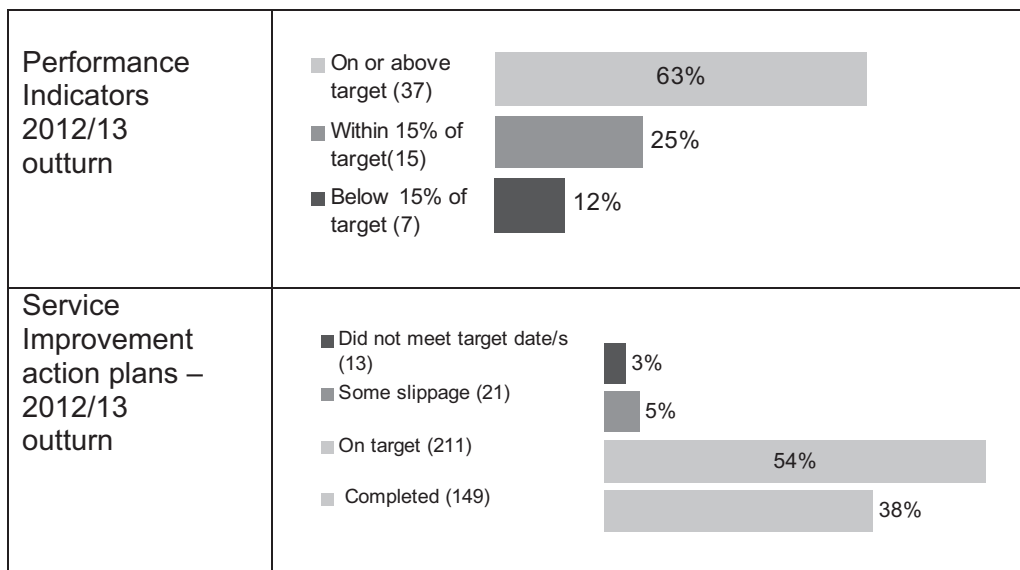
## EXPLANATORY foreword

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### The Council's performance

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The Council uses plans and strategies at all levels of the organisation to plan and monitor the achievement of its aims and objective. At a corporate level the system is governed by the Corporate Planning Framework. The Council's objectives are reflected in Service Improvement Plans which outline how each department will achieve the corporate aims within a three year period. Plans are refreshed annually and progress against targets is managed through the TEN performance management system monthly. Performance Reports are produced as part of service managers' team briefings and the Council's joint Management Boards on a quarterly basis. Performance reports are produced for the Finance Audit and Performance Committee quarterly, and annually in the Corporate Performance Plan. Corporate level performance for the 2012/13 year was reported as follows:



There have been no changes in the statutory functions of the Council in year.

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### Material Changes

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Any material items impacting the Comprehensive Income and Expenditure Statement or Balance Sheet are separately disclosed to ensure transparency.

In 2012/13, the Council was awarded two material amounts of funding which were:

- £2.809 million of Regional Growth Funding for works to the A5 and MIRA Enterprise Zone. Total funding of £19.474 million will be awarded over a three year period.
- £3.093 million of funding from the Department of Energy and Climate Change (DECC) for works to properties to improve sustainability.

In both cases, the Council will act as the “accountable body” for these funds, transferring designated elements to third parties to perform capital/revenue work. As funding has not been spent in full in 2012/13, the following material balances are held on the Balance Sheet as at 31<sup>st</sup> March 2013:

## EXPLANATORY foreword

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	<b>Regional Growth Funding</b>	<b>Department of Energy and Climate Change Funding</b>
	<b>£'000</b>	<b>£'000</b>
Cash	2,120	2,115
Unapplied Grants and Contributions	0	(1,740)
Creditors	(912)	(375)
Revenue Grants Received in Advance	(1,208)	0

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### Accounting Policies

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The Council's Accounting Policies are set out on pages 11 to 25.

The Council's Accounting Policies are reviewed on an annual basis and updated for any changes in the Code. There have been no changes to the Accounting Policies for 2012/13.

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### Revenue Reserves

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Revenue reserves and revenue balances as at 31st March were as follows: -

	<b>2013 £'000</b>	<b>2012 £'000</b>
Earmarked Revenue Reserves (General Fund and HRA)	4,235	3,547
General Fund Balance	1,771	2,293
Housing Repairs Account	242	472
Housing Revenue Account	1,891	1,699
	<b>8,139</b>	<b>8,011</b>

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### Pension Costs

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The accounting policy in respect of pension costs is in accordance with International Accounting Standard 19 (IAS 19) and reflects the Council's commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

IAS 19 requires Council's to see beyond their commitment to pay contributions to the pension fund and to determine the full longer-term effect that the award of retirement benefits in any year has had on the Council's financial position. A net pension asset indicates that a Council has effectively overpaid contributions relative to the future benefits earned to date by its employees. A net liability shows an effective underpayment.

The assets held by the pension scheme are valued on a regular basis by independent actuaries at fair value and in accordance with the requirements of IAS 19.

Hymans Robertson, has undertaken pension expense calculations in accordance with IAS 19 in respect of the Local Government Pension Scheme (the LGPS) administered by Leicestershire County Council. The figures are disclosed in Note 40 to the Core Financial Statements.

## EXPLANATORY foreword

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The note discloses a net pension liability of £25.187million for the Council as at 31st March 2013 compared to £20.520million at 1 April 2012. Under legislation the Council is required to charge to revenue each year the value of contributions payable to the LGPS administrator rather than the cost of service calculated by IAS 19. This is done by creating a Pensions Reserve that offsets the liability but is not usable other than to balance out the liability.

The significance of the movement during the year is the difference between the expected and actual return on pension scheme assets. The difference arises because events have not coincided with actuarial assumptions or that the actuarial assumptions have changed.

The accounting entries for IAS 19 have no effect on the General Fund and no impact on the Council Tax.

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### Capital Expenditure and Disposals

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Capital Expenditure on Non Current Assets was £5.160million on operational assets with a further £1.633million on Revenue Expenditure Funded from Capital Under Statute (REFCUS) and £0.323million on non operational assets.

The Council disposed of assets worth £2.835million in year. This included one single material disposal of £2.3million for an asset previous held as surplus. The asset was transferred back to the Council when its lease expired in 2011/12 and earmarked for sale in the same year. The Council received £1.265million of capital receipt for this asset in year. A further £1.035million will be received in 2013/2014 and therefore has been reflected as a "Deferred Capital Receipt" within the Balance Sheet.

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### Provisions, Contingencies and Write Offs

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The Balance Sheet contains provisions of £0.217million as at 31<sup>st</sup> March 2013. These relate to the capital cost of early retirement and the future costs of redundancies that are probable in the forthcoming year. In addition, a contingent liability of £0.269million has been acknowledged to reflect potential costs of a national legal review of land charges. In order to ensure completeness of these disclosures, a formal review of provisions and contingencies is conducted annually by both the Strategic Leadership Board and the Chief Operations Board.

Write offs are processed by the Council on key income streams in line with the Debt Recovery Policy and also Financial Procedure Rules. Total write offs for the 2012/13 year are summarised below. There were no single material write offs processed in year and all arose in the course of standard Council operations.

	<b>2012/13</b>
	<b>£'000</b>
General Fund Write Offs	4
Housing Revenue Account Write Offs (including rents)	24
Collection Fund Write Offs	448
<b>Total Write Offs</b>	<b>476</b>

## EXPLANATORY foreword

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### Resources Available to Support Future Capital Expenditure

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As at 31st March the Borough Council had the following reserves available to meet future capital expenditure:

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Unapplied Grants and Contributions	2,970	949
Usable Capital Receipts Reserve	1,606	1,050
Deferred Capital Receipts	1,037	4
Earmarked Revenue Reserve for Future Capital Projects	4,187	611
<b>Total available resources</b>	<b>9,800</b>	<b>2,614</b>

The Council's Capital Programme is reviewed annually and new estimates are approved at the same time as the revenue budget. The current Capital Programme and funding implications for 2013/2014 onwards are detailed below. It is evident from this detail that the agreed Capital Programme predominantly supported by capital receipts and internal reserves. The programme below excludes the proposed £4.5million purchase of a block within the Bus Station Development. The risks associated with achievement of these funds are acknowledged and corresponding actions are identified within the Medium Term Financial Strategy to mitigate against this risk.

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Expenditure</i>			
Leisure and Environment	2,275	5,611	217
Planning	153	44	66
Central Services	595	40	10
Housing (General Fund)	782	462	462
<b>Total Expenditure</b>	<b>3,805</b>	<b>6,157</b>	<b>755</b>
<i>Funding</i>			
Capital Receipts	1,327	500	0
Borrowing	463	231	723
Reserves	2,015	5,426	32
<b>Total Funding</b>	<b>3,805</b>	<b>6,157</b>	<b>755</b>

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### Housing Revenue Account

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The financial statements of the Housing Revenue Account appear from page 87. In 2012/13 the Housing Revenue Account has a surplus of £0.192million compared with a surplus of £0.009million in 2011/12. The Housing Repairs Account shows a deficit of £0.231million (following an additional contribution to fund capital) in 2012/13 compared with a surplus of £0.129million in 2011/12.

The total of both the Housing Revenue Account and Housing Repairs account balances at 31st March 2013 was £2.133million compared with £2.172million in 2011/12.

## EXPLANATORY *foreword*

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### Collection Fund

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From 1 April 1990 the Council has been required by the Local Government Finance Act 1988 to maintain a Collection Fund for transactions relating to the collection of Council Tax and Non-Domestic Rates. The details are set out on page 88. In 2012/13, the Collection Fund collected £82.807million from Council Tax, Council Tax Benefit and National Non Domestic Rates compared to £81.522million in 2011/12. £0.448million of this income was written off (£0.460million in 2011/12).

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### External Borrowing

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As at 31st March 2013 the Council had total external borrowing of £70.952million which consisted of long-term borrowing from the Public Works Loan Board (PWLB). The Council is currently able to raise finance using the following approved borrowing instruments and funding is acquired after comparing the various rates available to ascertain the cheapest source and the most appropriate period:

- PWLB Loans;
- Market Long-Term Loans;
- Market Temporary Loans;
- Bank Overdraft;
- Internal Funding; and
- Operational Leasing.

The Council manages its treasury management activities through the adoption of a Treasury Management Strategy and Prudential Indicators, both of which are monitored on a quarterly basis by the Finance, Audit and Performance Committee. The main elements of these documents are reflected in note 41.

Annual performance against the Treasury Management Policy and Prudential Indicators was reported to Finance, Audit and Performance Committee on 10th June 2013. In 2012/13 the Council complied with all the relevant statutory and regulatory requirements which require the identification and, where possible, quantification of the levels of risk associated with treasury management activities. In particular the Council's adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that capital expenditure is prudent, affordable and sustainable, and treasury practices demonstrate a low risk approach.

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### Direct Services Organisations

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The Council operates four Trading Accounts:

- Markets – the operation of the market in Hinckley town centre
- Industrial Estates – the provision of factory units for rental principally aimed at small businesses
- Grounds Maintenance DSO – an internal business unit that provides grounds maintenance services to all parts of the Council;
- Housing Repairs DSO – an internal business unit that provides housing repair services to the Borough Council.

The expenditure and income relating to the DSOs is shown in Note 28 to the Core Financial Statements.

The current economic climate is acknowledged to indirectly impact on the Council's financial standing as follows:

- Potential reduction of income streams and likely increases in bad debt and write offs as a result.
- Increase in the call on demand lead items such as benefits payments and homelessness services.
- Reduction in the level of income from Council investments.
- A fall in the economic value of assets and potential capital receipts for disposals.

The Council's Medium Term Financial Strategy sets out the financial planning framework for the Council and shows how national, regional, sub-regional and local issues such as those detailed above are taken into account in planning the resources available for service delivery. Financial planning is essential and enables the Council to set objectives and priorities, turn policy decisions into programmes of action, decide how to best allocate the resources available and review results so that learning feeds back into the decision-making process.

Recent changes announced by Central Government in local government financing mean that significant risks of funding of local services have been passed over by central government to local government through the changes to business rates retention, localisation of council tax support and a greater financial dependency on New Homes Bonus. This, together with the desire of the Council to minimise increases in Council Tax and fees and charges (e.g. car parking charges) to assist local residents and businesses means that the Council's budgets are going to come under considerable strain from 2014/15 onwards.

In order to plan for these risks, the Medium Term Financial Strategy contains ten strategic financial objectives which seek to mitigate the impact of financial pressures on the Council. Details of these objectives are provided below:

1. The Council should allocate resources to services in line with the Corporate Aims and Ambitions.
2. Ensure regular monitoring of actual spend against budget to assess outcomes and inform the Performance Management Framework.
3. The Council must search for new sources of funding to support its activities and maximise opportunities from emerging economic initiatives such as City Deals and Local Growth Funds.
4. To review the scale of fees and charges at least annually.
5. To optimise the financial return on assets and ensure capital receipts are obtained where appropriate opportunities arise.
6. Capital expenditure is properly appraised.
7. When funding the Capital Programme, all funding options are considered.
8. To review levels and purpose of Reserves and Balances.
9. To maintain sustainable Council Tax increases.
10. To increase efficiency savings and generate funding through shared services and collaborative working.



## EXPLANATORY *foreword*

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### Publication of Accounts

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These accounts were approved for publication on 27 June 2013 by S. Kohli, Deputy Chief Executive (Corporate Direction). Post Balance Sheet events have been considered up to this date and none have occurred that require reporting in the statements.

S. Kohli ACA. BSc(Hons)

Deputy Chief Executive (Corporate Direction)



## STATEMENT OF *accounting* POLICIES

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### General Principles

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The Statement of Accounts (the Statements) summarises the Council's transactions for the 2012/13 financial year and its position at the year-end of 31st March 2013. The Council is required to prepare an annual Statement of Accounts by (the Accounts and Audit (England) Regulations 2011) which require the Statements to be prepared in accordance with proper accounting practices. The practices primarily comprise of the Code of Practice on Local Council Accounting in the United Kingdom 2012/13 and the Service Reporting Code of Practice 2012/13 (SeRCOP), supported by International Financial Reporting Standards (IFRS). It also complies with guidance notes issued by CIPFA on the application of accounting standards to Local Council accounts.

The relevant accounting policies adopted have been reviewed to ensure that the Statement of Accounts can be relied upon to give a true and fair view of the Council's financial performance and position. They also ensure that all legislative requirements have been correctly applied and that finally, the accounts have been prepared on a going concern basis. That is, the Council will continue in operational existence for the foreseeable future.

The principle accounting policies outlined have been applied consistently throughout the 2012/13 financial year.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets. The Statement of Accounts have been prepared with reference to the following qualitative characteristics:

- Understandability.
- Relevance.
- Materiality.
- Reliability.
- Comparability.

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### Revenue Recognition

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Revenue represents the amount receivable in respect of services provided to customers. Revenue from services is recognised as the services are provided and is only recognised when payment is probable. Revenue excludes value added tax, similar sales taxes and discounts.

Revenue arising from provision of other services is recognised evenly over the periods in which the service is provided.

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### Value Added Tax (VAT)

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Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues and Customs and all VAT paid is recoverable from them.

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### Segmental Reporting - Amounts Reported for Resource Allocation Decisions

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Segmental reporting is included in the accounts (Note 34) based on the management reporting information supplied to the officers of the Strategic Leadership and Corporate Operations

## STATEMENT OF *accounting* POLICIES

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Boards (Senior management) and to the Finance, Audit and Performance Committee and Executive (elected members). This reflects the resource allocation within the Council and the decision making bodies/process.

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### Accruals of Income and Expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- 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.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Expenditure is accrued where goods or services have been received before 31<sup>st</sup> March but the invoice relating to the goods and services is paid after 31<sup>st</sup> March. Income is accrued where income is due but an invoice has not been raised or payment has not been received.
- Provision is made for bad debts by identifying a proportion of the Council's receivables that should have their carrying value adjusted to the probable recoverable amount to zero. Past experience and practice is used within material limits to judge the percentages of each type of debt that will eventually not be recovered.

Exceptions are made in respect to electricity and similar utility quarterly payments, which are charged at the date of the meter reading rather than being apportioned between financial years and for homelessness prevention bonds which are treated on a cash basis. This policy is consistently applied each year and, therefore, does not have a material effect on the year's accounts.

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### Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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Prior period adjustments may arise as a result of a change in accounting policy 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 policy 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 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.

STATEMENT OF *accounting* POLICIES

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Exceptional Items

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When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts to ensure they help the readers understand the Council’s financial performance.

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Interest Income and Expenses

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Interest income and expenses are accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable. Interest expenses on a qualifying asset are capitalised.

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Allocation of Overheads and Support Services

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The CIPFA Service Reporting Code of Practice 2012/13 requires that all support service costs and overheads, except for those in relation to Corporate and Democratic Core and Non Distributed Costs, are completely recharged or apportioned to the service users. The main support costs and the basis of allocation are shown below:

<b>Cost</b>	<b>Basis of Allocation</b>
Corporate Planning, Communication and Performance	Estimated staff time
Law and Administration	Estimated staff time and usage
Financial Support Services	Estimated time spent by staff
Human Resources	Number of Staff
IT Support	Weighted Number of PCs
Council Offices	Area occupied
Internal Audit	Audit plan

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Government Grants and Contributions

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Applications for grant support are made to Government departments and other organisations such as the European Union and the lottery boards whenever the opportunity becomes available.

Whether paid on account, by instalments or in arrears, Government grants and other contributions and donations are recognised as due when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The funding will be received.

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

## STATEMENT OF *accounting* POLICIES

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### Government Grants and Contributions (continued)

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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. General grants are credited to the Comprehensive Income and Expenditure Account and shown after Net Operating Expenditure.

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 Grant Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

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### Revenue Expenditure funded from Capital under Statute

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Previously known as deferred charges, revenue expenditure funded from capital under statute results from expenditure of a capital nature where no asset is created for the Council. They include improvement grants or advances to other individuals or organisations for the purpose that would have been capital if incurred by the Council.

This also includes exceptional revenue expenditure for which a capitalisation direction can be granted to allow this expenditure to be funded from capital. Capitalisation direction gives the Council the flexibility to treat specified revenue expenditure as capital expenditure, the Council has to meet strict criteria and should only be sought for costs which are due largely to factors beyond the control of the Council and are unavoidable. Such expenditure is recognised in the Comprehensive Income and Expenditure Statement

It is the Council's policy to write off such expenditure out of the accounts in the year it takes place.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account is taken through the Movement in Reserves Statement so there is no impact on the level of Council Tax.

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### Investment Properties

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An investment property is one that is used to earn rental income, for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property.

Investment properties are measured at fair value, with gains and losses recognised in Surplus or Deficit within the Comprehensive Income and Expenditure Statement rather than through the revaluation reserve. Investment properties held at fair value are not depreciated.

Fair value is to be interpreted as the amount that would be paid for the asset in its highest and best use, i.e. market value. The fair value of investment property held under a lease is the lease interest.

## STATEMENT OF *accounting* POLICIES

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### Charges to Revenue for Non-current Assets

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Service accounts, support services and trading accounts are debited with the following charges to record the real cost of holding Property Plant and Equipment and Intangible Assets during the year:

- Depreciation;
- Impairment losses attributable to the consumption of economic benefit; and
- Amortisation of intangible assets.

These charges are reversed from the Comprehensive Income and Expenditure Statement through the Movement in Reserves Statement to the Capital Adjustment Account so that they do not create a requirement to raise additional Council Tax. However, the Council is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation, impairment losses and amortisation are therefore replaced by revenue provision in the general fund balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

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### Property, Plant and Equipment

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All expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis in the accounts. Expenditure on property, plant and equipment is capitalised, provided that the asset yields benefits to the Council and the services it provides, for a period of more than one year. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. This excludes expenditure on routine repairs and maintenance, which is charged direct to service revenue accounts.

The Council has a general de-minimus limit of £5,000 for capital expenditure purposes. One single item which results in the capitalisation of expenditure above that limit is recognised as an asset in the Balance Sheet. Items below this limit are charged to revenue.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major component) of property, plant and equipment.

Where a component is replaced or restored (i.e. enhancements), the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected in the carrying amount, subject to the recognition principles as set out above being met.

#### Measurement

Assets are valued on the basis recommended by CIPFA and in accordance with the statements of Asset Valuation Principles and Guidance notes issued by the Royal Institution of Chartered Surveyors (RICS). Non current assets are then carried in the Balance Sheet using the following measurement basis:

- Council dwellings are valued at existing use value – social housing.
- Land, operational properties and other operational assets are included in the Balance Sheet at the lower of net current replacement cost or net realisable value in existing use.
- Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the Balance Sheet at the lower of net current replacement

## STATEMENT OF *accounting* POLICIES

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### Property, Plant and Equipment (continued)

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cost or net realisable value. In the case of investment properties, this is normally open market value.

- Infrastructure assets and community assets are included in the Balance Sheet at historical cost, net of depreciation.
- Vehicles, plant and equipment are valued at cost less accumulated depreciation
- Intangible assets are be written off over a five-year period.

Full revaluations of assets are carried out at five yearly intervals, although desktop valuations are obtained in the intervening years and adjustments made on the basis of the reports received. Any adjustments in respect of revaluations are debited (losses) or credited (gains) to the Revaluation Reserve as appropriate. Where a revaluation loss has occurred and the amount held in respect of the asset in the Revaluation Reserve arising from previous revaluation gains is less than the amount of the loss being recognised an amount equal to the amount held in the reserve is written off to the reserve. Any balance outstanding is written off to the Comprehensive Income and Expenditure Statement but reversed out to the Capital Adjustment Account and reflected in the Movement in Reserves Statement. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

All assets acquired under finance leases are capitalised in the Council's accounts, together with the liability to pay future rentals. Any other assets previously acquired under advance and deferred purchase schemes are recognised and included in the Balance Sheet at their fair value.

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### Depreciation and Impairment

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#### Depreciation

Depreciation is provided for all Property, Plant and Equipment except for freehold land and assets under construction. Depreciation is provided for on other assets with a determinable finite life by allocating the value of asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation is calculated over the expected life of each asset.

Depreciation is provided in accordance with the following policies:-

- operational buildings, vehicles, plant and equipment, and infrastructure assets are depreciated;
- no depreciation provision is made for land or investment properties;
- newly acquired assets and enhancements are depreciated from the following year, although assets in the course of construction are not depreciated until they are brought into use; and
- depreciation is calculated using the straight line method.

Sturgis Snow and Astill, Chartered Surveyors, undertook a desktop valuation as at 31st March 2013 following their last full valuation at 31st March 2009. In addition, the Estates and Asset



## STATEMENT OF *accounting* POLICIES

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### Depreciation and Impairment (continued)

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Manager was asked to identify any assets, either housing or non-housing, which were subject to impairment. Any impairments identified in the year are charged to cost of service.

As part of the revaluation exercise, the valuer provides estimated residual lives for all dwellings, using 80 years as the total life per dwelling but reflecting improvements over the years with a minimum residual life of 20 years. A spreadsheet was provided calculating depreciation on the non-land element of the dwelling value. The aggregate of these values is used for the dwellings' depreciation in the following financial year.

#### Impairment

Property, Plant and Equipment is subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable. Those events and change in circumstances are listed under Critical Accounting Estimate and Judgements.

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Comprehensive Income and Expenditure Statement but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account. This policy is applied correspondingly when an impairment is required to be reversed.

#### Disposal

When an asset is disposed of or decommissioned the value of the asset in the Balance Sheet and the receipt from disposal are written off to the Comprehensive Income and Expenditure Statement as part of the loss or gain on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Income from the disposal of Property, Plant and Equipment is accounted for on an accruals basis and the unapplied balance is included in the Balance Sheet as useable capital receipts.

For the purposes of the capital expenditure controls, the Council is now borrowing and will set aside capital receipts for debt repayment. Almost all capital receipts can therefore be used to finance borrowing. There are three exceptions:

- Social Housing Grant receipts for housing association development (where 100% of each receipt is required to be set aside).
- Receipts in relation to assets purchased using grants from Central Government and its agencies, where the receipt must first be used to repay grant in line with any funding agreement.
- Proportion of housing receipts required for Government pooling.

## STATEMENT OF *accounting* POLICIES

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### Depreciation and Impairment continued

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The Local Government Act 2003, Regulation 12: Receipts from disposal of housing land introduced pooling arrangements from disposal of housing land (which includes any land, house or other building). The pooling arrangements are:

- Dwellings sold under Right to Buy (RTB) - Based on the 2012 amendments to The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003/3146)
- Other HRA assets (e.g. Bare land, shops) - 50% of receipt pooled unless used for regeneration or social housing.

### Assets under Construction

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

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### Heritage Assets

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Heritage assets are defined as those tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities and are held for their contribution to knowledge and culture.

Heritage assets are recognised where they meet this criteria and are valued in excess of the de-minimus threshold of £5,000. Heritage assets are measured in the Balance Sheet at valuation which is based on replacement value or insurance value, where the former cannot be established. An impairment review will be carried out each year to assess any physical depletion of the assets. All heritage assets held by the Council are deemed to have indefinite lives and therefore are not depreciated. Any disposal of assets will be treated in the same manner as other Property, Plant and Equipment.

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### Borrowing Cost

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Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset are capitalised. Any borrowing costs are shown in note 38.

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### Cash and Cash Equivalents

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



STATEMENT OF *accounting* POLICIES

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Assets Held for Sale

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When the value of non-current assets is expected to be recovered principally through sale rather than through continuing usage, they are classified as non-current assets held for sale. In these cases, the assets are actively marketed at 31<sup>st</sup> March and their sale is probable in the following year. With the exception of assets arising from employee benefits and financial instruments, these assets are classified as current and are stated at the lower of their carrying amount and fair value less costs to sell.

Disposal groups are groups of assets and liabilities to be disposed of together as a group in a single transaction. They are recognised as held for sale at the reporting date and are separately disclosed as current assets and liabilities on the Balance Sheet.

Measurement differences arising between the carrying amount and fair value less cost of disposal are treated as impairment charges and separately disclosed.

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Leases

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Leases of property, plant and equipment in which the Council retains substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the underlying liabilities and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included in short term borrowing and long term borrowings.

The discount rate that shall be used is the rate implicit in the lease or, if it is not practicable to determine, the Council's incremental borrowing rate.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term. Assets recognised under a finance lease shall be depreciated in accordance with the depreciation policy for owned assets.

Leases comprising a lease of land and a lease of buildings within a single contract are split into the two component parts. The component part for buildings is then tested to determine whether the lease is finance or operating lease and treated accordingly.

Leases of land and all other leases including industrial and commercial units are classified as operating leases and are not recognised in the Balance Sheet.

Payments made under operating leases, net of lease incentives or premiums received, are charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the period of the lease.

Where the Council operates as a lessor in respect of lease arrangements, the arrangement is assessed in line with the accounting policies and the funds flow treated based on corresponding entries to the lessee.

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Provisions

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Provisions are liabilities of uncertain timing or amount. They are recognised when the Council has a present legal or constructive obligation as a result of past events, it is more likely than not

STATEMENT OF *accounting* POLICIES

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that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are presented in the Statement of Accounts at the present value of the estimated future outflows expected to be required to settle the obligation. Provision charges and reversals are charged to the appropriate service revenue account. Discount unwinding is recognised as a finance expense.

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Inventories

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The value of inventories held by the Council shown in the Statement of Accounts is calculated on the basis of the lower of cost or net realisable worth in accordance with IAS 2.

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Reserves

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The Council has established a number of reserves to allow specific future objectives to be financed. It also retains general balances to allow for contingencies and for cash flow management purposes.

Reserves are created by appropriating amounts in the Comprehensive Income and Expenditure Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year against the Net Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund so that there is no net charge against Council Tax for the expenditure.

By law, the Council may use its Useable Capital Receipts Reserve only to finance capital expenditure. The Revaluation Reserve cannot be used to finance either revenue or capital expenditure.

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Item 8 Housing Credit

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Statutory Item 8 interest is credited to the Housing Revenue Account representing interest earned on housing balances. The amounts are calculated in accordance with Government directions.

## STATEMENT OF *accounting* POLICIES

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### Contingent Assets and Liabilities

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A contingent liability is disclosed where a liability exists but a reliable estimate cannot be made. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. Contingent liabilities are disclosed in the notes to the financial statements but are not reflected on the Balance Sheet. A provision is recognised in the financial statements of the period in which the change in probability occurs

A contingent asset shall be disclosed in the note of the accounts where an inflow of economic benefits or service potential is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the debtor (or cash where consideration has been received) and the related revenue are recognised in the financial statements of the period in which the change occurs.

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### Related Party Transactions

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The Council discloses 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. These relationships, in year transactions and outstanding balances are disclosed within Note 32 to the Statement of Accounts.

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### Jointly Controlled Operations and Jointly Controlled Assets

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Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the asset being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf and the income that it earns from the venture.

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### Employee Benefits – Benefits Payable During Employment

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Short-term employee benefits (those that fall wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits such as car loans for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against the service in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and flexi-time earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Unusable Reserve – Accumulated Absence Adjustment Account in the Movement in Reserves Statement.

## STATEMENT OF *accounting* POLICIES

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### Employee Benefits – Termination Benefits

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These 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 and are charged on an accruals basis to the relevant service(s) within the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the 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 Fund Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year end.

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### Employee Benefits – Post-employment Benefits

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Employees of the Council are members of the Local Government Pension Scheme (LGPS) administered by Leicestershire County Council.

The policy of the Council in respect of pension and retirement costs is as follows: -

International Accounting Standard 19 (IAS 19) requires Council's to see beyond its commitment to pay contributions to the pension fund and to determine the full longer-term effect that the award of retirement benefits in any year has had on the Council's financial position. A net pension asset indicates that a Council has effectively overpaid contributions relative to the future benefits earned to date by its employees. A net liability shows an effective underpayment.

The assets held by the pension scheme have been valued by independent actuaries at fair value and are in accordance with the requirements of IAS 19.

Scheme assets include current assets, such as cash as well as the investment portfolio. Accrued expenses and other current liabilities are deducted from the net asset/liability.

Liabilities largely comprise benefits promised under the formal terms of the pension scheme.

The projected unit method as prescribed by IAS 19 examines all the benefits for pensioners and deferred pensioners and their dependants and the accrued benefits for current members of the scheme, making allowance for projected scheme member earnings.

A scheme asset is only disclosed where a surplus is recoverable through reduced contributions in the future or through refunds from the scheme. As refunds to employers are not permitted under the local government schemes, in nearly all cases surpluses arising from schemes will then be realised by the Council through a reduction in the employer's contribution rate at the next actuarial valuation.

Liabilities are limited to those that reflect the legal or constructive obligation of the Council. The local government schemes generally fix the contribution rate due from employees by law, so that any deficit arising is recoverable wholly from increases in employer's contributions. Any deficit cannot then be shared with employees and will need to be recognised in full by the Council.

## STATEMENT OF *accounting* POLICIES

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### Employee Benefits – Post-employment Benefits (continued)

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The current service cost is an estimate of the true economic cost of employing people in a financial year, earning years of service that will eventually entitle them to the receipt of a lump sum and pension when they retire. It measures the full liability estimated to have been generated in the year (at today's prices) and is thus unaffected by whether any fund established to meet liabilities is in surplus or deficit.

The current service cost is stated net of employees' contributions, reflecting the part of the total pensions liabilities that is not to be funded by the Council.

Interest cost is the amount needed to unwind the discount applied in calculating the current service cost. As members of the scheme are one year older and one year closer to receiving their pension, the provisions made at present value in previous years for their retirement costs need to be uplifted by a year's discount to keep pace with current values.

The amount is calculated using the Government Actuary's Department rate applying at 1 April of the year of account.

The expected return is a measure of the return (income from dividends, interest etc and gains on invested sums) on the investment assets held by the scheme for the year. It is not intended to reflect the actual realised return by the scheme, but a longer-term measure, based on the value of assets at the start of the year (taking into account movement in assets during the year) and an expected return factor.

The expected return is based on actuarial advice and details are provided in Note 40.

The actuarial gains and losses arise where actual events have not coincided with the actuarial assumptions made for the last valuation (known as experience gains and losses) or the actuarial assumptions have been changed. Scheme assets and liabilities are revalued using the outturn information or revised/new assumptions. Any movement is shown as "Other Comprehensive Income and Expenditure" in the Comprehensive Income and Expenditure Statement.

Past service costs are disclosed on a straight-line basis over the period in which the increases in benefits vest.

Losses arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the Council becomes demonstrably committed to the transaction and is disclosed in notes to the accounts covering that date. Gains arising from settlements/curtailments not allowed for in the actuarial assumptions are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction.

Settlements and curtailments are also non-periodic costs. They are events that change the pension's liabilities but are not normally covered by actuarial assumptions.

Settlements are irrevocable actions that relieve the employer of the primary responsibility for pension's obligations, eliminating significant risks relating to the obligations and the assets used in making the settlement (e.g. the transfer of scheme assets and liabilities relating to a group of employers moving to another scheme).

Curtailments are events that reduce the expected years of future service of present employees or reduce for a number of employees the accrual of defined benefits for some or all of their future service (e.g. closing a service unit of the Council).

## STATEMENT OF *accounting* POLICIES

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### Employee Benefits – Post-employment Benefits (continued)

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Where either of these events arises, a calculation will be required of the net pensions asset/liability before and after the event, in order to determine the net movement attributable to the changes in the individual elements arising from the settlement or curtailment.

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### Accounting for Precept and NNDR

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The Code requires that precepts and NNDR are accounted for on an agency basis. This means that only the proportion of outstanding or prepaid Council Tax and NNDR relating to this Council is accounted for in the main financial statements. Other amounts outstanding are reported in the financial statements of the “owning” body.

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### Financial Instruments

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#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet with the Council becomes a party to the contractual provision of the instrument. Financial liabilities are shown in the Statement of Accounts at Amortised Cost in accordance with IAS32, 39 and IFRS7. Where applicable (ie for loans) annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable based on the interest rate of the liability. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and the interest charged to the Comprehensive Income and Expenditure Account is the amount payable for the year according to the loan agreement.

#### Financial Assets

Financial assets are recognised in the Balance Sheet with the Council becomes a party to the contractual provision of the instrument. Financial assets are shown in the Statement of Accounts at Amortised Cost in accordance with IAS32, 39 and IFRS7. Where applicable (ie for investments) annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable based on the interest rate of the investment. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest); and the interest credited to the Comprehensive Income and Expenditure Account is the amount receivable for the year according to the loan agreement.

The Council has made a number of loans to organisations and individuals at less than the market rate (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective interest rate of interest. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## STATEMENT OF *accounting* POLICIES

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### Events after the Reporting Period

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Events after the Balance Sheet date are those events, both favourable and unfavourable, which provide evidence of conditions that existed at the end of the reporting but occur between the end of the reporting period and the date when the financial statements are authorised for issue.

An adjustment is made to the Statement of Accounts where events provide evidence of conditions that existed at the end of the reporting. Where events are only indicative of conditions, no adjustment is made but a disclosure is made where the impact is deemed to be material.



## STATEMENT OF *Responsibilities*

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### The Council's Responsibilities

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The Council is required to:

- a) make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Deputy Chief Executive (Corporate Direction); and
- b) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- c) approve the Statement of Accounts.

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### The Deputy Chief Executive (Corporate Direction)'s Responsibilities

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The Deputy Chief Executive (Corporate Direction) is responsible for the preparation of the Council'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 2012/13 (The Local Authority Code of Practice).

In preparing this Statement of Accounts, the Deputy Chief Executive (Corporate Direction) has:

- a) selected suitable accounting policies and then applied them consistently;
- b) made judgements and estimates that were reasonable and prudent; and
- c) complied with the Code of Practice on Local Authority Accounting.

The Deputy Chief Executive (Corporate Direction) has also:

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

I certify that The Statement of Accounts present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2013.

S. Kohli ACA. BSc(Hons)

Cllr S Bray

Deputy Chief Executive (Corporate Direction)

Leader of the Council



# CORE *financial* STATEMENTS

THE *Movement in Reserves Statement*

THE *Comprehensive Income and Expenditure Statement*

THE *Balance Sheet*

THE *Cash Flow Statement*



## CORE *Financial* STATEMENTS

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### The Movement in Reserves Statement

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This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the provision of services line shows the true economic cost of providing the Council's services and more details are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and Dwellings Rent setting purposes. The Net increase/decrease before transfers to earmarked reserves line shows the statutory General Fund Balance and Housing Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

### The Comprehensive Income and Expenditure Statement

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This statement is fundamental to the understanding of the Council's activities, in that it reports the cost of services of the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers. It brings together expenditure and income relating to all of the Council's functions, in three distinct sections, each divided by a sub-total.

The *first* section provides accounting information on the costs of the local Council's different services, net of specific grants and income from fees and charges, to give the cost of services. It also includes the cost of any acquired and discontinued operations.

The *second* section comprises items of income and expenditure relating to the Council as a whole. When added to the cost of services these give the Council's Surplus or Deficit on provision of services and it also included the cost of any acquired or discontinued operations.

The *third* section shows the total comprehensive income and expenditure. Not all gains and losses are reflected in the Surplus or Deficit on provision of services for example gains on revaluations of Non Current Assets are excluded as they arise out of asset changes rather than from the entity's operating performance the complete position and performance of the Council. Therefore it is necessary to consider all gains and losses recognised in a period when assessing the financial result for the period in this section. This is the total gains and losses of the Council to give a complete performance of the Council.

### The Balance Sheet

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The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council. Reserves are reported in two categories. The first is usable reserves and these are reserves which the Council can use to provide services. The second is unusable reserves the Council cannot use to provide services.

### The Cash Flow Statement

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The Cash Flow statement shows how the Council generates and uses cash and cash equivalents.

# CORE financial STATEMENTS

## Movement in Reserves Statement

	General Fund Balance	General Fund reserve	Housing Revenue Account	Earmarked Reserves	Capital receipts Reserve	Major Repairs Reserve	Unapplied grants and contributions	Total Usable Reserves	Unusable Reserve	Total Authority reserve
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance as at 1 April 2011</b>	<b>1,933</b>	<b>3,260</b>	<b>1,690</b>	<b>465</b>	<b>1,261</b>	<b>0</b>	<b>868</b>	<b>9,477</b>	<b>106,963</b>	<b>116,440</b>
<b>Movement in Reserves during 2011/12</b>										
Surplus or (deficit) on the provision of services	142	0	(68,300)	0	0	0	0	(68,158)	0	(68,158)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(3,262)	(3,262)
<b>Total Comprehensive Income and Expenditure</b>	<b>142</b>	<b>0</b>	<b>(68,300)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(68,158)</b>	<b>(3,262)</b>	<b>(71,420)</b>
Adjustments between accounting basis & funding basis under regulations (Note 6)	1,062	0	68,446	0	(211)	0	81	69,378	(69,378)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>1,204</b>	<b>0</b>	<b>146</b>	<b>0</b>	<b>(211)</b>	<b>0</b>	<b>81</b>	<b>1,220</b>	<b>(72,640)</b>	<b>(71,420)</b>
Transfers to/(from) Earmarked Reserves (Note 7)	(844)	768	(137)	139	0	0	0	(74)	74	0
Increase/(Decrease) in Year	360	768	9	139	(211)	0	81	1,146	(72,566)	(71,420)
<b>Balance at 31 March 2012 carried forward</b>	<b>2,293</b>	<b>4,028</b>	<b>1,699</b>	<b>604</b>	<b>1,050</b>	<b>0</b>	<b>949</b>	<b>10,623</b>	<b>34,397</b>	<b>45,020</b>
<b>Movement in Reserves during 2012/13</b>										
Surplus or (deficit) on the provision of services	1,273	0	3,553	0	0	0	0	4,826	0	4,826
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(3,263)	(3,263)
<b>Total Comprehensive Income and Expenditure</b>	<b>1,273</b>	<b>0</b>	<b>3,553</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,826</b>	<b>(3,263)</b>	<b>1,563</b>
Adjustments between accounting basis & funding basis under regulations (Note 6)	(413)	0	(716)	0	554	46	2,029	1,500	(1,477)	23
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>860</b>	<b>0</b>	<b>2,837</b>	<b>0</b>	<b>554</b>	<b>46</b>	<b>2,029</b>	<b>6,326</b>	<b>(4,740)</b>	<b>1,586</b>
Transfers to/(from) Earmarked Reserves (Note 7)	(1,386)	1,382	(2,646)	2,654	0	0	(28)	(24)	0	(24)
Increase/(Decrease) in Year	(526)	1,382	191	2,654	554	46	2,001	6,302	(4,740)	1,562
<b>Balance at 31 March 2013 carried forward</b>	<b>1,767</b>	<b>5,410</b>	<b>1,890</b>	<b>3,258</b>	<b>1,604</b>	<b>46</b>	<b>2,950</b>	<b>16,925</b>	<b>29,657</b>	<b>46,582</b>

## CORE Financial STATEMENTS

### Comprehensive Income and Expenditure Statement

2011/12			2012/13			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000	Note	£000	£000	£000
2,522	(1,046)	1,476		2,580	(966)	1,614
5,541	(1,437)	4,104		5,195	(1,506)	3,689
3,374	(1,906)	1,468		3,387	(2,356)	1,031
18,765	(18,094)	671		20,165	(21,223)	(1,058)
7,979	(6,845)	1,134		8,176	(6,587)	1,589
1,145	(88)	1,057		1,085	(134)	951
867	(1,220)	(353)		1,482	(1,065)	417
67,652	0	67,652		0	0	0
12,384	(11,545)	839		7,009	(12,371)	(5,362)
<b>120,229</b>	<b>(42,180)</b>	<b>78,048</b>		<b>49,079</b>	<b>(46,208)</b>	<b>2,871</b>
2,089	(228)	1,861	8	1,797	(247)	1,550
5,215	(4,859)	356	9	7,919	(5,220)	2,699
0	(12,107)	(12,107)	10	0	(11,946)	(11,946)
<b>127,533</b>	<b>(59,374)</b>	<b>68,158</b>		<b>58,795</b>	<b>(63,621)</b>	<b>(4,826)</b>
		(2,254)	24			(684)
		5,516	24			3,947
		<b>3,262</b>				<b>3,263</b>
		<b>71,420</b>				<b>(1,563)</b>

# CORE Financial STATEMENTS

## The Balance Sheet

Restated * 1st April 2011 £000	Restated * 31 March 2012 £000		Notes	31 March 2013 £000
129,246	131,209	Property, Plant and Equipment	11	130,785
121	121	Heritage Assets	13	121
9,456	9,064	Investment Property	12	8,951
604	702	Intangible Assets	14	550
293	232	Long Term Debtors	18	273
<b>139,720</b>	<b>141,328</b>	<b>Long Term Assets</b>		<b>140,680</b>
4,150	2,500	Short Term Investments	17	0
19	4	Inventories	15	6
5,336	3,855	Short Term Debtors	19	5,797
356	1	Cash and cash Equivalents	16	7,109
<b>9,861</b>	<b>6,360</b>	<b>Current Assets</b>		<b>12,912</b>
0	(233)	Cash and Cash Equivalents	16	(314)
(5,500)	(3,600)	Short term Borrowing	41	0
(5,019)	(4,218)	Short Term Creditors	20	(6,424)
(213)	(140)	Short Term Provisions	21	(188)
0	0	Revenue Grants Received in Advance	31	(1,208)
<b>(10,732)</b>	<b>(8,191)</b>	<b>Current Liabilities</b>		<b>(8,134)</b>
(1,139)	(807)	Long Term Creditors	20	(937)
(292)	(161)	Long Term Provisions	21	(29)
(4,300)	(70,952)	Long Term Borrowing	41	(70,952)
(16,667)	(22,547)	Other Long Term Liabilities	22	(26,950)
(11)	(11)	Capital Grants Received in Advance	31	(9)
<b>(22,409)</b>	<b>(94,478)</b>	<b>Long Term Liabilities</b>		<b>(98,877)</b>
<b>116,440</b>	<b>45,019</b>	<b>Net Assets</b>		<b>46,581</b>
9,477	10,623	Usable Reserves	23	16,925
106,963	34,396	Unusable Reserves	24	29,657
<b>116,440</b>	<b>45,019</b>	<b>Total Reserves</b>		<b>46,582</b>

## CORE Financial STATEMENTS

### *The Cash Flow Statement*

The Cash Flow Statement has been generated using CIPFA's indirect method.

2011/12 £'000		Note	2012/13 £'000
<b>(68,158)</b>	<b>Net surplus or (deficit) on the provision of services</b>		<b>4,826</b>
5,661	Adjustments to net surplus or deficit on the provision of services for non cash movements		4,542
66,727	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(2,829)
<b>4,230</b>	<b>Net Cash flows from Operating Activities</b>		<b>6,539</b>
(1,662)	Investing Activities	26	4,350
(3,155)	Financing Activities	27	(3,862)
<b>(587)</b>	<b>Net increase or decrease in cash and cash equivalents</b>		<b>7,027</b>
355	Cash and Cash Equivalents at the beginning of the reporting period		(232)
<b>(232)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	16	<b>6,795</b>

### 1. Accounting Standards Issued But Not Yet Adopted

The Council has not yet adopted the following accounting standards changes expected in future years (1 April 2013):

- IAS 19 *Employee Benefits* (June 2011 Amendments)
- IAS 1 *Presentation of Financial Statements–Other Comprehensive Income* (June 2011 Amendments)
- IFRS 7 *Financial Instruments Disclosures–Offsetting Financial Assets and Liabilities* (December 2011 Amendments)
- IAS 12 *Deferred Tax: Recovery of Underlying Assets* (December 2010 Amendments)
- IFRS 13 *Fair Value Measurements*

Changes in IAS19 are expected to have a financial impact on the Council's Statement of Accounts, in respect of the amounts charged to operating profit. This will reflect the changes in the discount rate used for these entries. The estimated impact for 2013/2014, along with the comparative figures for 2012/13 have been produced by the Local Government Pension Scheme Actuary as follows:

	31st March 2014 (Revised method)		31st March 2013 (Current method)	
	£'000	% of pay	£'000	% of pay
Projected current service cost	1,667	24.0	1,299	18.8
Interest on obligation	2,912	41.8	2,648	38.3
Expected return on Employer Assets	(1,774)	(25.5)	(1,879)	(27.2)
Past Service Costs	0	0	0	0
Losses/(Gains) on Curtailments and Settlements	0	0	123	1.8
<b>Total</b>	<b>2,805</b>	<b>40.3</b>	<b>2,191</b>	<b>31.7</b>

### 2. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out on pages 11 to 25, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Code gives strict criteria for assets held as Investment Properties. For the Council, those assets which are held for rental purposes are classified as investment properties. The Council's Atkin's building has been deemed as an operational asset on the basis that it is used to a material extent to carry out Council operations.
- The Council has reviewed the arrangements in place for operation of the Leicestershire Partnership – Revenues and Benefits. The Joint Committee has been classified as a 'Jointly Controlled Operation' on the basis that it is not a separate legal entity and has been accounted for in line with the Council's Accounting Policies for these arrangements.
- The Council has been awarded Regional Growth Funds (RGF) for the development of the MIRA Enterprise Zone and surrounding road networks. Elements of this funding are spent directly by the Council with other amounts, transferred to key partners to fund the project. The treatment of this funding has been reviewed in line with IAS18 and it has been judged that the Council is acting as a 'principal' in respect of directly incurred expenditure and an 'agent' for expenditure incurred by partners. Where the Council is acting as the 'principal',



## NOTES TO THE *Core Financial Statements*

expenditure has been shown in the relevant line within the Comprehensive Income and Expenditure account. Payments made as the 'agent' have been passed through the Balance Sheet. The nature of all balances relating to this scheme are outlined in page 4 of the Explanatory Forward.

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

The Statement of Accounting Policies describes the significant areas in which estimates and assumptions have been made relating to the reporting of results of operations and the financial position of the Council.

The items in the Council's Balance Sheet at 31<sup>st</sup> March 2013 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>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.</p> <p>Property Plant and Equipment are reviewed for both economic and price impairment on an annual basis. Any movement in market value of property will have any impact on the Council's valuation.</p>	<p>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 the property would increase by £0.141million for every year that the useful life is reduced.</p> <p>If an asset is impaired the carrying amount of the asset is reduced.</p>
Pensions Liability	<p>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. These judgements are made by actuaries appointed by Leicestershire County Council who administer the pension fund.</p>	<p>The effect on the net pension liability of changes in individual assumptions can be measured. For instance:</p> <ul style="list-style-type: none"> <li>• A decrease in the discount rate assumption would result in an increase in pension liability.</li> <li>• A one year increase in member life expectancy would result in an increase in pension liability.</li> <li>• An increase in the pension rate would result in an increase in pension liability.</li> <li>• A 1% increase in the pension liability would decrease the Council's net assets by £0.252million</li> </ul>
Arrears	At 31 <sup>st</sup> March 2013, the Council had a	If collection rates were to

## NOTES TO THE *Core Financial Statements*

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	balance of £3.150 million for sundry debtors. A review of balances suggested that an impairment of doubtful debts of £0.475million was appropriate. However in the current economic climate it is not certain that such an allowance would be sufficient.	deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £0.96million to be set aside as an allowance.
Provisions	The Council has made a provision of £0.217 million for the capital cost of early retirements and future redundancies. It is not certain that all payments will materialise or be paid at the estimated level.	An increase over the forthcoming year of 10% would have the effect of adding £0.022 million to the provision needed.
Accruals	Estimates of known future expenses or income where amounts are not yet certain are accrued in the year that they relate to.	The expense or the income could be either higher or lower than expected. An increase in creditor accruals of 25% would mean that an additional £0.609 million would be taken to service accounts.

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### 4. Material Items of Income and Expenses

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There are no material items, not otherwise disclosed in the Comprehensive Income and Expenditure Statement and other schedules that require disclosure here.

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### 5. Events After the Balance Sheet Date

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A post Balance Sheet event could be favourable or unfavourable. It is one that occurs between the Balance Sheet date (31st March 2013) and the date on which the financial statements are approved by the Council.

The Council's 2012/13 Statement of Accounts were authorised for publication on 27 June 2013 by S.Kohli, Deputy Chief Executive (Corporate Direction). Post Balance Sheet events were considered up to this date and none have occurred that require reporting.

6. Adjustments between Accounting Basis and Funding Basis under Regulation

**2012/13**

	General Fund Balance	Housing Revenue Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustment primarily involving the Capital Adjustment Account</b>						
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute</i>						
Charges for depreciation/amortisation of non current Assets	(1,382)	(2,942)	0	0	0	4,324
Revaluation (losses)/gains on Property Plant and Equipment	(324)	888	0	0	0	(564)
Movement in the market value of Investment Properties	(147)	0	0	0	0	147
Revenue expenditure funded from capital under statute	(291)	0	0	0	0	291
Capital Expenditure Financed from Unapplied Grants and Contributions	89	0	0	0	0	(89)
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	(1,400)	(535)	0	0	0	1,915
Capital expenditure Charged to Fund Balances	42	220	0	0	0	(262)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute</i>						
Statutory provision for the financing of capital investment	743	0	0	0	0	(743)
<b>Adjustments Primarily Involving the Capital Grants Unapplied Account</b>						
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	2,043	25	0	0	(2,083)	0
Application of earmarked reserves to capital financing transferred to the Capital Adjustment Account	557	130	0	0	0	(687)
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	40	(40)
<b>Adjustments primarily involving the Capital Receipts Reserve</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,400	784	(2,189)	0	0	2

## NOTES TO THE Core Financial Statements

	General Fund Balance	Housing Revenue Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(310)	0	310	0	0	0
Application of Capital Receipts to finance new Capital Expenditure	0	0	1,341	0	0	(1,341)
<b>Adjustment involving the Major Repairs Reserve</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	2,117	0	(2,117)	0	0
Use of the major Repairs Reserve to finance new capital expenditure	0	0	0	2,071	0	(2,071)
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,990)	(201)	0	0	0	2,191
Employer's Pension contributions and direct payments to pensioners payable in the year	1,256	215	0	0	0	(1,471)
Capital Cost of Early Retirement	115	16				(131)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(13)	0	0	0	0	13
<b>Adjustment involving the Accumulated Absences Adjustment Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	4	(1)	0	0	0	(3)
<b>Adjustment involving the Financial Instruments Adjustment Account</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	3	0	0	0	0	(3)
<b>TOTAL ADJUSTMENTS</b>	<b>413</b>	<b>716</b>	<b>(555)</b>	<b>(46)</b>	<b>(2,029)</b>	<b>1,502</b>

## NOTES TO THE Core Financial Statements

**2011/12**

	General Fund Balance	Housing Revenue Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustment primarily involving the Capital Adjustment Account</b>						
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute</i>						
Charges for depreciation/amortisation of non current Assets	(1,285)	(2,935)	0	0	0	4,220
Revaluation (losses)/gains on Property Plant and Equipment	168	(263)	0	0	0	95
Movement in the market value of Investment Properties	(285)	(15)	0	0	0	300
Revenue expenditure funded from capital under statute	(352)	0	0	0	0	352
Capital Expenditure Financed from Unapplied Grants and Contributions	465	114	0	0	0	(579)
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	(455)	(149)	0	0	0	604
Local Authority Housing Settlement payment to Government for HRA Self – Financing	0	(67,652)	0	0	0	67,652
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute</i>						
Statutory provision for the financing of capital investment	638	0	0	0	0	(638)
<b>Adjustments Primarily Involving the Capital Grants Unapplied Account</b>						
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	207	0	0	0	(207)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	126	(126)
<b>Adjustments primarily involving the Capital Receipts Reserve</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	124	351	(477)	0	0	2
	General Fund Balance	Housing Revenue Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000

## NOTES TO THE Core Financial Statements

Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(263)	0	263	0	0	0
Application of Capital Receipts to finance new Capital Expenditure	0	0	425	0	0	(425)
<b>Adjustment involving the Major Repairs Reserve</b>						
Reversal of Major Repairs Allowance credited to the HRA	0	2,071	0	(2,071)	0	0
Use of the major Repairs Reserve to finance new capital expenditure	0	0	0	2,071	0	(2,071)
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,328)	(183)	0	0	0	1,511
Employer's Pension contributions and direct payments to pensioners payable in the year	1,181	198	0	0	0	(1,379)
Capital Cost of Early Retirement	115	16	0	0	0	(131)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(4)	0	0	0	0	4
<b>Adjustment involving the Accumulated Absences Adjustment Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	4	1	0	0	0	(5)
<b>Adjustment involving the Financial Instruments Adjustment Account</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	8	0	0	0	0	(8)
<b>TOTAL ADJUSTMENTS</b>	<b>(1,062)</b>	<b>(68,446)</b>	<b>211</b>	<b>0</b>	<b>(81)</b>	<b>69,378</b>

### 7. Transfers To/From Earmarked Reserves

## NOTES TO THE Core Financial Statements

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2012/13.

	Balance at 31st March 2011	Transfers out 2011/2012	Transfers in 2011/12	Balance at 31st March 2012	Transfers out 2012/13	Transfers in 2012/13	Balance at 31st March 2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund:</b>							
Commutation and Feasibility	247	(10)	50	287	(120)	0	167
Benefits Reserve	172	0	100	272	0	208	480
Local Plan	391	(17)	68	442	(34)	73	481
Historic Buildings	14	0	0	14	0	0	14
Land Charges	51	0	0	51	(20)	233	264
Disaster Recovery	118	(118)	0	0	0	0	0
Pensions Contributions	109	(75)	15	49	0	0	49
Building Control	64	0	70	134	0	0	134
Waste Management Reserve	173	(12)	82	243	0	74	317
ICT Reserve	241	0	12	253	(41)	0	212
Project Management/Masterplan	333	0	0	333	0	0	333
Shared Services Reserve	74	0	0	74	0	0	74
Housing and Planning Delivery Grant	247	(75)	0	172	(43)	0	129
Flexible Working	15	0	0	15	0	0	15
IFRS Capacity Support	2	(2)	0	0	0	0	0
Freedom of Information Act Training	3	0	0	3	(3)	0	0
New Performance Improvement Set	10	0	0	10	(2)	0	8
Housing Energy Certificate Training	11	0	0	11	0	0	11
Finance Capacity Fund	20	0	2	22	0	0	22
Priority Improvement Fund	70	0	0	70	(70)	0	0
Workforce Strategy	3	0	0	3	0	10	13
Elections	85	(68)	45	62	0	25	87
Grounds Maintenance Machinery Replacement	50	0	25	75	(16)	25	84
Transformation	50	0	0	50	0	0	50
Relocation Reserve	182	0	135	317	(326)	346	337
Future Capital Projects	486	0	125	611	(611)	0	0
Modern.Gov Reserve	20	(18)	0	2	0	0	2
Greenfields Reserve	19	0	0	19	0	0	19
Special Expenses	0	(7)	55	48	(74)	177	151
Atkins	0	(9)	9	0	0	0	0
Carry Forwards	0	0	136	136	(136)	139	139
Hub Future Rental Management	0	0	250	250	0	0	250
Business Rates Pooling	0	0	0	0	0	110	110
Leisure Centre	0	0	0	0	0	1,353	1,353
Community Safety	0	0	0	0	0	3	3
Troubled Families	0	0	0	0	(30)	90	60
Hinckley Club for Young People	0	0	0	0	0	5	5
Development Control	0	0	0	0	0	40	40
<b>Total Earmarked Reserves</b>	<b>3,260</b>	<b>(409)</b>	<b>1,177</b>	<b>4,028</b>	<b>(1,526)</b>	<b>2,911</b>	<b>5,413</b>
Unapplied Grants and Contributions	862	(141)	221	942	(86)	2,069	2,925
<b>Total General Fund</b>	<b>4,122</b>	<b>(550)</b>	<b>1,398</b>	<b>4,970</b>	<b>(1,612)</b>	<b>4,980</b>	<b>8,338</b>
<b>Housing Revenue Account:</b>							
HRA Piper Balance	117	0	9	126	0	11	137
HRA Communal Furniture	4	0	0	4	0	0	4



## NOTES TO THE *Core Financial Statements*

HRA Housing Repairs Account	344	0	128	472	(230)	0	242
Regeneration Reserve	0	0	0	0	0	2,834	2,834
HRA Carry forward Reserve	0	0	0	0	0	34	34
<b>Total HRA Earmarked Reserves</b>	<b>465</b>	<b>0</b>	<b>137</b>	<b>602</b>	<b>(230)</b>	<b>2,879</b>	<b>3,251</b>
HRA Unapplied Grants and Contributions	6	0	0	6	0	25	31
<b>Total Housing Revenue Account</b>	<b>471</b>	<b>0</b>	<b>137</b>	<b>608</b>	<b>(230)</b>	<b>2,904</b>	<b>3,282</b>
<b>TOTAL</b>	<b>4,593</b>	<b>(550)</b>	<b>1,535</b>	<b>5,578</b>	<b>(1,842)</b>	<b>7,884</b>	<b>11,620</b>

### Earmarked reserves:

#### Commutation and Feasibility Reserve

The Borough Council has been applying the commutation adjustment to reduce its Minimum Revenue Provision (MRP), but prospective increases in the capital financing requirement and a reducing commutation adjustment means that there will be a progressive increase in future MRP.

Proposed capital projects often need feasibility studies before final commitment can be made to a project. This reserve will be used to cater for each of these requirements.

#### Benefits Reserve

This reserve is to allow for variances between estimates for benefit payments and the subsidy received. In view of the material budget only a small variation would have a significant effect on balances. It is therefore prudent to keep an earmarked reserve for such variations particularly in light of the changes in Council Tax Benefit from 2013/14.

#### Hub Future Rental Management Reserve

Developer incentives received have been transferred into this reserve to minimise the risk of future movement in rental indices which may impact the Council's expenditure on the new Hinckley Hub.

#### Special Expenses Reserve

This reserve has been established to fund additional parks and open spaces expenditure within the Hinckley area.

#### Local Plan Procedure Reserve

This reserve is to fund the costs of the Local Development Framework. The reserve will be used as elements of the framework are required.

#### Business Rates Pooling Reserve

From 2013/14, Business Rates Retention will mean that certain losses in rates will need to be funded by the Council. This reserve has been created to reflect the total amount of Business Rates this Council is required to "lose" before receipt of a safety net payment from the Leicestershire Pool.

#### Historic Buildings Reserve

This reserve is to allow owners of listed buildings the opportunity to borrow money to fund historic alterations and restorations. It will be used as and when applications for loans are submitted and contributions will be made as and when repayments are received.



### 7. Transfers To/From Earmarked Reserves (continued)

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#### **Relocation Reserve**

This reserve has been established from savings in 2010/11 to provide resources to support the Council's office move planned for 2013/14

#### **Modern.Gov Reserve**

This reserve was established to cover the cost of the acquisition and subsequent upgrades of the Modern.gov software system.

#### **Greenfields Reserve**

This reserve has been created to finance minor alterations to the Greenfields Industrial Units to make them more attractive to tenants.

#### **Community Safety Reserve**

Costs of funding intranet development work for informing officers of potentially violent customers.

#### **Leisure Centre Reserve**

Reserve created to fund capital costs of new Leisure Centre in order to minimise levels of borrowing required for the scheme.

#### **Carry Forwards Reserve**

Relates to those budget carry forwards authorised from the previous financial year.

#### **Troubled Families Reserve**

The Council has agreed to make a cash investment of £90,000 towards the Leicestershire Troubled Families programme. This reserve will be released over a 3 year period to fund this scheme.

#### **Building Control Reserve**

The Council strives to ensure that fee income from Building Control work is sufficient to cover the associated costs of the work over a rolling three-year period. This reserve will be used to smooth out variations in surpluses and deficits from year to year.

#### **Land Charges Reserve**

Reserve has been set aside to fund potential legal costs arising from land charge action against Local Authorities nationally.

#### **ICT Reserve**

This reserve was set up from the 2007/08 underspend on the ICT budget and will be used to further improve the ICT support service, in particular by upgrading the aging infrastructure and to fund the infrastructure moves to the Hinckley Hub.

#### **Waste Management Reserve**

The Waste Management Service is currently experiencing a number of pressures on its resources particularly in respect of the need to recycle more and conduct additional rounds. This reserve has been set up using under spends to provide resources to address the pressures ahead for this high priority service area.

#### **Project Management/Masterplan Reserve**

At the present time the Council has an ambitious Capital Programme and is looking to facilitate the regeneration of Hinckley Town Centre through the Town Centre Renaissance Masterplan. This reserve is intended to provide project management support and resources to support the implementation of this plan.

7. Transfers To/From Earmarked Reserves (continued)

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**Shared Services Reserve**

This reserve has been created to deal with any one off costs associated with increased collaboration and shared working by the Council across Leicestershire.

**Housing and Planning Delivery Grant Reserve**

This reserve has been set up to carry forward receipts of Housing and Planning Delivery Grant that will be spent in future years.

**Flexible Working Reserve**

This reserve has been set up to provide additional resources to promote the Council's flexible working programme.

**New Performance Improvement Set Reserve**

This reserve has been established to develop a base line for the new performance improvement set by Human Resources

**Housing Energy Certificate Training**

To provide resources for Housing Energy Certificate training in light of changes in legislation

**Finance Capacity Fund Reserve**

This reserve has been created to provide resources to cover short term capacity issues in the Finance service area.

**Workforce Strategy Reserve**

This reserve will fund resources to enable a corporate Workforce Strategy to be developed.

**Election Reserve**

Elections to the Borough Council are held every four years. It is considered to be inequitable to charge the full cost in the year of the election. An earmarked reserve has therefore been created to allow the cost of the election to be provided for each year.

**Grounds Maintenance Machinery Replacement Reserve**

This reserve has been established from the savings in rental charges following the initial purchase of new machinery to allow for its replacement at the end of its useful life.

**Pensions Reserve**

This reserve has been created to meet future potential increases in employers pension contributions resulting from triennial valuations of the Pensions Fund and requirements for "opt in" in 2017.

**Transformation Reserve**

This reserve has been created to provide resources to support the Transformation agenda within the Council.

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7. Transfers To/From Earmarked Reserves (continued)

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**Hinckley Club for Young People Reserve**

This reserve provides for reflects any additional support that may be required for Hinckley Club for Young People following issues with their building.

**Development Control Reserve**

Reserve set up in 2012/13 to reflect additional salary costs that may arise from large levels of planning applications.

**Unapplied Grants and Contributions Reserves**

This reserve is an accountancy requirement and contains balances of grants and contributions that have not been applied to finance expenditure as the grant conditions have not yet been satisfied.

**Piper Balance Reserve**

This reserve will provide funding for the replacement of the Piper alarm system at the control centres when the current system becomes unviable.

**Communal Furniture Reserve**

This reserve has been created to provide for the replacement of furniture in communal areas of sheltered housing schemes which currently do not meet safety standards.

**Housing Repairs Reserve**

The Housing Repairs Reserve represents the cost of providing the housing repairs service to the Borough. This is detailed further in the notes to the Housing Revenue Account.

**Regeneration Reserve**

This reserve has been created from the available funds within the Housing Revenue Account following the introduction of self financing. The reserve will be used to fund projects outlined in the HRA Business and Investment Plan.

**Reserves removed in year**

The Council reviews the earmarking of its reserves on an annual basis to ensure available funds meet the needs of the Council. The following reserves were re-earmarked as a result of this exercise in September 2012:

- Future Capital Projects Reserve
- IFRS Capacity Support Reserve
- Freedom of Information Training Reserve
- Priority Improvement Reserve
- Atkins Reserve

## NOTES TO THE *Core Financial Statements*

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### 8. Other Operating Expenditure

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	2012/13	2011/12
	£'000	£'000
(Gain)/ Losses on disposal of Non Current Assets	(247)	129
Amounts due to Precepting Authorities	1,505	1,469
Contribution to Housing pooled Capital Receipts	310	263
<b>Total</b>	<b>1,568</b>	<b>1,861</b>

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### 9. Financing and Investment Income and Expenditure

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	2012/13	2011/12
	£'000	£'000
Interest payable and similar charges *	2,333	300
Pension Interest Costs	2,648	2,720
Net Surplus of Undertakings (see note 28)	(544)	(409)
Interest and Investment Income	(38)	(75)
Expected return on pension assets (see note 40)	(1,879)	(2,460)
Revaluation of Investment Properties	179	280
<b>Total</b>	<b>2,699</b>	<b>356</b>

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\* - Interest payable in 2012/13 includes £2.066 million interest on the Council's HRA self financing loans

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### 10. Taxation and Non Specific Grant Income

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	2012/13	2011/12
	£'000	£'000
Demand on Collection Fund	(5,731)	(5,665)
Balance on Collection Fund	(21)	(15)
Revenue Support Grant	(102)	(1,410)
Contribution from Non -Domestic Rate pool	(5,270)	(4,562)
New Homes Bonus	(711)	(350)
Council Tax Freeze Grant	(106)	(105)
New Burdens Grant	(5)	0
<b>Total</b>	<b>(11,946)</b>	<b>(12,107)</b>

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## NOTES TO THE Core Financial Statements

### 11. Property, Plant and Equipment

#### 2012/13

	Council Dwellings	Other Land and Buildings	Vehicles Plant and Equipment	Infra-Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
At 1 April 2012	105,431	13,116	9,067	2,011	3,880	2,300	12	135,817
Additions	2,728	1,747	371	0	314	0	286	5,446
Revaluation								
Increases/(decreases) recognised in the Revaluation Reserve	0	692	0	0	0	0	0	692
Revaluation								
Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	884	(714)	0	0	0	0	0	170
Derecognition -Disposals	(535)	0	0	0	0	(2,300)	0	(2,835)
Other Movements in the cost of valuation	(2,932)	(363)	0	0	0	0	(11)	(3,306)
<b>At 31st March 2013</b>	<b>105,576</b>	<b>14,478</b>	<b>9,438</b>	<b>2,011</b>	<b>4,194</b>	<b>0</b>	<b>287</b>	<b>135,984</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2012	0	0	(3,994)	(614)	0	0	0	(4,608)
Depreciation Charge	(2,932)	(645)	(535)	(56)	0	0	0	(4,168)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	(0)
Other Movements in Depreciation and Impairment	2,932	645	0	0	0	0	0	3,577
<b>At 31st March 2013</b>	<b>0</b>	<b>0</b>	<b>(4,529)</b>	<b>(670)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,199)</b>
<b>Net Book Value</b>								
At 31st March 2013	105,576	14,478	4,909	1,341	4,194	0	287	130,785
At 31 <sup>st</sup> March 2012	105,431	13,116	5,073	1,397	3,880	2,300	12	131,209

An asset previously leased on peppercorn rent, was handed back to the Council in 2011/12 after a new facility was built. The asset had been earmarked for sale in 2011/12 and the sale completed in 2012/13.

## NOTES TO THE Core Financial Statements

### 11. Property, Plant and Equipment (continued)

#### **2011/2012**

	Council Dwellings	Other Land and Buildings	Vehicles Plant and Equipment	Infra-Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
At 1 April 2011	106,279	13,864	7,461	2,011	3,703	0	0	133,318
Additions	2,485	77	1,606	0	177	0	12	4,357
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	0	(69)	0	0	0	2,300	0	2,231
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(261)	112	0	0	0	0	0	(149)
Derecognition -Disposals	(149)	(355)	0	0	0	0	0	(504)
Other Movements in the cost of valuation	(2,923)	(513)	0	0	0	0	0	(3,436)
<b>At 31st March 2012</b>	<b>105,431</b>	<b>13,116</b>	<b>9,067</b>	<b>2,011</b>	<b>3,880</b>	<b>2,300</b>	<b>12</b>	<b>135,817</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2011	0	0	(3,513)	(559)	0	0	0	(4,072)
Depreciation Charge	(2,924)	(589)	(481)	(55)	0	0	0	(4,049)
Depreciation written out to the Revaluation Reserve	0	22	0	0	0	0	0	22
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	54	0	0	0	0	0	54
Other Movements in Depreciation and Impairment	2,924	513	0	0	0	0	0	3,437
<b>At 31st March 2012</b>	<b>0</b>	<b>0</b>	<b>(3,994)</b>	<b>(614)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,608)</b>
<b>Net Book value</b>								
<b>At 31st March 2012</b>	<b>105,431</b>	<b>13,116</b>	<b>5,073</b>	<b>1,397</b>	<b>3,880</b>	<b>2,300</b>	<b>12</b>	<b>131,209</b>

### 11. Property, Plant and Equipment (continued)

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#### **Depreciation**

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

<b>Asset Classification</b>	<b>Basis of Depreciation</b>
Council Dwellings	Residual lives based on total life of 80 years but with a minimum residual life of 20 years to reflect enhancements as the Borough Council is at Decent Homes Standard.
Land	Not depreciated.
Operational Buildings	Residual lives provided by the valuer in report of 31st March 2012. Depreciation is based upon the updated residual lives of revalued properties.
Vehicles, Plant and Equipment	Based on expected lives of the asset.
Infrastructure	Depreciated over a 40 year life.
Community Assets	Not depreciated as these are land assets.
Non-Operational Investment Assets	Not depreciated.
Intangible Assets	Amortised over useful life (e.g. software over 5 years).
Heritage Assets	Not depreciated as have indefinite life.
Surplus Assets	Not depreciated

#### **Capital Commitments**

At 31st March 2013, the Council had capital commitments of £0.134million (£0.119million 2011/12) relating to works on Burbage Common. In all other cases, contracts had not been let by 31<sup>st</sup> March 2013.

#### **Revaluations**

The freehold and leasehold properties, which comprise the Council's property portfolio, have now been revalued by Mr D.W. Flatley FRICS of Sturgis, Snow and Astill LLP, 98 New Walk, Leicester. The valuations were carried out in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors and the government specifications relating to the Housing Revenue Account.

A full valuation of Council Properties was undertaken by Sturgis Snow and Astill LLP as at 31<sup>st</sup> March 2009. The valuation of Council dwellings used beacon values to determine the total valuation. These valuations have been updated by a desktop valuation at 31st March 2013. The Council commissions full revaluations on a 5 year cycle.

Plant, furniture and equipment in the Council Offices is included in the valuation of those offices.

Properties regarded as operational were valued on the basis of open market value for the existing use. Where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost basis was used.

#### **Effects of changes in Estimates**

## NOTES TO THE Core Financial Statements

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In 2012/13 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

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### 12. Investment Properties

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The following items of income and expense, relating to Investment Properties, have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2012/13 £'000	2011/12 £'000
Income from investment property including capital grant credited to the Comprehensive Income and Expenditure Statement but appropriated to Reserves	(660)	(626)
Direct operating expenses arising from investment property	322	481
<b>Net (Gain)/Loss</b>	<b>(338)</b>	<b>(145)</b>

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

	2012/13 £'000	2011/12 £'000
Balance at the start of the year	9,064	9,455
Additions:		
Construction	34	0
Subsequent Expenditure	0	8
Disposals	0	(100)
Net Gains/(Losses) from fair value adjustments	(147)	(299)
<b>Balance at the end of the year</b>	<b>8,951</b>	<b>9,064</b>

### 13. Heritage Assets

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Heritage assets are those that are held and maintained principally for their contribution to knowledge and culture. They have historical, artistic, technological, geophysical or environmental qualities. All assets are deemed to have indefinite useful economic lives.

	2012/13 £'000	2011/12 £'000
Balance at start of year	121	121
Additions	0	0
Disposals	0	0
Revaluations	0	0
Impairment losses/(reversals) recognised in Revaluation Reserve	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0
Other Movements	0	0
<b>Closing Balance</b>	<b>121</b>	<b>121</b>



**14. Intangible Assets**

The Council accounts for its software as Intangible Assets, to the extent that the software is not integral part of a particular IT system and accounted for as part of a hardware item.

The Intangible Assets included on the Balance Sheet relate to both purchased licences and internally generated software. All Intangible Assets are given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council is 5 years.

The carrying amount of Intangible Assets is amortised on a straight-line basis. The amortisation of £0.155million charged to revenue in 2012/13 was charged to IT Administration cost centre and then absorbed as an overhead across all the service headings in the net expenditure of respective services.

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

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Balance at start of year:		
Gross carrying amounts	3,403	3,135
Accumulated amortisation	(2,701)	(2,531)
<b>Net carrying amount at start of year</b>	<b>702</b>	<b>604</b>
Additions	3	268
Amortisation for the period	(155)	(170)
<b>Net carrying amount at the end of the year</b>	<b>550</b>	<b>702</b>
Comprising:		
Gross Carrying amounts	3,406	3,403
Accumulated amortisation	(2,856)	(2,701)
<b>Closing Balance</b>	<b>550</b>	<b>702</b>

**15. Inventories**

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Inventories	6	4

Inventories are valued on a First In First Out (FIFO) basis and relate to consumables.

**16. Cash and Cash Equivalents**

The balance of Cash and Cash Equivalents (split across current assets and current liabilities) is made of the following elements:

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Cash held by the Council	1	1
Bank Current Accounts	(314)	(233)
Short-term deposits with Building Society/Banks	4,988	0
Regional Growth Funding – short-term deposit *	2,120	0
<b>Total Cash and Cash Equivalents held on Balance Sheet</b>	<b>6,795</b>	<b>(232)</b>

## NOTES TO THE *Core Financial Statements*

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\* This balance relates to cash balances held in the bank at year end relating to Regional Growth Funding. The nature of all balances relating to this scheme are outlined in page 4 of the Explanatory Forward.

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### 17. Investments

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The Council's investments are detailed below:

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Short Term Investments < 1 Year	0*	2,500
Long Term Investments > 1 Year	0	0
<b>Total Investments</b>	<b>0</b>	<b>2,500</b>

\*Due to a change in the nature of investments short term investments in 2012/13 have been classed cash or cash equivalents

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### 18. Long Term Receivables

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The value of Long Term Receivables as at 31 March is:

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
North West Leicestershire DC	149	161
Hinckley Museum	8	8
Car Loans to Employees	39	43
Sale of Council Houses	2	3
Atkins Café	14	17
NNDR	61	0
<b>Total Long Term Receivables</b>	<b>273</b>	<b>232</b>

### 19. Short Term Receivables

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The value of Short Term Receivables as at 31 March is:

	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Car Loans to Employees	30	34	32
Central Government Bodies	910	921	643
Other Local Authorities	98	38	297
Housing rent	299	229	181
Sundry debtors	3,092	1,422	1,304
Council Tax, Community Charge and NNDR	1,752	1,429	3,100
Prepayments	485	453	343
Provision for Doubtful Debts	(869)	(671)	(564)
<b>Total Short Term Receivables</b>	<b>5,797</b>	<b>3,855</b>	<b>5,336</b>

20. Short and Long Term Payables

	2012/13 £'000	2011/12 £'000	2010/11 £'000
<i>Short Term Payables</i>			
Inland Revenue	212	211	0
Other Local Authorities	267	262	146
Housing Rents	67	74	59
Department for Energy and Climate Change *	375	0	0
Regional Growth Fund *	912	0	0
Sundry Creditors	3,010	2,544	3,167
Central Government Bodies	103	282	604
Council Tax, Community charge and NNDR	1,478	845	1,043
<b>Total Short Term Payables</b>	<b>6,424</b>	<b>4,218</b>	<b>5,019</b>
<i>Long Term Payables</i>			
Sundry Payables	876	807	1,139
NNDR	61	0	0
<b>Total Payables</b>	<b>7,361</b>	<b>5,024</b>	<b>6,158</b>

\* These balances relate to elements of funding received in year which will be transferred to other bodies in 2013/14. The nature of all balances relating to these schemes are outlined on page 4 of the Explanatory Forward

Included within the balance of Sundry Creditors are amounts that the Council holds in respect of Section 106 contributions from developers that they are required to make for infrastructure provision and improvement as a result of developments they have received planning consent for. If the Council does not make the necessary provision or improvement within a set period of time specified in the Consent and associated agreement then the contribution is returned to the developer. An analysis of the amount held is set out below.

	2012/13			2011/12		
	Repayable in less than 1 year £'000	Repayable in more than 1 year £'000	Total £'000	Repayable in less than 1 year £'000	Repayable in more than 1 year £'000	Total £'000
Section 106	223	702	925	241	655	896
Play and Open Spaces	231	173	404	248	152	400
<b>Total</b>	<b>454</b>	<b>875</b>	<b>1,329</b>	<b>489</b>	<b>807</b>	<b>1,296</b>

21. Provisions

	<b>Capital Cost of Early Retirement £'000</b>	<b>Redundancy Cost Provision £'000</b>	<b>Total Provision £'000</b>
Balance at 1 April 2012	293	8	301
Additional provisions arising in the year	0	56	56
Amounts used during the year	(132)	(8)	(140)
<b>At 31 March 2013</b>	<b>161</b>	<b>56</b>	<b>217</b>

Provisions are split on the Balance Sheet as follows:

	<b>2012/13 £'000</b>
Short Term Provisions	188
Long Term provisions	29
<b>Total Provisions</b>	<b>217</b>

The Council creates provisions in order to recognise expenditure where a liability has arisen in one financial year but will not be discharged until a future year.

The Council currently operates two provisions, details of which are set out below:

- Capital Cost of Early Retirement – when an employee leaves the employment of the Council before their normal retirement date and receives immediate payment of their pension benefits there is an actuarial strain on the Pension Fund. Where the retirement is due to reasons other than ill health retirement the Council is required to make a payment to the Pension Fund to cover the value of the strain. Whilst the liability needs to be recognised immediately, Pension Scheme Regulations allow employers to make equal annual payments over a period of up to 5 years and the timing of outflows from this provision will be made in line with the agreed period. This provision represents the unexpended amount of the liability.
- Redundancy Cost – International Financial Reporting Standards require that the cost of redundancy terminations are recognised in the accounts when it becomes certain that they will occur and when they can be quantified. Where terminations are approved in one financial year but will not occur until the next an estimate of the costs is recognised in the year of account the redundancy is approved and shown as a provision in the accounts. The provision will be utilised when the redundancy occurs and payments made to the employee.

### 22. Other Long term Liabilities

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The amount of other long term liabilities shown in the Balance Sheet is made up as follows:

	<b>31 March 2013 £'000</b>	<b>31 March 2012 £'000</b>
Pensions Liability (see note 40)	25,187	20,520
Finance lease liabilities	1,763	2,027
<b>Total Long Term Liabilities</b>	<b>26,950</b>	<b>22,547</b>

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### 23. Usable Reserves

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Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and in Notes 6 and 7.

### 24. Unusable Reserves

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The Council has a number of reserves which are used for accounting purposes and cannot be used for the provision of services. The balance of these reserves are:

	<b>31 March 2013 £'000</b>	<b>31 March 2012 £'000</b>
Revaluation Reserve	(1,308)	(3,039)
Capital Adjustment Account	(52,867)	(52,366)
Financial Instrument Adjustment Account	25	28
Deferred Capital Receipts Reserve	(1,037)	(4)
Collection Fund Adjustment Account	7	(6)
Pension Fund Reserve	25,348	20,812
Accumulated Absences Adjustment Account	175	178
<b>Total Unusable Reserves</b>	<b>(29,657)</b>	<b>(34,397)</b>

(NB – figures in brackets represent credit balances)

#### **Revaluation Reserve**

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

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

The reserve contains only revaluation gains accumulated since 1<sup>st</sup> April 2007, the date the Reserve was created.

24. Unusable Reserves (continued)

<b>2011/12</b>		<b>2012/13</b>
<b>£'000</b>		<b>£'000</b>
<b>(800)</b>	Balance at 1 April	<b>(3,039)</b>
(2,637)	Upward revaluation of assets	(752)
383	Downward revaluation of assets and impairment losses not charged to the Surplus/deficit on the provision of services	58
(2,254)	Surplus or Deficit on revaluation of non-current assets not posted to the surplus or Deficit on the Provision of Services	(3,733)
15	Accumulated gains on assets sold or scrapped	2,425
15	Amount written off to the Capital Adjustment Account	2,425
<b>(3,039)</b>	Balance at 31 March	<b>(1,308)</b>

**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. The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

Note 6 provide details of the source of all transactions posted to the account, apart from those involving the Revaluation Reserve.

24. Unusable Reserves (continued)

2011/12 £'000		2012/13 £'000	£'000
(121,661)	Balance at 1 April		(52,366)
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure statement:</i>		
67,652	Local Authority settlement payment for self-financing	0	
4,220	Charges for depreciation and impairment of non current Assets	4,064	
95	Revaluation losses/gains on Property, Plant and Equipment	(304)	
352	Revenue expenditure funded from Capital under statute	291	
604	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	535	
72,923			4,586
(15)	Adjusting amounts written out of the revaluation reserve		0
(48,753)			(47,780)
	<i>Capital financing applied in the year:</i>		
(425)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1,341)	
(2,071)	Use of the Major Repairs Reserve to finance new capital expenditure	(2,071)	
(579)	Capital grants and contributions credited to the Comprehensive and Income and Expenditure statement that have been applied to capital financing	(89)	
(126)	Application of grants to capital financing from the Capital Grants Unapplied Account	(40)	
(712)	Statutory provisions for financing of capital investment charged against the General Fund and HRA balances	(1,431)	
0	Capital expenditure charged against the General Fund and HRA balances	(262)	
(3,913)		(5,234)	
300	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		147
<b>(52,366)</b>	<b>Balance at 31 March</b>		<b>(52,867)</b>

24. Unusable Reserves (continued)

**Financial Instrument Adjustment Account**

This account absorbs timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and bearing losses or benefiting from gains per statutory provisions.

2011/12 £'000		2012/13 £'000
36	<b>Balance at 1 April</b>	28
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
(5)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance	1
(5)		1
(3)	Amount by which finance costs charged to Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance to statutory requirements	(4)
<u>28</u>	<b>Balance at 31 March</b>	<u>25</u>

**Deferred Capital Receipts Reserve**

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

2011/12 £'000		2012/13 £'000
(6)	<b>Balance at 1 April</b>	(4)
2	Transfer of deferred sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,033)
<u>(4)</u>	<b>Balance at 31 March</b>	<u>(1,037)</u>

**Collection Fund Adjustment Account**

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

2011/12 £'000		2012/13 £'000
(10)	<b>Balance at 1 April</b>	(6)
4	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 to Statutory requirements	13
<u>(6)</u>	<b>Balance at 31 March</b>	<u>7</u>



24. Unusable Reserves (continued)

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**Pension Fund Reserve**

This reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. The arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

<b>2011/12</b>		<b>2012/13</b>
<b>£'000</b>		<b>£'000</b>
<b>15,295</b>	<b>Balance at 1 April</b>	<b>20,812</b>
5,516	Actuarial gains and losses on pensions assets and liabilities	3,947
1,511	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	2,191
(1,379)	Employers pension contributions and direct payments to pensioners payable in the year	(1,471)
(131)	Capital cost of early retirement	(131)
<b>20,812</b>	<b>Balance at 31 March</b>	<b>25,348</b>

**Accumulated Absences Adjustment Account**

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

<b>2011/12</b>		<b>2012/13</b>
<b>£'000</b>		<b>£'000</b>
<b>183</b>	<b>Balance at 1 April</b>	<b>178</b>
(183)	Settlement or cancellation of accrual made at the end of the preceding year	(178)
178	Amounts accrued at the end of the current year	175
<b>178</b>	<b>Balance at 31 March</b>	<b>175</b>

25. Cash Flow Statement – Operating Activities

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The cash flow for operating activities includes the following items:

<b>2011/12</b>		<b>2012/13</b>
<b>£'000</b>		<b>£'000</b>
(85)	Interest Received	(38)
220	Interest Paid	2,333

**26. Cash Flow Statement – Investing Activities**

The cash flow for investing activities includes the following items:

<b>2011/12</b>		<b>2012/13</b>
<b>£'000</b>		<b>£'000</b>
115,374	Purchase of short-term and long-term investments	137,593
5,214	Purchase of property, plant and equipment, investment property and intangible assets	5,094
(477)	Proceeds from sale of property, plant and equipment, investment property and intangible assets	(2,188)
(117,456)	Proceeds from short-term and long-term investments	(144,701)
(993)	Other proceeds not in above	(148)
<u>1,662</u>	<b>Net cash flows from investing activities</b>	<u>(4,350)</u>

**27. Cash Flow Statement – Financing Activities**

<b>2011/12</b>		<b>2012/13</b>
<b>£'000</b>		<b>£'000</b>
(83,152)	Cash Receipts from short and long term borrowing	(7,000)
255	Cash payments for the reduction of outstanding liabilities relating to Finance Leases	273
18,400	Repayment of short and long term borrowing	10,600
67,652	Other Payments not in above	(11)
<u>3,155</u>	<b>Net cash flows from financing activities</b>	<u>3,862</u>

**28. Trading Operations**

The Council operated the following trading services in 2012/13 for which outturn income and expenditure was as shown in the table below:

- Markets – the operation of a market in Hinckley Town Centre.
- Industrial Estates – the provision of factory units for rental principally aimed at small businesses.
- Grounds Maintenance DSO – an internal business unit that provides grounds maintenance services to all parts of the Council.
- Housing Repairs DSO – an internal business unit that provides housing repair services to the Borough Council.

## NOTES TO THE *Core Financial Statements*

### 28. Trading Operations (continued)

	2012/13 Income	2012/13 Expenditure	2012/13 (Surplus)/ Deficit	2011/12 (Surplus)/ Deficit
	£'000	£'000	£'000	£'000
Markets	(160)	212	52	40
Industrial Estates	(660)	356	(304)	(145)
Grounds Maintenance DSO	(958)	834	(124)	(25)
Housing Repairs DSO	(1,524)	1,535	11	1
<b>Net Surplus on ordinary activities</b>	<b>(3,302)</b>	<b>2,937</b>	<b>(365)</b>	<b>(129)</b>
<b>Net impact of extra-ordinary items on (surplus)/deficit</b>			<b>0</b>	<b>0</b>
<b>Market Value Impairment</b>			<b>(179)</b>	<b>(280)</b>
<b>Net (surplus)/deficit reported in Financing and Investment Income and Expenditure (Note 9)</b>			<b>(544)</b>	<b>(409)</b>

### 29. Members' Allowances

The total members' allowances paid in 2012/13 was £166,017 (2011/12 - £162,050) and £7,749 was paid for members expenses (2011/12 – £9,122).

### 30. External Audit Costs

In 2012/13 Hinckley and Bosworth Borough Council incurred the following fees relating to external audit and inspection:

	2012/13 £'000	2011/12 £'000
Fees payable to the PricewaterhouseCoopers LLP with regards to external audit services carried out by the appointed auditor	65	108
Fees payable to the PricewaterhouseCoopers LLP for the certification of grant claims and returns	46	61
Rebate received from The Audit Commission	0	(9)
<b>Total fees payable</b>	<b>111</b>	<b>160</b>

The Council, as the accountable body for the Leicestershire Revenues and Benefits Partnership has mobilised PricewaterhouseCoopersLLP to perform "Agreed Upon Procedures" on the accounting records for the Partnership. Fees for this work for 2012/13 were £2,300 and have been paid by the Partnership.

31. Grant Income

	2012/13 £'000	2011/12 £'000
<b>Credited to Taxation and Non Specific Grant Income:</b>		
Revenue Support Grant	102	1,410
New Homes Bonus	711	350
Council Tax Freeze Grant	106	105
<b>Total</b>	<b>919</b>	<b>1,865</b>
<b>Credited to Services:</b>		
Disabled Facilities Grants	245	364
Waste and Recycling	1,010	943
Regional Growth Funding	365	0
Homelessness	120	54
Housing Benefit Administration	541	590
Benefit Reimbursements	24,349	23,052
Regional Improvement Efficiency Partnership (RIEP)	9	372
Decent Homes	11	52
Locality Partnership (Sure Start)	401	444
Community Safety	71	59
Sports Grants	189	172
Play and Open Space	227	88
Developer Contributions	1	585
Elections	140	36
NNDR Cost of Collection	123	125
Supporting People and other HRA grants	439	561
Green Deal and Fuel Poverty Funding	2,708	0
Other	38	47
<b>Total</b>	<b>30,987</b>	<b>27,544</b>

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

	2012/13 £'000	2011/12 £'000
<b>Capital Grants Received in Advance</b>		
East Midlands Development Agency (EMDA)	9	11
<b>Revenue Grants Received in Advance</b>		
Regional Growth Funding	1,208	0
<b>Total Grants Received in Advance</b>	<b>1,219</b>	<b>11</b>

### 32. Related Party Transactions

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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 act independently or might have secured the ability to limit another party's ability to bargain with the Council.

Central Government has effective control over the general operations of the Council - it is responsible for providing statutory framework within the Council operates provides the majority of its funding via grants and prescribes the terms of many of the transactions the Council has with other parties (e.g. Housing Benefits).

The details of Government Grants received are detailed in note 31. Employer's contributions paid to the Pension Fund are shown in note 40.

Members of the Council and Chief Officers have direct control over the Council's financial and operating policies. Three (2011/2012 – Three) following related party declarations have been made in 2012/13:

- One elected member is the Treasurer for Community Action, Hinckley and Bosworth which received £20,463 of funding from the Council in 2012/13 (2011/12 - £15,926).
- One senior officer holds board membership for the Hinckley and Bosworth Tourist Partnership. This organisation was paid £400 by the Council in 2012/13. (2011/12 - £0)
- One member has declared that two members of his family provide buffets for Council occasions. The Council has paid this organisation £1,212 in 2012/13 for these services. (2011/12 - £744)

**33. 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 and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Capital Financing Requirement</b>	<b>85,251</b>	<b>16,551</b>
<b>Capital Investment</b>		
Property Plant and Equipment	5,446	4,357
Investment Properties	34	8
Intangible Assets	3	268
Revenue Expenditure funded from Capital under Statute	1,633	741
Housing Revenue Account – Self Financing	0	67,652
<b>Total Expenditure in year</b>	<b>7,116</b>	<b>73,026</b>
<b>Internal Financing of Capital Expenditure</b>		
Application of Usable Capital Receipts	(1,341)	(426)
Application Capital Grants/ Contributions/ Reserves	(1,471)	(967)
Capital Financed from Revenue	(2,250)	(2,933)
<b>Total Internal Financing</b>	<b>(5,062)</b>	<b>(4,326)</b>
<b>Closing Capital Financing Requirement</b>	<b>87,305</b>	<b>85,251</b>
<b>Explanation of Movements in year:</b>		
Increase in underlying need for borrowing		
- Supported by Government Financial Assistance	0	107
- Unsupported by Government Financial Assistance	2,054	68,593
<b>Increase in Capital Financing Requirement</b>	<b>2,054</b>	<b>68,700</b>

**34. Amounts Reported for Resource Allocation Decisions**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Strategic Leadership Board (SLB) on the basis of the budget reports analysed across the services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year; and
- support service recharges are excluded for internal reporting for services.

**Income and Expenditure Analysis 2012/13**

	Leisure and Environment	Planning	DSO	Central Services to public	Support Services	Housing General Fund	Housing Revenue	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	(2,465)	(3,132)	(415)	(6,721)	(1,065)	(21,148)	(11,891)	<b>(46,837)</b>
Other Government Grants	(7)	(45)	0	0	0	(75)	(2,880)	<b>(3,007)</b>
<b>Total Income</b>	<b>(2,472)</b>	<b>(3,177)</b>	<b>(415)</b>	<b>(6,721)</b>	<b>(1,065)</b>	<b>(21,223)</b>	<b>(14,771)</b>	<b>(49,844)</b>
Employee expenses	3,007	1,455	1,472	365	2,794	381	1,422	<b>10,896</b>
Other service expenses	3,503	1,496	(1,253)	7,891	2,381	19,485	9,802	<b>43,305</b>
<b>Total Expenditure</b>	<b>6,510</b>	<b>2,951</b>	<b>219</b>	<b>8,256</b>	<b>5,175</b>	<b>19,866</b>	<b>11,224</b>	<b>54,201</b>
<b>Net Expenditure</b>	<b>4,038</b>	<b>(226)</b>	<b>(196)</b>	<b>1,535</b>	<b>4,110</b>	<b>(1,357)</b>	<b>(3,547)</b>	<b>4,357</b>

**Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement**

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2011/12 £'000		2012/13 £'000
12,219	Net Expenditure in the Directorate analysis	4,357
(4)	Net expenditure of services and support services not included in the analysis	(1,808)
65,833	Amounts in the Comprehensive Income and Expenditure Statement not reported to the management analysis	322
<b>78,048</b>	<b>Cost of services in Comprehensive Income and Expenditure Statement</b>	<b>2,871</b>

34. Amounts Reported for Resource Allocation Decisions (continued)

**2012/13 Reconciliation to Subjective Analysis**

	Directorate Analysis	Net expenditure of services and support services not included in the analysis	Comprehensive Income and Expenditure Statement not reported to the Management	Additional Segments not included in analysis but included in income and expenditure statement	Cost of services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	(46,837)	0	0	3,303	(43,534)	(3,303)	(46,837)
Interest and Investment income	0	11	0	0	11	(38)	(27)
Expected Return on Pension Assets	0	0	0	0	0	(1,879)	(1,879)
Government Grants and Contributions	(3,007)	0	0	0	(3,007)	0	(3,007)
Income From Council Tax	0	0	0	0	0	(11,946)	(11,946)
<b>Total Income</b>	<b>(49,844)</b>	<b>11</b>	<b>0</b>	<b>3,303</b>	<b>(46,530)</b>	<b>(17,166)</b>	<b>(63,696)</b>
Employee expenses	10,896	0	0	(1,546)	9,350	2,939	12,289
Other service expenses	43,305	0	0	(1,221)	42,084	0	42,084
Support services recharges	0	0	(43)	(171)	(214)	0	(214)
Interest Payments	0	(2,066)	0	0	(2,066)	2,332	266
Pension Interest Costs	0	0	0	0	0	2,648	2,648
Precepts and Levies	0	0	0	0	0	1,505	1,505
Payments to Housing Capital Receipts Pool	0	0	0	0	0	292	292
Gain or Loss on Disposal of Non Current Assets	0	247	0	0	247	(247)	0
<b>Total Expenditure</b>	<b>54,201</b>	<b>(1,819)</b>	<b>(43)</b>	<b>(2,938)</b>	<b>49,401</b>	<b>9,469</b>	<b>58,870</b>
<b>Surplus or Deficit on the provision of services</b>	<b>4,357</b>	<b>(1,808)</b>	<b>(43)</b>	<b>365</b>	<b>2,871</b>	<b>(7,697)</b>	<b>(4,826)</b>



## NOTES TO THE *Core Financial Statements*

### 34. Amounts Reported for Resource Allocation Decisions (continued)

#### **Income and Expenditure Analysis 2011/12**

	Leisure and Environment £'000	Planning £'000	DSO £'000	Central Services to public £'000	Support Services £'000	Housing General Fund £'000	Housing Revenue £'000	Total £'000
Fees, charges and other service income	(2,239)	(2,675)	(1,521)	(6,567)	(1,198)	(18,039)	(10,929)	(43,168)
Other Government Grants	(3)	0	0	0	0	(30)	(486)	(519)
<b>Total Income</b>	<b>(2,242)</b>	<b>(2,675)</b>	<b>(1,521)</b>	<b>(6,567)</b>	<b>(1,198)</b>	<b>(18,069)</b>	<b>(11,415)</b>	<b>(43,687)</b>
Employee expenses	2,956	1,427	860	373	2,790	374	1,344	10,124
Other service expenses	4,099	1,344	558	7,701	2,052	18,132	11,896	45,782
<b>Total Expenditure</b>	<b>7,055</b>	<b>2,771</b>	<b>1,418</b>	<b>8,074</b>	<b>4,842</b>	<b>18,506</b>	<b>13,240</b>	<b>55,906</b>
<b>Net Expenditure</b>	<b>4,813</b>	<b>96</b>	<b>(103)</b>	<b>1,507</b>	<b>3,644</b>	<b>437</b>	<b>1,825</b>	<b>12,219</b>

34. Amounts Reported for Resource Allocation Decisions (continued)

**2011/12 Reconciliation to Subjective Analysis**

	Directorate Analysis	Net expenditure of services and support services not included in the analysis	Comprehensive Income and Expenditure Statement not reported to the Management	Additional Segments not included in analysis but included in income and expenditure statement	Allocation of Recharges	Cost of services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	(43,168)	0	(802)	2,324	(41,646)	(2,324)	(43,970)	(43,168)
Interest and Investment income	0	0	0	0	0	(75)	(75)	0
Expected Return on Pension Assets	0	0	0	0	0	(2,460)	(2,460)	0
Government Grants and Contributions	(519)	0	0	0	(519)	0	(519)	(519)
Income From Council Tax	0	0	0	0	0	(12,107)	(12,107)	0
<b>Total Income</b>	<b>(43,687)</b>	<b>0</b>	<b>(802)</b>	<b>2,324</b>	<b>(42,165)</b>	<b>(16,966)</b>	<b>(59,131)</b>	<b>(43,687)</b>
Employee expenses	10,124	(4)	(86)	(941)	9,093	941	10,034	10,124
Other service expenses	45,782	0	66,400	(1,066)	111,116	1,253	112,369	45,782
Support services recharges	0	0	0	(188)	(188)	0	(188)	0
Depreciation, amortisation and impairment	0	0	(10)	0	(10)	300	290	0
Interest Payments	0	0	0	0	0	2,720	2,720	0
Pension Interest Costs	0	0	0	0	0	1,469	1,469	0
Precepts and Levies	0	0	0	0	0	263	263	0
Payments to Housing Capital Receipts Pool	0	0	202	0	202	130	332	0
Gain or Loss on Disposal of Non Current Assets	55,906	(4)	66,506	(2,195)	120,213	7,076	127,289	55,906
<b>Total Expenditure</b>	<b>12,219</b>	<b>(4)</b>	<b>65,704</b>	<b>129</b>	<b>78,048</b>	<b>(9,890)</b>	<b>68,158</b>	<b>12,219</b>
<b>Surplus or Deficit on the provision of services</b>	<b>(43,168)</b>	<b>0</b>	<b>(802)</b>	<b>2,324</b>	<b>(41,646)</b>	<b>(2,324)</b>	<b>(43,970)</b>	<b>(43,168)</b>

**35. Officers' Remuneration**

The number of employees, not including senior staff disclosed separately below, whose remuneration, in the year, including employer's pension contributions, was £50,000 or more in bands of £5,000 were:

Remuneration Band	2012/13	2011/12
	Number of employees	Number of employees
£50,000 - £54,999	1	1

The following table sets out in detail the remuneration for Senior Officers whose salary is £50,000 or more per year:

Post holder information (Post title)	Year	Salary (Including fees and allowances)	Bonuses	Expense Allowances	Compensation for loss of Office	Benefits in Kind (e.g. Car Allowance)	Total Remuneration Excluding pension contributions	Pension Contribution	Total Remuneration Including pension contributions
		£	£	£	£	£	£	£	£
Chief Executive (Steve Atkinson)	2011/12	136,712	0	0	0	0	136,712	22,557	159,269
	2012/13	136,712	0	0	0	0	136,712	23,925	160,637
Deputy Chief Executive Community Direction	2011/12	95,231	0	0	0	0	95,231	15,713	110,944
	2012/13	95,231	0	0	0	0	95,231	16,665	111,896
Deputy Chief Executive Corporate Direction	2011/12	110,231	0	0	0	0	110,231	18,188	128,419
	2012/13	105,231	0	0	0	0	105,231	18,415	123,646
Head of Business Development and Street Scene Services	2011/12	65,100	0	0	0	0	65,100	10,742	75,842
	2012/13	79,773	0	0	17,000	0	96,773	10,371	107,144
Head of Corporate and Scrutiny Services	2011/12	62,700	0	0	0	0	62,700	10,345	73,045
	2012/13	65,100	0	0	0	0	65,100	11,392	76,492
Head of Community Services Housing	2011/12	60,300	0	0	0	0	60,300	9,950	70,250
	2012/13	62,700	0	0	0	0	62,700	10,972	73,672
Chief Officer Environmental Health	2011/12	58,690	0	0	0	0	58,690	9,554	68,244
	2012/13	60,602	0	0	0	0	60,602	10,552	71,154
Chief Officer- Finance, ICT, Asset Management, Audit and Procurement	2011/12	50,617	0	0	0	549	51,166	8,352	59,518
	2012/13	60,300	0	0	0	549	60,849	10,552	71,401

**35. Officers Remuneration (continued)**

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13 £	2011/12 £
£0 - £20,000	0	0	5	2	5	2	53,487	26,914
£20,001 – £40,000	0	0	2	2	2	2	60,334	62,963
£40,001-£60,000	0	0	2	1	2	1	96,387	70,448
£60,001-£80,000	0	0	0	0	0	0	0	0
£80,001-£100,000	0	0	0	0	0	0	0	0
£100,001-£150,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>5</b>	<b>9</b>	<b>5</b>	<b>210,208</b>	<b>160,325</b>

The total cost of exit packages includes £88,751 for 2012/13 (£78,000 of costs for 2011/12), which relate to the pension contributions in respect of added years for those officers that were granted early retirement. These costs have been met by Leicestershire County Council Pension Fund and therefore have not been directly incurred by the Council in year. The Council's pension fund liability has been adjusted to reflect these notional costs.

## NOTES TO THE Core Financial Statements

### 36. Leases

#### Council as Lessee

##### Finance Leases

The Council has acquired vehicles and office premises under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	<b>31 March 2013 £'000</b>	<b>31 March 2012 £'000</b>
Other Land and Buildings	60	135
Vehicles, Plant, Furniture and Equipment	1,791	1,914
<b>Total Value</b>	<b>1,851</b>	<b>2,049</b>

The Council is committed to making payments under these leases comprising settlement of 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:

	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
<b>Finance lease liabilities(net present value of minimum lease payments):</b>		
Current	404	338
Non Current	1,359	1,659
Finance Costs payable in future years	259	364
<b>Minimum Lease Payments</b>	<b>2,022</b>	<b>2,361</b>

	<b>Minimum Lease Payments</b>		<b>Finance Lease Liabilities</b>	
	<b>31 March 2013 £'000</b>	<b>31 March 2012 £'000</b>	<b>31 March 2013 £'000</b>	<b>31 March 2012 £'000</b>
Within One year	493	447	404	353
Between one and five years	1,467	1,503	1,297	1,275
After five years	62	411	62	399
<b>Total</b>	<b>2,022</b>	<b>2,361</b>	<b>1,763</b>	<b>2,027</b>

#### Operating Leases (As Lessee)

The Council had previously acquired 10 photocopiers by entering into operating leases. On the 1 April 2010 the council entered into a new three year lease and in 2012/13 paid an annual rental charge of £5,352.

	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
Not later than one year	5	4
Later than one year and not later than five years	0	0
<b>Total Payments</b>	<b>5</b>	<b>4</b>

## NOTES TO THE *Core Financial Statements*

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### 36. Leases (continued)

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#### **Operating Leases (As Lessor)**

The Council acts as a for lessor industrial and commercial units, rented under operating leases. The total rental income from the operating leases was £940,647 (£833,000 2011/12).

Industrial and commercial rents:

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	826	817
Later than one year and not later than five years	3,354	3,338
	<b>4,180</b>	<b>4,155</b>

### 37. Impairment Review

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During 2012/13, the Council has undergone an impairment review through the following means:

- An external review of the market value of assets by the Council's external valuer; and
- Review of assets for obsolescence by the Council's Estates and Asset Manager

As a result of the above, the Council has recognised a net impairment loss of £1.131million in the Comprehensive Income and Expenditure Statement split as follows:

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Property Plant and Equipment	716	(166)
Investment Property	415	300
<b>Total Impairment Loss</b>	<b>1,131</b>	<b>134</b>

### 38. Capitalisation of Borrowing Costs

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No borrowing costs have been capitalised in the year. (£nil in 2011/12)

### 39. Termination Benefits

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The Council offered the option of Voluntary Redundancy to a number of employees in 2012/13 incurring costs, which resulted in redundancy payments of £65,328 (£82,390 in 2011/12) and capital costs of early of early retirement of £63,511 (£77,936 in 2011/12). All capital costs associated with early retirement have been funded by Leicestershire County Council Pension Fund. See Note 35 for the number of exit packages and the cost per band.

Four further Voluntary Redundancies have been approved for employees to leave in 2013/14 and a provision for £ 56,130 for the redundancy costs (£7,795 in 2011/12) has been made in the 2012/13 Accounts for this cost (see Note 21).

### **40. Pensions and Retirement Benefits**

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Local Authorities are required to recognise the full requirements of International Accounting Standard 19 (IAS 19).

The objectives of IAS 19 are to ensure that:-

- a) Financial statements reflect at fair value assets and liabilities arising from an employer's retirement benefit obligations and any related funding;
- b) The operating costs of providing retirement benefits to employees are recognised in the accounting period(s) in which the benefits are earned by the employees, and the related finance costs and any other changes in value of the assets and liabilities are recognised in the accounting periods in which they arise; and
- c) The financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

The accounting entries required under have no impact on the Council Tax liability.

#### Participation in Pension Schemes

The Council participates in the Local Government Pension Scheme for all employees, 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 pension's liabilities with investment assets. The Council pays contributions to the Leicestershire County Council Pension Fund, which provides its members with defined benefits related to pay and service. The contribution rate is determined by the County Fund's Actuary based on triennial actuarial valuation. A full valuation was carried out on 31 March 2010. A roll forward valuation is performed by the actuary in the years between full valuations.

#### Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the statement of movement in the General Fund balance.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and Statement of Movement in Reserves during the year:

#### Payments to the Pension Fund

It is budgeted that the Council will pay Leicestershire County Council £1.399million in employer's pension contributions in the year 2013/14.

## NOTES TO THE Core Financial Statements

### 40. Pensions and Retirement Benefits (continued)

#### Income and Expenditure Account

	2012/13 £'000	2011/12 £'000
Net Cost of Service:		
Current Service Cost	1,299	1,194
Past Service Costs	0	0
Losses/(Gains) on Curtailments and Settlements	123	57
Net Operating Expenditure:		
Interest Cost	2,648	2,720
Expected return on Scheme Assets	(1,879)	(2,460)
<b>Net Charge to the Income and Expenditure Account</b>	<b>2,191</b>	<b>1,511</b>
 Movement in Reserves Statement		
Reversal of Net Charges made for Retirement Benefits in accordance with IAS 19	(2,191)	(1,511)
<b>Actual Amount charged against the General Fund Balance for pensions in the year</b>		
Employers' Contributions Payable to Scheme	1,385	1,293

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial losses of £3.947million (2011/12 losses of £5.516million) were included in the Comprehensive Income and Expenditure Statement. The cumulative amount of actuarial losses recognised in the Comprehensive Income and Expenditure Statement to 31 March 2013 is £23.862million (£19.915million to 31 March 2012).

#### Assets and Liabilities in Relation to Retirement Benefits

##### Reconciliation of present value of the Scheme Liabilities

	2012/13 £'000	2011/12 £'000
Balance at 1 April	(55,299)	(49,562)
Current Service Costs	(1,299)	(1,194)
Interest Cost	(2,648)	(2,720)
Contributions by Members	(457)	(455)
Actuarial Gains and Losses	(7,015)	(3,235)
Losses/(Gains) Curtailments	(123)	(57)
Past Service Costs/ (Gains)	0	0
Estimated Unfunded Benefits Paid	86	86
Estimated Benefits Paid	2,042	1,838
<b>Net Liability Balance at 31 March</b>	<b>(64,713)</b>	<b>(55,299)</b>

##### Reconciliation of Fair Value of Employer Assets

	2012/13 £'000	2011/12 £'000
Balance at 1 <sup>st</sup> April	34,779	34,690
Expected Return on Assets	1,879	2,460
Contributions by Members	457	455
Employers Contributions	1,385	1,293
Contributions in respect of Unfunded Benefits	86	86
Actuarial Gains and Losses	3,068	(2,281)
Unfunded Benefits Paid	(86)	(86)
Benefits Paid	(2,042)	(1,838)
<b>Net Asset Balance at 31 March</b>	<b>39,526</b>	<b>34,779</b>



**40. Pensions and Retirement Benefits (continued)**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on Scheme assets in the year was £4,956m (£188m 2011/12).

Scheme History

	<b>31 March 2013 £'000</b>	<b>31 March 2012 £'000</b>	<b>31 March 2011 £'000</b>	<b>31 March 2010 £'000</b>	<b>31 March 2009 £'000</b>	<b>31 March 2008 £'000</b>
Present Value of Scheme Liabilities	(64,713)	(55,299)	(49,562)	(63,734)	(39,336)	(40,137)
Fair Value of Scheme Assets	39,526	34,779	34,690	37,342	26,932	35,417
<b>Net (Liability)/ Asset</b>	<b>(25,187)</b>	<b>(20,520)</b>	<b>(14,872)</b>	<b>(26,392)</b>	<b>(12,404)</b>	<b>(4,720)</b>

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The County Council fund liabilities have been assessed by the actuaries Hymans Robertson.

The principal assumptions used by the actuary have been:

	<b>2012/13</b>	<b>2011/12</b>
<b>Long Term Expected Rate of Return on Assets in the Scheme:</b>		
Equity Investments	4.5%	6.2%
Bonds	4.5%	3.9%
Property	4.5%	4.4%
Cash	4.5%	3.5%
<b>Mortality Assumptions:</b>		
	<b>Men</b>	<b>Women</b>
Longevity at 65 for Current Pensioners	20.9	23.3
Longevity at 65 for Future Pensioners	23.3	25.6
<b>Assumptions as at :</b>		
	<b>31 March 2013 Per Annum</b>	<b>31 March 2012 Per Annum</b>
Price Increases	2.8%	2.5%
Rate of Increase in Salaries	5.1%	4.8%
Rate for Discounting Scheme Liabilities	4.5%	4.8%

## NOTES TO THE *Core Financial Statements*

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### 40. Pensions and Retirement Benefits (continued)

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#### Constitution of the Fair Value of Scheme Assets

The Local Government Pension Scheme's assets consist of the following categories, by proportion the total assets held:

	31 March 2013	31 March 2012
Equity Investments	65%	65%
Bonds	26%	16%
Property	9%	11%
Cash	0%	8%

#### History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserve

	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08
Experience adjustments arising on scheme assets as a % of assets	7.8%	(6.6%)	(8.7%)	22.10%	(42.3%)	(8.7%)
Experience adjustments arising on scheme liabilities as a % of liabilities	(0.10%)	1.4%	(3.4%)	0.10%	(0.2%)	7.5%

### 41. Financial Instruments

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#### Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments

	Long-Term		Current	
	31 March 2013 £'000	31 March 2012 £'000	31 March 2013 £'000	31 March 2012 £'000
Financial liabilities *	71,889	71,759	4,760	6,761
Finance lease liabilities	1,359	1,690	404	337
Loans and receivables (Financial Assets)*	212	232	4,012	4,783
Soft loans provided (included in financial liabilities above)**	61	68	30	41

\* - Under accounting requirements the carrying value of the financial instrument value is shown in the Balance Sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

41. Financial Instruments (continued)

\*\* - The Council has made loans to voluntary organisations and to staff under the Assisted Car Purchase Scheme at less than market rates (soft loans). In addition loans have been made to the Hinckley Museum and Atkins Cafe to cover repairs to the property and equipment. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

**Financial instruments Gains/Losses**

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

2012/13

	<b>Liabilities measured at amortised cost £'000</b>	<b>Loans and Receivables £'000</b>	<b>Total £'000</b>
Interest expense	2,333	0	2,333
Interest Income	0	(38)	(38)
<b>Net (gain)/loss for the year</b>	<b>2,333</b>	<b>(38)</b>	<b>2,295</b>

2011/12

	<b>Liabilities measured at amortised cost £'000</b>	<b>Loans and Receivables £'000</b>	<b>Total £'000</b>
Interest expense	300	0	300
Interest income	0	(75)	(75)
<b>Net (gain)/loss for the year</b>	<b>300</b>	<b>(75)</b>	<b>225</b>

41. Financial Instruments (continued)

**Fair value of Assets and Liabilities carried at Amortised Cost**

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). 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, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2013		31 March 2012	
	Carrying amount £'000	Fair value £'000	Carrying amount	Fair value
PWLB debt	70,952	78,120	71,952	75,580
Long term payables	875	875	807	807
<b>Total Liabilities</b>	<b>71,827</b>	<b>78,995</b>	<b>72,759</b>	<b>76,387</b>

The fair value of PWLB debt is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date.

	31 March 2013		31 March 2012	
	Carrying amount £'000	Fair value £'000	Carrying amount	Fair value
Money market loans	0	0	2,500	2,500
Long term Receivables	212	232	215	215
<b>Total Assets</b>	<b>212</b>	<b>232</b>	<b>2,715</b>	<b>2,715</b>

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each Balance Sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

### 41. Financial Instruments (continued)

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#### **Disclosure of nature and extent of risk arising from Financial Instruments**

##### Key risks

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

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council.
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments.
- **Re-financing risk and maturity 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 procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. 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 Strategy and treasury management clauses within its financial regulations/standing orders/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 to the maturity structure of its debt; and
  - its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting Budget 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.

### 41. Financial Instruments (continued)

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The annual Treasury Management Strategy which incorporates the Prudential Indicators was approved by the Finance, Audit and Performance Committee on 11<sup>th</sup> June 2012 and is available on the Council website. The key points within the Strategy were:

- The Authorised Limit for 2012/13 was set at £84.667million. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £84.213million. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at £16million and £4million based on the Council's net debt.

These policies are implemented by the Chief Financial Officer and the Finance Section. The Council maintains 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 annually and approved by Council as part of the budget process

#### 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 element of the Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Details of the Investment Strategy can be found on the Council's website. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term of F1, Long Term A, Support 3 and Individual C (Fitch or equivalent rating), with the lowest available rating being applied to the criteria.
- Guaranteed Banks with suitable sovereign support;
- Building societies which meet the required credit ratings and hold assets in excess of £500m.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £5million 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 the 31 March 2013 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred 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 its customers, such that the majority of the general debtor balance within its due date for payment. The past due amount can be analysed by age as follows:

41. Financial Instruments (continued)

	<b>General Receivables as 31 March 2013 £'000</b>	<b>General Receivables as 31 March 2012 £'000</b>
<30 days	794	666
30-59 days	80	42
60-89 days	156	18
90-119 days	15	19
>120 days	350	225
<b>Total</b>	<b>1,395</b>	<b>970</b>

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 PWLB 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 therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	<b>31 March 2013 £'000</b>	<b>31 March 2012 £'000</b>
Less than 1 year	0	2,500
Between 1 and 2 years	0	0
Between 2 and 3 years	0	0
More than 3 years	0	0
<b>Total</b>	<b>0</b>	<b>2,500</b>

All Council deposits in money market accounts at 31 March 2013 were being held for a period of less than 3 months and therefore have been classified as cash and cash equivalents in line with the Code.

Refinancing and Maturity risk

The Council maintains a 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.



41. Financial Instruments (continued)

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's 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
- 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 rate borrowings maturing in each period:

	<b>Approved minimum limits</b>	<b>Approved maximum limits</b>	<b>Actual 31 March 2013 £'000</b>	<b>Actual 31 March 2012 £'000</b>
Less than 1 year	0%	100%	0	3,600
Between 1 and 2 years	0%	100%	0	0
Between 2 and 5 years	0%	100%	0	0
Between 5 and 10 years	0%	100%	11,766	8,824
More than 10 years	0%	100%	59,186	62,128
<b>Total</b>	<b>0%</b>	<b>100%</b>	<b>70,952</b>	<b>74,552</b>

Market risk

Interest rate risk - The Council is exposed 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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.



### 41. Financial Instruments (continued)

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The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together 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 finance 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.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs.

If all interest rates had been 1% higher or lower (with all other variables held constant) the financial effect would be nil as all the Council's borrowing and investments are fixed rate.

### 42. Contingent Liabilities

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The Council is aware of litigation currently taking place regarding charges for personal local property searches. If the case goes against Local Authorities the Council will have to refund charges made for such searches. At the time the Statement of Accounts were being prepared the outcome of the case and resultant liability was not known, however, it is estimated the maximum cost will be £268,500.

### 43. Revenues and Benefits Partnership

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The Council has entered into a partnership with North West Leicestershire and Harborough District Councils to provide shared administration of revenues and benefits. The partners have an agreement in place for funding these services which runs for 5 years from 6 April 2011. The Partnership is currently hosted by Hinckley and Bosworth Borough Council on behalf of the other partners.

All partners contribute towards the operation of the partnership which is classified as a Jointly Controlled Operation. On this basis, each partner accounts for their share of contributions within their Statement of Accounts. The funding provided by Hinckley and Bosworth Borough Council in 2012/13 was £1.346million (2011/12 - £1.321million).

Each partner provides equipment and software for the operation of the Partnership. These remain the property of the partners. Those assets used by the Council for the Partnership are included in the Balance Sheet at a Net Book Value of £0.349million (Vehicles, Plant and Equipment) and £0.268million (Intangible Software Assets).



# ADDITIONAL *financial* STATEMENTS

THE *Housing Revenue* Statement

THE *Collection Fund*

## ADDITIONAL *financial* STATEMENTS

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### Housing Revenue Account 2012/13

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The Housing Revenue Account Income and Expenditure Statement shows the economic cost in the year of providing the landlord's housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The difference between the accounting cost and the funding cost is adjusted in the Movement on the Housing Revenue Account Statement.

## ADDITIONAL *financial* STATEMENTS

### Housing Revenue Statement 2012/13

2011/12 £'000	<b>HRA INCOME and EXPENDITURE STATEMENT</b>	Notes	2012/13 £'000
	<b>INCOME</b>		
10,609	Dwelling Rents	5	11,537
71	Non Dwelling Rents	5	75
220	Charges for Services and Facilities		225
644	Contributions towards Expenditure		534
<b>11,544</b>	<b>Total Income</b>		<b>12,371</b>
	<b>EXPENDITURE</b>		
2,236	Repairs and Maintenance		2,250
2,351	Supervision and Management		2,381
245	Rents, Rates, Taxes, Other Charges		261
4,236	Negative Housing Revenue Account Subsidy Payable	10	6
67,652	LA Housing Settlement payment to Government for HRA Self-Financing		0
3,213	Depreciation and Impairment of Non Current Assets	9	2,943
0	Gain on Revaluation		(888)
7	Debt Management Costs		4
96	Increase in Bad Debt Provision / Bad debt write off	6	53
<b>80,036</b>	<b>Total Expenditure</b>		<b>7,010</b>
<b>68,492</b>	<b>Net Cost/(Surplus) of HRA Services per Authority Income and Expenditure Statement</b>		<b>(5,361)</b>
20	Interest Payable		2,066
(10)	Interest and Investment Income		(11)
(202)	Surplus on disposal of Non Current Assets		(247)
<b>68,300</b>	<b>Deficit/(Surplus) for the Year on HRA Services</b>		<b>(3,553)</b>
	<b>STATEMENT OF MOVEMENT ON THE HRA BALANCE</b>		
68,300	(Surplus) for the year on HRA Income and Expenditure Statement		(3,553)
	<b>Items included in the HRA Income and Expenditure Statement but excluded from the movement on HRA Balance for the year.</b>		
(183)	Net charges made for retirement benefits in accordance with IAS 19	11	(201)
(67,652)	LA Housing Settlement paid to Government for HRA Self-Financing		0
202	Surplus on disposal of Non Current Assets		247
	<b>Items not included in the HRA Income and Expenditure Statement but included in the movement on HRA Balance for the year</b>		
(278)	Impairment of Non Current Assets	9	0
0	Gain on Revaluation		888
(864)	Transfer from Major Repairs Reserve	7	(826)
127	Transfers to/(from) Housing Repairs Account	1	(101)
198	Employer's Contributions to the Leicestershire County Council Pension Fund and retirement benefits payable direct to pensioners	11	215
125	Contribution to Reserves		3,124
15	Contribution to Pensions Reserve re Capital Cost of Early Retirement		16
1	Movements regarding employee benefits accruals		(1)
	<b>Movements regarding grant contributions</b>		
<b>(68,309)</b>	<b>Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year</b>		<b>3,361</b>
<b>(9)</b>	<b>(Surplus) for the Year</b>		<b>(192)</b>
<b>(1,690)</b>	<b>Balance Brought Forward 1 April</b>		<b>(1,699)</b>
<b>(1,699)</b>	<b>Balance Carried Forward 31 March</b>		<b>(1,891)</b>

## ADDITIONAL *financial* STATEMENTS

### Collection Fund 2012/13

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing Authority in relation to Non-Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the billing Authority. The accounts of the fund have been prepared on an accruals basis.

2011/12 £'000		Notes	2012/13 £'000	2012/13 £'000
<b>INCOME</b>				
48,205	Income from Council Tax			48,825
	Transfer from General Fund			
5,737	Council Tax Benefits			5,745
27,580	Income from Business Ratepayers			28,237
<b>81,522</b>	<b>Total Income</b>			<b>82,807</b>
<b>EXPENDITURE</b>				
53,701	Precepts and Demands from County, District, Fire and Police Authorities	15		54,335
	Business Rate			
27,120	Payment to National Pool		27,736	
125	Costs of Collection		123	
27,245				27,859
	Bad and Doubtful debts/appeals			
460	– Write Offs		448	
8	Provisions		94	
468				542
	Contributions			
	Distribution of Previous Year's			
143	Estimated Balance			197
<b>81,557</b>	<b>Total Expenditure</b>			<b>82,933</b>
(35)	Movement on Fund Balance			(126)
95	Opening Fund Balance 1 April			60
<b>60</b>	<b>Closing Fund Balance 31 March</b>			<b>(66)</b>

## ADDITIONAL *financial* STATEMENTS

### Notes to the Additional Financial Statements

#### 1. Housing Repairs Account

2011/12 £'000		2012/13 £'000	2012/13 £'000
	<b>INCOME</b>		
(2,400)	Contribution from HRA		(2,400)
(5)	Interest on cash balances		3
(2)	Miscellaneous Income		(2)
(2,407)	<b>Total Income</b>		<b>(2,399)</b>
	<b>EXPENDITURE</b>		
	<b>Administration</b>		
266	Employee costs	320	
17	Transport related costs	7	
94	Supplies and services costs	151	
285	Central support costs	<u>267</u>	
662			745
457	Programmed repairs		438
1,156	Responsive repairs		1,095
<b>2,275</b>	<b>Total Expenditure</b>		<b>2,278</b>
<b>(132)</b>	<b>Net Cost of Service</b>		<b>(121)</b>
3	IAS 19 Pension Adjustment		2
0	Revenue Contributions to fund Capital		220
<b>(129)</b>	<b>(Surplus)/Deficit for the year</b>		<b>101</b>
0	Additional contribution to fund capital expenditure		130
<b>(344)</b>	<b>Balance brought forward 1 April</b>		<b>(473)</b>
<b>(473)</b>	<b>Balance carried forward 31 March</b>		<b>(242)</b>

#### 2. Movement in Dwelling Stock

The Council was responsible for managing a housing stock of 3,386 dwellings at 31st March 2013. During the year the following movement took place:

	2012/13 Number	2011/12 Number
Sales (Right to Buy)	(13)	(4)
Additions	0	2
<b>Total Movement</b>	<b>(13)</b>	<b>(2)</b>

## ADDITIONAL *financial* STATEMENTS

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### 3. Property Types in Dwelling Stock

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The types of properties owned by the Council at 31 March comprise the following:-

TYPE	2013	2012
	Number owned	Number owned
1 bedroom bungalows	271	262
1 bedroom houses	2	2
1 bedroom flats	594	591
2 bedroom bungalows	421	430
2 bedroom houses	309	269
2 bedroom flats	423	425
3 bedroom bungalows	10	11
3 bedroom houses	1,334	1,379
3 bedroom flats	1	2
4 bedroom bungalows	1	1
4 bedroom houses	17	25
5 bedroom houses	3	2
<b>Total Dwellings</b>	<b>3,386</b>	<b>3,399</b>

The 1 bedroom flats total, shown above, includes 14 units that are the dwelling equivalent of the flexible hostel places.

### 4. Balance Sheet Value of Council's HRA Assets

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	2012/13	2011/12
	£'000	£'000
Dwellings	105,576	105,431
Other Land and Buildings	364	365
<b>Operational Assets</b>	<b>105,940</b>	<b>105,796</b>
Investment Land/Properties	467	324
<b>Total Assets</b>	<b>106,407</b>	<b>106,120</b>

The vacant possession value of dwellings within the Council's HRA as at 31 March 2013 was £285.862million (£285.209million 31 March 2012). The vacant possession value and Balance Sheet value of dwellings within the HRA show the economic cost to Government of providing Council housing at less than open market rents.

### 5. Rent Income

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Rent Income can be analysed as follows: -

	2012/13	2011/12
	£'000	£'000
Collectable from Tenants	4,961	4,577
Rent Rebates	6,576	6,032
Dwelling Rents	11,537	10,609
Non-dwelling Rents (Shops etc.)	75	71
<b>Total Rent</b>	<b>11,612</b>	<b>10,680</b>



## ADDITIONAL *financial* STATEMENTS

### 6. Rent Arrears

	2012/13 £'000	2011/12 £'000
Rent Arrears	309	271
Bad Debt Provision	173	144
Bad Debts Written Off	24	52

### 7. Major Repairs Reserve

	2012/13 £'000	2011/12 £'000
<b>Balance at 1 April</b>	<b>0</b>	<b>0</b>
Amounts transferred to Reserve during year	(2,879)	(2,935)
Amounts transferred from Reserve to HRA during year	762	864
Capital Expenditure	2,071	2,071
<b>Balance at 31 March</b>	<b>(46)</b>	<b>0</b>

The HRA capital expenditure in 2012/13 was incurred entirely on dwellings (see note 8). Accordingly, the use of the Major Repairs Reserve to finance HRA capital expenditure relates entirely to enhancement of dwellings.

### 8. Capital Expenditure and Receipts

Total HRA capital expenditure of £2.785million (£2.485million 2011/12) was incurred. Expenditure on Dwellings was £2.728 million (£2.485million in 2011/12) and expenditure on Vehicles Plant and Equipment was £0.057 million (£0 in 2011/12). The sources of funding are shown below:

	2012/13 £'000	2011/12 £'000
Revenue Contributions to Capital	220	0
Other Contributions (Repairs Reserve)	130	114
Borrowing	364	300
Major Repairs Reserve	2,071	2,071
<b>Total financing</b>	<b>2,785</b>	<b>2,485</b>

Total capital receipts from disposals within the Council's HRA assets during the financial year are shown below:

	2012/13 £'000	2011/12 £'000
Right to Buy Dwellings	787	351
Council House Mortgage Repayments	2	2
Other Sales	0	0
<b>Total capital receipts</b>	<b>789</b>	<b>353</b>

## ADDITIONAL *financial* STATEMENTS

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### 9. Depreciation/ Impairment

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The total charge for depreciation and impairment for the land, houses and other property within the Council's HRA during the financial year is as follows:-

	2012/13 £'000	2011/12 £'000
<b>Depreciation</b>		
Dwellings	2,867	2,924
Other Land and Buildings	12	11
<b>Total Depreciation – Operational Assets</b>	<b>2,879</b>	<b>2,935</b>
Impairment of Non Current Assets	0	278
<b>Total Depreciation and Impairments</b>	<b>2,879</b>	<b>3,213</b>

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### 10. HRA Subsidy

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A breakdown of the amount of HRA subsidy payable by the Council for the financial year is provided below.

	2012/13 £'000	2011/12 £'000
Management and maintenance	-	4,814
Major Repairs Allowance	-	2,083
Charges for capital	-	121
Guideline Rent Income	-	(11,253)
<b>HRA Subsidy payable for year</b>	<b>-</b>	<b>(4,235)</b>
Post audit subsidy adjustment relating to previous year	(6)	(1)
	<b>(6)</b>	<b>(4,236)</b>

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From 2012/13, the system of housing subsidy was replaced by self financing and therefore no subsidy payment for 2012/13 was made. The subsidy claim to the Department of Communities and Local Government for 2011/12 was subject to certification which took place after the 2011/12 Statement was prepared and therefore the entries in 2012/13 relate to adjustments that arose as part of this process.

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### 11. HRA Share of Contribution to or From the Pension Reserve

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To comply with IAS 19, the current service costs for the HRA are calculated separately and incorporated into Supervision and Management and Repairs and Maintenance costs shown. In order that there is no net cost to the HRA, these entries are reversed by the net effect of the following items:

1. Net charges made for retirement benefits in accordance with IAS 19; This amounted to £201,000 in 2012/13 (£183,000 in 2011/12).
2. Employer's contributions to the Leicestershire County Council pension fund and retirement benefits payable direct to pensioners. This amounted to £215,000 in 2012/13 (£198,000 in 2011/12).

## ADDITIONAL *financial* STATEMENTS

### 12. Non-Domestic Rateable Value

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Value at 31 March	71,337	70,166

### 13. National Non-Domestic Rates Multiplier

	<b>2012/13</b>	<b>2011/12</b>
National Non-Domestic Rates multiplier	45.8p	43.3p
Small Business Multiplier	45.0p	42.6p

### 14. Council Tax Base

Number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings.

<b>Band</b>	<b>2012/13</b>	<b>2011/12</b>
A	4,496	4,442
B	10,013	9,901
C	8,381	8,367
D	6,217	6,176
E	4,342	4,288
F	2,619	2,597
G	1,499	1,482
H	104	99
<b>Council Tax Base</b>	<b>37,671</b>	<b>37,352</b>

### 15. Significant Precepting Authorities

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Leicestershire County Council	40,044	39,706
Leicestershire Police Authority	6,550	6,336
Leicester, Leicestershire and Rutland Combined Fire Authority	2,011	1,994
Hinckley and Bosworth Borough Council	5,730	5,665
<b>Total</b>	<b>54,335</b>	<b>53,701</b>

### 16. Fund Balances

The balance on the Fund is comprised as follows:

	<b>31 March</b>	<b>31 March</b>
	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
A (Surplus)/Deficit on Council Tax Collection.	(66)	60
This will be distributed to the Borough Council, the County Council, the Fire and the Police Authorities in subsequent years in proportion to their demands and precepts on the Fund.		



## Glossary of Terms

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Term	Definition
<b>Accounting Policies</b>	Principles, bases, rules and practices applied in the preparation of the financial statements.
<b>Accruals</b>	The concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.
<b>Actuarial Gains and Losses</b>	For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because <ul style="list-style-type: none"> <li>a) events have not coincided with the actuarial assumptions made at the last valuation (experience gains or losses)</li> <li>or</li> <li>b) the actuarial assumptions have changed.</li> </ul>
<b>Capital Charge</b>	A charge to revenue accounts to reflect the cost of Non Current Assets used in the provision of services.
<b>Capital expenditure</b>	Expenditure on the acquisition of Non Current Assets or expenditure which adds to and not merely maintains the value of an existing asset.
<b>Capital Receipt</b>	Money the Council receives from the sales of assets (buildings, land etc).
<b>CCAB</b>	Consultative Committee for Accountancy Bodies.
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy, the principal accountancy body dealing with local government finance.
<b>Community Assets</b>	Land held permanently for the benefit of Borough residents.
<b>Consistency</b>	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
<b>Corporate and Democratic Core</b>	Activities of the Council due to being an elected, multi purpose body. The cost of these activities is over and above those that would be incurred by a series of independent, single purpose nominated bodies managing the same activities. There is no logical basis for apportioning these costs to services.
<b>Current Service Cost (Pensions)</b>	The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.
<b>Defined Benefits Scheme</b>	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).
<b>Depreciation</b>	The measure of the wearing out, consumption, or other reduction in the useful life of Property, Plant and Equipment assets whether arising from use, passage of time or obsolescence through technology or other changes.

## Glossary of Terms

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<b>Discretionary Benefits</b>	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 2000.
<b>Expected Rate of Return on Pensions Assets</b>	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.
<b>Fair Value</b>	The fair value of an 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.
<b>Finance Lease</b>	A lease that substantially transfers all of the risks and rewards of ownership of an 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.
<b>Non Current Assets</b>	Property, plant and equipment assets that yield benefits to the local Authority and the services it provides for a period of more than one year.
<b>General Fund</b>	The Council's main Revenue Account covering the net cost of all services other than Council Housing.
<b>Going Concern</b>	The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and the Balance Sheet assume no intention to curtail significantly the scale of operations.
<b>Housing Revenue Account (HRA)</b>	A separate account to the General Fund, which includes the income and expenditure arising from the provision of Council Housing by the Council. The HRA is ring fenced with no cross subsidy being allowed between the HRA and the General Fund.
<b>Housing Subsidy</b>	A payment received from or made to Central Government designed to equate needs and resources for Social Housing across the country based on a notional Housing Revenue Account.
<b>IEG</b>	Implementation of electronic government.
<b>Impairment</b>	The reduction in the valuation of a Property, Plant and Equipment asset or goodwill below its Balance Sheet value and occurs when something adverse has happened to either the asset itself or to the economic environment in which the asset is operated.
<b>Infrastructure Assets</b>	Non Current Assets that are inalienable expenditure on which is recoverable only by continued use of assets created. Examples of infrastructure assets are Highways and Footpaths.
<b>Interest Cost (Pensions)</b>	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.

## Glossary of Terms

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<b>Inventories</b>	<p>Comprise the following categories:-</p> <ul style="list-style-type: none"> <li>i) goods or other assets purchased for resale;</li> <li>ii) consumable stores;</li> <li>iii) raw materials and components purchased for incorporation into products for sale;</li> <li>iv) products and services in intermediate stages of completion;</li> <li>v) contract balances;</li> <li>vi) finished goods.</li> </ul>
<b>Investments (Non Pensions Fund)</b>	<p>A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should only be classed as such where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.</p> <p>Investments, other than those in relation to pension's funds, which do not meet the above criteria, are classified as current assets.</p>
<b>Investments (Pensions Fund)</b>	<p>The investments of the Pensions Fund will be accounted for in the Statements of the administering Authority, which is Leicestershire County Council. District Councils are required to disclose as part of the requirements relating to retirement benefits the attributable share of Pensions Scheme assets associated with their underlying obligations.</p>
<b>Investment Properties</b>	<p>Interest in land and/or buildings:-</p> <ul style="list-style-type: none"> <li>a) in respect of which construction work and development has been completed; and</li> <li>b) which is held for its investment potential, any rental income being negotiated at arm's length.</li> </ul>
<b>Major Repairs Reserve</b>	<p>A reserve created to deal with major repairs to HRA properties financed from the Major Repairs Allowance element of Housing Subsidy.</p>
<b>Minimum Revenue Provision (MRP)</b>	<p>Minimum Revenue Provision is the minimum amount the Council is required to provide for the repayment of long-term debt used to finance the acquisition of Non Current Assets.</p>
<b>National Non-Domestic Rates (NNDR)</b>	<p>National Non-Domestic Rates (Business Rates) represents the rate of taxation on business properties. Central Government has the responsibility for setting the rate and Local Authorities are responsible for the billing and collection of the tax.</p>
<b>Net Book Value</b>	<p>The amount at which Non Current Assets are included in the Balance Sheet i.e. their historic cost or current value less the cumulative amounts provided for depreciation.</p>
<b>Net Current Replacement Cost</b>	<p>The cost of replacing or recreating the particular asset in its existing condition and existing use i.e. the cost of its replacement or the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.</p>

## Glossary of Terms

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<b>Net Realisable value</b>	The open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses incurred in realising the asset.
<b>Non-Distributed Costs</b>	These are overheads for which no user benefits and therefore should not be apportioned to services.
<b>Non-Operational Assets</b>	Non Current Assets that are held by a Local Authority but not directly occupied, used or consumed in the delivery of services. Examples would be investment properties and assets surplus to requirements, pending sale or redevelopment.
<b>Operating Leases</b>	A lease other than a finance lease.
<b>Operational Assets</b>	Non Current Assets that are held and occupied used or consumed by the Local Authority in the direct delivery of services for which it has a statutory or discretionary responsibility.
<b>Past Service Cost</b>	For a defined benefit pension 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.
<b>Post Balance Sheet Events</b>	Those events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.
<b>Precept</b>	A demand by one public body to another public body to collect revenue from a Council Tax payer.
<b>Projected Unit Method</b>	An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:- <ul style="list-style-type: none"> <li>i) the benefits for pensioners and deferred pensioners (i.e. the individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases;</li> </ul> <p style="text-align: center;">and</p> <ul style="list-style-type: none"> <li>ii) The accrued benefits for members in service on the valuation date. The accrued benefits are benefits up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note 27 issued by the Faculty and Institute of Actuaries.</li> </ul>
<b>Prudence</b>	The concept that revenue is not anticipated but is recognised only when realised in the form of cash or other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.
<b>Reserve</b>	Monies set aside for a scheme or event that may happen.
<b>Retirement Benefits</b>	All forms of consideration given by an employer in exchange for services rendered by an employee that are payable after the completion of employment. Retirement benefits do not include



## Glossary of Terms

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	<p>termination payments payable as a result of either;</p> <ul style="list-style-type: none"> <li>i) An employer's decision to terminate an employee's employment before normal retirement date</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Revenue expenditure</b>	<p>Any expenditure that is of a recurring nature and does not result in the creation of an asset that is of benefit to the organisation beyond the end of the current accounting period.</p>
<b>Scheme Liabilities</b>	<p>The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.</p>
<b>Settlement</b>	<p>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.</p> <ul style="list-style-type: none"> <li>i) a lump sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;</li> <li>ii) the purchase of an irrevocable annuity contract sufficient to cover vested benefits;</li> <li>iii) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.</li> </ul>
<b>Total Cost</b>	<p>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.</p>
<b>Ultra Vires</b>	<p>An action that is outside the powers allowed to the body that wants to execute the action.</p>
<b>Useful Life</b>	<p>The period over which the Local Authority will derive benefits from the use of an asset.</p>
<b>Vested rights</b>	<p>In relation to a defined benefits pension scheme, these are:-</p> <ul style="list-style-type: none"> <li>i) For active members, benefits to which they would be unconditionally entitled to on leaving the scheme;</li> <li>ii) For deferred pensioners, their preserved benefits;</li> <li>iii) For pensioners, pension to which they are entitled.</li> </ul> <p>Vested rights include where appropriate, the related benefits for spouses or other dependants.</p>

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**COUNCIL - 24 SEPTEMBER 2013**

**MEMBERS' ALLOWANCES**  
**REPORT OF CHIEF EXECUTIVE**

**WARDS AFFECTED: ALL**



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

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1. **PURPOSE OF REPORT**

- 1.1 To provide Members with the report of the Independent Panel on Members' Allowances and to advise of the recommendations from the Scrutiny Commission (29 August 2013), endorsed by the Executive (11 September 2013).

2. **RECOMMENDATION**

That the Council:

- i) acknowledges the recommendations for increases in Members' Allowances;
- ii) cannot accept the recommendations, with the exception of those relating to the positions of Mayor and Deputy Mayor, in the current circumstances.

3. **BACKGROUND TO THE REPORT**

- 3.1 Attached to this covering report (at Appendix 1) is the paper presented to the Scrutiny Commission, which has appended to it (at Appendix 2) the report and recommendations of the Independent Panel convened to review Members' Allowances within this Council. The final report of that Panel, comprising two former independent members of the Standards Committee and a business representative, was produced in October 2012 and had been the subject of much debate and concern at senior Member level thereafter. In the event, the Scrutiny Commission was asked to give non-political consideration of the issue and provide advice to the Council.
- 3.2 The Scrutiny Commission gave the matter full and very careful consideration on 29 August, the outcome of which was a strong consensus, across all groups, that, whilst Members accepted the findings of the Independent Panel in respect of the very low allowances paid to Members of this Council, as compared with other Districts locally and with other comparators across the county, they could not accept the implementation of those recommendations.
- 3.3 The Scrutiny Commission Members felt strongly that, in the current climate, where the Council's employees had had no pay increase for some years and had been offered only 1% for 2013/14; where the number of jobs was reducing across public and private sectors; and where 'real' incomes were reducing as part of welfare reforms, they could not accept such significant increases and agreed to recommend that position to the Council.

- 3.4 There were two exceptions to the recommendation not to accept any increases in Allowances: Because of the exceptional amount of time commitment from both the Mayor and Deputy Mayor, along with the acknowledged personal financial expense, the Scrutiny Commission recommended that their allowances be increased in line with the recommendation in the report of the Independent Panel.
- 3.5 The Scrutiny Commission asked also that the wider public be made aware of the recommendations and that the report had been prepared by people wholly independent of the Council. The Commission asked also that its recommendation for refusal of the Allowance increases be endorsed by full Council.
- 3.6 The Executive met on 11 September to consider these recommendations from the Scrutiny Commission and gave its full endorsement and support to them.

#### 4. **FINANCIAL IMPLICATIONS [SK]**

The increase in the Allowances paid to the Mayor and Deputy Mayor, as recommended in the Independent Panel report, will cost an additional £2,804.24 in a full year.

#### 5. **LEGAL IMPLICATIONS [LH]**

There are none arising directly from this report.

#### 6. **CORPORATE PLAN IMPLICATIONS**

In preparing and considering this report, the following implications are relevant:

- \* Providing value for money and proactive services

In addition, I have taken into account the Council's 'Value' of 'Equality and Fair Treatment for All'.

#### 7. **CONSULTATION**

Consultation has taken place initially with the senior Members (two Group Leaders, two Group Deputies and the Chair of Scrutiny Commission). Reference to the Scrutiny Commission and Executive were the next steps in that process. The Independent Remuneration Panel has been consulted.

#### 8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Members of this Council not receiving a fair and reasonable allowance for their work, with the potential for them to be considerably out of pocket, thus reducing the 'pool' for future candidates for these important public representative roles.	Council to give consideration to the recommendations of the Independent Panel	Chief Executive
Open and transparent discussion does not take place and/or 'political' points being made, thus avoiding proper discussion of the matter.	Consideration takes place initially in the 'non-political' setting of the Scrutiny Commission	Chair of Scrutiny Commission and Chief Executive

9. **KNOWING YOUR COMMUNITY - EQUALITY AND RURAL IMPLICATIONS**

The decision does not propose a change to a service or a new or revised policy. In terms of implications on the community, the implications will not affect any particularly group adversely.

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector
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Background papers: Comparisons with other councils (as requested by Chief Executive)

Contact officer: Steve Atkinson, Chief Executive (ext 5606)

Executive Member: Cllr Bron Witherford

**SCRUTINY COMMISSION - 29 AUGUST 2013**

**REPORT OF CHIEF EXECUTIVE RE MEMBERS' ALLOWANCES**

**WARDS AFFECTED: ALL**



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

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1. **PURPOSE OF REPORT**

To advise Members of the provenance and findings/recommendations of an Independent Panel convened to consider Allowances paid to Members of this Council and to seek views on potential action [eg to seek Members' views / seek approval/inform Members]

2. **RECOMMENDATION**

That the Scrutiny Commission:

- \* considers the detail in the report of the Independent Panel;
- \* makes comment on amendments to the report and recommendations of the Independent Panel;
- \* advises the Council on the most appropriate means of progressing the report of the Independent Panel.

3. **BACKGROUND TO THE REPORT**

3.1 Member Allowances within Hinckley and Bosworth Borough Council have remained unchanged since 2005. The most recent review was in 2007, but at that point and since, Members have resolved not to accept any increase, as this was largely in line with the position faced by employees of the Council.

3.2 In the intervening period, many other councils have reviewed their level of Allowances, mainly upward, resulting in the Allowances paid at this Council falling behind - from a level which was already very much at the lower end of the scale. Most recently also, the national pay negotiations for employees have resulted in a 1% increase for 2013/14.

3.3 Late in 2011, the Group of Senior Members (Group Leaders, Deputies and the Chair of Scrutiny Commission) at one of their regular meetings, at the instigation of the Conservative Group Leader, asked the Chief Executive to undertake research into the comparative position with other similar councils, with a view to informing further consideration of the position at Hinckley and Bosworth. All concerned supported this initiative (24 February 2012).

3.4 As a result of this work, it being clear that the level of Allowances was amongst the lowest, the Group agreed that an Independent Panel be convened to consider what might be the appropriate level of Allowances in the circumstances faced by the Council and the work it was undertaking.

3.5 The report of the Independent Panel (including its membership) is attached as Appendix A. In my view, it is self explanatory.

3.6 The Senior Members decided at the time the report was completed (October 2012), that the time was not appropriate for its wider consideration. However, the point has now been reached when the matter needs to be given that wider consideration by Members and the Scrutiny Commission is the appropriate body to conduct that consideration in a non-political environment.

3.7 Accordingly, the Commission is asked to consider the attached report of the Independent Panel and:

- \* comment on the recommendations and the background;
- \* provide advice to the Council as to whether some or all of the recommendations be formally considered by the Council; or
- \* advise the Council that the report be acknowledged but taken no further;
- \* provide any other advice to the Council.

#### 4. **FINANCIAL IMPLICATIONS [SK]**

The additional cost of the proposed increase in the allowances is £48,779.39 per annum. A provision has been made in the base budget for 2013/14 of this amount.

#### 5. **LEGAL IMPLICATIONS [LH]**

There are none arising directly from this report.

#### 6. **CORPORATE PLAN IMPLICATIONS**

In preparing and considering this report, the following implications are relevant:

- Providing value for money and proactive services

In addition, I have taken into account the Council's 'Value' of 'Equality and Fair Treatment for all'.

#### 7. **CONSULTATION**

Consultation has taken place initially with the senior Members (two Group Leaders, two group Deputies and the Chair of Scrutiny Commission). Reference to the Scrutiny Commission is the next step in that process. The Independent Remuneration Panel has been consulted.

#### 8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion, based on the information available, that the significant risks associated with this decision/project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report/decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Members of this Council not receiving a fair and reasonable allowance for their work, with the potential for them to be considerably out of pocket, thus reducing the 'pool' for future candidates for these important public representative roles.	Council to give consideration to the recommendations of the Independent Panel	Chief Executive
Open and transparent discussion does not take place and/or 'political' points being made, thus avoiding proper discussion of the matter.	Consideration takes place initially in the 'non-political' setting of the Scrutiny Commission	Chair of Scrutiny Commission and Chief Executive

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

This decision does not propose a change to a service or a new or revised policy. In terms of implications on the community, the implications will not affect any particular group adversely.

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

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Background papers: Comparisons with other councils (on request from the Chief Executive)

Contact Officer: Steve Atkinson, Chief Executive (ext 5606)

Executive Member: Councillor Bron Witherford



**Hinckley and Bosworth Borough Council**  
**Independent Remuneration Panel**

1. A meeting of an Independent Remuneration Panel for Members' Allowances for Hinckley and Bosworth Borough Council was held on Friday 12 October 2012. The members of the Panel were selected on the basis that two had been independent members of the Council's Standards Committee, immediately prior to new statutory arrangements introduced earlier in 2012. The third member was selected, as a representative of local business interests.
2. The purpose of the meeting was to consider whether, in view of the present financial/economic circumstances, the information circulated regarding comparisons with other District Councils in Leicestershire and elsewhere in the country and the timing of the last review (2005, revised in 2007), the current allowances paid to Members of Hinckley and Bosworth Borough Council should be changed.
3. The members of the Panel were:
 

Gordon Stokes	(Former independent member of Standards Committee)
Mick Claricoates	(Former independent member of Standards Committee)
Terry Spall	(MIRA - Business Representative)

The meeting was supported by the Chief Executive and the Chief Officer for Corporate and Customer Services, Scrutiny and Ethical Standards/Monitoring Officer.

4. The Panel appreciated the information provided to them and asked questions relating to a number of issues, including:

- Relative workloads
- Current priorities/responsibilities and changes since 2005
- Time commitments of councillors
- 'Voluntary' nature of the work of councillors
- Pay awards to employees since 2007
- Any financial 'cap' on any proposals the Panel might make
- Other allowances (mileage/childcare)

5. After a wide-ranging discussion, the Panel asked that the following comments/recommendations be put confidentially to the Cross-Party Liaison Group as its 'interim' report. The Panel did consider the potential for a 'range' for each allowance, but on balance considered that a single point in each case would be more appropriate for Members' consideration.
6. Comments/considerations
  - i) After five years of 'no-change' in the level of allowances beginning prior to the economic downturn and, taking into the account the levels now paid by other comparable councils, particularly other Districts in Leicestershire, the Panel was unanimously of the view that the levels now paid for Councillors at Hinckley and Bosworth Borough Council were too low and well below any 'average' for similar Councils in England.

- ii) The recommendations of the Panel (below and attached) would bring the levels of allowances at Hinckley and Bosworth Borough Council more in line with, but still below, other Boroughs and Districts.
- iii) The Panel was aware also of the significant increased in responsibility transferred to Councils under the Localism Act, along with the greater emphasis/expectations from successive Governments over the period on increased 'local leadership' and local accountability from elected Members (for example, in Planning, Finance, Housing delivery and Welfare).
- iv) The Panel recognized that the improvement in the standing of the Council had continued since 2008, with the ratings of the Citizens' Panel continuing on an upward trend. The Panel considered that this reflected the ongoing efforts of elected Members, which should be recognized.
- v) Comparisons with the position of employees over the same period should take into account incremental payments and regradings due to changes in responsibility/reorganisations, which had not been available to elected Members.
- vi) The Cross Party Liaison Group should consider:
  - a) The potential for different levels of allowance to be made to different Members of the Executive, depending on the levels of responsibility (for example Finance and Housing).
  - b) The potential for the Chairman of Planning Committee to be paid an allowance in excess of that for the Licensing and Regulatory Committee's Chairman and the Chairman of Scrutiny Commission.

## 7. Recommendations

- i) that the **Basic Allowance** be increased from £3,275 to £4,000 per annum.
- ii) that the **Special Responsibility Allowances** be increased to the levels set out in the attached Appendix (a).
- iii) that the **allowances for the Mayor/Deputy Mayor** be increased, as follows:
 

Mayor	- from £7,197.60 to £8,000
Deputy Mayor	- from £ 998.16 to £3,000
- iv) that the travel allowances be aligned to HMRC rates - 45p per mile up to 8,500 miles per year.
- v) that future increases in the general level of Allowances be tied to those received by the Chief Executive
- vi) that the Council Leader and the Chief Executive should jointly review changes to the responsibilities and workload of those positions carrying 'special responsibility', along with the level of the respective allowances.

8. **Financial Implications**

If the recommendations above are approved by Council then this will require an additional budget provision of £48,779.39 as follows:

<b>Role</b>	<b>Current (£)</b>	<b>Proposed (£)</b>		<b>Budget Impact</b>
Basic *34 members	3,275.00	4,000.00	34	24,650.00
Mayor	7,197.60	8,000.00	1	802.40
Deputy Mayor	998.16	3,000.00	1	2,001.84
Leader of Council	7,640.00	10,000.00	1	2,360.00
Members of Executive	4,095.00	5,500.00	8	11,240.00
Opposition Leader(s)	2,455.00	3,500.00	1	1,045.00
Licensing and Regulatory Committees (Single Chairman)	2,455.00	3,500.00	1	1,045.00
Planning Committee Chairman *1	2,455.00	3,500.00	1	1,045.00
Scrutiny Commission Chairman	2,455.00	3,500.00	1	1,045.00
Appeals Committee Chairman	1,644.95	2,500.00	1	855.05
Ethical Governance and Personnel - Committee Chairman	1,644.95	2,500.00	1	855.05
Finance, Audit and Performance - Committee Chairman *2	1,664.95	3,500.00	1	1,835.05

**Special Responsibility Allowances**

<b>Role</b>	<b>Current (£)</b>	<b>Proposed (£)</b>
Leader of Council	7,640	10,000
Members of Executive	4,095	5,500
Opposition Leader(s)	2,455	3,500
Licensing and Regulatory Committees (Single Chairman)	2,455	3,500
Planning Committee Chairman	2,455	3,500 * <sup>1</sup>
Scrutiny Commission Chairman	2,455	3,500
Appeals Committee Chairman	1,644.95	2,500
Ethical Governance and Personnel Committee Chairman	1,644.95	2,500
Finance, Audit and Performance Committee Chairman	1,664.95	3,500 * <sup>2</sup>

\*<sup>1</sup> See also reference in covering report to this role/allowance

\*<sup>2</sup> Because of increasing financial burdens and responsibilities

Steve Atkinson  
Chief Executive

29 October 2012